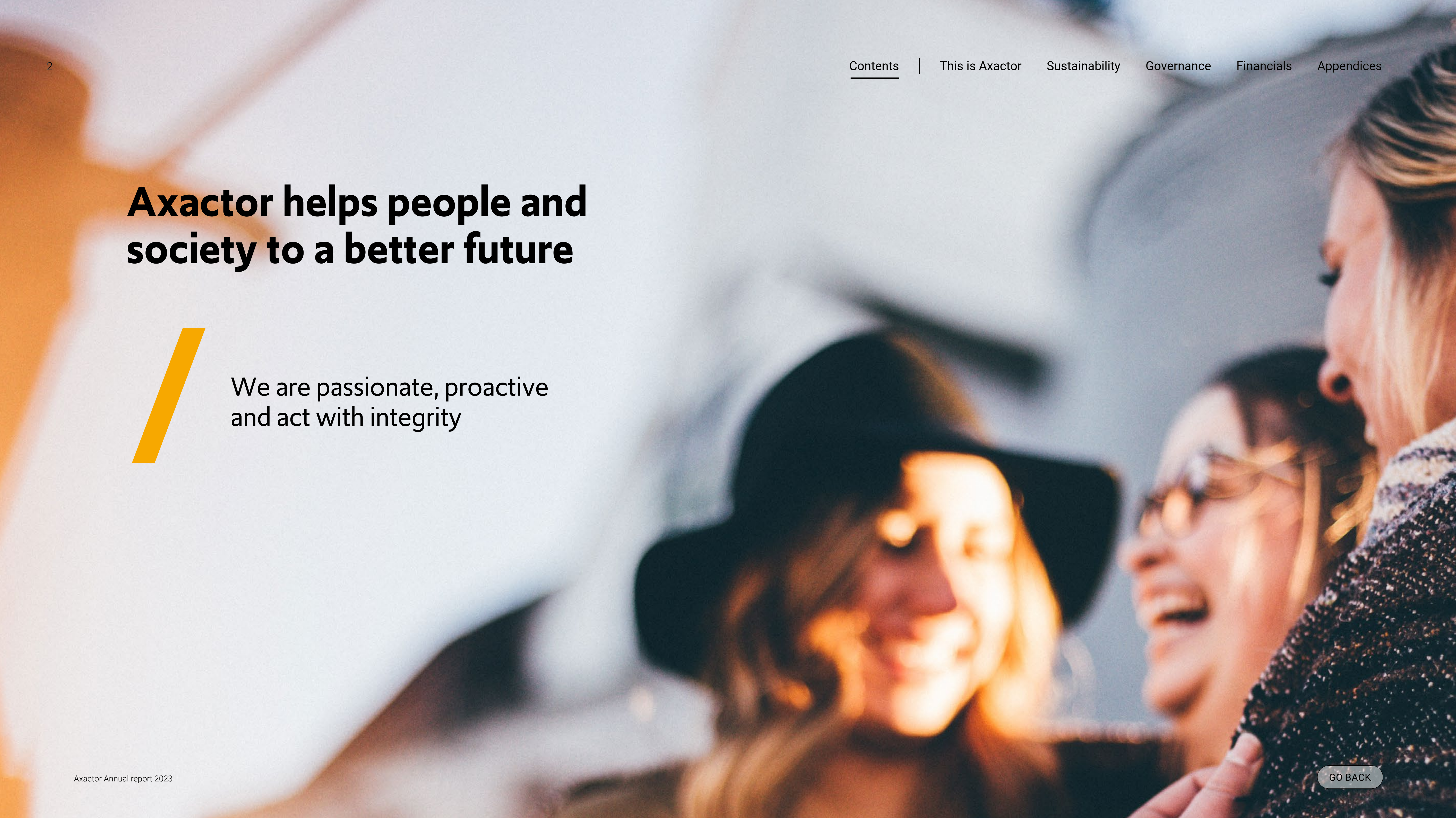
AXACTOR

Annual report 2023



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

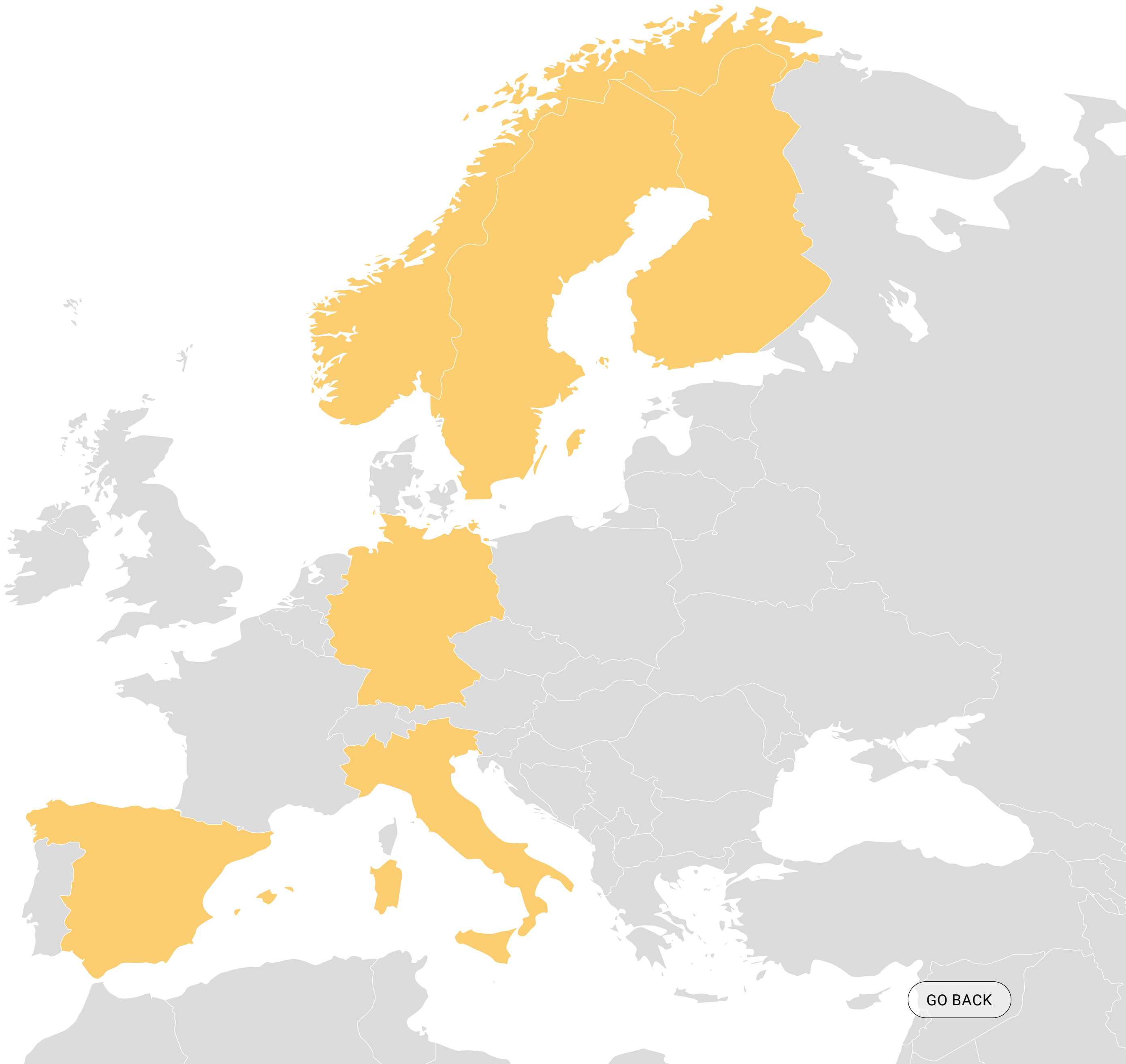
We are passionate about everything we do

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. After a period of aggressive growth during the first years after inception, Axactor spent 2020 and 2021 securing the foundation for future profitability. 2022 and 2023 has marked a return to growth and profitability with high single-digit return on equity.

Establish platform

- Aggressive growth
- Market entries
- Establish IT and operations

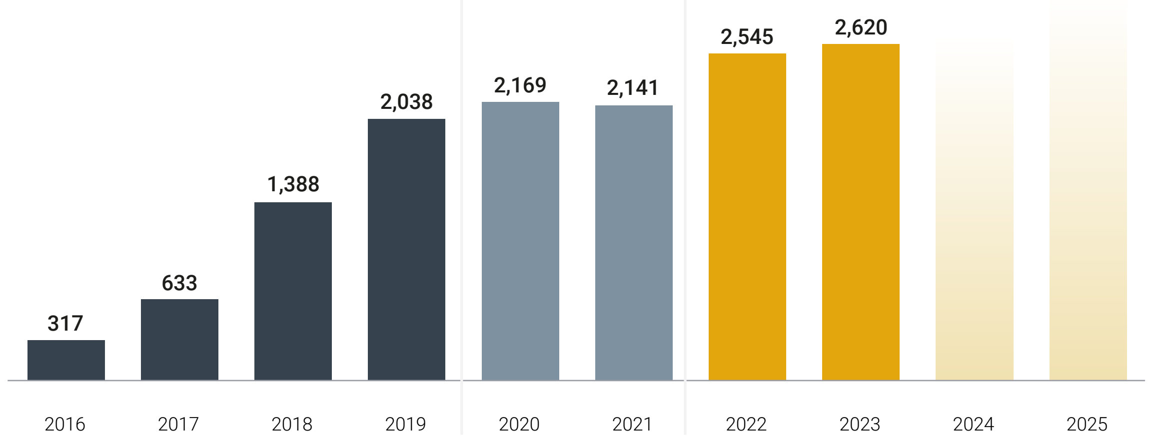
Secure foundation

- New strategy
- Stabilize operations
- Exit non-core segments

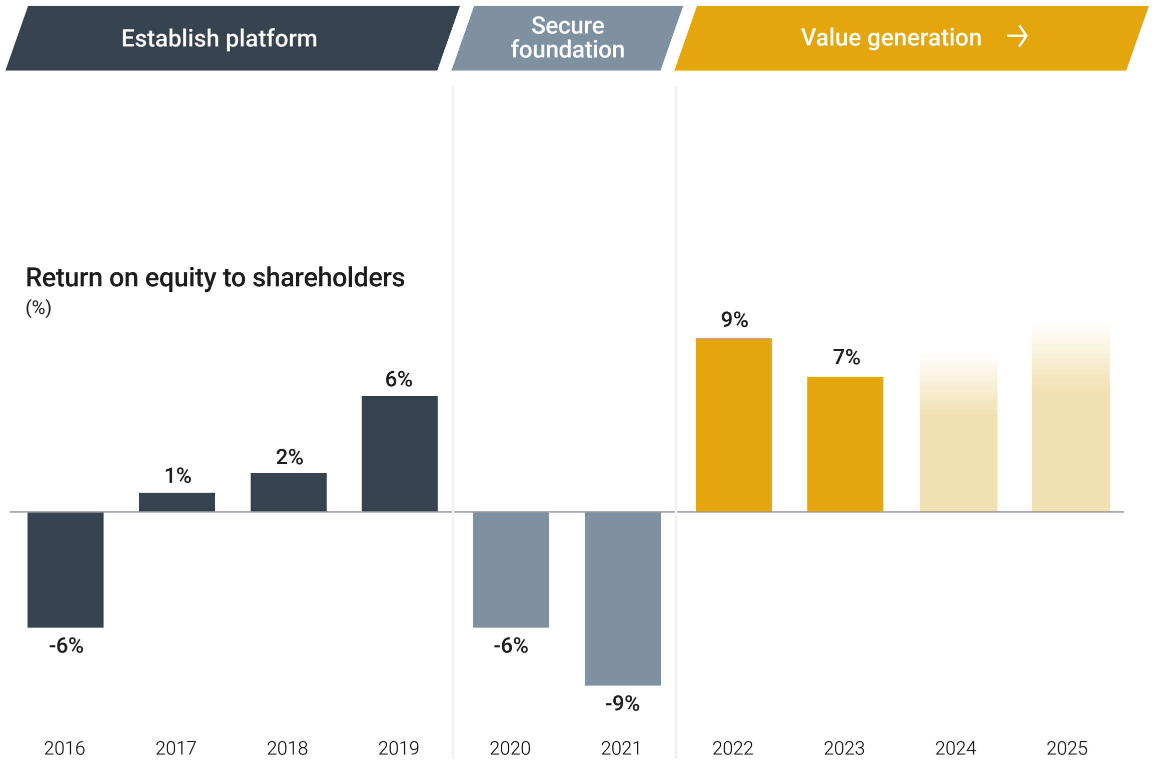
Value generation →

- Grow size in existing markets
- Operational excellence
- Initiate dividend payments

Estimated remaining collections
EUR million



Return on equity to shareholders
(%)



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

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

[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

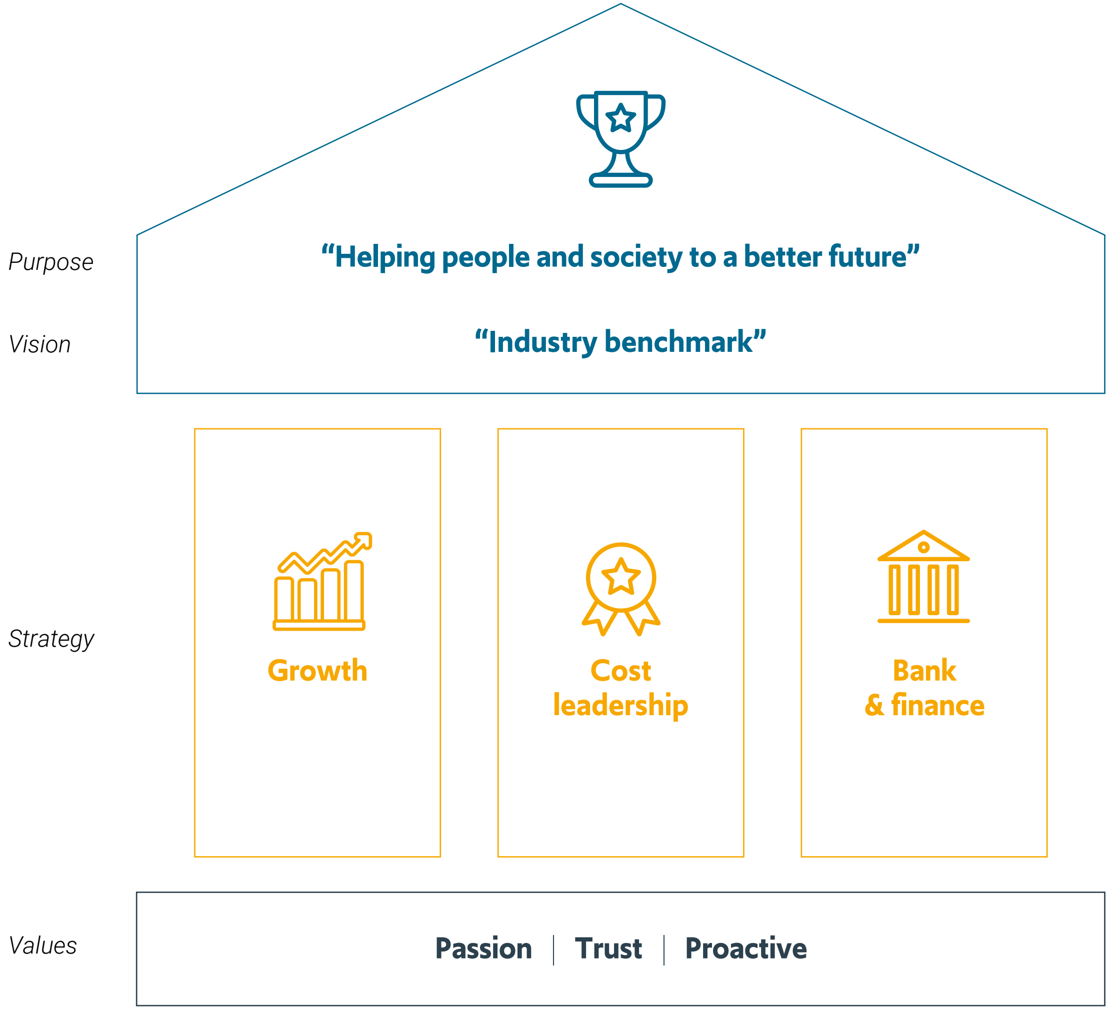
To deliver on the financial targets Axactor has a holistic approach to where we want to be and how to get there

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

Growth to continue to harvest economies of scale and strengthen the market position. Furthermore, Axactor has been able to secure more attractive prices during recent years which makes growth 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 treatment score

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



Letter from the CEO

Steady through the storm

In 2021 we were hoping for a brighter future, and during 2022 the sky started to clear up. Unfortunately, the worsened macroeconomic climate made 2023 a more challenging year than we had hoped for. Still, we have many positives to bring with us. Our operations have never been more efficient and the Axactor employees show a remarkable ability to remain focused and keep their composure. Even with a modest investment level the average profitability of our whole NPL stock improved by 5%. Our return on equity is maintained at almost the same level as in 2022 despite seeing financial expenses increase by more than 40%. And finally, 2023 marks the end of our challenging REO investments, with no remaining book values going into 2024.

Maintaining our competitive advantage

Our greatest competitive advantage has always been our industry-leading cost position. I am proud to see that the whole Axactor organization is working hard to maintain this stance. During 2023 we have worked relentlessly to further streamline our organization. Through increased cross-border cooperation, we will utilize our resources and competence in the best way possible. We continue to make good use of business intelligence and machine learning tools to become even more data driven, and to increase the success rate of our collection strategies. An artificial intelligence assisted approach to collection actions will also reduce the pressure on debtors that are in a difficult situation where they are not able to make any payments. Furthermore, it will free up time for our dedicated employees that can be spent on solving the more delicate and challenging claims.

Refinancing completed

Despite seeing high volatility in the capital markets during 2023, we managed to refinance both our bank facility and one of our two outstanding bond loans. I am very pleased that as we enter 2024, we have no loan maturities until June 2026. This allows us more room to focus on further improving our operations and evaluating potential new investments.

Tough decisions required

We have all felt the impact of increased inflation and interest rates during 2023. It impacts us in everyday decisions and in how we prioritize our disposable income. This does not only apply for individuals, but also for us as a company. More than ever, it is vital for Axactor to focus all our resources where we expect to achieve the best return. A natural consequence has been to go through our entire operation to identify potential contracts not contributing sufficiently to our profits. One of the conclusions from this work is the decision to close down our 3PC operations in both Finland and Sweden. It pains me personally to see valuable and hard-working employees being let go, but for the company it is unfortunately an absolutely necessary action to remain competitive and profitable.

Like Axactor, our debtors are adversely affected by the increased inflation and funding cost. We see a clear trend in Germany and in the Nordic countries of reduced number of large settlements, and debtors opting for longer payment plans with lower installments. We also see governments imposing payment deferrals and increased reservation amounts in good faith, but these are not always catering to the best long-term interest of the debtors. These actions do not necessarily hurt our lifetime return but they do cause cash flow delays.

We are a great place to work!

We ran the Great Place To Work employee satisfaction survey for the third year in a row in 2023, with increasingly good results. We have spent a lot of time focusing on the feedback from the surveys, and 2023 was the year we finally managed to get certified as a great place to work in all countries of operation. Spain passed the certification threshold for the first time, while all five remaining countries maintained their certifications – we are now a fully certified Great Place To Work.

We have good reason to be satisfied with the certification, but we will not stop here. We notice that there is still room for improvement and we will continue our efforts to make Axactor an even better place to work. After all, employees who enjoy their workplace perform better.

Stronger together

Looking ahead, we will continue to build on the positives from 2023. We will further improve our efficiency and increase the profitability of our NPL portfolios, as well as continue to support our employees in helping debtors back to creditworthiness. Recent years have taught us that it is hard to predict the future. The macroeconomic picture does not look great for 2024, but we do see signs of the tide turning in terms of market opportunities. When it does, our machine is ready to embrace the opportunity.

> **"Our operations have never been more efficient and the Axactor employees show a remarkable ability to remain focused and keep their composure**

Johnny Tsolis,
CEO

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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 report.

Key events 2023

2023

- Terje Mjøs elected as Chair of the Board
- Renewal of revolving credit facility
- Traffic control functions centralized for the Nordic countries
- ACR04 bond placement (NOK 2,300m)
- ISO 27001 certified in Spain
- Great Place To Work certified in all countries
- Machine learning based valuation models launched
- NPS score: 62 Customer Satisfaction survey
- 3PC business in Finland and Sweden closed-down

2024

Highlights of the year

- Maintained stability through difficult macroeconomic conditions, with return on equity for continuing operations of 8% (10%), and total earnings per share of EUR 0.102 (0.122)
- Cementing Axactor's position as the industry leader in terms of NPL cost-to-collect, landing at 37% for the year (39%)
- Lifted average gross IRR on the total NPL portfolio to 18% (17%), through accretive NPL investments of EUR 116 million (288)
- EBITDA margin improved to 51% through cost efficiency and higher portfolio profitability (50%)
- Refinanced the RCF agreement at satisfactory terms and successfully placed a NOK 2,300 million bond loan to refinance the ACR02 bond loan. Per the end of 2023, Axactor has no loan maturities until June 2026
- Continued high customer satisfaction with increased score to 8.8/10 (8.5/10) and upheld net promoter score of 62 (62)
- Fully certified as a Great Place To Work across all countries of operation, with improved overall results from 2022
- Human resources development KPIs show improved gender balance at managerial level, and an overall reduction in pay-gap between genders, while sick-leaves remain at an acceptable level despite reorganization initiatives carried out in 2023
- Increased use of machine learning to both boost efficiency within operations and to improve portfolio valuation
- Thorough review of all 3PC contracts aiming to renegotiate or cancel contracts with insufficient profitability. As a result, the 3PC operations in Finland and Sweden were closed towards the end of 2023. To maintain scale benefits, increased utilization of shared resources across the Nordic countries and Group has been implemented

Key figures

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

EUR million	2023	2022
Gross revenue	344	337
Total income	257	240
EBITDA	132	119
Cash EBITDA from continuing operations	221	218
Net profit/(loss) after tax from continuing operations	34	41
EBITDA margin	51%	50%
Return on equity to shareholders[1]	7%	9%
Return on equity, continuing operations	8%	10%
Equity ratio	29%	29%
Acquired NPL portfolios	116	288
Book value of NPL portfolios	1,265	1,253
Estimated remaining collections (ERC)	2,620	2,545
Number of employees (FTEs)	1,255	1,301
Price per share, last day of period (NOK)	5.08	5.88
Market capitalization (NOK million)	1,535	1,777

[1] Return on equity to shareholders includes continuing and discontinued operations

Gross revenue
EUR million
344
2% y/y

ERC, NPL
EUR million
2,620
3% y/y

Return on equity
8%
continuing operations

EBITDA
EUR million
132
51% margin

Cash EBITDA
EUR million
221
1% y/y

Equity ratio
29%

Sustainability report 2023

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

Responsible operations are essential for the license to operate and an enabler for long-term value creation. Sustainability begins from within the organization, and a clear tone from the top is crucial. To increase the transparency in its sustainability reporting, Axactor reports according to GRI. Axactor believes that its reporting is in accordance with GRI's reporting principles in all material respects as defined by the GRI Universal Standards (2021). See Axactor's GRI content index.

At Axactor, everyone is accountable for conducting business in an ethical, sustainable, environmentally, and socially responsible manner. Axactor practices good corporate governance, respect internationally recognized human rights principles and supports the UN Sustainable Development Goals ("SDGs"), emphasizing especially its commitment to the goals 5, 8, 13 and 16, which underpins the results of the materiality analysis. In 2021, Axactor became a signatory to the UN Global Compact, which further emphasized this and solidified Axactor's commitment to the ten principles of the UN Global Compact, in each of the four areas: Human rights, labour, environment, and anti-corruption. To update its stakeholders and society on its progress in implementing the ten principles, Axactor needs to annually communicate on its progress about its efforts in a "Communication of Progress". This report also incorporates Axactor's second Communication on Progress ("COP").

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

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

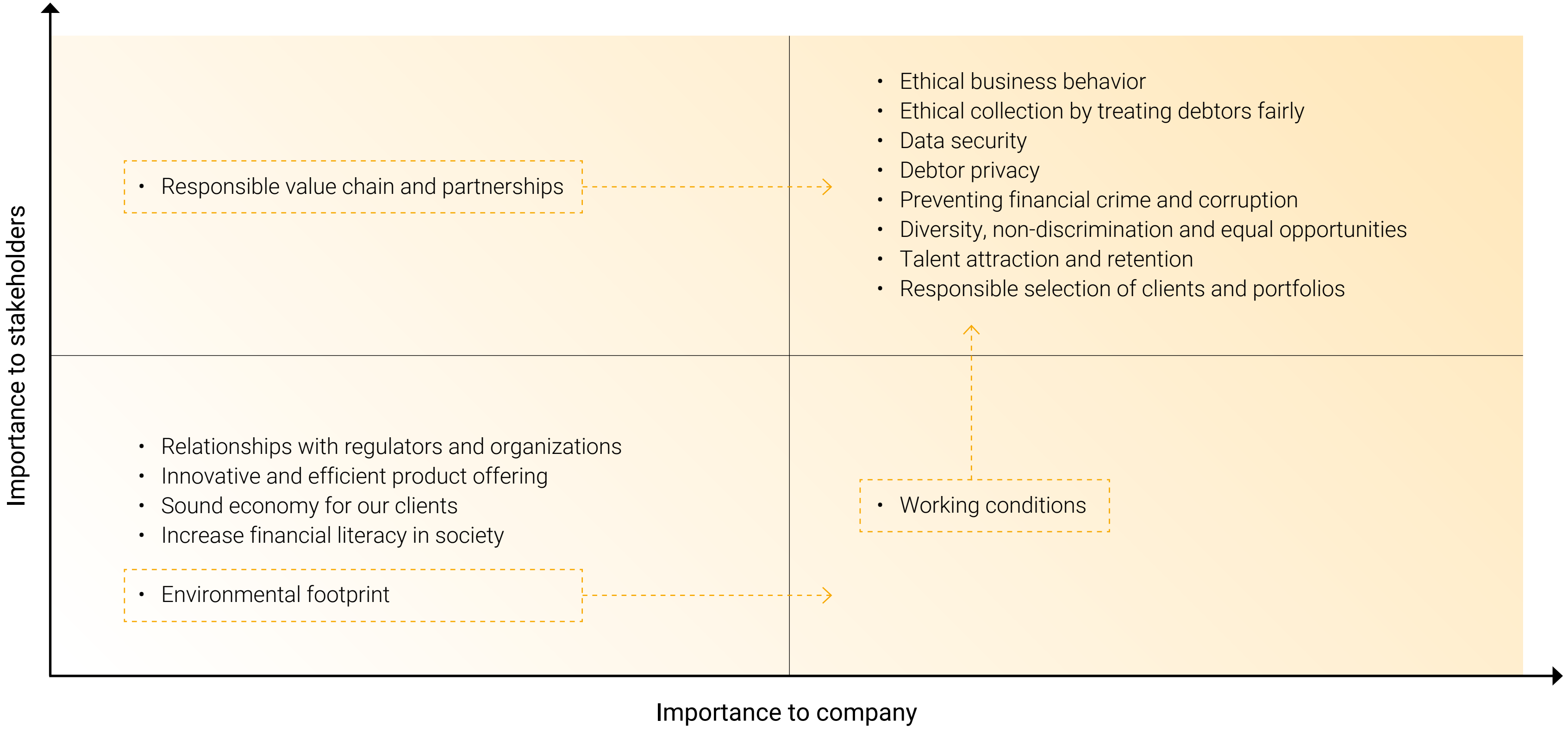
Further information about Axactor's corporate governance can be found in the Corporate governance report included in the Annual report 2023.

Material issues and stakeholder engagement

Axactor has reviewed the materiality analysis during the year, through preparation for the future reporting requirements under the Corporate Sustainability Reporting Directive ("CSRD") – applicable from the fiscal year 2024. The materiality analysis defines the challenges and issues that Axactor and its stakeholders perceive as most important, and where impact on society and the environment is considered most decisive.

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. Through preliminary analyses and interviews with its stakeholders regarding CSRD, Axactor has reconfirmed the continuing validity of the surveys, regarding impact materiality. External stakeholders have included customers, partners, regulators, suppliers, investors, and lenders. Internal stakeholders have included representatives of the Board, the Group executive management, and employees. The surveys have covered key factors for Axactor's daily operations and long-term value creation related to governance, people, and the environment. The focus areas and associated issues are presented in the materiality matrix below. The results of the materiality analysis have been substantially the same for the last four years, which further confirms what the stakeholders believe Axactor should focus on going forward.

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



Reporting boundaries

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

Building a viable financial system for people and society

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

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

- respect human rights, respect the rights of employees and employees of suppliers, protect the environment, enable fair competition, and combat financial crime
- balance potential benefits of actions, against the consequences for society
- incorporate profitable business with social, ethical, and environmental goals and actions
- clearly communicate its demands and expectations regarding corporate responsibility and ethical conduct to employees and business partners
- have corporate responsibility as a defining factor when developing and managing products and services
- have a transparent management structure in line with national and international standards for good corporate governance
- have a strong compliance and internal control culture
- only cooperate with customers, business partners and suppliers who operate in compliance with laws and regulations, good business practices and who maintains high ethical and environmental standards
- ensure that all shareholders and other financial market players are treated and informed equally, and that the information is consistent, reliable, available, and not misleading

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

UN Sustainable Development Goal #16

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

Why is this important?

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

Effective governance structures further allow the Group to work smoothly by ensuring that everyone has a clear understanding of the distribution of roles, responsibilities, rights, and accountability. The corporate governance of Axactor complies with statutory regulations and generally accepted best practices as further outlined in the Corporate governance report included in the Annual report 2023. All new employees are introduced to the Code of Conduct as part of their on-boarding and signs a declaration confirming that this is read and understood. This commitment shall be re-confirmed during their employment. During 2023 Axactor updated its Code of Conduct, and all employees were required to sign the updated code. Axactor also has in place a Supplier Code of Conduct, that the Group's suppliers are required to sign, to acknowledge that they, and any of their affiliates, agents and suppliers, fully comply with applicable laws, and adhere to internationally recognized environmental, social, and corporate governance standards. Each supplier's commitment is reaffirmed at regular intervals throughout the contract period. The Supplier Code of Conduct includes a link to a whistleblower channel, which may be used to report actual or potential breaches to the Supplier Code of Conduct on the part of the supplier or Axactor.

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

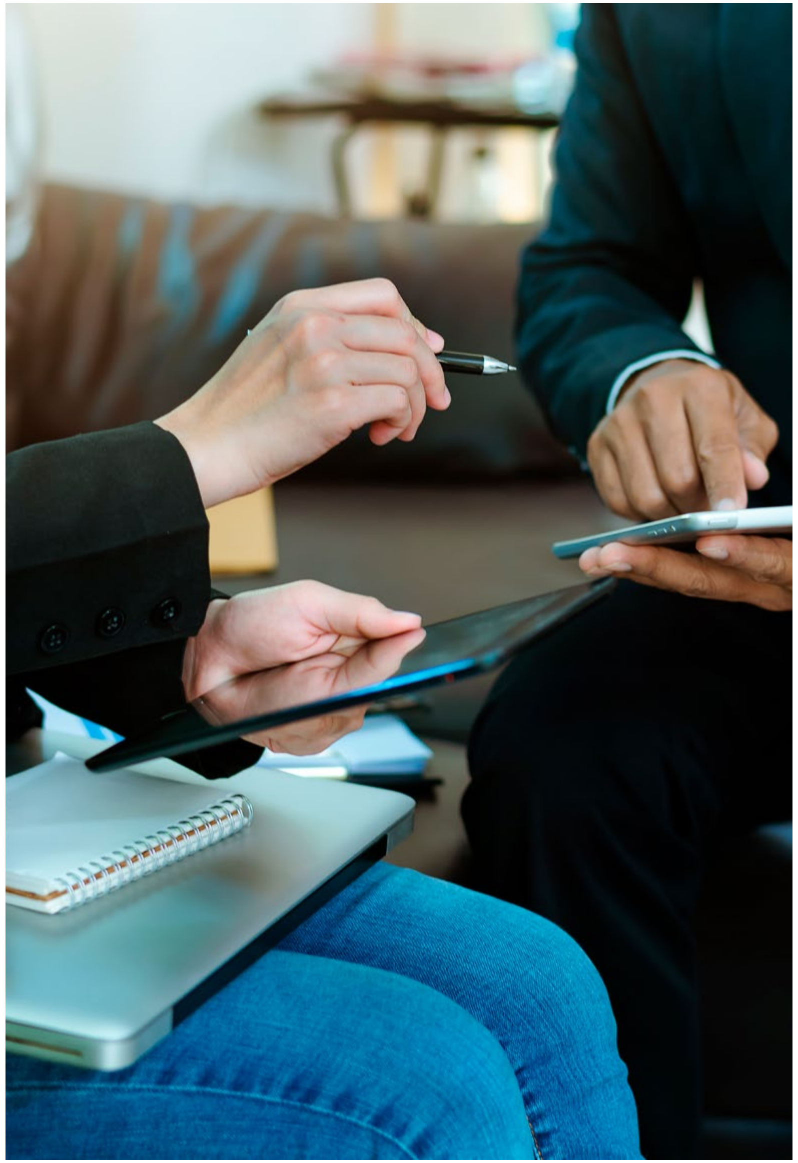
The markets Axactor operates in have local varieties in the way collection processes are performed, but the main principles of the collection activities are quite aligned. This enables Axactor to set common group wide operational targets and KPIs relevant for all jurisdictions in which the Group operates.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

In most of the countries where Axactor operates, debt collection is strictly regulated through specific debt collection acts and regulations, requiring a license to operate. Many of the financial supervisory authorities and/or associations have additional certification requirements for both debt collection companies and their employees. Axactor has all mandatory certifications and licenses in place, and proactively seeks to certify employees within the debt collection profession. Further, Axactor is actively engaged in the local debt collection associations and was in 2023 represented in various committees working on specific topics, such as new legislation and fair debt collection practices. The engagement is motivated by protecting its own and the industry's interests, but always with integrity and through transparent means. Axactor or its employees shall never mislead or try to obtain information dishonestly, or through inappropriate lobbying.

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 Liitto	Yes

KPIs

As a listed company, Axactor reports to the market on a quarterly basis. Adding to the financial numbers, Axactor has also set measurements to ensure that the Group's objectives are met in view to ethical and sustainable debt collection, something which Axactor considers to be closely linked to the economic value creation. Axactor is happy to report that the Group has a strong performance on both stakeholders' satisfaction and operational KPIs during 2023, underlining the fact that the Group is able to deliver on its economic targets – in a sustainable manner.



Stakeholder KPIs

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

The overall results from the surveys listed below gives Axactor confidence that the commitment to ethical debt collection is visible both externally and internally. In line with its expectations, Axactor has remained at stable high levels in 2023, for all KPIs.

	Aggregated group score			Development
KPIs	2023	2022	2021	last year
Debtor satisfaction	4.33	4.56	4.53	-0.23
Customer satisfaction ((Net Promoter Score ("NPS"))	62.0	62.0	50.3	0.00
Employee satisfaction (%)	76	73	72	+3

Debtor satisfaction

The debtor satisfaction survey is conducted via phone after the debtor has been talking with 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. Throughout 2023 all countries have remained stable at high levels. Axactor also monitors complaints received to Axactor directly or through local supervisory authorities to ensure adherence to its business practice principles. The results will in turn be used to improve Axactor's debt collection services. Axactor is committed to continue providing excellent service to all debtors.

Customer satisfaction

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

Employee satisfaction

To measure employees' satisfaction, Axactor has over the last three years coupled with Great Place to Work. In 2023, Axactor is proud to have certified all six countries as a "Great Place to Work". The level of employee satisfaction is high throughout the entire organization, and importantly, on an aggregated Group level it continues to steadily increase. Read more about the results of the employee satisfaction survey below, under People.

Phone collection

Axactor has an obligation not only to its investors, customers, and employees, but also to society and most importantly to each individual debtor. To ensure that Axactor meets its obligations, Axactor has set group-wide targets for its contact centers on inbound service level and nuisance rate.

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

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

Continued investments in state-of-the-art contact center technology and good processes for resource capacity-planning, ensured that Axactor delivered ahead of the internal target in 2023.

Payer-to-payer ratio

Another important KPI is the quality of payment agreements and how sustainable the agreements are for the individual debtor. The payer-to-payer ratio measures how many of the debtors that paid the previous month also paid the following month. This is a good measurement over time to ensure that payment agreements are not made on terms that are not possible to fulfil.

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

Digital collection

Axactor has debtor portals in place for all markets to ensure efficiency and availability for the debtors. Offering digital payment solutions enables more efficient settlements, with the possibility to settle debt being available 24/7. Investing in digital services are also well aligned with the Group's sustainability ambitions, giving the debtors' freedom of choice in their dialogue with Axactor, as well as being less resource intensive, something that supports the Group's goals to reduce its environmental footprint and be cost efficient.

The use of the debtor portals shows a decrease of 5% in 2023 compared to 2022, driven by the discontinuation of 3PC in Sweden and Finland. The Nordic countries have historically seen the highest use of the debtor portals, but growth is expected going forward in all markets especially as the southern European markets continue to mature. In addition to the self-service portals, a payment solution called QuickPay is offered in all six markets. This is an easy-to-use payment channel where payment information in the official correspondence from Axactor may be used to pay outstanding debt.

Operational KPIs

To trace performance and adherence to its business practice principles over time, Axactor also measures on specific operational KPIs. In understanding its adherence to these principles, Axactor has identified the following KPIs: Inbound service level and nuisance rate (outbound) for phone collection, quality of payment agreements (payer-to-payer ratio), and use of digital self-service solutions. Axactor continues to perform at stable high levels, and positively notes that its performance is within the target range(s).

	Aggregated group score			
KPI	**Target (%)**	**2023 (%)**	**2022 (%)**	**2021 (%)**
Inbound service level	95	95.86	96.90	97.70
Nuisance rate (outbound)	<1	0.35	0.40	0.48
Payer-to-payer ratio	-	74.61	74.39	75.80

	Average number of logins per month		
KPI	**2023 (#)**	**2022 (#)**	**2021 (#)**
Log-ins debtor portal	9,317	9,804	7,775

Personalized collection through use of advanced analytics

In 2023, Axactor continued the use of advanced analytics and business intelligence to build predictable scorecards for more efficient collections and fairer debtor treatment. By the end of 2023, Axactor has 25 predictive models in production, supporting operations and valuation. By analyzing each debtor's situation and adapting the collection process thereafter, Axactor ensures that that the collection activities do not cause undue pressure or unnecessary inconvenience to the debtors.

Continued learning and development

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

Sustainable value chains

Ethical debt collection is also about the value chain of debt collection and ensuring that customers, debt portfolio sellers, and vendors used by Axactor, are acting responsibly and in compliance with applicable laws, and adheres to internationally recognized environmental, social, and corporate governance standards. Axactor works to ensure that the selection of its partners is based on transparent and objective criteria, free from personal interests. Contracts shall contain warranties of compliance to relevant laws, regulations and business practice principles, hereunder ethical obligations. Axactor is committed to responsible product offering, which includes regular reviews of vendors and partners, with a specific focus on social risks and impacts – especially given the nature of the industry in which Axactor operates.

Responsible investments

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

During the year, Axactor's investment policies and procedures have been subject to review and updates, with a view to increase the quality of future investments, ensuring continued profitability despite a challenging macroeconomic environment.

Responsible product offering

Axactor has structured procurement processes and sourcing strategies in place to ensure that the services and goods acquired are aligned with ethical business practice principles and of high quality. In 2023 Axactor reviewed and updated its group-wide procurement procedures, adapting them to meet the future expectations of its stakeholders. Axactor shall continue to ensure that suppliers both directly and indirectly involved in the debt collection process, ranging from field collectors to facility cleaning service providers, commit to Axactor's Supplier Code of Conduct. Axactor recognizes the significance of ensuring fair and ethical working conditions throughout its supply chain. The company collaborates with its vendors to promote adherence to internationally recognized labor standards and responsible business practices (including subcontractors). Through supplier assessment and monitoring processes, Axactor evaluates its vendors' compliance with relevant labor laws, health and safety regulations, and fair employment practices. Given its limited size, Axactor's influence over its vendors' workforces is limited, but Axactor actively engages with its vendors and requests commitments with regards to workers- and human rights. Additionally, specific requirements are in place for certain suppliers, e.g., requirements for technical and organizational measures to be applied for those suppliers that process personal data on behalf of Axactor, or that the Group only engage collection agents through the acknowledged organization LIC, when performing international collection. Axactor shall during the contractual period review the quality and quantity of goods or services received regularly, to verify that the suppliers deliver according to what has been invoiced.

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

Axactor is subject to supervision by the authorities, which oversees Axactor's regulatory compliance in the market it operates, as further outlined in the Corporate governance report, and the Board of Directors' report, of the Annual report 2023.

Complaints and deviation management

In the beginning of the year, Axactor rolled out a new group-wide complaints and deviations management system. This system helps the Group manage complaints and deviations efficiently, and to 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.

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

Whistleblowing

Axactor also has an independent whistleblower channel open to anyone that wishes to report censurable, illegal, or unethical conduct by Axactor or any of its employees or representatives. The channel allows for reporting 24/7 at various levels – including directly to external counsel. The whistleblowing channel is easily accessible through the Group's website, the "intranet", and through a link in the Code of Conduct and the Supplier Code of Conduct. The channel handles reported cases in local language with integrity, respect, and confidentiality, also ensuring the protection of anyone reporting in good faith. Full anonymity is offered if opted for, allowing users to engage in written dialogue and exchanging information without losing their anonymity. Whistleblower reports are processed in accordance with the company's procedures and in compliance with applicable data privacy regulations.

During the year, only a limited number of reports were submitted through the whistle blowing channel. One report was rejected as groundless. Five reports were related to the same employee claiming discrimination due to assignment of cases and manager behavior. One case was related to management by human resources. Three reports were submitted by debtors claiming non-compliance with good debt collection practices due to the number of calls and tone of voice. One report was related to a payment of an invoice from a procurator. All reports submitted have been followed up in line with protocol, reported to local management and the Board, appropriately investigated and improvements proposed based on the findings. No material breaches have been identified.

	No. of whistleblower reports		
	2023	2022	2021
Group total	11	10	5

Data privacy

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

	No. of inquiries from the data supervisory authority			No. of data breaches reported to the data supervisory authority			No. of fines or corrections by the data supervisory authority		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Group total	6	11	12	6	5	7	0	0	0

During 2023 Axactor has updated various data privacy related procedures and processes, to ensure that they remain relevant and updated taking into consideration regulatory developments and heightened expectations from stakeholders, including data subjects and data supervisory authorities. The Group has also established a common group-wide reporting tool to ensure better alignment between the various countries in reporting on inquiries from the data supervisory authorities, breaches, and administrative fines. There were no major breaches during the year, and Axactor has not been subject to any administrative fines by any of the data supervisory authorities in the jurisdictions where it operates.

Information security

As a listed company and with great respect for the trust given by partners and investors, Axactor also places significant focus on safeguarding confidential information and trade secrets to which Axactor has access. The IT and information security policy sets out detailed procedures and clear roles and responsibilities applicable for all employees within the Group, and is approved by the Board annually. The information security procedures below have also been reviewed and where necessary updated.

- 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 2023 Axactor continued its investments in cyber- and information security, by various initiatives and trainings, such as: new advanced routines for additional access controls, new technology for security

& governance in server access, stronger password policy, access limitations to further reduce data sharing, conditional access, and additional technical measure for improved mitigation of phishing attempts. In 2023 Axactor Spain obtained the ISO 27001 information security certification, becoming the second entity in the group that achieves this certification in addition to C.R. Service S.r.l. in Italy. This is a great confirmation to the Group that its investments in information security and data privacy yield results. More specifically it means that the Group common information security management system, including policies, procedures, and partners satisfies the stringent requirements of the ISO 27001 standard.

In 2023, internal audit has also audited the physical security of several locations, and certain improvements have been made in line with the recommendations. Axactor is continuously adapting its information security measures to the risk picture present at all times.

Preventing financial crime and corruption

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

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

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

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 books and records that correctly document all 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.

During the last three years, including 2023, there have been no cases of confirmed fraud and/or corruption within the Group.

	No. of reported whistleblower cases regarding fraud and/or corruption			No. of confirmed cases of fraud and/corruption which have been reported to the authorities		
	2023	2022	2021	2023	2022	2021
Group total	0	0	0	0	0	0

Part of the internal audit work is to provide the Board with reasonable assurance that internal controls are present and functioning, also from a fraud prevention perspective. Internal audit has during the year had focus on suppliers and vendor management, access control, C.R. Services S.r.l. (following the acquisition in 2022), and NPL pre-sales controls, in addition to follow-up on observations from 2022. The results of the internal audits are reported to the Board, which also follows up on any risks identified to ensure appropriate management and mitigation. No material findings were reported by Group internal audit in 2023.

Corporate citizenship

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

In addition to its economic and financial responsibilities towards its investors, Axactor also recognizes its social, cultural, and environmental responsibility in the local communities where it operates. Empowering the local organizations to adapt an interactional approach to corporate citizenship, based on mutual trust and transparency. The goal is to produce higher standards of living and quality of life for the communities that surrounds them. Axactor believes that this cannot be achieved strictly by transactional contributions. Success requires proximity, expertise, and local engagement.

Even more so now, than in the last decade, the above holds true. In the aftermaths of the Covid-19 pandemic and Russia's full-scale invasion and war of aggression against Ukraine, geopolitical instability has caused shortage of goods and inflation rates to rise across the globe. The effects of which has also dominated 2023, with interest costs and prices continuing to rise compared to 2022 levels.

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

NPL directive

EU's implementation of Directive (EU) 2021/2167, known as the Non-Performing Loans (NPL) directive, has seen certain delays in implementation across the Member States. The NPL directive came into effect on 28 December 2021, and set a deadline for implementation in all Member States by 29 December 2023. By the end of the quarter, only two of the six Member States in which Axactor operates, have implemented the directive on time. In the Member States which have implemented the directive, Axactor positively notes that the implementation is in line with previous expectations, and largely in correspondence with each other. Axactor continues to pay close attention to the developments concerning the transposition of the directive in the other Member States, and aims to obtain licenses in the Member States where new licensing requirements are introduced during 2024.

People

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

With the expertise and dedication of its employees, Axactor aim to meet all stakeholders' expectations. Axactor strives to ensure that it remains an attractive workplace for all its 1,367 employees by providing a healthy work environment with meaningful tasks through fostering a culture that empowers everyone to learn and grow. Clear expectations are set for all leaders to act as role models promoting the core values, and inspiring employees to succeed by working with dedication. Everyone that come into contact with Axactor shall be treated with trust and respect and provided with professional and ethical advice based on their individual situation. The positive feedback received in the employee satisfaction survey shows that Axactor's dedication to its employees yields results.

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

The Group has always respected internationally recognized human rights and rights at work, which are reflected through its various policies and the Code of Conduct. This includes commitments to comply with the ten principles of the UN Global Compact, actively support the UN Sustainable Development Goal #5 and #8, as well as the Norwegian Transparency Act. The EU Corporate Sustainability Reporting Directive which entered into force 5 January 2023 regarding mandatory environmental and human rights due diligence legislation and the proactiveness of the Norwegian legislator are welcomed developments. Axactor's activities do not cause, contribute, or is linked to adverse impacts to any individuals' fundamental rights.

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.

Human rights

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

It is the Board that 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, and through regular ethics and compliance trainings, all employees are educated in Axactor's corporate values and what are expected of each employee.

The Norwegian Transparency Act requires certain companies to monitor and report on their efforts to identify, prevent, and mitigate the risk of adverse human rights impacts in their operations and value chains. The act states that the assessment shall be performed in accordance with the OECD Guidelines for Multinational Enterprises, which provide a framework for responsible business conduct in areas such as human rights, labor, environment, and anti-corruption. Based on its size and revenue, Axactor is subject to reporting pursuant to the Norwegian Transparency Act.

This report has been developed to comply with the legal requirements as stated in the Norwegian Transparency Act 2021. For a full overview of Axactor's operations and business activities, see Axactor at a glance and Strategy and financial targets.

Axactor's human rights due diligence assessment has been conducted through a top-down bottom-up analysis of the company's policies, procedures, and operations, as well as through engagement with management, local teams, industry peers, and vendors. The assessment covers the period since the Norwegian Transparency Act entered into force on 1 July 2022, up until the date of this report. It covers Axactor ASA and all its subsidiaries – following an operational control approach.

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 will report (at least annually) on the results of its human rights due diligence assessments

Axactor has in place grievance mechanisms available to any affected parties through the company's whistleblower portal, see Whistleblowing.

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

Axactor has adopted a systematic and comprehensive approach to identify its most material human rights risks. The methodology used to identify these risks includes a combination of desk-based research, stakeholder engagement, and internal assessments. The company's approach ensures that risks are evaluated based on the potential harm to individuals rather than solely on the significance to the business.

Generally, Axactor considers that the company is at a low risk of causing or contributing to human- or workers' rights violations in its operations and value chain. This inference is based on the fact that Axactor does not operate in high-risk jurisdictions, as well as being subject to strict government- and customer supervision in the jurisdictions in which it operates. Because of the latter, Axactor has since its inception had in place solid frameworks for managing risks, including the application of strict vendor requirements, cumulatively mitigating potential risks. In turn, this means that where Axactor has identified a material- or salient human rights risk, this needs to be understood in the context of the above – it merely points to the highest risks for potential violations, not that the risk of potential violations is high.

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

Through this assessment, the company has identified the most significant human rights risks, or "salient" risks. Salient human rights risks are those that are of the most severe and 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.

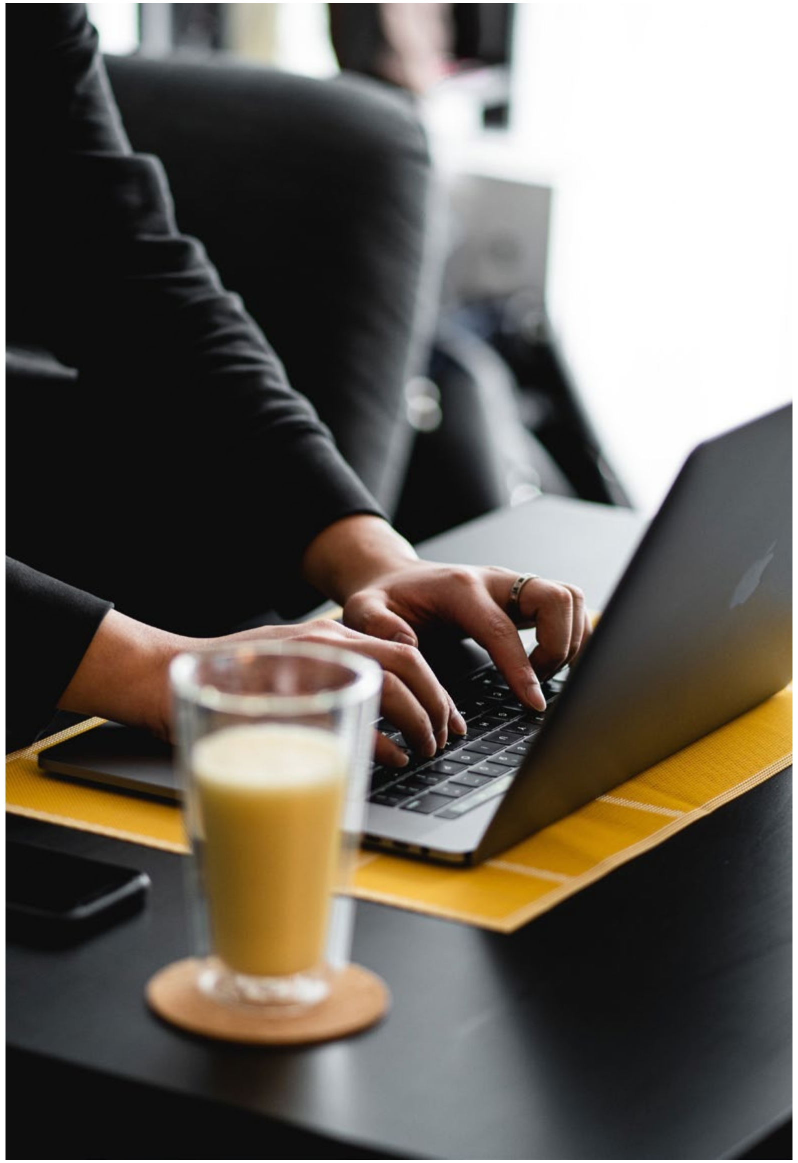
Through its human rights due diligence assessment, Axactor has not found evidence of any adverse human rights impacts caused or contributed to by Axactor. At the same time, this is not something which can be taken for granted, and Axactor will continue to work towards improving its human rights monitoring.

Although no adverse impacts to individuals have been identified through the assessment, the company will continue to gradually improve its human rights governance. Integration of human rights risks in its group wide risk management systems has been implemented by the end of the year, as reported last year. During 2024, the company plans to update its Supplier Code of Conduct, to further accentuate, inter alia, its expectations from its suppliers with respect to its own workers, workers in their value chains and affected communities.

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. For further information on the improvements implemented during the year, see Data privacy and Information security.

At the Transparency Act's entry into force, Axactor created a dedicated email for information requests: transparency@axactor.com. Axactor has not yet received any information requests.

More information on Axactor's human rights efforts is available at www.axactor.com.



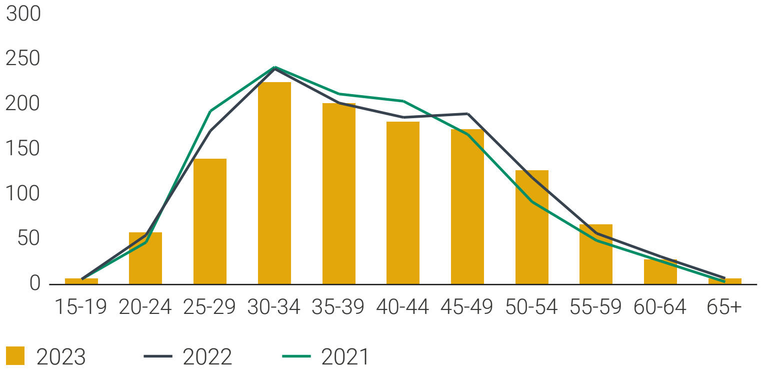
Diversity

Axactor rejects all forms of discrimination in hiring and employment. At Axactor, diversity is not simply a matter of complying with legal requirements. Axactor believes that the strength lies in the differences between the employees, which is one of the key factors to the Group's success. Their varied skills, perspectives and experiences form the basis of innovation, helping Axactor to better understand the needs of customers and debtors. As an example, the 20 employees in Axactor ASA are from six different nationalities. Axactor is committed to treat everyone equally and with respect, regardless of gender, nationality, disability, marital status, religion, or sexual orientation, and are committed to equal opportunities for all employees. Employees are encouraged to voice their opinions or concerns when something is not right or does not feel right. Different opinions shall always be respected, and people are encouraged to question the decisions of others. Axactor's Ethical council, management at group and local level, as well as the Board, discuss measures to further these objectives. The employees have through the employee satisfaction survey confirmed that they are treated fairly, regardless of their age, race or ethnic origin, gender, and sexual orientation. Axactor will not rest on its laurels and will continue ensuring a respectful and inclusive culture also in the future.

Axactor has a solid spread between employees' age, skills, gender, cultural backgrounds, and perspectives. A variety of languages are spoken which eases communication and the ability to assist many debtors. Axactor strives for objectivity in its recruitment process. Job listings for vacant positions shall be written in an inclusive manner. Job opportunities are offered to individuals with disabilities. In 2023, six employees in Spain were employees with a disability grade of more than 33%, in Germany 15 employees had a disability grade of more than 50% and in Italy 12 employees were employees with a disability grade of more than 46%. All offices are universally designed to accommodate employees with disabilities except the office in Grosetto, Italy which is organized on several levels whereas only the ground floor is currently facilitating access to people with motor disabilities. Instruments guaranteeing access to people with motor disabilities to second level are under construction.

Age distribution Group total

Number of employees per age



Hiring students provides young academics access to relevant work experience and increases employment in groups that find themselves on the outside of today's labour market. By the end of 2023, 5% of the employees in Axactor were under the age of 24 years. Axactor offers students different job training opportunities, full-time as an internship or part-time besides studying. Several students are offered jobs at Axactor, while others gain a valuable experience for their CVs.

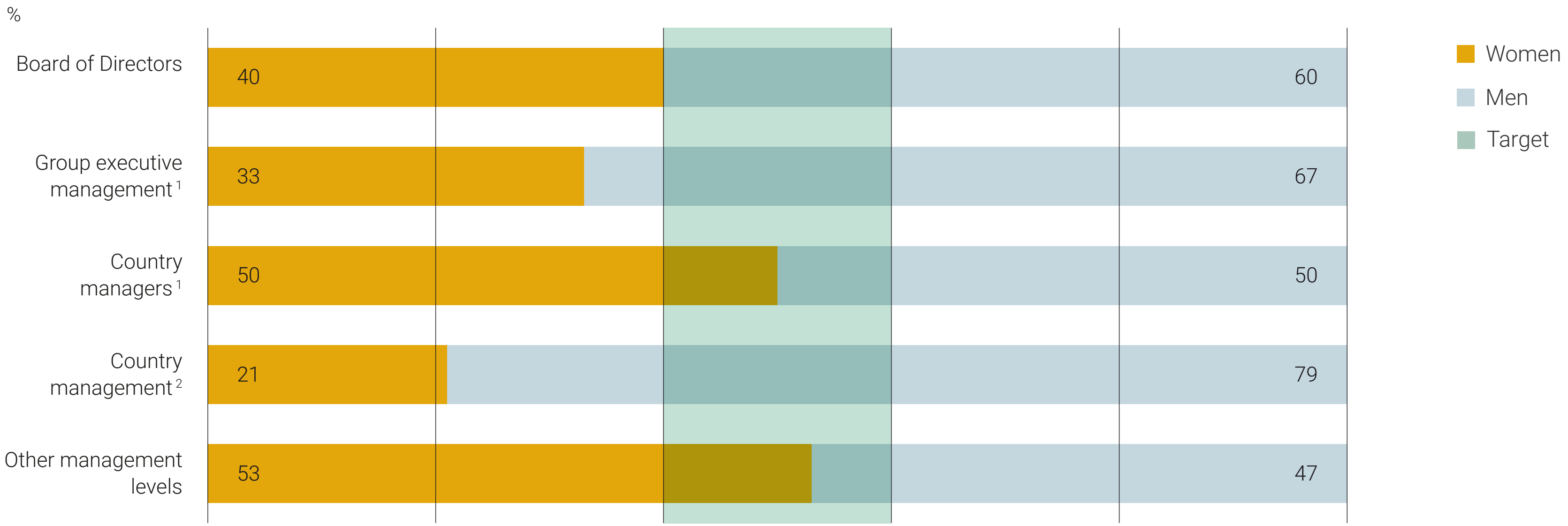
Axactor facilitates for older employees to stay in work-life also after retirement age. This retains important competence within the company. Older employees educate younger with their experiences and younger employees contributes with new perspectives and drives innovation. Social aspects of keeping 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 1,367 employees, 41 employees are over the age of 60 years.

Gender equality

The overall gender balance remained at 65% women and 35% men also for 2023 despite hiring 59% men during the year. Due to the nature of Axactor's operations, a higher female ratio is expected. Axactor aims to have an even gender balance in all managerial levels, where genders are represented within a range of 40%–60%. Unfortunately, the balance within the country management teams trends in the opposite direction with the Italian and German country management consisting mainly of men.

To reach the ambition of cost leadership, Axactor continued

Gender balance, management



Level	2023 Headcount	2023 Women (%)	2023 Men (%)	2022 Headcount	2022 Women (%)	2022 Men (%)	2021 Headcount	2021 Women (%)	2021 Men (%)
Board of Directors	5	40	60	5	40	60	6	50	50
Group executive management[1]	6	33	67	6	33	67	12	42	58
Country managers[1]	6	50	50	6	50	50	-	-	-
Country management[2]	24	21	79	30	37	63	39	41	59
Other management levels	157	53	47	162	56	44	160	57	43
All Group employees[3]	1,367	65	35	1,458	65	35	1,243	66	34

[1] Group executive management include country managers for the year 2021, but not for 2022 and 2023
[2] Country management does not include country managers who are reported on separately
[3] Including contractors for CRS for 2022 and excluding contractors for 2023

Gender balance country level

	2023			2022			2021		
Country	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)
Norway incl. HQ	110	54	46	114	51	49	130	53	47
Sweden	23	65	35	50	70	30	70	71	29
Finland	33	58	42	47	68	32	48	67	33
Germany	182	65	35	190	65	35	183	67	33
Italy	260	73	27	304	72	28	120	80	20
Spain	759	65	35	753	65	35	692	65	35
Group total	1,367	65	35	1,458	65	35	1,243	66	34

to right-size the organization during 2023 with specific focus on reducing manager and SG&A capacity. This reduction was enabled due to continuous focus on leadership, efficiency and automatization during 2023. The employee satisfaction survey points toward successful re-organizations, with employees reporting increased satisfaction in their relations with management, their job, and their colleagues. The gender balance managerial ratio has improved with a solid balance of 49% women and 51% men, but not for the Group executive management with 33% women (stable from 2021), nor for the country management teams having only 25% women. Although strengthening the overall managerial gender balance, Axactor must continuously work to achieve a more balanced gender distribution across all levels and functions, through focus on encouraging, developing, and promoting women into leadership positions.

Measures include requirement for female candidates in all recruitment processes, performance management, leadership development, mentorship, role models and work-life balance initiatives to accommodate for staying in work life. In Spain, this has resulted in 22 women being promoted internally to leadership positions. In Germany all internal promotions in 2023 went to women.

Remuneration and benefits

The main purpose of the company's remuneration is to encourage a strong and sustainable performance-based culture which supports growth in shareholder value over time, based on responsible business practices and alignment with the company values. Remuneration shall be aligned with efficient and responsible risk management, Axactor's values, and applicable regulations. The targets set must motivate responsible operations and business conducted in an ethical, sustainable, environmentally, and socially responsible manner, ensuring that good corporate governance is practiced, and internationally recognized fundamental rights principles are respected.

Base salary pay-gap (%)

	2023	2022	2021
Norway incl. HQ	-26	-28	-26
Sweden	-21	-23	-16
Finland	-11	-24	-30
Germany	-19	-16	-24
Italy	-44	-45	-46
Spain	-28	-25	-28
Group total country average	-25	-27	-28

Base salary pay-gap managerial level (%)

	2023	2022	2021
Board of Directors	-36	-29	-19
Group executive management	-19	-16	-19
Country managers (CM)	-22	-22	-18
Country management (excl. CM)	-13	-14	-18
All other managers	-17	-20	-24

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 Group's remuneration policy, determined by the Board, and approved by the general meeting, available at www.axactor.com.

Axactor is working systematically to ensure equal pay for equal work or equal valued work, and to rectify unwanted pay gaps between women and men. An extensive mapping of remuneration for all employees at all levels has been conducted in all countries and corrective measures implemented where appropriate. Leaders are requested to ensure fair and equal pay 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 is continuously developed. The result after this year's wage settlement shows an overall fairer balance but should still be improved as the gender pay-gap in several areas, though to a lower extent, favors men. The annual base salaries pay-gap difference has decreased to -25% overall, compared to -27% in 2022.

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. Salary levels cannot be raised just to equal out historical differences. Managerial positions have higher salaries and consist of more men. As an example, in Italy the salary gap is of -44% in favor of men. The country management team consist of six men and one woman. 73% 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, at -8%. Although the pay-gap for the Board members has increased to -36%, the compensation is gender neutral and differences due to differences in role, e.g., the Chair being a man, and the number of committee memberships.

The work to further reduce the gender pay-gap will continue. Certain work-life balance initiatives to retain and attract women to managerial position may however have an opposite effect. Axactor will continue to comply with the collective bargaining agreements, but challenge principles of fixed percentage for salary increases as it worsens already identified differences. Additional initiatives includes ensuring awareness among all leaders, improve processes for salary adjustment, automatizing reporting and connecting local payroll systems to the centralized reporting system.

To attract and retain employees, Axactor offers competitive employment terms in line with local market conditions. To avoid bias and ensure fairness, the grandfather principle is applied when setting or adjusting terms. Remuneration is adapted to local market terms. The feedback provided in the employee survey shows that the employees are more content with their benefits.

Collective bargaining agreements are entered in Sweden, Finland, Norway, Italy, and Spain covering 87% of all employees. Employees in Germany have voluntarily chosen not to subscribe for such agreements. Axactor commits to the International Labour Conventions on the freedom of association and the right to collective bargaining among its employees. Axactor collaborates well with the unions and facilitates their work by offering use of Axactor's offices and equipment for union-related work. Balancing the improvement of benefits and working conditions for the employees against the importance of having a sustainable and competitive employer is challenging, both for the company as well as for the unions' representatives. The constructive discussions and collaboration with the unions are important, and highly appreciated.

Salary difference CEO vs. average base salary of all employees

	2023[1]	2022[2]	2021[3]
CEO salary in NOK	4,325,157	4,131,000	4,050,000
CEO salary comparable in EUR	441,166	380,052	405,000
Avarage all employees in EUR	32,639	31,143	37,434
Median base salary in EUR	21,920	20,893	24,000
Annual total compensation ratio	20.12	18.19	16.88

1 FX rates applied for 2023: NOK EUR: 0.102; SEK EUR: 0.094
2 FX rates applied for 2022: NOK EUR: 0.092; SEK EUR: 0.089
3 FX rates applied for 2021: NOK EUR: 0.102; SEK EUR: 0.094

Work-life balance

Axactor recognizes the importance of work-life balance, which is supported through various initiatives, e.g., accommodating for a substantial number of part-time employees. To Axactor's knowledge, all part-time work is voluntary and is largely related to students working in combination with studies, employees with reduced capacity, and mothers with younger children requesting part-time work after maternity leave. The amicable and field collection advisors working in Cuneo Italy work part-time, six hours per day. This was part of a restructuring project in Axactor in 2018, where the affected employees in Cuneo, Italy voluntarily accepted the part time reduction.

Employees by form of employment

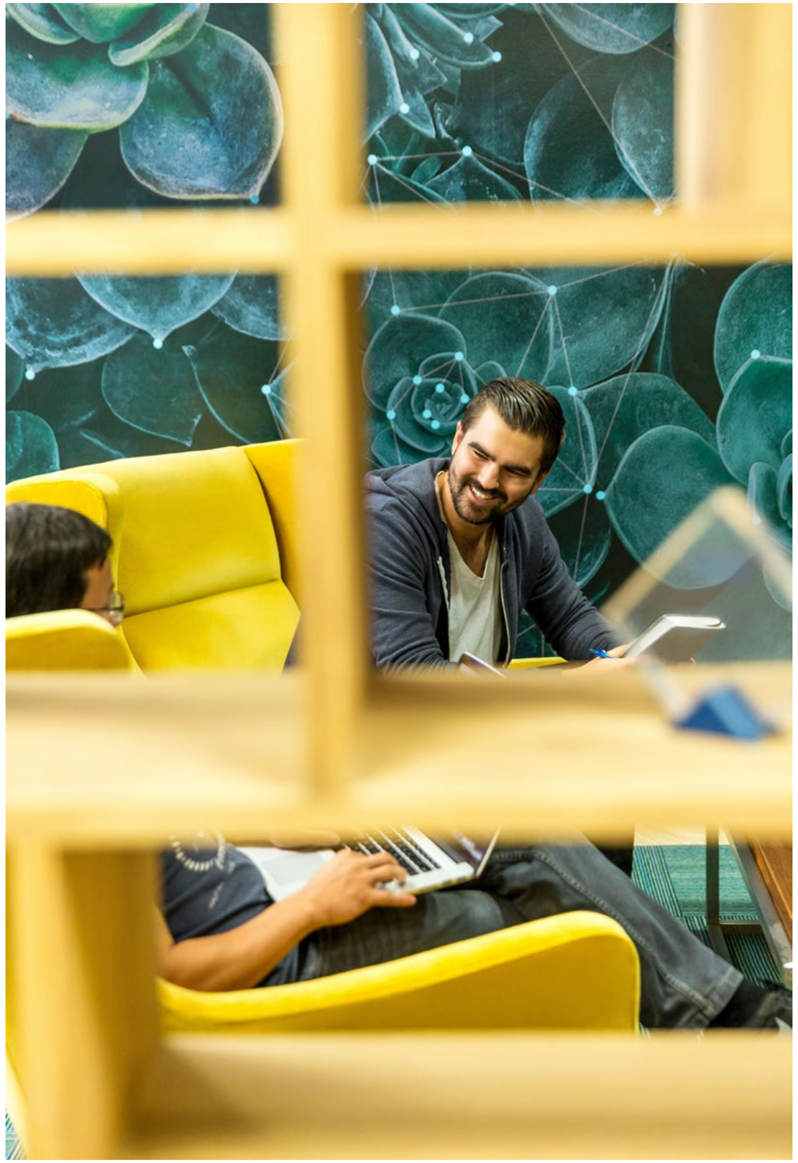
	2023			2022			2021		
	Number	Women (%)	Men (%)	Number	Women (%)	Men (%)	Number	Women (%)	Men (%)
Regular employment									
Full time	975	61	39	992	62	38	863	63	37
Part time	233	84	16	212	83	17	204	80	20
Temporary employment	159	64	36	254	66	34	176	63	38
Group total	1,367	-	-	1,458	-	-	1,243	-	-

Parental leave

	2023				2022				2021			
Country	Maternity leave No. of women	No. of weeks of maternity leave	Paternity leave No. of men	No. of weeks of paternity leave	Maternity leave No. of women	No. of weeks of maternity leave	Paternity leave No. of men	No. of weeks of paternity leave	Maternity leave No. of women	No. of weeks of maternity leave	Paternity leave No. of men	No. of weeks of paternity leave
Norway	3	31	4	42	10	266	5	70	9	223	3	25
Sweden	11	301	2	51	5	377	3	77	11	138	2	2
Finland	4	529	0	0	3	187	0	0	6	167	2	7
Germany	10	376	0	0	9	248	0	0	8	293	2	12
Italy	19	311	5	8	23	316	3	4	14	248	2	2
Spain	15	240	9	144	20	249	14	214	21	241	13	99
Group total	62	1,788	20	245	70	1,643	25	365	61	1,017	22	135

In accordance with its commitment to the SDG #5, Axactor aims to reduce part-time work. The form of employment is expected to be a topic in appraisal talks. Leaders are encouraged to work with part-time employees to find other accommodations that can contribute to minimizing the need for part-time work. As an example, to increase possibility of working full-time in Spain discount agreements with day-care centers and nurseries are entered, shift hours have been adapted, and more flexible working-hours given.

In Axactor, home-office is not offered as a general benefit. Although efficient communication solutions are available, Axactor believes that working together in the office drives better solutions through discussions and knowledge sharing, innovation, passion, strengthens quality and compliance, and proactiveness which drive the greater results. For many, home office also results in a disproportionate work-life balance. Further, it challenges the responsibility for a healthy and safe work environment mentally and physically, gender balance, leadership, and personal development. Flexible solutions are



offered on an individual level when needed, considering work-tasks, responsibilities, personal needs etc. The feedback in the employee survey indicates that most employees have sufficient flexibility when needed. However, it is noted through the feedback in the employee satisfaction survey, exit-interviews, and dialogue with the unions that more flexibility specifically through use of home office is desired.

Holidays, sick-leave, parental leave, flexible working hours and other forms of regulations of working hours complies with local legislation, collective bargaining agreements and best practices in each country. Axactor shall offer a working environment where it is possible to combine work, career, family life and spare time. An important element is the possibility to take parental leave. Norway and Sweden offer parental leave benefits greater than the statutory requirement. The parental leaves were taken without any restrictions or consequences for the remuneration, benefits, or work tasks of the individual employee. At the Cuneo Italy office, parents are offered to work from home until the first year of the child. Germany is offering a holiday entitlement for its employees that is higher than legally required and some days of special leave for certain events in the employee's personal life. With reference to the statistics presented, Axactor considers itself compliant with the reporting requirements pursuant to the Norwegian Equality and Anti-Discrimination Act section 26.

Talent attraction and retention

It is important for Axactor to attract and retain skilled employees. A professional recruitment process through different channels is practiced, enabling the company to reach diversified types of candidates fit for the different tasks. In 2023, Axactor recruited 417 new employees in addition to internal mobility. Job vacancies are also advertised internally as it is important for Axactor to invest in and develop high-performing employees. Leaders encourage employees to actively apply for new positions within the Group, and Axactor's internal mobility program helps to retain crucial expertise, promote Axactor's culture, and contribute to internal career development. Succession planning is a key factor to ensure, identify, encourage, and develop new leaders and specialists. The employees

New recruitments incl. gender balance

	2023			2022			2021		
Country	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)	Headcount	Women (%)	Men (%)
Norway	26	59	41	18	44	56	27	48	52
Sweden	3	100	0	5	40	60	28	21	79
Finland	8	50	50	11	55	45	8	50	50
Germany	54	43	57	54	56	44	26	62	38
Italy	58	80	20	69	68	32	36	22	78
Spain	268	43	57	304	62	38	270	41	59
Group total employee average	417	40	60	461	54	46	395	40	60

are the company's best ambassadors and a solid source of reference for new recruitments.

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

Despite these efforts, Axactor had a total turnover rate in 2023 of 33%. Of the total turnover rate of 33%, 22% is related to voluntary turnover. This is not a desired level. Axactor is continuously optimizing its operations to keep the competitive advantage of cost leadership and adapting the organization to operational needs. The closure of 3PC in Sweden explains the extremely high turnover of 84%, and the closure of 3PC and the office in Jyvaskyla in Finland the turnover rate of 72%. Reduced numbers of portfolio purchases automatization of processes and other efficiency gains have led to further rightsizing of the organization with reduction in manning and high turnover as a result. Restructuring processes are performed in compliance with local law and regulations and internal restructuring procedures.

Employee turnover incl. gender balance

	2023			2022			2021		
Country	Voluntary/ Total (%)	Women (%)	Men (%)	Total (%)	Women (%)	Men (%)	Total (%)	Women (%)	Men (%)
Norway	19/24	14/17	25/31	27	33	20	28	27	28
Sweden	43/84	52/92	25/67	42	40	46	9	16	5
Finland	33/72	39/87	23/46	30	22	47	43	26	50
Germany	26/34	23/30	33/43	25	22	33	32	48	24
Italy	6/16	8/17	1/16	6	6	6	31	49	26
Spain	25/35	23/31	28/42	35	33	38	33	42	28
Group total	22/33	19/29	24/37	28	26	32	31	40	27

1 Employee turnover refers to the proportion of permanent employees who have left the company during the year in relation to the number of employees by the beginning and end of the year including voluntary turnover, retirement, death, dismissals, organizational changes, and efficiency. Voluntary turnover refers to termination of employment which are not due to dismissal or termination due to restructuring and downsizing

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

	2023		2022		2021	
Country	No. of courses offered	Average time (h) spent on training per employee	No. of courses offered	Average time (h) spent on training per employee	No. of courses offered	Average time (h) spent on training per employee
Norway	45	11.3	55	12.4	52	6.5
Sweden	18	1.3	42	5.4	57	18.0
Finland	48	10.5	84	23.6	49	6.8
Germany	52	10.2	73	14.1	70	9.6
Italy	71	11.9	127	10.3	101	19.8
Spain	42	5.4	64	6.0	129	16.3
Group total	276[1]	7.9[2]	289[1]	8.46[2]	338[1]	14.2[2]

1 Excluding duplicates for different language versions
2 Adjusted for number of employees per country

High turnover is costly, and loss of competence increase the risk of reduced quality. The strong positive feedback from the employees through the employee surveys, appraisal talks and exit interviews does not indicate any underlying cultural challenges but will be continuously monitored.

For the voluntary leavers, main reasons given are lack of home-office, salaries, and career development opportunities. In addition, Axactor have several internship and temporary workers who have not renewed, or gotten its engagement renewed and some who have not successfully passed the trial period.

Competence development

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

All employees need to conduct mandatory trainings to secure compliance to relevant laws and regulations such as debt collection regulations, and financial regulations, anti-fraud and anti-corruption, data privacy, information security, anti-money laundering and terror financing and other business ethical standards. Employees are also

provided with training that gives them the tools with which they can give customers or debtors a positive experience, for instance through in-depth knowledge of the relevant collection processes they work with, and comprehensive communication training. Statistics from number of courses offered and the time spent per employee on e-learning courses are recorded. Competence development is also offered through on-the-job-training, sharing of best practices and knowledge, classroom training, and mentorship programs. Learning and development objectives for both leaders and employees are linked to Group-wide organizational objectives and values.

Health and work environment

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

Working actively to facilitate a positive work environment, Axactor encourages employees to be physically active and take care of their health. Different local initiatives are promoted, 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.

Axactor does not accept any form of sexual harassment. Specific focus to raise awareness is given through e.g., the digital ethical e-learning courses mandatory for all employees to conduct. The result from the employee satisfaction survey confirms that this is not a challenge within Axactor.

	No. of whistle-blower reports concerning sexual harassment			No. of reported cases resulting in disciplinary and/or criminal sanctions		
	2023	2022	2021	2023	2022	2021
Group total	0	1	0	0	1	0

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

Sick-leave %[1]

Country	2023	2022	2021
Norway	5.3	7.0	5.0
Sweden	17.2	5.7	3.2
Finland	4.1	4.8	-
Germany	6.1	7.4	4.2
Italy	1.7	3.0	1.3
Spain	6.0	6.9	7.8
Group total	7.1	5.0	-

[1] Including self-certificate or medical certificate, not absence due care of others.

	No. of workplace injuries recorded			No. of serious or fatal workplace injuries recorded			No. of commuting injuries recorded		
Country	2023	2022	2021	2023	2022	2021	2023	2022	2021
Norway	0	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0
Germany	3	1	0	0	0	0	8	5	0
Italy	0	0	0	0	0	0	0	4	1
Spain	3	3	0	0	0	0	19	14	13
Group total	6	4	0	0	0	0	27	23	14

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

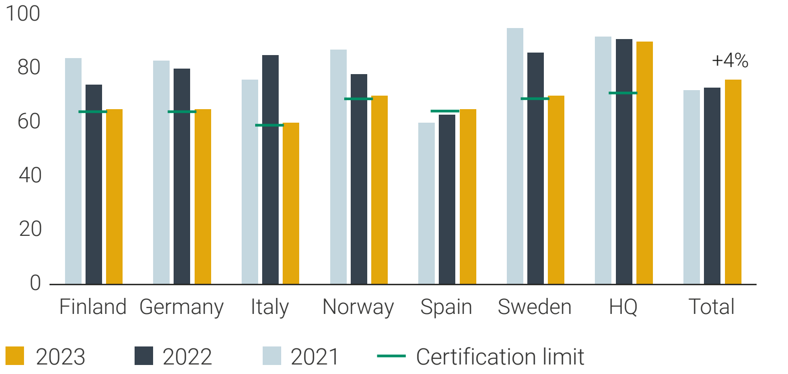
Employee satisfaction

Investing in the employees is key for Axactor's success. 1,139 of the 1,262 employees invited have given their feedback anonymously on whether Axactor is a workplace where you trust the people you work for, have pride in what you do, and enjoy the people you work with. The feedback from the employees show that Axactor is an effective, rational, and competent organization with a clear strategy. The management set clear expectations and the employees have high trust in management. There is an open dialogue where straight answers are given. The systematic work to develop the organization and culture has paid off with improvements in several areas emphasized by the employees' in the 2023 survey.

The employees are better informed and more involved regardless of position. Management is also involving the employees more in decisions that affects their job and work environment. Most people are treated fairly, regardless of gender, age, race, ethnic origin, or sexual orientation, but having zero tolerance for discrimination, Axactor should not have any signs of discrimination. Further, not everyone feels that Axactor is a psychologically and emotionally safe place to work. Analyzes 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. The industry Axactor operates within is demanding, especially for the collection advisors having to manage difficult calls and debtors with many different destinies during the day. This is one of the reasons the Italian operations in 2018 together with the employees decided to reduce working hours to six hours a day. There is little politics and backstabbing. It is easy to be yourself. People are social and friendly, and one can count on the colleagues. New employees feel welcome. The employees are more content about the benefits, have sufficient flexibility when needed and are given the resources and equipment to do their job.

Survey score by country

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



Axactor is more innovative, but managers can be more open for new and better ways of doing things. This will be a focus point also during 2024 to keep the cost leadership position and working towards the vision of becoming the industry benchmark.

Axactor has worked systematically to develop its organization and culture, and hard work pays off. In 2023, all countries managed to obtain the certification as a Great Place to Work. Axactor will continue to build on its strengths going into the next year and strives to continuously improve as an employer. During 2024, Axactor will continue to focus on the leadership principles, on seeing each employee, strengthening the teams and understanding 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 leader is obliged to plan how to improve identified weaknesses within their respective departments.

The people at Axactor makes a difference by helping people and companies to a better future. Not only by helping people pay their bills and make sustainable payment plans to get out of debt, but by taking social responsibility for their colleagues' well-being and through local engagement. In 2023, the local organizations have also engaged in a wide array of initiatives, including amongst others distribution of books to hospitals, food banks and collecting toys and school bags to children.

Environment

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

Axactor's risk management system requires the group to identify, assess and document environmental risks and opportunities. Environmental risks are assessed through the ordinary risk management process, and potential high risks and opportunities are elevated to the Group executive management for further evaluation. Additionally, an internal climate risk assessment of Axactor's locations were conducted in 2022, showing limited climate-related risks associated with its locations. There are no changes to this assessment since last year. This risk is further mitigated in the aftermath of the Covid-19 pandemic, learning from the experiences and emergency preparedness capacities, e.g., with respect to the ability to leverage home office solutions if necessary.

Measures

During 2023, Axactor has continued its group-wide awareness campaigns, addressing environmental issues and the Group's impact in this respect. With the improvement of the Group's GHG inventory, all countries have been actively involved in the collection of activity data, and in determining better ways of measuring and calculating their emissions. During the year, Axactor has focused on improving the quality of the data collected in the GHG inventory.

With the updating of the Group's procurement routines, increased emphasis has been put on making sure that services and goods acquired are provided from suppliers with acceptable environmental standards. Axactor shall aim to only use products and services that represent the lowest total impact on the environment. Axactor further ensures its suppliers' commitments

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.

to its environmental expectations, through the prerequisite to sign Axactor's Supplier Code of Conduct. Axactor anticipates that environmental considerations will be subject to closer scrutiny in the years to come, especially as the market matures with respect to associated reporting requirements and stakeholder expectations.

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

Greenhouse gas (GHG) inventory

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. As reported last year, Axactor recognizes the need to improve its practices on emissions' data collection and reporting as an important first step towards having a high-quality GHG inventory that could trigger strategies for climate action with a clear understanding of the main sources and issues to be addressed, and the best mitigations available.

Axactor's inventory tool covers emissions in scopes 1, 2 and 3 in accordance with the GHG Protocol Corporate Standard requirements. The inventory is developed following an operational control approach, which estimates GHG emissions coming from operated assets. The results are provided by business unit, specific GHGs (CO_2e, CO_2, CH_4, N_2O, HFCs, PFCs, SF6 and NF3) and over time. Values are reported in CO_2 equivalents.

Emissions

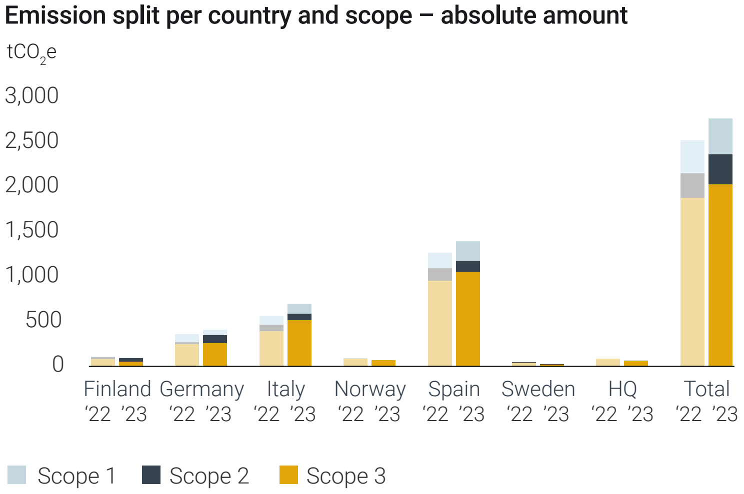
Compared to last year, the total emissions remained stable in 2023. The change year over year is largely explained by improved data quality. The company has sought to cover all relevant emissions associated with its operations, and where no data has been available for specific activities, emissions have been conservatively estimated.

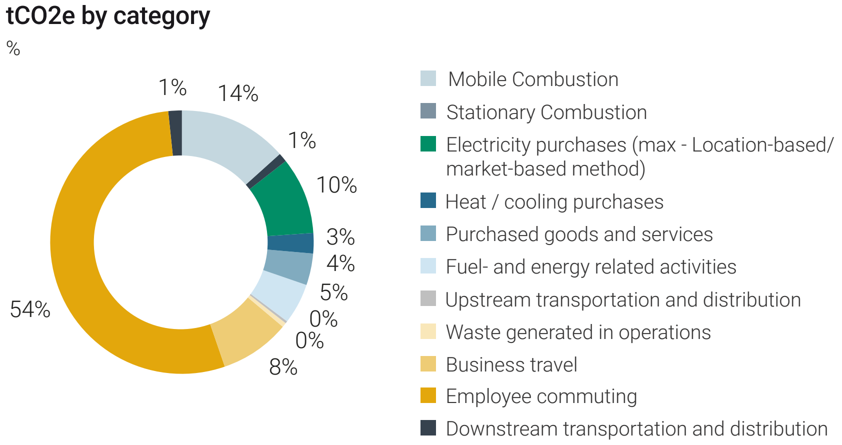
During the year, Axactor has focused on improving the quality of the data collected in the GHG inventory. In terms of absolute emissions, Axactor expects that comparability to peers will continue to increase in the years to come once the various upcoming sustainability reporting regulations enter into force.

Category	% of total emissions (2023)	2023 (tCO_2e)	2022 (tCO_2e)	2021[1] (tCO_2e)
Scope 1	15	400.0	368.5	240.2
Scope 2	11	336.6	269.1	467.2
Scope 3	75	2,029.1	1,882.1	144.0
Total emissions (1-2-3)	100	2,765.8	2,519.7	851.5

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

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



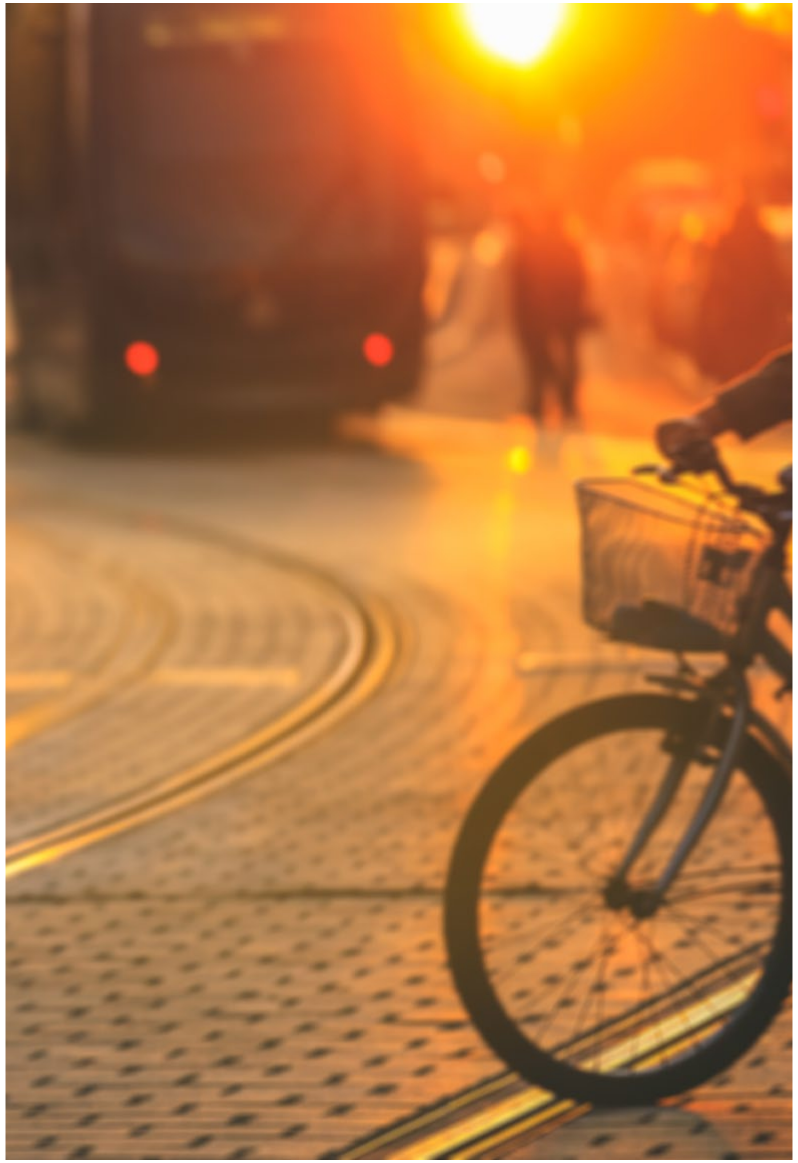


district heating, that further reduces the need to use electricity for heating. All Axactor offices have systems for smart controlling and monitoring of ventilation, heating/cooling, and lights. No relocations or reconstruction of existing offices shall lead to higher energy consumption per square meter.

The biggest part of Axactor's emissions are found in Scope 3, which is indirect emissions linked to the activities of Axactor. As a service company, Axactor purchases goods needed in its office enviroments, receives and sends significant number of letters, and generates waste. Its employees are travelling on business trips and commuting to work. Emissions related to employee commuting accounts for approximately 55% of the company's total emissions. Further, the emission split per country shows expected coherence in terms of size of operations and geographical presence. Axactor has invested in efficient tele-/video conferencing equipment, strives to lower the travel ratio and aims to choose less emission intensive travels where possible. Axactor also works actively to identify and utilize opportunities to reduce the use of paper through opportunities for electronic communication, as opposed to physical letters etc. within its room of possibility pursuant to legal requirements in the countries where Axactor operates.

Reducing emissions

Axactor will continue to work on its plan to reduce emissions to ensure that the business model and strategy is compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement in 2024. This work has proven more extensive than anticipated, which has caused a delay in completion.



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. During 2023 Axactor has conducted an assessment to identify activities falling within the scope of the Taxonomy. These activities must contribute to one or more of the defined environmental objectives, such as climate change mitigation, climate change adaptation, sustainable water and marine resources management, transition to a circular economy, pollution prevention and control, and biodiversity conservation.

During the year, Axactor has performed an analysis to determine which of its activities are in scope of the Taxonomy. One activity has been considered under Climate Change Mitigation and Climate Change adaption: "6.5 Transport by motorbikes, passenger cars and light commercial vehicles". Activity 6.5 is identified as eligible under Climate Change Mitigation. All vehicles operated by Axactor are leased and reported as right-to-use assets.

Due to the lack of sufficient data, Axactor has not been able to comply with the technical screening criteria for the eligeble activity. Because of this, none of Axactor's economic activities are aligned with the Taxonomy. Axactor will seek to improve its data quality in order to conduct the technical screening of eligible activities.

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. Since 2023 is the first year of reporting on the Taxonomy comparable numbers will be included from the annual report for 2024.

Reporting

Axactor is considered a "non-financial undertaking", therefore, the Taxonomy requires Axactor to report on turnover, capital expenditures and operating expenses related to eligible activities in the form of key performance indicators. All figures provided in the following tables are prepared in line with the consolidated group 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:

- 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 2022 or 2023.
- Total capital expenditures, covers 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 comprise of additions/acquisitions as specified in Note 10 Leases, Note 14 Intangible Assets and Note 16 Property, plant and equipment of the Annual report. The eligible part of this cost relates to "right to use assets" booked under IFRS 16 and are limited to additions or disposal during the fiscal year.
- The operational expenditure shall cover 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 in the annual report.

Turnover

Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and eco-systems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0%																
Total (A.1+A.2)		0.0	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		256.6	100%																
Total (A+B)		256.6	100%																

CapEx

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	**Code (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate Change Mitigation (5)***	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and eco-systems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Taxonomy aligned proportion of total turnover, year N-1**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
		EUR million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			10%																
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.8	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.8	10%																
Total (A.1+A.2)		0.8	10%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		6.8	90%																
Total (A+B)		7.6	100%																

OpEx

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and eco-systems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			21%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.4	21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.4	21%	0%	0%	0%	0%										0%		
Total (A.1+A.2)		0.4	21%	0%	0%	0%	0%												
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		1.4	79%																
Total (A+B)		1.8	100%																

Nuclear / Gas activities

	Y/N
Nuclear energy related activities	
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
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
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	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
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
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

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 14 December 2023. The 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 2023 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 2023, the company has reviewed its policies and procedures providing business practice guidance on environmental, social and governance matters including but not limited to human resources, human rights, legal and compliance, data privacy, information security, anti-money laundering, corporate social responsibility, code of conduct and anti-fraud and anti-corruption. A separate report on how these policies and procedures are integrated with the company's activities and how they relate to value creation for the company's stakeholders can be found in the sustainability report integrated in the annual report 2023 page 13.

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 2023, the Group had an equity ratio of 29% and a debt-to-equity ratio of 2.2x. 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 3 May 2023, five authorizations to increase the company's share capital were granted to the Board:

- 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 2023 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 67,529,539, equal to 13,267,100 shares, each with a nominal value of NOK 5.09 in connection with the performance share units and share options allocated under ESOP 2019, ESOP 2020 (also named ESOP 2020-B), share options agreement with Andres Sanchez Lopez and LTI 2022, 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 five authorizations are valid until the AGM in 2024, and no later than 30 June 2024. As of 31 December 2023, neither authorizations have been used. There was a separate vote on each of the authorizations. All five 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 3 May 2023 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 2023.

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 2023.

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 and 2022. The options will vest and become exercisable 18 May 2024. 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 2023.

Deviations from the Code: None

5. Shares and negotiability

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

Deviations from the Code: None

6. General meetings

The general meeting is the company's ultimate corporate body. The Board strives to ensure that the general meeting is an effective forum for communication between shareholders and the Board. All registered shareholders have the right to participate in the general meetings, which exercise the highest authority of the company. To attend, nominee-registered shareholders must be registered in the VPS by the close of business the day before the general meeting. As of 1 July 2023, nominee-registered shareholders must be registered in the VPS by the close of five business days 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 2023 was conducted as a hybrid meeting with registration deadline CET 12:00 (noon) on the prior business day. When attending the online 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 was secured. The EGM was only conducted as a physical meeting, which was deemed sufficient given the items treated, with registration deadline CET 12:00 (noon) two days prior to the EGM. All notices included information providing the shareholders with sufficient detail for the shareholders to assess all the matters to be considered as well as all relevant information regarding attendance and voting procedures including a proxy form with and without voting instructions that permitted separate votes for each item up for consideration in the general meetings and each candidate up for election. Advanced votes and proxies were required to be provided the last business day prior to the general meetings by electronic means, in writing or by use of written proxy forms. The Chair declared the general meetings opened. The person chairing the general meetings was elected by the general meeting and was considered independent of the company and the Board. Representatives of the Board, CEO and other members of the Group executive management, the company's auditor, and the Chair of the nomination committee were present at the AGM. For the EGM only the Chair and CEO were present which was deemed sufficient given the items treated. The Chair of the nomination committee was available upon request.

In 2023, Axactor held its AGM on 3 May 2023 with 52,17% of the shares represented. In addition, an EGM was held on 11 December 2023 to elect Ørjan Svanevik as a new member to the Board, with 56,12% 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 two members:

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

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

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

The nomination committee monitors the need for any changes in the composition of the Board through dialogue with the shareholders, board members, and 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 directors, as regulated in the articles of association Clause 5. The Board was elected by the general meeting. On 31 December 2023, the Board consisted of the following five directors (see table below).

All members of the Board are elected until the 2024 AGM and may be re-elected, except Ørjan Svanevik who is elected until the AGM in 2025. The composition of the Board is based on broad representation of the shareholders, as well as the company's need for competence, capacity, and ability to form balanced decisions. Information on each Board member's expertise and capacity can be found in the Annual report 2023 on page 43 and on the company's website.

Name	Role	Age	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2023	Share ownership in Axactor as of 31 December 2023 (direct/indirect)
Terje Mjøs	Chair	62	Yes	20.01.17	AGM 2024	15	700,000
Brita Eilertsen	Member	61	Yes	20.01.17	AGM 2024	15	19,892
Lars Erich Nilsen	Member	42	No	04.05.18	AGM 2024	15	-
Kjersti Høklingen	Member	52	Yes	03.05.23	AGM 2024	10	-
Ørjan Svanevik	Member	58	Yes	11.12.23	AGM 2025	1	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. Four 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, 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 2023.

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 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 the 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 2023, the Board held 15 meetings whereof four were held in relation to the interim reporting and five were devoted to strategy discussions, budget, business, operational and financial updates, risk and internal control, ESG discussions, portfolio assessments, remuneration and employee related matters, review of polices and instructions etc. In addition, six extraordinary meetings were held to discuss the market, letter to the Norwegian supervisory authority describing how we have changed our accounting practices for subsequent measurement of expected credit losses over the lifetime of all acquired NPL portfolios, bond mandate and change of the Board's composition. The members of the Board have also visited all of Axactor's local business operations. The CEO has been present in all Board meetings, except during the board deep-dives locally and when the Board has discussed the CEO compensation and performance. The Board has also discussed without CEO and other members of the Group executive management present in all ordinary board meetings and held separate discussions with the auditor without CEO and other members of the Group executive management present.

The Board's work, constitution of the Board committees and review and approval of the Board's instructions were discussed in the constitutional Board meeting following the AGM. The Board has conducted an annual assessment of its performance and expertise. The assessment of the year 2023 was conducted in December 2023 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 ESG to contribute to sustainable development and appropriate risk management to minimize negative impact of the operations. The committee follow-up on regulatory changes, compliance matters that may have a material impact on the financial statements or policies, monitor material external investigations, sanctions, claims, litigations, substantial authority contact, licenses issues and follow up security incidents and whistle blower reports. The audit committee also receives reports on the work of the internal and the external auditor and the results of the audits.

As of 31 December 2023, 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 member(s) have qualifications within accounting. The audit committee held 6 meetings in 2023.

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 2023, the investment committee consisted of the following members:

- Terje Mjøs (Chair)
- Lars Erich Nilsen
- Ørjan Svanevik

The investment committee held 5 meetings in 2023.

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 2023, the remuneration committee consisted of the following members:

- Terje Mjøs (Chair)
- Ørjan Svanevik

The remuneration committee held 8 meetings in 2023.

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 2023 Axactor has continued to build on the advancements made on the ESG performance, further strengthening the value for the stakeholders and society. Sustainability is an integral part in the company's vision to become the industry benchmark, as also anchored in the quality policy. This is further outlined in the sustainability report, cf. Annual report 2023 page 13.

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

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

The Board has approved the following policies in 2023:

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

To each policy a set of procedures are established e.g., the Legal and compliance policy has a procedure for managing internal control and risk management. The risk management framework shall ensure that the business operations comply with applicable laws and regulations, commitments to sustainable operations, and business ethics, as well as ensuring profitability, efficiency, and continuity. The company operates a structured risk management process that includes relevant categories of risk, such as strategic, financial, operational, and regulatory risks. A top-down/bottom-up risk assessment is conducted 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 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 and REOs 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 section 11. Risk review of the Board of Directors' report.

Deviations from the Code: None

11. Remuneration of the Board of Directors

The remuneration of Board members is stipulated annually by the AGM based on the nomination committee's recommendation. The remuneration reflects the Board's responsibilities, work, time invested, and the complexity of the company.

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

The Chair receives a higher compensation than the other board members, and work in board committees provides for additional compensation. The Board shall be informed if any board members perform other tasks for the company than exercising their role as board members. None of the members of the Board has taken on specific assignments for the company in addition to their appointment as a member of the board.

Further details about the remuneration of the Board can be found in note 8 to the annual report, and in the Remuneration report, in the Annual report 2023.

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 the Remuneration report, in the Annual report 2023.

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 strategy and IR 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 interim 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 three times with the auditor during 2023 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 2023 is described in note 5 in the Financial statements of Axactor ASA.

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

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

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

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

Deviations from the Code: None

Group executive management

Johnny Tsolis
Chief Executive Officer

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

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

Nina Mortensen
Chief Financial Officer

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

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

Arnt André Dullum
Chief Operating Officer

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

Mr. Dullum holds a bachelor's degree in business administration from the Norwegian Business School (BI), and an MBA degree with the highest distinction from Norwegian School of Economics (NHH), with parts of the education taken at the National University of Singapore (NUS) and the University of St. Gallen in Switzerland.

Vibeke Ly

Chief of Staff

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

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

Kyrre Svae

Chief of Strategy and IR

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

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

Karl Mamelund

Chief Investment Officer

Mr. Mamelund has 15 years of experience from management consulting and transaction advisory in PwC, Cardo Partners and EY. He has worked with 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 worked as Group Portfolio Director in Axactor prior to taking on the Chief Investment Officer role.

Mr. Mamelund holds a “Siviløkonom” degree in Economics and Business Administration from the Norwegian School of Economics (NHH).

Board of Directors

Terje Mjøs

Chair

Chair of the remuneration committee and chair of the investment committee.

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

Previous directorships and senior management positions last five years outside the Group is Solid Media Group (Chair) and Visolit group (CEO and Chair in several of their companies). Current directorships outside the Group are Chair in Vali AS and board member in Arribatec ASA.

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

Brita Eilertsen

Board member

Chair of the audit committee.

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

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

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

Lars Erich Nilsen

Board member

Member of the investment committee.

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

Current directorships and senior management positions outside the Group are Norwegian Property ASA (Board member), Bulk Infrastructure Holding AS (Board member) and FP Bolig Holding AS (Board member). He has not held other directorships or senior management positions last five years outside the Group.

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

Ørjan Svanevik

Board member

Member of the Investment Committee and member of the Remuneration Committee.

Mr. Ørjan Svanevik has broad operational experience as former CEO of Arendals Fossekompani, director and COO in Seatankers Management, Head of M&A Aker ASA, Chief Operating Officer Kværner ASA, Head of Business Development Aker Solutions ASA and Strategy director at Arkwright. In 2008 he established OAVIK Capital AS. Current directorships outside the Group are as board member in NorgesGruppen ASA, NorgesGruppen Finans Holding AS, Western Bulk and Paratus Energy Services.

Previous directorships last five years outside the Group are as chair of Volue ASA, Enrx AS, Archer Ltd, North Atlantic Drilling og Kleven Verft.

Mr. Svanevik holds a "Siviløkonom" degree in Economics and Business Administration from the Norwegian School of Economics (BI), MBA from Thunderbird, and AMP from Harvard.

Kjersti Høklingen

Board member

Member of the Audit Committee.

Ms. Høklingen has wide experience within product-, technology- innovation- and risk management from having several leading positions in DNB since 2002. She is currently holding a role as SVP in Schibsted as head Nordic Marketplaces for Real Estate and Director in Qasa AB.

Previous directorships last five years are within Eiendomsverdi AS, Uni Micro AS and DNB London Ltd.

Ms. Høklingen has an Msc in Financial Economics from Strathclyde University in Scotland and executive management courses at IMD in Switzerland and INSEAD.

Board of Directors' report

1. Market development

Market prices for NPL portfolios have declined during 2023 and continue to adjust down towards what Axactor consider fair levels given the increased funding cost for the industry. Average gross IRR on the deals signed in 2023 is north of 30%, compared to an average for Axactor's back book at the end of the year of 18%. There are large differences between the countries with Italy and Spain being the first markets to adjust towards the lower price regime.

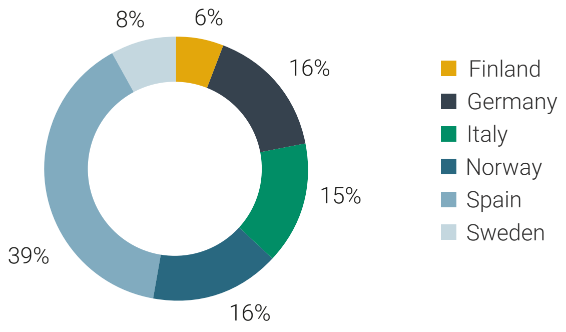
Volume inflow in the NPL segment has been lower in 2023 compared to last year. Many sellers are still hesitant to accept the new and lower price level, opting to delay or cancelling sale processes. Additionally, the default rates are still below pre-pandemic levels. The rates have been increasing, and are expected to continue to increase in 2024, but with sustained low unemployment rates there are few indications of a rapid surge in default rates.

The market for outsourced collection services is quite different in the six countries where Axactor operates. The willingness to pay for high-quality collection services has proven insufficient in Finland and Sweden. As a result of prolonged struggles to build scale and improve margins Axactor pulled out of the 3PC segment in these two countries during 2023. In Italy, Axactor continue to gain market share with the superior collection platform acquired in 2022 (Credit Recovery Service), while Spain retains their position as one of the market leaders for servicing financial institutions. In Norway, momentum is building up with the signing of a major contract with a large international bank during the second half of 2023. Going into 2024, Axactor see strong signs of improving volumes as a result of sellers being reluctant to accept the new and lower market prices for NPL portfolios, as well as from a continued increase in default rates.

The challenging macroeconomic conditions seen in 2023 have put pressure on collections throughout the year. Debtors are facing a reduced real income, with less money available to make payments on their debt. Additionally, the availability of refinancing options is significantly reduced through both a stagnating or falling housing market and more reluctant lenders. Finally, new legislation and increased reservation amounts for debtors across several of Axactor's countries of operation, mean lower monthly payments coming from the bailiff systems. All-in-all, this causes cash flow delays, while at the same time the unsolved claims generate more accrued interest and fees. Book values and ERC are thus not necessarily negatively impacted. 2024 will continue to be impacted by these adverse macroeconomic conditions, although there are signs that the tide might turn during the year.

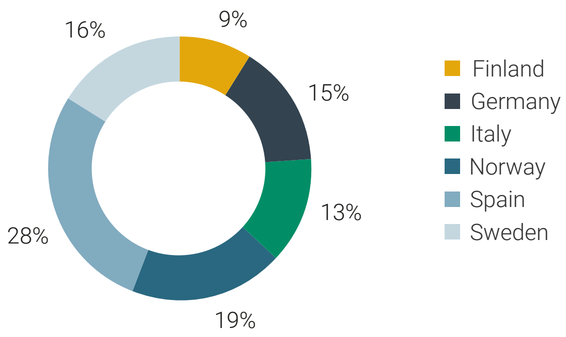
Total income per country

%



NPL book value per country

%



2. Strategy

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

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

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

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

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

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

Cyber security is continuously growing in importance. A benefit of Axactor's strategy is that the modern and streamlined IT environment by default is up to the best current security standards. Working with large amounts of personal data, the employees of Axactor have a continuous focus on cyber security in their everyday operations. Training sessions and stress tests are performed on a running basis to be prepared for potential attacks.

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

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

With an established skilled, scalable, lean, and passionate organization, Axactor is well positioned to continue the growth journey. To deliver profitable growth, Axactor will continue to improve operational performance and show investment discipline. The Group will further intensify the investor relations work with banks, bond market, equity market and other sources of capital. Finally, Axactor will continue to pursue fair debtor treatment, high customer satisfaction and dedicated and motivated employees.

3. Operations

Both the non-performing loans (NPL) and third-party collection

(3PC) business segments had solid collections and healthy cost control in 2023 and concluded another good year for Axactor. This despite of macroeconomic headwinds and unfavorable regulatory changes across multiple markets. The NPL segment achieved a collection performance of 99% for 2023 (99%), with gross revenue of EUR 289.6 million (281.0).

Total income for the 3PC segment amounted to EUR 54.0 million in 2023 (55.8). The 3PC segment has been characterized by a keen focus on efficiency and profitability during the year. The Group is reviewing all 3PC contracts to identify and renegotiate or cancel contracts with lower than acceptable margins. As part of this process, both Sweden and Finland closed the last active 3PC clients during the last quarter of 2023, and there will be no 3PC activities in these two countries in 2024. As a part of the scale-down and reorganization of the Finnish entity, the Jyväskyla site was closed and all activities in the Finnish market are now operated out of the Helsinki office.

Reducing costs, both indirect expenses as well as costs directly related to collection activities, has been given a high priority in an effort to compensate for the tougher macroeconomic climate. The industry-leading cost position has been confirmed, as the NPL cost-to-collect ratio ended at 37% for 2023, down from 39% in 2022.

To increase utilization of available resources, more cross-border roles have been established. The new setup focuses primarily on closer cooperation between the Nordic countries and Group functions, particularly regarding administrative functions and business analytics. The new setup is expected to retain scale effects despite scaling down the 3PC operations, and to further improve Axactor's cost position for 2024.

The IT cost ratio (including capitalized expenses) versus total income ended at 6% for the full year 2023, a reduction from 7% in 2022. This is a result of Axactor's clear strategy from inception, of building a uniform system landscape across all markets. Multiple initiatives were launched during 2023 to further reduce cost to compensate for inflation and the ever-increasing requirements for information security.

Information security is a key focus area for the Group and is continuously under improvement. Examples of improvement initiatives implemented during the year include technical measures to mitigate email impersonation of Axactor employees (CEO-fraud), enhancements within safe internet browsing for employees, and improved control of information sharing towards external vendors.

Axactor Spain successfully attained the ISO 27001 Information Security Certification during 2023. The certification serves as an assurance that the certified organization has implemented best-practice information security processes. Attaining the ISO 27001 certification is a significant milestone for the Spanish organization, symbolizing a steadfast commitment to maintaining the highest standards of information security and trust, and thereby ensuring the confidentiality, integrity, and availability of our critical data assets. The same certification is also held by Credit Recovery Service S.r.l (CRS) in Italy. Even though the certification only applies to certain Spanish and Italian entities, it is a confirmation that Axactor's investments in information security and data privacy yields results. More specifically it means that the group-wide information security management system, including policies, procedures, and partners satisfies the stringent requirements of the ISO 27001 standard. The certification will also increase Axactor's value proposition in the Spanish market.

Axactor's data scientist team has launched a variety of machine learning scorecards during the last three years, utilizing big data to assist operations with valuable insights to improve decision making. The result has been both an increase in collection and a reduction of cost. The latest addition from the team is machine learning based valuation models, trained in valuation on Axactor's NPL portfolios. The machine learning valuations will be a supplement to existing valuation models and provide an improved basis for investment decisions.

The results from the annual customer satisfaction survey for 2023 conclude that Axactor performs well in all markets. Axactor achieved a total average of 8.8 out of 10, an increase from 8.5 in 2022. The customers show a high degree of satisfaction with the services Axactor provides, and find Axactor to be professional, knowledgeable, and easily accessible. The NPS score was 62, which is considered excellent.

The positive operational results in 2023 would not have been feasible without the dedication of Axactor's employees, acting passionately, proactively and with integrity. Investing in competent high-performing employees is key for Axactor's success. 2023 was the third year the Great Place To Work employee satisfaction survey was run, and the first time all countries were certified as a Great Place To Work. Finland, Germany, Italy, Norway and Sweden all retained their certifications, while Spain managed to become certified for the first time. The overall results for the Group improved, illustrating that the improvement efforts made during 2023 are making a real difference for the employees.

4. Corporate social responsibility

The objective of Axactor is to create and perform sound, sustainable, responsible and competitive business conduct – creating long-term value and returns for our stakeholders. To effectively achieve such objectives and to have a well-run business, effective corporate governance is indispensable. This means that Axactor shall comply with all applicable laws and regulations in the jurisdictions in which it operates, as well as general rules of ethical business conduct. Axactor is committed to creating value in an ethical, sustainable, environmental, and socially responsible manner, practice good corporate governance, and respect internationally recognized human- and workers- rights. To safeguard compliance and support the effectiveness of these board level commitments, an open and ongoing dialogue on these issues, shall be maintained.

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

5. Financial performance

Axactor's operation is split into two business segments: NPL and 3PC. The portfolios of purchased real estate (REO) have been in a run-off mode and treated as discontinued operations effective from the fiscal year 2022. The remaining book value of the REO assets was written down to zero at year end 2023, and Axactor will not report on any discontinued operations in 2024. All comments and numbers in the following text refer to continuing operations unless explicitly stated otherwise. This also applies to figures for previous periods.

Total income

Total income for 2023 ended at EUR 256.6 million, up 7% from EUR 239.7 million in 2022. The main driver for the growth in total income was the accretive investments into new NPL portfolios during 2022 and 2023. Gross revenue for the year was EUR 343.7 million, compared to EUR 336.9 million in 2022. The total income and gross revenue were affected by adverse currency movements of NOK and SEK against EUR. Excluding currency effects, the growth rate was 10% for total income and 5% for gross revenue.

Gross revenue from the NPL segment increased by 3% to EUR 289.6 million in 2023 (281.0), with a collection performance of 99% (99%). The NPL amortization rate fell from 34% in 2022 to 28% in 2023, partially explained by increased average IRR on the portfolios, but also explained by prolonged cash flow estimates due to higher share of collections from payment plans versus full settlements.

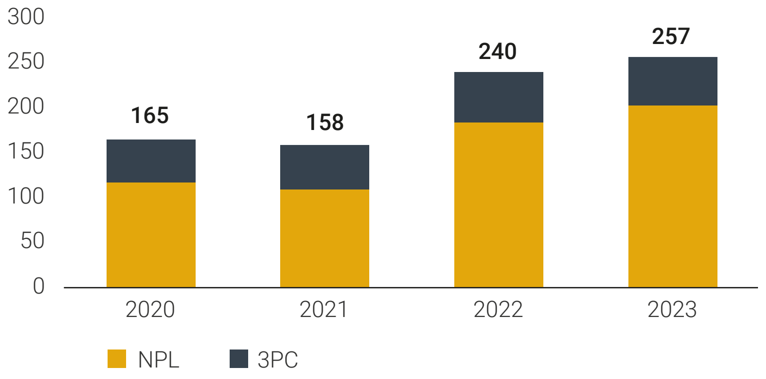
The financial year 2023 was impacted by EUR 5.3 million in net negative revaluations, including the effect from change in fair value of forward flow commitments. This compares to net negative revaluations of EUR 2.6 million in 2022. NPL total income ended at EUR 202.6 million for 2023, with a 10% growth from 2022 (183.8).

Estimated remaining collections (ERC) on the NPL portfolios was EUR 2,620.4 million at the end of 2023, an increase of 3% compared to the end of 2022 (2,545.4). Out of the total ERC, EUR 314.7 million is expected to be collected in 2024.

Axactor invested EUR 116.1 million in new NPL in 2023, down from EUR 288.1 million in 2022. The investments in 2023 have been spread across five of the Axactor countries, with the Swedish market still being considered too competitive to achieve attractive returns on investments. Volume inflow in the NPL segment has been lower in 2023 compared to 2022, but still enough to secure growth. Axactor

Total income by segment

EUR million



expects to deploy in total EUR 100-200 million in NPL portfolios during 2024, including EUR 7.5 million in investment commitments per the end of 2023.

Axactor continues to follow the established strategy with an intensified focus on the core competence of the Group. This means a strict capital discipline with investments directed at fresh unsecured non-performing consumer loans from known sellers. This reduces risk, leverages customer relationships in both the 3PC and NPL segments and ensures Axactor invests only in attractively priced high-quality portfolios. The strategy is evidenced by a significantly higher gross IRR on acquisitions in 2023 compared to the average for the back book.

The 3PC business reported total income of EUR 54.0 million for 2023, down 3% from 2022 (55.8). The 3PC total income corresponded to 21% of total income for the company in 2023 (23%). During the year, Axactor closed down the 3PC segment in Finland and Sweden due to insufficient margins. Excluding Finland and Sweden, the 3PC total income for 2023 was down 2%.

Operating expenses

Total operating expenses for 2023 amounted to EUR 124.8 million, excluding depreciation and amortization (120.7). Total operating expenses as a percentage of gross revenue remained flat at 36%.

Personnel costs accounted for EUR 66.6 million in 2023 and is the single most important input factor in Axactor's operations (64.7).

Cost of repossessed assets sold amounted to EUR 1.8 million, compared to EUR 1.5 million in 2022.

Other expenses amounted to EUR 56.5 million and is mainly related to IT/ infrastructure costs and legal fees (54.6).

Contribution by segment

The total contribution margin amounted to EUR 174.2 million in 2023, up from EUR 161.5 million in 2022. The contribution margin reflects the segments' contribution to EBITDA, before local SG&A, IT and corporate cost.

The contribution margin from the NPL segment was EUR 154.7 million in 2023 (140.4). The increase in profitability is a result of the total income growth, with an upheld contribution margin over total income of 76%.

The contribution margin from 3PC was EUR 19.5 million (21.2), corresponding to 36% of total income (38%).

Local SG&A, IT and corporate cost was reduced to EUR 42.4 million for 2023 (42.6). This reduction came in spite of the 7% total income growth, helped by several efficiency measures aimed at better utilizing key resources and reducing administrative burden.

EBITDA

EBITDA for 2023 ended at EUR 131.8 million, up from EUR 119.0 million in 2022. The increased profitability level is due to the growth in total income, combined with healthy cost control. The EBITDA margin ended at solid 51% for the year (50%).

Cash EBITDA ended at EUR 221.1million in 2023, up from EUR 218.1 million in 2022. Adding the contribution from discontinued operations, the cash EBITDA was EUR 223.9 million in 2023, compared to EUR 229.4 million in 2022.

Operating profit (EBIT)

Amortizations and depreciations related to leases, intangible and tangible assets (excluding amortization of NPL portfolios) amounted to EUR 9.1 million for 2023, compared to EUR 8.9 million in 2022. Amortization of intangible assets, which mainly relates to investments in the collection platforms, accounted for EUR 4.9 million in 2023 (5.0).

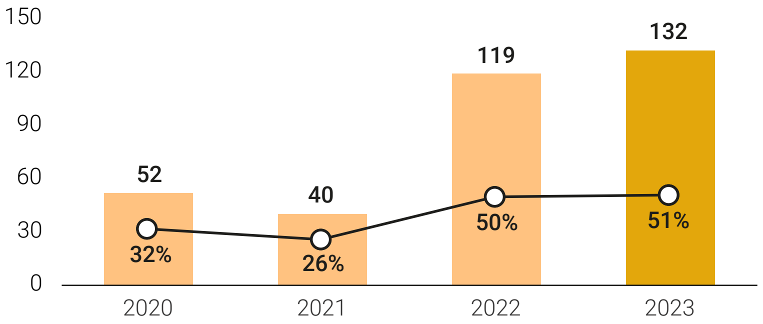
Operating profit (EBIT) was hence EUR 122.8 million for 2023, representing a growth of 12% from 2022 (110.1).

Net financial items

Net financial items were negative EUR 81.4 million in 2023 (55.9), comprising financial revenue of EUR 3.4 million (3.2) and financial expenses of EUR 84.7 million (59.1).

EBITDA and EBITDA margin

EUR million and %



Interest expenses on borrowings amounted to EUR 81.6 million in 2023, up from EUR 57.9 million in 2022. The increase is driven by increased base interest rates during 2023 and a higher margin on the ACR04 bond loan issued in the third quarter 2023, compared to the former ACR02 bond loan.

Other financial expenses ended at EUR 2.3 million (1.2), including EUR 1.6 million in early repayment fee related to the refinancing of the ACR02 bond loan.

Financial revenue amounted to EUR 3.4 million for 2023, including a EUR 1.9 million modification gain related to the renewal of the revolving credit facility (RCF) agreement with DNB and Nordea, and a EUR 0.9 million gain in market value of the Group's hedging instruments. Axactor has purchased own outstanding bond loans during 2022 and 2023 with a total face value of EUR 63.0 million at sub-par prices, of which EUR 13.5 million was acquired during 2023. This resulted in a total gain on purchase of treasury bonds of EUR 2.5 million, of which EUR 0.1 million was recognized during 2023.

The net foreign exchange impact included in net financial items for 2023 was negative EUR 0.8 million, compared to a net positive impact in 2022 of EUR 0.6 million.

Discontinued operations

Discontinued operations is comprised of the portfolios of real estate assets acquired during 2017 and 2018. It is the operating segment formerly reported as REO, but excluding repossessed assets from Axactor's secured NPL portfolios. Total income for the discontinued operations ended at EUR 4.3 million in 2023 (14.1), while EBITDA ended at EUR -5.6 million (-7.0). The net profit was EUR -6.0 million, compared to EUR -8.1 million in 2022. The remaining stock of secured assets was impaired at year end, and there are no balance values left associated with the discontinued operations as of 31 December 2023.

Profits and tax

The profit before tax was EUR 41.4 million in 2023 (54.2), and the net profit was EUR 33.6 million (40.6).

Axactor recorded a tax expense of EUR 7.9 million in 2023 (13.5), resulting in an effective tax rate of 19% (25%). The effective tax rate for 2023 was positively impacted by utilization of previously unrecognized tax losses carried forward. Axactor expects to trend towards a normalized average effective tax rate of approximately 27% over time.

Including discontinued operations, the net profit for 2023 was EUR 27.6 million, compared to EUR 32.6 million in 2022.

The net profit attributable to shareholders was EUR 30.8 million for 2023 (36.8), whereas the net profit to non-controlling interests was negative EUR 3.2 million (negative 4.2).

Total comprehensive income was EUR 13.5 million for 2023 (31.1), 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 16.7 million of the profit was attributable to shareholders of the parent company (35.3) and EUR -3.2 million to non-controlling interests (-4.2).

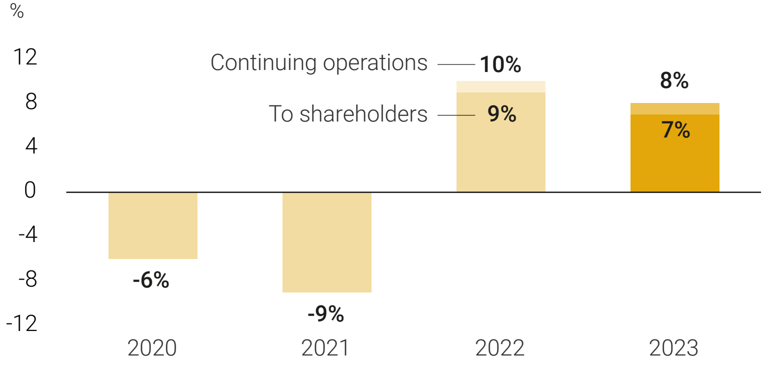
Earnings per share totaled EUR 0.102 both on an ordinary and on a fully diluted basis (0.122).

Financial position

Total assets amounted to EUR 1,435.8 million at the end of 2023, compared to EUR 1,437.8 million at the end of 2022.

Total non-current assets amounted to EUR 1,364.9 million at the end of 2023 (1,350.4), including purchased NPL portfolios of EUR 1,265.3 million (1,252.6). Intangible assets accounted for EUR 83.4 million (83.0) reflecting intangible assets and goodwill acquired since inception, as well as deferred tax assets of EUR 8.5 million (5.4).

Return on equity to shareholders



Current assets amounted to EUR 70.9 million (74.7), including cash and cash equivalents of EUR 31.8 million (29.0) and EUR 2.6 million in restricted cash (7.0).

Assets classified as held for sale was zero at the end of 2023, compared to EUR 12.7 million at the end of 2022.

Total interest-bearing debt stood at EUR 939.1 million at the end of 2023, compared to EUR 941.1 million at the end of 2022.

Total equity amounted to EUR 423.5 million at the end of 2023 (410.6), including non-controlling interests of EUR -9.7 million (-5.4). The equity ratio was thus 29% at the end of 2023, same as at the end of 2022.

6. Cash flow and financing

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

Including investments in NPL portfolios, cash flow from operating activities was EUR 84.9 million (-71.0). The amount paid for NPL portfolios was EUR 120.0 million in 2023, down from EUR 290.8 million in 2022. 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 and REO investments amounted to EUR 205.0 million in 2023 (220.0). The difference between cash EBITDA and cash flow from operating activities before NPL investments relates to taxes paid of EUR 11.6 million (10.7) and an increase in net working capital of EUR 7.3 million (decrease of 1.3).

Net cash outflow from investing activities was EUR 3.5 million in 2023 and is primarily related to investments in IT and infrastructure. In 2022 the net cash outflow from investing activities was EUR 7.7 million, whereof EUR 3.1 million was related to the acquisition of CRS in Italy.

Net cash flow from financing activities was negative EUR 85.8 million in 2023 (positive 75.9). Net proceeds from borrowings were EUR 1.4 million after debt repayments (132.1). Interest payments, loan fees and lease payments represented a cash outflow of EUR 86.3 million in 2023 (53.9). The increase is related to increased interest rates and the refinancing of a bond loan and the RCF. Repayments to non-controlling interests amounted to EUR 1.0 million for 2023 (2.2).

Funding

Axactor has two sources of funding; bond loans and a multi-currency 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 was renewed during the second quarter 2023 and has a total size of EUR 545 million, of which EUR 472.7 million were drawn per the end of 2023 (510.0). 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 an option for a further two-year extension contingent on separate credit approval.

Axactor has two outstanding bond loans per the end of 2023. The EUR 300 million bond with ticker ACR03 matures in September 2026, and adjusting for treasury bonds the outstanding face value of the bond is EUR 281.1 million. A NOK 2,300 million bond with ticker ACR04 was placed in September 2023, with a 4-year maturity. The proceeds from the ACR04 issue were primarily used to repay the former EUR 200 million bond loan with ticker ACR02.

Axactor was compliant with all loan covenants throughout the year.

7. Reported alternative performance measures

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, see page 159.

8. Proposed allocation of the company's result

The parent company, Axactor ASA, had a negative result after tax of EUR 9.0 million in 2023. The Board has reviewed the current market conditions thoroughly, and based on an overall assessment concluded not to recommend any immediate dividend payment based on the 2023 result. At the same time, the board recognizes that these conditions may change rapidly and has thus requested an authorization from the annual general meeting to decide, at their sole discretion, dividend payments of up to 50% of the 2023 result at a later date.

The result available for disposal of the Annual General Meeting is as follows:

EUR thousand	
Distribution from other paid in capital	9,011

9. Statement on transparency

Axactor's transparency act statement can be found in the People section of the Sustainability report.

10. Corporate Governance

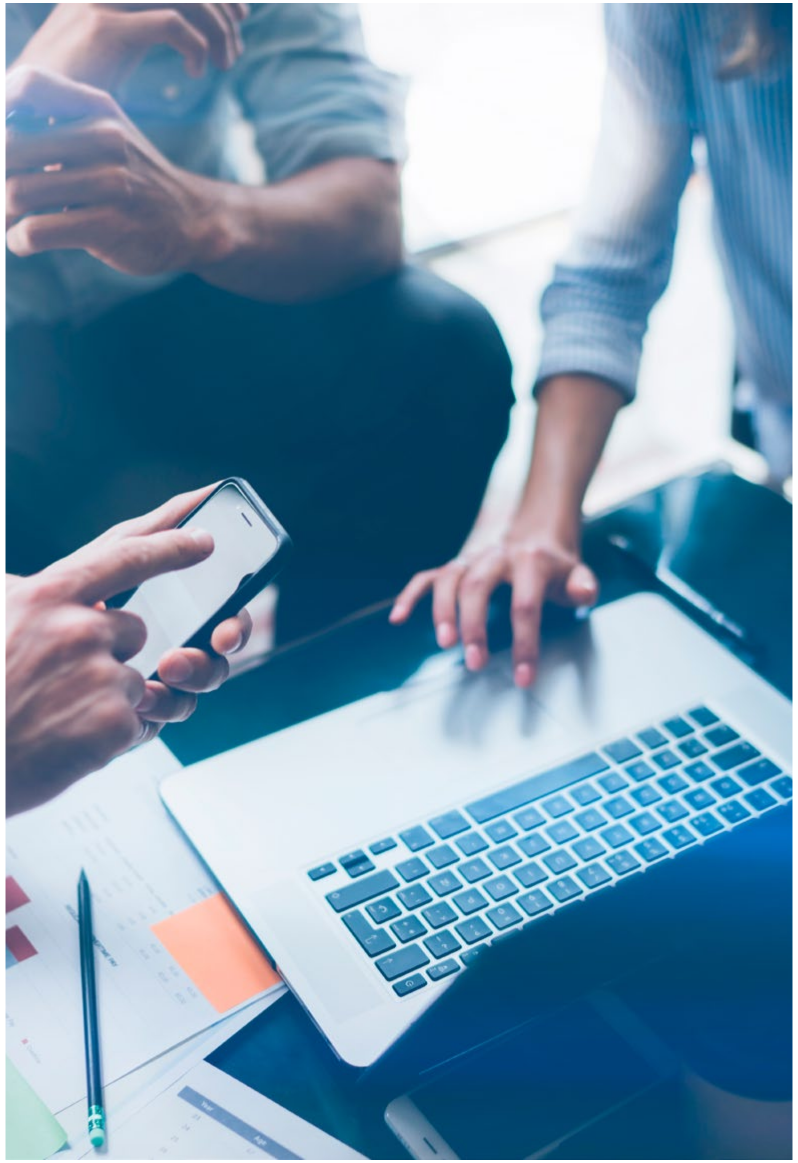
Axactor ASA is a Norwegian Public Limited Liability Company (Allmennaksjeselskap) listed on Oslo Børs and bases its corporate governance structure on Norwegian legislation and recommended guidelines.

The shares of Axactor are freely negotiable. There are no restrictions on owning, trading, or voting for shares in the Articles of Association. The shares in the company are not subject to any transfer restrictions. The Board has approved guidelines for good corporate governance in accordance with the Norwegian Code of Practice for corporate governance issued by the Norwegian Corporate Governance Board (NCGB and NUES), last revised on 14 October 2021. Axactor is fully compliant with the NUES recommendations. A detailed description of the corporate governance principles and reporting for 2023 can be found in the Corporate governance report.

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 directors of the Board, the CEO, and any employee acting in a managerial capacity which includes wholly owned subsidiaries. Coverage does not include grossly negligent or willful acts in which directors have obtained illegal remuneration or acted for personal profit.

11. 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.



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 to focus on employer branding, monitoring of competitors, and efficient internal controls.
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 assets or using currency swaps to limit the exposure.
Interest rate	The interest rate risk relates to the variable rates on the Group's interest-bearing debt, which amounted to EUR 939.1 million per 31 December 2023. An annualized increase/-decrease of 100 basis points would increase/ decrease profit before tax by EUR 9.6 million, given the debt and hedging level at the end of 2023.	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.

Risk	Description	Mitigations
Liquidity	The Group has financial obligations in terms of NPL forward flow commitments, interest expenses on borrowings, running salary expenses and external costs. If the cash inflow is not sufficient to support these obligations, there is a risk that the Group may be unable to meet them. The liquidity level at the end of 2023 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 refinancing 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.
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, continuing 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, 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 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 tailored to their roles and responsibilities.

Further details about the Group's risk management objectives and policies can be found in section 10. Risk management and internal control in of the Corporate governance report, and in note 3 to the consolidated financial statement of the annual report 2023. For climate risks, see the Sustainability report, and for financial impact in note 3 to the consolidated financial statement of the annual report 2023.

12. Going concern

Based on the review of Axactor ASA's financial statement, the Board of Directors confirms that the annual financial statements for 2023 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.

13. Outlook

Market prices for NPL portfolios are adjusting down towards what Axactor considers fair levels given the increased funding cost for the industry. Average gross IRR on the most recent deals is north of 30%, compared to an average for Axactor's back book of 18%. The estimated replacement capex for 2024 is approximately EUR 106 million, and the target of EUR 100-200 million in investments should thus secure a relatively stable or growing book value throughout the year.

The Swedish and Finnish 3PC businesses have been closed down during 2023. This will limit the top-line growth for the segment in 2024, but also contribute positively on margins. The 3PC segment is expected to see continued growth in the Italian and Norwegian market, while the full review of low-margin contracts continues.

Axactor has now delivered two consecutive years of stable earnings. The near-term future will continue to be impacted by the recent interest rate increases and macroeconomic uncertainty, but Axactor aim to continue to deliver stable earnings during these turbulent times. Potential upsides could arise from interest rates and inflation falling faster than the current consensus, an improving bond market, and higher investment volumes at sustained attractive price levels. The Group executive management and Board continue to closely monitor the general macroeconomic situation and its potential business impacts.

Oslo, 16 April 2024

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

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 2023 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 2023 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 2% to EUR 343.7 million from 2022 to 2023. EBITDA increased EUR 12.8 million, resulting in an EBITDA margin of 51% compared to 50% in 2022. Net profit from continuing operations ended at EUR 33.6 million, resulting in a return on equity from continuing operations at 8% for 2023. Including contribution from the discontinued operations, the net profit to shareholders for the year ended at EUR 27.6 million.

The solid result comes from a continued focus on the strategy with narrow focus on bank and finance claims, low cost through efficient and digital operations and maintaining a strict price discipline.

Changes in the Board and Group executive management during 2023

At the AGM 3 May 2023, Terje Mjøs, board member since 2017, was elected Chair of the Board, and Kjersti Høklingen was elected as a new member to the Board. Kristian Melhuus and Katrine Astrup Fredriksen resigned their positions as board members as of 3 May 2023. At the EGM 11 December 2023, Ørjan Svanevik was elected new member to the Board.

Karl Mamelund was appointed Chief Investment Officer effective 1 April 2023 when Robin Knowles resigned his position in the Group executive management. There have been no other changes in Group executive management during 2023.

Remuneration

The annualized fixed fees for the board members were increased in line with the recommendation from the nomination committee, and approved by the AGM 3 May 2023. The annualized fixed fee for the Chair was increased by 3% from NOK 800,000 to NOK 820,000. For the other board members, the annualized fixed fee was increased with 5% from NOK 437,500 to NOK 460,000. Any further changes of total actual remuneration at an individual level in 2023 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 2023 of 4.7% except Chief of Strategy and IR who also got an individual salary increase, in total 16.7%. The general increase is in line with the overall average salary increase for non-executives in Axactor Norway.

The bonus pay-out in 2024 is determined based on the Group's performance and individual performance during 2023. This resulted in a variable remuneration between 22% and 53% of the Group executive manager's individual base salary for 2023.

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 2023, the RC has focused on the following key areas:
- Reviewing the remuneration and benefits strategy, including short- and long-term incentive plans to ensure it continues to fit business needs.
- Maintaining a close dialogue with shareholders, gathering their feedback, and having subsequent discussions on their views about Axactor's remuneration arrangements.
- Assessing and recommending for the Board's approval the overall remuneration, the composition between fixed and variable pay, pensions, and other employment conditions for the CEO.
- Reviewing the performance of the Group executive management versus the adopted objectives.

Summary of remuneration policy

The key objectives of Axactor's remuneration policy are to support business needs by guiding the development of an appropriate total remuneration level that has a clear link to the business strategy and 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 2023.

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	**2023**	**2022**
Current members		
Terje Mjøs[1]	867	576
Brita Eilertsen	702	598
Lars Erich Nilsen	527	488
Kjersti Høklingen[2]	357	-
Ørjan Svanevik[3]	-	-
Former members		
Kathrine Astrup Fredriksen	146	432
Kristian Melhuus	317	841
Merete Haugli	-	94
Hans Olov Haren	-	104

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[5]	Fixed pay	Variable pay
Group executive management									
Johnny Tsolis, CEO	2023	4,467	11	2,314	688	376	7,856	62%	38%
	2022	4,281	12	2,736	354	361	7,742	60%	40%
Nina Mortensen, CFO	2023	2,434	13	580	188	184	3,399	77%	23%
	2022	2,152	12	1,119	165	177	3,625	65%	35%
Arnt Andre Dullum, COO	2023	2,179	12	471	165	157	2,984	79%	21%
	2022	2,082	12	927	121	152	3,293	68%	32%
Vibeke Ly, Chief of Staff	2023	2,160	12	864	165	155	3,356	69%	31%
	2022	2,069	12	941	123	149	3,294	68%	32%
Kyrre Svae, Chief of strategy and IR	2023	2,366	12	933	177	179	3,356	70%	30%
	2022	2,045	12	923	112	149	3,240	68%	32%
Karl Mamelund, Chief Investment Officer[1]	2023	1,593	10	587	147	91	2,429	70%	30%
	2022	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Robin Knowles, Chief Investment Officer[2]	2023	543	20	n.a	69	8	639	89%	n.a
	2022	2,480	-	1,000	88	16	3,583	70%	30%

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 2024
4 Share option plan, see section Long-term incentive plan
5 From 2023 is the cost of the share option program included in total remuneration. 2022 and previous years are changed accordingly

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 2023 (ESOP 2023) 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. For earlier share option programs (ESOP 2019 and 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 2019		25.04.2019	25.04.2020	25/04/2020 - 25/04/2024	24.50	77,485	-	-	-	-
			25.04.2019	25.04.2021	25/04/2021 - 25/04/2024	26.50	77,485	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022 - 25/04/2024	28.00	77,486	-	-	-	-
	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	-	125,000	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	75,000	-	75,000	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	50,000	-	50,000	-	-
	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	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	316,667
			15.06.2023	15.06.2026	15/06/2026 - 15/06/2028	5.48	-	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
			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	-	-	-	-
	ESOP 2020		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	-	62,500	-	-
			04.08.2021	02.08.2023	02/08/2023 - 01/08/2025	22.00	37,500	-	37,500	-	-
Nina Mortensen, CFO			04.08.2021	02.08.2023	02/08/2023 - 01/08/2025	17.25	25,000	-	25,000	-	-
		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
	ESOP 2022	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
		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
	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	15/06/2026 - 15/06/2028	5.48	-	41,667	-	-	41,667
			25.04.2019	25.04.2020	25/04/2020 - 25/04/2024	24.50	38,742	-	-		-
	ESOP 2019		25.04.2019	25.04.2021	25/04/2021 - 25/04/2024	26.50	38,742	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022 - 25/04/2024	28.00	38,744	-	-	-	-
			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	-	-	-	-
	ESOP 2020		26.06.2020	26.06.2022	26/06/2022 - 26/06/2025	22.00	37,500	-	-	-	-
Arnt André Dullum, COO			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	-	62,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	37,500	-	37,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	25,000	-	25,000	-	-
		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
	ESOP 2022	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
		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
	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	15/06/2026 - 15/06/2028	5.48	-	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
Vibeke Ly, Chief of Staff	ESOP 2019		25.04.2019	25.04.2020	25/04/2020 - 25/04/2024	24.50	38,742	-	-	-	-
			25.04.2019	25.04.2021	25/04/2021 - 25/04/2024	26.50	38,742	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022 - 25/04/2024	28.00	38,744	-	-	-	-
	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	-	62,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	37,500	-	37,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	25,000	-	25,000	-	-
	ESOP 2022	15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,666	-	-	91,666	91,666
		15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,667	-	-	91,667	91,667
			15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,667	-	-	-	91,667
	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

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	-	62,500	-	-
			01.08.2020	01.08.2023	01/08/2023 - 01/08/2025	22.00	37,500	-	37,500	-	-
			01.08.2020	01.08.2023	01/08/2023 - 01/08/2025	17.25	25,000	-	25,000	-	-
	ESOP 2022	15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,666	-	-	91,666	91,666
		15/06/2022 - 15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,667	-	-	91,667	91,667
			15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	91,667	-	-	-	91,667
	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
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

Name/position	Plan	Performance period	Award date	Vesting date	Exercise period	Strike price (NOK)	Awarded at period start	Granted in period	Vested in period	Subject to a performance condition period end	Awarded and unvested period end
Robin Knowles, Chief Investment Officer until 31 March 2023	ESOP 2019		25.04.2019	25.04.2020	25/04/2020 - 25/04/2024	24.50	38,742	-	-	-	-
			25.04.2019	25.04.2021	25/04/2021 - 25/04/2024	26.50	38,742	-	-	-	-
			25.04.2019	25.04.2022	25/04/2022 - 25/04/2024	28.00	38,744	-	-	-	-
	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	-	62,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	22.00	37,500	-	37,500	-	-
			26.06.2020	26.06.2023	26/06/2023 - 26/06/2025	17.25	25,000	-	25,000	-	-
	ESOP 2022	15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	41,666	-	-	41,666	41,666
		15/06/2022–15/06/2025	15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	41,667	-	-	41,667	41,667
			15.06.2022	15.06.2025	15/06/2025 - 15/06/2027	6.07	41,667	-	-	-	41,667

Performance measures and outcomes for 2023 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 and individual targets relating to the development according to Axactor's strategy and ESG targets. The ESG targets are linked to both implementation of CSRD and ESG strategy to reduce GHG omission. Each member of the Group executive management has between two and five individual targets with respective sub targets. 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 450,000
- Chief of Staff: NOK 345,615, and
- Chief of strategy and IR: NOK 345,615

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 2023.

Name position	Value driver	Weighting	Min performance (%)	Min remuneration	Max performance (%)	Max remuneration	Actual performance (%)	Actual remuneration
Johnny Tsolis, CEO	Financial performance	70%	-	-	100%	2,271	48.7%	1,107
	Other	30%	-	-	100%	973	77.8%	757
Nina Mortensen, CFO	Financial performance	70%	-	-	100%	841	48.7%	410
	Other	30%	-	-	100%	360	47.2%	170
Arnt Andre Dullum, COO	Financial performance	70%	-	-	100%	748	48.7%	364
	Other	30%	-	-	100%	320	33.3%	107
Vibeke Ly, Chief of Staff	Financial performance	70%	-	-	100%	738	48.7%	360
	Other	30%	-	-	100%	316	50.0%	158
Kyrre Svae, Chief of strategy and IR	Financial performance	70%	-	-	100%	823	48.7%	401
	Other	30%	-	-	100%	353	52.8%	186
Karl Mamelund, Chief Investment Officer	Financial performance	70%	-	-	100%	759	48.7%	370
	Other	30%	-	-	100%	325	66.7%	217

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 4.7% to compensate for the general cost level increase in Norway. The decrease in short-term incentive payment compared to 2022 was a result of weaker financial results for the financial year 2023.

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

Comparative table of the remuneration and company performance over the last five reported financial years (RFY)

Name / position		2019	2020	2021	2022	2023
Current Group executive management						
	Total remuneration [1]	5,561	5,609	5,823	7,742	7,856
Johnny Tsolis, CEO	Change in NOK	538	47	215	1,919	114
	Change in %	11%	1%	4%	33%	1%
	Total remuneration [1]			2,298	3,625	3,399
Nina Mortensen, CFO	Change in NOK				1,328	-226
	Change in %				58%	-6%
	Total remuneration [1]		1917	2,427	3,293	2,984
Arnt Andre Dullum, COO	Change in NOK			509	867	-309
	Change in %		n.a	27%	36%	-9%
	Total remuneration [1]	1,986	2,540	2,650	3,294	3,356
Vibeke Ly, Chief of Staff	Change in NOK	251	553	110	644	62
	Change in %	14%	28%	4%	24%	2%
	Total remuneration [1]		2,453	2,615	3,240	3,667
Kyrre Svae, Chief of strategy and IR	Change in NOK			163	625	427
	Change in %		n.a	7%	24%	13%
	Total remuneration [1]					3,042
Karl Mamelund, Chief Investment Officer	Change in NOK					n.a
	Change in %					n.a

Name / position		2019	2020	2021	2022	2023
Former Group executive management[1]						
	Total remuneration [1,2]	4,146	4,175	3,538	3,583	2,734
Robin Knowles, CIO	Change in NOK	597	30	-638	45	-849
	Change in %	17%	1%	-15%	1%	-24%
	Total remuneration [1]	12,171	10,616	-	-	-
Endre Rangnes, CEO	Change in NOK	426	-1,555	-	-	-
	Change in %	4%	-13%	-	-	-
	Total remuneration [1]	5,834	7,131	-	-	-
Oddgeir Hansen, COO	Change in NOK	1,719	1,296	-	-	-
	Change in %	42%	22%	-	-	-
	Total remuneration [1]	2,862	4,286	-	-	-
Siv Farstad, EVP HR	Change in NOK	293	1,424	-	-	-
	Change in %	11%	50%	-	-	-
	Total remuneration [1]		2,291	-	-	-
Teemu Alaviitala, CFO	Change in NOK			-	-	-
	Change in %			-	-	-

[1] Remuneration is grossed up to full year if Group executive has been employed only for a part of the year. Renumeration for comparative periods are restated to reflect share option costs which is included from FY 2023
[2] Salary in last year of employment is based on employment period in the year plus severance pay if agreed

Group result

Amounts in EUR million	2019	2020	2021	2022	2023
Net result to shareholders of the parent company	16	-18	-33	37	31
Annual change net result to shareholders of the parent company	12	-34	-15	70	-6
Annual change net result to shareholders of the parent company %	263%	-211%	-81%	212%	-16%
ROE to shareholders, excluding non-controlling interests	6.0%	-6.1%	-8.5%	9.2%	7.4%
Annual change ROE	900%	-202%	-39%	208%	-20%
EBITDA	92	32	24	119	132
Annual change EBITDA	46	-60	-8	95	13
Annual change EBITDA %	99%	-65%	-26%	402%	11%
Gross revenue	368	325	345	337	344
Annual change gross revenue	129	-43	19	-8	7
Annual change gross revenue %	54%	-12%	6%	-2%	2%

Axactor average remuneration

The average remuneration presented is excluding Group management remuneration.

Amounts in NOK thousand		2019	2020	2021	2022	2023
Employees in Axactor ASA [1]	Average total salary	1,039	1,199	1,136	1,128	1,177
	Change in NOK	-62	160	-63	-8	49
	Change in %	-6%	15%	-5%	-1%	4%
Employees in Norwegian Axactor companies [1]	Average total salary	596	649	674	644	670
	Change in NOK	-61	53	25	-30	26
	Change in %	-9%	9%	4%	-4%	4%

[1] Reduction in salary from 2021 to 2022 relates to differences in paid bonus and new employees in 2022.

The remuneration report for 2022 was approved by 93.63% of the votes on the Annual General Meeting 3 May 2023.

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 2023. The remuneration report will be presented for an advisory vote at the Annual General Meeting on 8 Mai 2024.

Oslo, 16 April 2024

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

To the General Meeting of Axactor ASA

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

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Axactor ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

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

Board of directors' responsibilities

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

Our Independence and Quality Management

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

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

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

Oslo, 16 April 2024

PricewaterhouseCoopers AS

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

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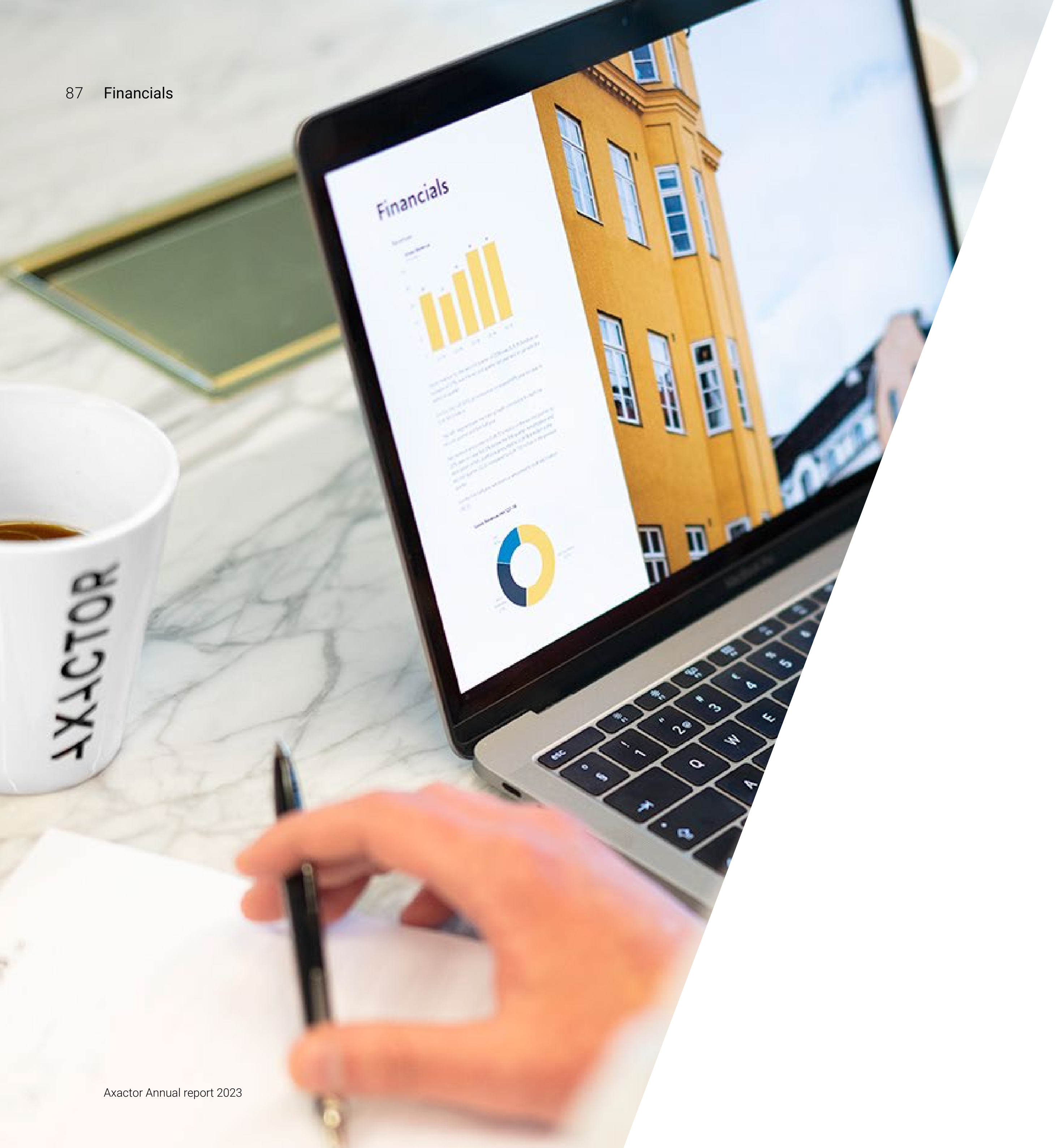

Financial statements

Consolidated financial statements

Consolidated statement of profit or loss

EUR thousand	Note	2023	2022
Continuing operations			
Interest income from purchased loan portfolios	6, 18	211,289	187,490
Net gain/(loss) purchased loan portfolios	6, 18	-13,082	-8,185
Revenue from sale of repossessed assets	6	2,587	4,526
Other operating revenue	5	55,843	55,846
Other income		-	15
Total income	5, 6	256,637	239,692
Cost of repossessed assets sold, incl impairment	5	-1,759	-1,496
Personnel expenses	7, 8	-66,576	-64,655
Other operating expenses	9	-56,454	-54,587
Total operating expenses		-124,789	-120,738
EBITDA		131,848	118,955
Amortization and depreciation	10, 14, 16	-9,050	-8,895
Operating profit		122,797	110,060
Financial revenue	11	3,389	3,194
Financial expenses	11	-84,750	-59,061
Net financial items		-81,360	-55,867
Profit/(loss) before tax from continuing operations		41,437	54,193
Tax (expense)	12	-7,874	-13,549
Net profit/(loss) after tax from continuing operations		33,563	40,644

EUR thousand	Note	2023	2022
Discontinued operations			
Net profit/(loss) after tax from discontinued operations	32	-5,969	-8,066
Net profit/(loss) after tax		27,594	32,578
Attributable to			
Non-controlling interests			
Net profit/(loss) after tax from continuing operations		182	489
Net profit/(loss) after tax from discontinued operations		-3,418	-4,668
Net profit/(loss) after tax		-3,235	-4,179
Shareholders of the parent company			
Net profit/(loss) after tax from continuing operations		33,381	40,156
Net profit/(loss) after tax from discontinued operations		-2,551	-3,399
Net profit/(loss) after tax		30,830	36,757
Earnings per share			
From continuing operations, basic and diluted	13	0.110	0.133
From continuing and discontinued operations, basic and diluted	13	0.102	0.122

Consolidated statement of comprehensive income

EUR thousand	Note	2023	2022
Net profit/(loss) after tax		27,594	32,578
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of pension plans		-48	238
Net gain/(loss) on equity instruments designated at fair value through OCI		-	16
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		-10,495	-11,343
Fair value net gain/(loss) on cash flow hedges during the period	19	-	9,876
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss	19	-3,569	-245
Other comprehensive income/(loss) after tax		-14,112	-1,458
Total comprehensive income/(loss)		13,482	31,120
Attributable to			
Non-controlling interests		-3,235	-4,179
Shareholders of the parent company		16,718	35,299

Consolidated statement of financial position

EUR thousand	Note	2023	2022
Assets			
Non-current assets			
Intangible assets			
Goodwill	6, 14, 15	59,799	61,069
Deferred tax assets	12	8,502	5,356
Other intangible assets	6, 14	15,116	16,617
Tangible assets			
Property, plant and equipment	6, 16	2,036	2,372
Right of use assets	6, 10	11,604	11,757
Financial assets			
Purchased loan portfolios	17, 18	1,265,327	1,252,642
Other non-current assets		2,495	607
Total non-current assets		1,364,879	1,350,420
Current assets			
Repossessed assets		2,664	3,230
Accounts receivable	21	6,636	6,376
Other current assets	21	27,196	29,021
Restricted cash	22	2,613	7,026
Cash and cash equivalents	22	31,826	29,045
Total current assets		70,935	74,699
Assets classified as held for sale	32	-	12,660
Total assets		1,435,815	1,437,778

EUR thousand	Note	2023	2022
Equity and liabilities			
Equity			
Share capital	23	158,369	158,369
Other paid-in equity		270,831	270,381
Retained earnings		27,082	-3,699
Other components of equity		-23,080	-9,016
Non-controlling interests		-9,667	-5,441
Total equity	24	423,534	410,593
Non-current liabilities			
Interest-bearing debt	17, 25	939,104	445,590
Deferred tax liabilities	12	10,549	6,143
Lease liabilities	10	8,969	9,404
Other non-current liabilities	26, 27	2,740	3,423
Total non-current liabilities		961,361	464,561
Current liabilities			
Accounts payable		4,057	7,141
Interest-bearing debt	17, 25	-	495,537
Taxes payable		12,243	17,578
Lease liabilities	10	3,194	2,835
Other current liabilities	28	31,425	28,913
Total current liabilities		50,919	552,005
Liabilities directly associated with assets classified as held for sale	32	-	10,619
Total liabilities		1,012,281	1,027,185
Total equity and liabilities		1,435,815	1,437,778

Consolidated statement of cash flows

EUR thousand	Note	2023	2022
Operating activities			
Profit/(loss) before tax from continuing operations		41,437	54,193
Profit/(loss) before tax from discontinued operations		-5,969	-8,066
Taxes paid	12	-11,616	-10,713
Adjustments for:			
Net financial items, continuing operations	11	81,360	55,867
Net financial items, discontinued operations	32	348	1,059
Portfolio amortization and revaluation	5, 18	88,840	97,218
Change in fair value of forward flow commitments		-1,805	-
Cost of repossessed assets sold, incl impairment		1,759	1,496
Cost of REOs sold, incl impairment	32	8,422	18,318
Depreciation and amortization	10, 14, 16	9,050	8,895
Calculated cost of employee share options	24	450	462
Change in working capital		-7,318	1,291
Cash flow from operating activities before NPL and REO investments		204,959	220,019
Purchase of loan portfolios	18	-119,987	-290,816
Purchases related to REO/repossessed assets		-73	-227
Net cash flow from operating activities		84,898	-71,025

EUR thousand	Note	2023	2022
Investing activities			
Investment in subsidiaries, net of cash acquired	30	-	-3,085
Purchase of intangible and tangible assets	14, 16	-3,874	-4,862
Interest received		385	203
Net cash flow from investing activities		-3,489	-7,744
Financing activities			
Proceeds from borrowings	25	343,274	354,051
Repayment of debt	25	-341,873	-222,001
Interest paid		-67,737	-51,067
Loan fees paid	25	-15,376	-83
Lease payments, principal amount	10	-3,143	-2,755
Repayments to non-controlling interests		-992	-2,238
Net cash flow from financing activities		-85,847	75,907
Net change in cash and cash equivalents		-4,438	-2,861
Cash and cash equivalents at the beginning of period, incl. restricted cash		39,679	43,953
Currency translation		-802	-1,413
Cash and cash equivalents at end of period, incl. restricted cash	22	34,439	39,679

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	Other reserves	Total	Non-controlling interests	Total equity
Balance on 31 Dec 2021	158,150	269,919	-40,475	-7,074	-230	-16	380,273	976	381,249
Result of the period			36,757				36,757	-4,179	32,578
Other comprehensive income of the period			238	-11,343	9,630	16	-1,458		-1,458
Total comprehensive income for the period	-	-	36,995	-11,343	9,630	16	35,299	-4,179	31,120
Repayments to non-controlling interests							-	-2,238	-2,238
Share-based payment		462					462		462
Bonus issue	219		-219				-		-
Balance on 31 Dec 2022	158,369	270,381	-3,699	-18,417	9,401	-	416,034	-5,441	410,593
Result of the period			30,830				30,830	-3,235	27,594
Other comprehensive income of the period			-48	-10,495	-3,569		-14,112		-14,112
Total comprehensive income for the period	-	-	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

Oslo, 16 April 2024

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

Notes to the consolidated financial statements

Note 1 Corporate information

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

The principal activities of the Company and its subsidiaries (the Group) are debt management, specializing 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 16 April 2024 and will be submitted for approval to the Annual General Meeting on 8 May 2024.

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 2023. 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. The parent company's functional currency is euro (EUR) and this is also the presentation currency for the Group. All amounts in the financial reports are stated in EUR thousand unless otherwise specified.

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

Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual outcomes may deviate from management's estimates. 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. Income 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 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 2.9.1.

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

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

2.5 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 income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

2.7 Intangible assets

Intangible assets consists of software and 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.

2.8 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.

2.9 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.

2.9.1 Purchased loan portfolios

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

For purchased loan portfolios, timely collection of principal and interest is no longer reasonably assured at the date of purchase. Purchased loan portfolios are recognized at fair value at the date of purchase.

Since the loans are measured at fair value, which includes an estimate of future credit losses, no allowance for credit losses is recorded on the day of acquisition of the loans. The loans are subsequently measured at amortized cost according to a credit adjusted effective interest rate. Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on a collateral asset basis.

The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate at the date the portfolio was acquired. The total cash flows (both principal and interest) expected to be collected on purchased credit impaired loans are regularly reviewed. Changes in expected cash flows are adjusted in the carrying amount and are recognized in profit or loss as income or expense in 'Net gain/(loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'. All non-performing loans are classified as non-current assets.

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

2.9.2 Forward flow agreements

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

Any significant changes to the expected future cash flow will lead to a revaluation of the portfolio. If external factors assumed directly or implicitly in the business case valuation change significantly before the acquisition date of one or more batches in a portfolio, so that it will impact the value of the batch(es) through a change in the expected future cash flow from the batch(es), the change in value is recorded as a fair value adjustment with immediate effect. The fair value adjustment is recognized in the consolidated statement of profit or loss as 'Other operating revenue'.

2.9.3 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.

2.9.4 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 2.10.

2.10 Hedge accounting

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

At inception, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge, the hedge ratio determined in the risk management strategy and the ratio in the actual hedges performed and the effect of credit risk on the relationship, which cannot dominate the value changes from the economic relationship. The Group's qualifying instruments are designated in their entirety as hedging instruments.

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

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

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

2.11 Discontinued operations and assets held for sale

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

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

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

2.12 Changes in accounting policies and disclosures implemented in 2023

On 1 January 2023, the Group implemented the amendments to
- IAS 8 Definition of Accounting Estimates which clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements which required that only material accounting policies shall be disclosed in the financial statements. Previously, IAS1 required all significant accounting policies to be disclosed.
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a single transaction

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's financial statements.

2.13 Changes in accounting policies and disclosures for 2024 or thereafter

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

Note 3 Risk management

Axactor defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives. All economic activities are associated with risk. Axactor's risks are managed within the Group in accordance with the policies established by the Board. Axactor conducts risk management at both a group and company level, where risks are evaluated and monitored in a systematic manner. Risk management and internal control is an integral part of management responsibility. Key risks are monitored through monthly business reviews with the executive management, and through quarterly reporting to the Board. The Group has assessed risks in the Board of Director's report section 11, the Corporate governance report section 10 (unaudited) as well as in the Group's Sustainability report (unaudited). Financial risk and non-financial risk in relation to the financial statements are presented separately below.

Financial risk management

Axactor's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring, and identifying financial risks and limiting these risks. The main categories of 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 958.4 million on 31 December 2023 (2022: EUR 960.5 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 and 19.

The average interest rate in 2023 was 8.5% (2022: 6.2%). An increase by 100 basis point would have reduced the Group's profit before tax for 2023 by EUR EUR 9.6 million (2022: EUR 9.0 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 2023, the Group's net exposure to NOK and SEK is EUR 6.2 million. The Group's exposure to foreign currency changes for all other currencies is not 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%, profit before tax would be reduced by EUR 0.6 million. Similarly, profit before tax would increase by EUR 0.6 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 customer credit risk management. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The credit risk (excluding purchased loan portfolios) is not considered to be a material risk for the Group.

Credit risk inherent in purchased loan portfolios

Axactor invests in non-performing loans which consists of portfolios of delinquent consumer debt. The portfolios are purchased significantly below nominal value, and the purchase price reflects both incurred and expected credit losses. The portfolios are thus defined as credit impaired at acquisition. Even though the portfolios are credit impaired at acquisition, there is still inherent credit risk in the purchased loans. To mitigate this risk, the Group places high yield requirements on purchased loan portfolios and before every acquisition a careful assessment is made with a projection of future cash flows 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 operating activities before NPL investments of EUR 205.0 million in 2023, as shown in the consolidated statement of cash flows (2022: 220.0 million). For 2023, the cash flows from operating activities ended at EUR 84.9 million (2022: EUR -71.0 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 2023							
EUR thousand	Q1-24	Q2-24	Q3-24	Q4-24	1–2 years	2–4 years	4+ years	Total
NPL investment commitments, non-cancellable[1]	4,678	1,901	962	-	-	-	-	7,540
NPL investment commitments, cancellable[1]	-	-	-	-	-	-	-	-
Revolving credit facility (RCF)	8,351	8,120	7,523	7,039	28,156	486,776	-	545,965
Bond ACR02 (ISIN NO0010914666)	-	-	-	-	-	-	-	-
Bond ACR03 (ISIN NO0011093718)	6,520	6,380	6,017	5,760	23,041	298,331	-	346,050
Bond ACR04 (ISIN NO0013005264)	6,432	6,410	6,184	6,029	24,117	246,904	-	296,076
Interest rate caps	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	1,000	-	1,740	2,740
Accounts payable	4,057	-	-	-	-	-	-	4,057
Lease liabilities	968	964	958	948	3,598	4,469	1,962	13,866
Other current liabilities	24,649	5,970	-	807	-	-	-	31,425
Total contractual maturities	55,655	29,744	21,644	20,583	79,911	1,036,480	3,701	1,247,718

	Contractual maturities per 31 December 2022							
EUR thousand	Q1-23	Q2-23	Q3-23	Q4-23	1–2 years	2–4 years	4+ years	Total
NPL investment commitments, non-cancellable[1]	31,158	15,710	4,003	3,461	2,880	-	-	57,211
NPL investment commitments, cancellable[1]	-	4,604	4,604	4,604	6,438	-	-	20,249
Revolving credit facility (RCF)	7,113	8,077	8,063	517,957	-	-	-	541,211
Bond ACR02 (ISIN NO0010914666)	3,897	4,326	3,186	4,608	170,218	-	-	186,235
Bond ACR03 (ISIN NO0011093718)	5,305	6,003	6,414	4,426	25,013	324,824	-	371,984
Bond ACR04 (ISIN NO0013005264)	-	-	-	-	-	-	-	-
Interest rate caps	-1,988	-3,314	-2,658	-2,110	-	-	-	-10,071
Other non-current liabilities	-	-	-	-	-	-	3,423	3,423
Accounts payable	7,141	-	-	-	-	-	-	7,141
Lease liabilities	882	872	857	828	3,015	5,084	2,567	14,106
Other current liabilities	24,910	3,203	-	800	-	-	-	28,913
Total contractual maturities	78,419	39,481	24,470	534,573	207,564	329,908	5,990	1,220,401

[1] Expected cash flows based on the last three months' actual deliveries. Per 31 December 2023, cash flows are limited to EUR 54.5 million (2022: EUR 132.1million) by contracted capex limits.

EUR thousand	ERC per 31 December 2023								ERC per 31 December 2022							
	Q1-24	Q2-24	Q3-24	Q4-24	1–2 years	2–4 years	4+ years	Total	Q1-23	Q2-23	Q3-23	Q4-23	1–2 years	2–4 years	4+ years	Total
Estimated remaining collections (ERC)	78,153	82,732	75,102	78,689	308,058	543,117	1,454,566	2,620,416	77,147	79,664	75,691	77,525	305,914	508,765	1,420,714	2,545,419

Securing non-current financing at competitive terms is an important part of the Group's long-term liquidity planning. In 2023 the Group issued a 4-year unsecured bond of NOK 2,300 million (ACR04) to repay the ACR02 bond loan, and renewed the RCF agreement with DNB and Nordea. After the 2023 refinancing, there are no maturities on the RCF or bond loans until June 2026. On 31 December 2023 the Group had an unused part of the RCF agreement of EUR 72.3 million (2022: EUR 35.0 million), in addition to unrestricted cash and cash equivalents of EUR 31.8 million (2022: EUR 32.7 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 2023.

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 with the ongoing war in Ukraine. Although Axactor's operations are not directly impacted by the war, the executive management and the Board closely monitors the situation and potential indirect business impacts and maintains the business continuity plans.

Regulatory risks

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

During the year, several regulatory initiatives from the EU have been either adopted or announced, stipulating stricter and more comprehensive sustainability related disclosure- and reporting requirements, including EU taxonomy regulation, CSRD (corporate sustainability reporting directive), CS3D (corporate sustainability due diligence directive) and SFRD (sustainable finance disclosure regulation). These requirements are primarily expected to have an administrative cost in management but does also offer opportunities in terms of standardization and comparability to peers.

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

The cumulated effects for Axactor are not currently expected to have any material financial impact, but Axactor is still actively working to identify and mitigate potential negative effects of regulatory changes and developments, and to promote the interests of the debt management industry through its various dialogues with the authorities. 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 6% 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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchased loan portfolios

Purchased loan portfolios consist of acquired non-performing (credit impaired) loans. The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired. Changes in expected cash flows are adjusted in the carrying amount and are recognized in the consolidated statement of profit or loss as income or expense in 'Net gain/(loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest income from purchased loan portfolios'.

Estimating the timing and amount of cash flows, which forms the basis of the carrying amount and revenue recognition, requires significant professional judgment regarding the key assumptions. The estimation of future cash flows is affected by several factors, including general macro factors, market specific factors, portfolio specific factors and internal factors. Axactor has incorporated into the estimated remaining 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 2.9.1 Purchased loan portfolios and note 18 Purchased loan portfolios.

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 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 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 receive 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.

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 income				
Change in fair value forward flow commitments	1,805	-	-	1,805
Other operating revenue and other income	-	54,039	-	54,039
Total income	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%

2022

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

Note 6 Income

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

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

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

	Total income		Non-current assets	
EUR thousand	2023	2022	2023	2022
Finland	14,425	16,100	3,017	3,747
Germany	40,759	35,112	15,903	15,894
Italy	38,438	28,574	15,825	16,039
Norway	41,088	40,862	30,186	33,068
Spain	100,498	91,029	20,299	19,883
Sweden	21,428	28,016	3,325	3,185
Total	256,637	239,692	88,555	91,816

Portfolio revenue

Portfolio revenue consists of interest income from purchased loan portfolios, net gain/(loss) from purchased loan portfolios and revenue from sale of repossessed assets. 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	2023
Interest income 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

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

Note 7 Employee remuneration

Personnel expenses

EUR thousand	2023	2022
Salaries	44,666	41,203
Bonus	4,138	7,192
Commissions	2,269	2,203
Social security costs	11,532	10,593
Pension costs	1,144	1,315
Share-based payment expense	451	462
Other benefits	2,376	1,688
Total personnel expenses	66,576	64,655

Average number of FTEs

	2023	2022
Number of FTEs, 1 Jan	1,301	1,096
Number of FTEs, 31 Dec	1,255	1,301
Average number of FTEs	1,278	1,199

Number of FTEs at end of year, per country

	2023	2022
Finland	36	42
Germany	141	151
Italy	296	286
Norway	95	108
Spain	672	672
Sweden	16	42
Total number of FTEs	1,255	1,301

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	2023	2022
Current members of the Board		
Terje Mjøs, Chair	75	55
Brita Eilertsen	61	57
Lars Erich Nilsen	46	46
Kjersti Høklingen	31	-
Ørjan Svanevik	-	-
Former members of the Board		
Kristian Melhuus	27	80
Kathrine Astrup Fredriksen	13	41
Merete Haugli	-	9
Hans Harén	-	10
Total remuneration	253	298

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 both periods presented.

Nomination committee

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

EUR thousand	2023	2022
Anne Lise Ellingsen Gryte	8	6
Magnus Tvenge	5	4
Total remuneration	13	10

Group executive management remuneration

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	2023
Johnny Tsolis, CEO	387	162	33	60	1	642
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	45	13	14	1	261
Kyrre Svae, Chief of Strategy and IR	205	51	16	15	1	288
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	399	100	139	8	2,010

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	2022
Johnny Tsolis, CEO	407	260	34	34	1	736
Nina Mortensen, CFO	204	106	17	16	1	344
Arnt Andre Dullum, COO	198	88	14	12	1	313
Vibeke Ly, Chief of Staff	197	89	14	12	1	313
Kyrre Svae, Chief of Strategy and IR	194	88	14	11	1	308
Robin Knowles, Chief Investment Officer[4]	236	95	1	8	-	340
Total remuneration	1,435	726	95	91	6	2,354

1 Accrued bonus for the financial year
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 2023, 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	2023	2022
Direct operating expenses, excluding salary	6,158	8,307
External services	31,512	31,789
IT expenses	11,903	12,309
Other expenses	6,881	2,181
Total other operating expenses	56,454	54,587

Auditor's remuneration

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

EUR thousand	2023	2022
Auditing	1,176	903
Audit related services	-	118
Tax related services	58	114
Other services	21	34
Total auditor's remuneration	1,255	1,169

Note 10 Leases

The Group leases premises, office equipment and vehicles under non-cancellable lease agreements. The lease terms are between 1 and 9 years and the majority of the lease agreements are renewable after the end of the lease period. No periods covered by an option to extend the lease has been included in the lease term, as the Group is not reasonably certain to exercise the individual options. Leasing contracts are classified as lease liabilities and right of use assets under IFRS 16, see note 2, section 2.8.

Right of use assets

EUR thousand	Buildings	Vehicles	Other	Total
Right of use assets on 31 Dec 2021	10,247	475	46	10,768
Additions	4,293	339	69	4,701
Depreciation	-2,668	-386	-19	-3,073
Disposals	-298	-24	-	-322
Currency translation differences	-310	-3	-3	-317
Right of use assets 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
Remaining lease term	1-8 years	1-3 years	2-4 years	
Depreciation method	Linear	Linear	Linear	

Net new leases amounted to EUR 3.2 million in 2023, mainly related to renewal of contracts as well as new offices in Germany. The interest costs relating to IFRS 16 leases during the year are reflected in profit or loss with EUR 743 thousand (EUR 702 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	2023	2022
Lease liabilities at 1 Jan	12,239	11,051
Net new leases	3,237	4,241
Lease payments, principal amount	-3,143	-2,755
Currency translation differences	-171	-297
Lease liabilities at 31 Dec	12,163	12,239
Current	3,194	2,835
Non-current	8,969	9,404

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

EUR thousand	2023	2022
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	3,837	3,441
1–2 years	3,598	3,015
2–3 years	3,232	2,620
3–4 years	1,237	2,464
4–5 years	700	822
> 5 years	1,261	1,745
Total undiscounted lease liabilities	13,866	14,106
Discounting element	-1,703	-1,866
Total lease liabilities	12,163	12,239

Note 11 Financial items

EUR thousand	2023	2022
Financial revenue		
Interest on bank deposits	385	203
Net foreign exchange gain[1]	-	550
Gain on purchase of treasury bonds (note 25)	115	2,349
Other financial income	2,889	91
Total financial revenue	3,389	3,194
Financial expenses		
Interest expense on borrowings[2]	-81,594	-57,902
Net foreign exchange loss[1]	-815	-
Other financial expenses	-2,341	-1,158
Total financial expenses	-84,750	-59,061
Total net financial items	-81,360	-55,867

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.
2 Interest expense on borrowings includes net interest paid on overdrafts in the Group's cash pool

At the end of 2022, the Group discontinued hedge accounting and entered into new hedge agreements. The new derivative agreements hedged EUR 573 million in floating rate issued loans for a duration of one year, maturing 15 December 2023. Provided that the previously hedged forecasted transaction is still probable of occurring, the changes in estimated fair value of the derivatives recorded in OCI related to the discontinued cash flow hedge are released into profit or loss when the Group's earnings are affected by the variability in cash flows of the floating rate debt. In 2023, the hedging reduced interest paid with EUR 13.3 million and interest expensed with EUR 4.6 million. There is hence a timing difference from hedge accounting, where interest expensed on borrowing is reduced by EUR 8.7 million less than interest paid on borrowings in 2023.

A modification gain of EUR 1.9 million related to the renewal of the revolving credit facility in June 2023 is included in the line item 'Other financial income'. Other financial expenses include an early repayment fee of EUR 1.6 million related to repayment of ACR02 in September 2023.

Note 12 Income tax

Income tax calculation

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

Tax expense in consolidated profit or loss

EUR thousand	2023	2022
Profit/(loss) before tax from continuing operations	41,437	54,193
Income tax calculated at 25% on profit from continuing operations	-10,359	-13,548
Tax effect on permanent difference	32	-1,541
Adjustment for previous years	1,133	-2,325
Limitation of interest deduction, which no deferred tax asset was recognised	-	-1,768
Tax assets, previously not recognized	2,735	309
Tax losses for which no deferred tax asset was recognised	-	-30
Tax effect of change in net deferred income tax liability/asset	2,266	4,234
Effect on foreign exchange rates	852	1,121
Income tax expense	-7,874	-13,549
Effective tax rate	19%	25%

Tax included in other comprehensive income

EUR thousand	2023	2022
Opening balance deferred tax liability in OCI	-2,651	-
Deferred tax on fair value net gain/(loss) on cash flow hedges	-	-2,720
Deferred tax on (gain)/loss on cash flow hedges reclassified to profit or loss	1,007	69
Closing balance deferred tax liability through OCI	-1,644	-2,651

Deferred taxes

EUR thousand	2023	2022
Non-current portfolios	-8,604	-3,213
Non-current intangible assets/liabilities	-803	-636
Current assets	1,357	-925
Non-current liabilities	-	528
Limitation interest carried forward	455	-
Losses carried forward	7,194	6,110
Hedge over OCI	-1,644	-2,651
Net deferred tax liabilities	-2,047	-787
Deferred tax asset	8,502	5,356
Deferred tax liability	-10,549	-6,143
Net deferred tax	-2,047	-787

Unrecognized deferred tax assets

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

EUR thousand	2023	2022
Tax losses carried forward, not recognized	23,287	35,001
Limitation of interest deduction, not recognized	4,604	13,925
Net unrecognized deferred tax asset	27,891	48,926

Note 13 Earnings per share

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

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

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

	Continuing operations		Discontinued operations		Total	
EUR thousand	2023	2022	2023	2022	2023	2022
Net profit/(loss) to shareholders of the parent company	33,381	40,156	-2,551	-3,399	30,830	36,757
Number of shares (in thousands)						
Weighted average number of ordinary shares	302,145	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	302,145
Basic and diluted earnings per share	0.110	0.133	-0.008	-0.011	0.102	0.122

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:

	2023	2022
Employee share options	15,942,100	13,267,100

Note 14 Intangible assets

EUR thousand	Goodwill	Customer contracts	Databases	Software and other intangibles	Total
Cost price					
Cost price on 31 Dec 2021	55,960	12,631	3,680	33,284	105,555
Acquisition of CRS Italy	6,326	-	-	46	6,372
Acquisitions	-	-	-	3,833	3,833
Disposals at cost price	-	-	-	-226	-226
Currency translation differences	-1,218	-330	-70	-111	-1,728
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
Amortization					
Accumulated amortizations on 31 Dec 2021	-	-12,631	-3,625	-15,514	-31,769
Acquisition of CRS Italy	-	-	-	-30	-30
Amortization of the year	-	-	-55	-4,985	-5,041
Disposals accumulated amortizations	-	-	-	226	226
Currency translation differences	-	330	70	96	496
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
Carrying amount on 31 Dec 2023	59,799	-	-	15,117	74,916
Useful life	na	3-5 yr	3-6 yr	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 59.8 million on 31 December 2023 (2022: EUR 61.0 million).

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

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

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

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

EUR thousand	2023	2022
Finland	2,592	2,592
Germany	9,301	9,301
Italy	13,636	13,636
Norway	18,873	20,146
Spain	14,328	14,328
Sweden	1,068	1,066
Total goodwill	59,798	61,069

Cash flow projections and assumptions

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

Key assumptions for the value in use calculations

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

Discount rate

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

Key inputs for the WACC:

	EUR	NOK	SEK
Risk-free rate	1.9%	3.2%	2.0%
Market risk premium	5.0%	5.0%	5.0%
Beta	1.61	1.61	1.61
Small cap premium	2.0%	2.0%	2.0%
Cost of equity before tax	11.9%	13.3%	12.1%
Cost of debt	8.6%	8.6%	8.6%
Equity ratio	29.5%	29.5%	29.5%
Corporate income tax rate	25.0%	22.0%	20.6%
WACC	8.1%	8.6%	8.4%

- Risk free rate: Five year risk free bond per country
- Market risk premium: The market risk premium is based on empirical data for risk premium (Damodaran)
- Beta: Observed monthly levered beta for Axactor for the last five years
- Small cap premium/company specific premium: Based on the market cap of Axactor, Ibbotson research 2014, similar sized companies and industry peers
- Cost of debt: Applied cost of debt of 8.6% based on company estimated forecasts
- Capital structure: Applied 29.5% equity ratio based on company estimates for 2024
- Corporate income tax rate: The Group's average tax rate for EUR and country specific tax rate for NOK and SEK

Growth rate

The growth rate in the forecast period is based on management's expectation for the development in the different markets, and management's strategic plan. The terminal growth rate applied in 2023 is 2.0% (2022: 2.0%).

Cash flow

The calculation includes cash flows for five years, in addition to a terminal value. Cash flow estimates are based on the Board approved 2024 budget and a projection for the next four years.

Impairment – test results and conclusion

The impairment test concluded that the VIU exceeded the carrying amount for each of the CGUs. Hence, no impairment was recognized in 2023 (2022: 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.

Note 16 Property, plant and equipment

EUR thousand	Furniture, fittings and equipment
Cost price	
Cost price on 31 Dec 2021	6,180
Acquisition of CRS Italy	624
Acquisitions	1,030
Disposals at cost price	-429
Currency translation differences	-115
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
Depreciation	
Accumulated depreciations on 31 Dec 2021	-3,889
Acquisition of CRS Italy	-575
Depreciation	-781
Disposals accumulated depreciations	265
Currency translation differences	63
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
Carrying amount on 31 Dec 2023	2,036
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 receivables, restricted cash and cash and cash equivalents. The majority of the Group's financial assets are classified, at initial recognition, as subsequently measured at amortized cost, with the exception of derivatives which are classified as subsequently measured at fair value through profit or loss. The Group's debt and other financial liabilities are, with the exception of derivatives, initially recognized at fair value, including transaction costs directly attributable to the transaction, and are subsequently measured at amortized cost. Derivative liabilities are, as derivative assets, measured at fair value through profit or loss.

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

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

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

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

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

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

	Carrying amount			Fair value			
EUR thousand	Loans and receivables	Other	Total	Level 1	Level 2	Level 3	Total
2023							
Financial assets							
Purchased loan portfolios	1,265,327	-	1,265,327	-	-	1,351,808	1,351,808
Fair value of forward flow commitments, asset	-	311	311	-	-	311	311
Cross currency interest rate swaps	-	1,920	1,920	-	1,920	-	1,920
Total financial assets	1,265,327	2,231	1,267,558	-	1,920	1,352,119	1,354,039
Financial liabilities							
Interest-bearing debt	939,104	-	939,104	474,151	472,698	-	946,849
Total financial liabilities	939,104	-	939,104	474,151	472,698	-	946,849
2022							
Financial assets							
Purchased loan portfolios	1,252,642	-	1,252,642	-	-	1,322,320	1,322,320
Cash flow hedge derivatives (note 19)	-	12,367	12,367	-	12,367	-	12,367
Total financial assets	1,252,642	12,367	1,265,008	-	12,367	1,322,320	1,334,686
Financial liabilities							
Interest-bearing debt[1]	951,374	-	951,374	421,673	510,018	-	931,691
Total financial liabilities	951,374	-	951,374	421,673	510,018	-	931,691

[1] The interest-bearing debt in the 2022-table includes interest-bearing debt attributable to both continuing and discontinued operations

Fair value estimation of interest-bearing loans

The fair value of the bond loans was determined using the quoted market values for the bond loans from the Norwegian Verdipapirforetakenes Forbund, excluding the fair value of treasury bonds. 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 collection, less assumed collection costs per portfolio and tax. The estimated net cash flows are for existing portfolios only, no cash flows from future investments are included. Collection costs consist of operational costs in the portfolio segment, i.e. commission to debt collection, payroll expenses, premises, communication costs, and other costs directly and indirectly attributable to the debt purchasing segment. The Group's estimated average tax rate has been applied to the cash flows.

The weighted average cost of capital after tax for the portfolio segment is estimated to 8.1% on 31 December 2023 (2022: 7.8%). The key inputs for the WACC applied for the portfolio segment are the same as those presented for EUR WACC in note 15. Most of the Group's portfolio cash flows are in EUR, although some part of the Group's portfolio cash flows are in NOK and SEK. Calculating a currency specific WACC, the risk-free rate element would have increased the WACC slightly compared to the WACC estimated for the Group. A sensitivity analysis of the cash flow estimates is presented in the table to the right.

Fair value sensitivity table

	Performance				
EUR million	90%	95%	100%	105%	110%
WACC					
5%	1,392	1,468	1,544	1,621	1,697
6%	1,329	1,402	1,475	1,548	1,621
7%	1,271	1,341	1,411	1,481	1,551
8%	1,218	1,285	1,352	1,419	1,486
9%	1,168	1,233	1,297	1,362	1,426
10%	1,123	1,184	1,246	1,308	1,370
11%	1,080	1,140	1,199	1,259	1,319

Fair value of forward flow commitments, balance movements

EUR thousand	2023	2022
Balance on 1 Jan	-	-409
Value change	1,805	-
Deliveries	-1,435	409
Currency translation differences	-58	-
Balance on 31 Dec	311	-

Note 18 Purchased loan portfolios

For a description of Axactor's accounting principles for purchased loan portfolios, see note 2 and for a description of significant accounting judgments, estimates and assumptions, see note 4.

Purchased loan portfolios consists of portfolios of delinquent consumer debts purchased significantly below nominal value, reflecting incurred and expected credit losses, and thus defined as credit impaired. For purchased loan portfolios, timely collection of principal and interest is no longer reasonably assured at the date of purchase. Purchased loan portfolios are recognized at fair value at the date of purchase. Since the loans are measured at fair value, which includes an estimate of future credit losses, no allowance for credit losses is recorded on the day of acquisition of the loans. The loans are subsequently measured at amortized cost according to a credit adjusted effective interest rate.

Since the delinquent consumer debts are a homogenous group, the future cash flows are projected on a portfolio basis except for secured portfolios, for which cash flows are projected on a collateral asset basis. The majority of the purchased loan portfolios are unsecured, whereas approximately 6% of the book value of the loans are secured by a property object per 31 December 2023 (2022: 5%).

The carrying amount of each portfolio is determined by projecting future cash flows discounted to present value using the credit adjusted effective interest rate as at the date the portfolio was acquired. The total cash flows (both principal and interest) expected to be collected on purchased credit impaired loans are regularly reviewed. Changes in expected cash flows are adjusted in the carrying amount and are recognized in the profit or loss as income or expense in 'Net gain/ (loss) purchased loan portfolios'. Interest revenue is recognized using a credit adjusted effective interest rate, included in 'Interest revenue from purchased loan portfolios'.

The 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.

EUR thousand	2023	2022
Balance on 1 Jan	1,252,642	1,095,789
Acquisitions during the year	116,118	288,052
Collections	-287,046	-276,524
Interest income from purchased loan portfolios	211,289	187,490
Net gain/(loss) purchased loan portfolios	-13,082	-8,185
Repossessions	-1,123	-1,925
Deliveries on forward flow contracts	1,435	-409
Currency translation differences	-14,905	-31,646
Balance on 31 Dec	1,265,327	1,252,642

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

EUR thousand	2023	2022
Nominal value purchased loan portfolios	3,659,615	2,429,169
Expected credit losses at acquisition	-3,543,497	-2,141,117
Acquisitions during the year	116,118	288,052

The payments during the year for investments in loan portfolios presented in the consolidated statement of cash flow will 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:

EUR thousand	2023	2022
Finland	118,453	121,300
Germany	189,308	179,654
Italy	165,929	147,678
Norway	240,989	243,468
Spain	349,715	357,137
Sweden	200,932	203,405
Total book value	1,265,327	1,252,642

The ERC represents the estimated gross collections on the purchased loan portfolios. ERC, amortization, and interest income 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 yield per year															
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total ERC
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 income	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
2022																
ERC	310,027	305,914	271,347	237,417	212,308	185,750	168,327	152,172	137,607	124,971	113,833	99,900	84,323	74,817	66,705	2,545,419
Amortization	113,530	130,485	118,518	103,930	95,595	83,424	78,622	74,325	71,027	69,190	68,662	65,230	59,403	59,493	61,207	1,252,642
Interest income	196,496	175,428	152,829	133,487	116,714	102,326	89,705	77,847	66,581	55,781	45,171	34,670	24,921	15,324	5,498	1,292,777

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.

Cash flow hedges

Interest rate risk in floating rate instruments

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

The Group's 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 Group started with hedge accounting at the end of 2021, hedging EUR 200 million in floating rate issued loans for a duration of three years. At the end of 2022, the Group discontinued hedge accounting and entered into new hedge agreements. The new derivative agreements hedged EUR 573 million in floating rate issued loans for a duration of one year, maturing 15 December 2023. As the hedge agreements matured in December 2023, the Group had no receivables or payables related to the hedge agreements on 31 December 2023 (2022: EUR 12.4 million in receivables).

Provided that the previously hedged forecasted transaction is still probable of occurring, the changes in estimated fair value of the derivatives recorded in other comprehensive income related to the discounted cash flow hedge are released into profit or loss when the Group's earnings are affected by the variability in cash flows of the floating rate debt. The Group thus have a cash flow hedge reserve on 31 December 2023 of EUR 5.8 million with a corresponding deferred tax liability of EUR 1.6 million which will be reclassified to profit or loss and reduce interest expenses in 2024 and 2025.

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

Hedged items

	2023			2022		
EUR thousand	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve	Nominal amount[1]	Nominal amount designated for hedge accounting[1]	Cash flow hedge reserve
Interest rate risk						
Floating rate issued loans	200,000	200,000	5,832	200,000	200,000	9,630
Total	200,000	200,000	5,832	200,000	200,000	9,630

[1] In 2022, EUR 573 million was reported as the hedged item for floating rate issued loans. The nominal amount is changed to EUR 200 million EUR, which is the correct amount.

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 2023 or 2022. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. In 2023, EUR 3.6 million has been reclassified from the cash flows hedge reserve (OCI) into profit or loss and EUR 1.0 million has been reclassified from the deferred tax liability, reducing the interest rate expenses on borrowings reported in note 11 with EUR 4.6 million (2022: EUR 0.3 million).

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. There are no changes in ownership interests in 2023.

EUR thousand	Ownership	Head office	Country
Axactor Holding Srl	100.0%	Cuneo	Italy
Axactor Italy SpA	100.0%	Cuneo	Italy
Axactor Capital Italy Srl	100.0%	Cuneo	Italy
CR Service Srl	100.0%	Grosseto	Italy
Axactor Portfolio Holding AB	100.0%	Gothenburg	Sweden
Axactor Platform Holding AB	100.0%	Gothenburg	Sweden
Axactor Sweden AB	100.0%	Gothenburg	Sweden
Axactor Capital AS	100.0%	Oslo	Norway
Axactor Norway AS	100.0%	Drammen	Norway
Reolux Holding SARL[1]	50.0%	Luxembourg	Luxembourg
Axactor Invest 1 SARL	100.0%	Luxembourg	Luxembourg
Axactor Capital Luxembourg SARL	100.0%	Luxembourg	Luxembourg
Beta Properties SLU[2]	100.0%	Madrid	Spain
Borneo Commercial Investments SLU[2]	100.0%	Madrid	Spain
Alcala Lands Investments SLU[2]	100.0%	Madrid	Spain
PropCo Malagueta SL[3]	75.0%	Malaga	Spain
Proyector Lima SL[3]	75.0%	Madrid	Spain
Axactor Espana SLU	100.0%	Madrid	Spain
Axactor Espana Platform SA	100.0%	Madrid	Spain
Axactor Germany Holding GmbH	100.0%	Heidelberg	Germany
Axactor Germany GmbH	100.0%	Heidelberg	Germany
Heidelberger Forderingskauf GmbH	100.0%	Heidelberg	Germany
Heidelberger 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. Based on the contractual arrangements between the Group and the other investor, the Group has concluded that it has control of Reolux Holding and the company is therefore consolidated in the Group's financial statements
2 The company is owned 100% by Reolux Holding SARL, in which Axactor owns 50% of the shares and has control
3 The company is owned 75% by Reolux Holding SARL, in which Axactor owns 50% of the shares and has control

Note 21 Accounts receivable and other current assets

Accounts receivable

EUR thousand	2023	2022
Accounts receivable	6,636	6,376

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	2023	2022
Prepaid taxes	3,828	2,855
Prepaid expenses	5,826	4,773
Accrued revenue [1]	7,561	5,747
Fair value of forward flow commitments, asset	311	-
Cash flow hedge derivatives (note 19)	-	12,367
Public duties receivable	7,148	-
Other	2,522	3,279
Total other current assets	27,196	29,021

[1] Accrued revenue relates to 3PC business

A forward flow agreement is an obligation to acquire a portfolio as described in a contract. Typically, these agreements are to buy defaulted cases from the vendor on a monthly basis. The total volume under the contract can be capped. The price for the cases in the forward flow is agreed upfront when the contract is signed. Initially the fair value of the forward flow commitment is nil, as the future expected collection level is unchanged from the valuation assumption underlying the contract. If the future cash flow estimates for the forward flow changes from the assumed level when signing the contract, there can be a change in the value of the forward flow commitment.

Note 22 Cash and cash equivalents

Cash and cash equivalents including restricted cash as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

EUR thousand	2023	2022
Cash and bank deposits	31,826	29,045
Restricted cash - client funds [1]	1,768	6,060
Restricted cash and bank deposits	845	966
Cash and cash equivalents, discontinued operations (note 32)	-	3,607
Total cash and cash equivalents, incl. restricted cash	34,439	39,679

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

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

The composition of the cash per currency is shown below:

EUR thousand	2023	2022
EUR	2,466	7,213
GBP	9	2
NOK	31,918	31,651
SEK	46	813
Total cash and cash equivalents, incl. restricted cash	34,439	39,679

Note 23 Issued shares and share capital

The share capital of Axactor ASA as of 31 December 2023 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 2021	302,145,464	158,149,942
Bonus issue	-	218,961
On 31 Dec 2022	302,145,464	158,368,902
On 31 Dec 2023	302,145,464	158,368,902

20 largest shareholders at 31 December 2023

Name	Shareholding	Share %
Geveran Trading Co Ltd	150,385,439	49.8%
Torstein Ingvald Tvenge	10,000,000	3.3%
Skandinaviska Enskilda Banken AB	5,500,000	1.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,889,071	1.0%
Spectatio Finans AS	2,781,621	0.9%
Endre Rangnes	2,017,000	0.7%
Gvepseborg AS	1,832,826	0.6%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Stavern Helse og Forvaltning AS	1,500,000	0.5%
Velde Holding AS	1,259,931	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Vardfjell AS	919,372	0.3%
AS Clipper	900,000	0.3%
Verdipapirfondet Storebrand Norge	899,169	0.3%
Total 20 largest shareholders	198,243,164	65.6%
Other shareholders	103,902,300	34.4%
Total number of shares	302,145,464	100%
Total number of shareholders	8,944	

Shares owned by the Board and Group executive management per 31 December 2023

Name	Shareholding	Share %
Latino Invest AS[1]	1,040,000	0.3%
Terje Mjøs Holding AS[2]	700,000	0.2%
Johnny Tsolis Vasili[1]	670,000	0.2%
Vibeke Ly[3]	203,750	0.1%
Arnt Andre Dullum[3]	200,000	0.1%
Karl Mamelund[3]	175,000	0.1%
Nina Mortensen[3]	160,000	0.1%
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 2019–2020

The share options granted in 2019 and 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 2022-2023

The share options granted in 2022 and 2023 vest annually in equal trances 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-bare based payment plans approved in 2023 were as follows (weighted average parameters at grant):

	2023-grant
Strike price (NOK)	5.48
Share price (NOK)	5.48
Expected lifetime	3.67
Volatility	49.1%
Interest rate	3.6%
Dividend	0.00
Fair value per option	2.11

Outstanding share options

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

	2023		2022	
Activity	**Number of options**	**Weighted average strike price (NOK)**	**Number of options**	**Weighted average strike price (NOK)**
Outstanding on 1 Jan	13,267,100	15.62	8,548,969	26.50
Granted during the year[1]	2,750,000	5.48	6,500,000	5.92
Forfeited during the year	-75,000	6.07	-113,744	13.54
Expired during the year	-	-	-1,668,125	33.60
Outstanding on 31 Dec	15,942,100	13.92	13,267,100	15.62
Vested on 31 Dec	6,842,100	24.73	5,175,432	24.95

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

No options were exercised in 2023 or 2022.

On 31 December 2023, the Group has options outstanding that were granted from 2019 to 2023. The exercise prices vary from NOK 5.09 to NOK 28.00 per option (2022: 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 31.12.2023**	**Weighted average strike price (NOK)**
5,09	1,000,000	0.45	5.09	-	-
5,48	2,750,000	4.46	5.48	-	-
6,07	5,350,000	3.46	6.07	-	-
17,25	950,000	1.51	17.25	950,000	17.25
22,00	1,425,000	1.51	22.00	1,425,000	22.00
24,50	723,189	0.32	24.50	723,189	24.50
26,50	723,189	0.32	26.50	723,189	26.50
28,00	3,020,722	1.25	28.00	3,020,722	28.00
Total	15,942,100			6,842,100	

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

The total expense recognized for the share-based programs during 2023 was EUR 0.5 million (2022: EUR 0.5 million). There are no liabilities related to share-based payment transactions on 31 December 2023 (2022: EUR 0 million), total social security provisions amount to EUR 0 million on 31 December 2023 and 2022.

Note 25 Interest-bearing loans and borrowings

EUR thousand	Currency	Facility limit	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
Facility							
Bond ACR03 (ISIN NO0011093718)	EUR		300,000	-18,950	277,229	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK		204,700		202,986	3m NIBOR + 825bps	07.09.2027
Total bond loans			504,700	-18,950	480,215		
Revolving credit facility	EUR		322,325		308,516	EURIBOR+ margin	30.06.2026
(multi-currency facility)	NOK		1,438		1,438	NIBOR+ margin	30.06.2026
	SEK		148,935		148,935	STIBOR+ margin	30.06.2026
Total credit facilities		545 000	472,698		458,889		
Total interest-bearing loans and borrowings on 31 Dec 2023			977,398	-18,950	939,104		

Of the total interest-bearing loans and borrowings per 31 December 2023, EUR 939.1 million is classified as non-current and EUR 0 million is classified as current. The Group has reclassified accrued interest from short term interest-bearing debt to other current liabilities, resulting in a reclassification in the opening balance between the two line items in the consolidated statement of financial position of EUR 4.2 million.

Change in loans and borrowings from financial activities

EUR thousand	Bond loans	Credit facilities[1]	Total Borrowings
Total interest-bearing loans and borrowings on 31 Dec 2021	495,193	343,063	838,256
Proceeds from loans and borrowings	-	354,051	354,051
Repayment of loans and borrowings	-49,500	-172,501	-222,001
Loan fees	-	-83	-83
Total changes in financial cash flow	-49,500	181,467	131,967
Change in accrued interest	232	235	467
Reclassification of accrued interest	-4,057	-116	-4,173
Amortization of capitalized loan fees	3,721	4,785	8,506
Currency translation differences	-	-23,651	-23,651
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

[1] Proceeds and repayments on the credit facilities include currency exchanges between NOK and EUR, which are reported gross

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	277,229	346,050	12,900	11,778	23,041	298,331
Bond ACR04 (ISIN NO0013005264)	NOK	202,986	296,076	12,842	12,214	24,117	246,904
Total bond loans		480,215	642,126	25,742	23,991	47,158	545,235
Revolving credit facility (multi-currency facility)	NOK/SEK/EUR	458,889	545,965	16,472	14,562	28,156	486,776
Total credit facilities		458,889	545,965	16,472	14,562	28,156	486,776
Total interest-bearing loans and borrowings on 31 Dec 2023		939,104	1,188,090	42,214	38,553	75,313	1,032,011

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 ratio to pro-forma adjusted cash EBITDA ≤ 3:1 (secured loans (RCF) less cash to pro-forma adjusted cash EBITDA L12M)
- Portfolio loan to value ratio ≤ 60% (NIBD to total book value of loan portfolios)
- Portfolio collection performance ≥ 90% (actual portfolio performance L6M to active forecast L6M)
- Parent loan to value ≤ 80% (total loans for the Group less cash to total book value of all loan portfolios and REOs)

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 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 2023, the Group holds treasury bonds in ACR03 with a nominal value of EUR 19.0 million.

ACR04 (ISIN NO0013005264)

In September 2023, the Group issued a 4-year unsecured bond of NOK 2,300 million (ACR04). The bond is listed on Oslo Børs. The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027.

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)
- Net loan to value: ≤ 80% (NIBD to total book value all loan portfolios and REOs)
- Net 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 26 Post-employment benefits

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

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

In Italy all employees are entitled to a termination indemnity (TFR) upon termination of employment for any reason. This TFR is considered a defined benefit obligation to be accounted for in accordance with IAS 19. Axactor funds defined benefit plans for the qualifying employees.

Pension liabilities are recognized in the consolidated statement of financial position as other non-current liabilities (note 27). The total pension expenses recognized in profit or loss amount to EUR 1.1 million (2022: EUR 1.3 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	2023	2022
Post-employment liabilities (note 26)	1,663	1,572
Other liabilities	1,077	1,851
Total other non-current liabilities	2,740	3,423

Note 28 Other current liabilities

EUR thousand	2023	2022
Public duties	7,940	3,483
Personnel related liabilities	6,413	7,083
Deferred payments relating to purchased loan portfolios	3,652	7,522
Accrued interest	3,210	4,172
Client funds payable[1]	1,768	6,060
Accrued expenses and other liabilities	8,441	594
Total other current liabilities	31,425	28,913

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

The Group has reclassified accrued interest from short term interest-bearing debt to other current liabilities, resulting in a reclassification in the opening balance between the two line items in the consolidated statement of financial position of EUR 4.2 million.

Note 29 Transactions with related parties

EUR thousand	2023	2022
Related party balances at 31 Dec	-	-
Related party transactions during the year	158	150

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. 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 chapter.

Note 30 Purchase price allocations

Acquisitions in 2023

Axactor did not aquire any shares in other companies during 2023.

Acquisitions in 2022

The Group acquired 100% of the shares in Credit Recovery Service Srl (CRS) on 3 January 2022.

The purchase price allocation identified a fair value of the equity of EUR 0.7 million, the residual value of the transferred consideration, EUR 6.3 million, is allocated to goodwill. All goodwill in the acquisition is related to CRS' 3PC business. The total amount of goodwill recognized in the period that is expected to be deductible for tax purposes is nil. The Group recognized a provision of EUR 2.6 million at the closing date, related to three contingent considerations. The payments are contingent upon retention and financial performance.

The table discloses the impact from the transaction effective from 3 January 2022.

EUR thousand	**2022 CRS**
Date of acquisition	3 Jan 2022
Acquired part of company	100%
Purchase price	7,033
Whereof cash consideration	4,433
Whereof contingent consideration	2,600
Assets	
Deferred tax assets	103
Other intangible assets	15
Right of use assets	990
Property, plant and equipment	50
Current receivables	989
Cash and cash equivalents	1,348
Total assets	3,495
Liabilities	
Non-current interest-bearing debt	67
Deferred tax liabilities	265
Accounts payable	256
Lease liabilities	1,095
Other short-term liabilities	1,105
Total liabilities	2,788
Total net assets acquired	707
Identified goodwill	6,326
Cash consideration	4,433
Less cash and cash equivalent balances acquired	1,348
Net cash outflow arising on acquisition	3,085

Note 31 Pledged assets

EUR thousand	2023	2022
Group	1,412,220	1,396,436
Parent	332,108	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 SpA and the subsidiaries of Axactor Portfolio Holding where there is only granted a share pledge.

Note 32 Discontinued operations

In 2022, the Board resolved to dispose of the Group's portfolios of purchased real estate. The majority of the assets in the portfolios of purchased real estate classified as held for sale in 2022 were sold per 31 December 2023. An impairment of 1.1 million was recognized in 2023. No assets were classified as held for sale per 31 December 2023.

The results of the discontinued operations, which have been included in net profit/(loss) after tax, were as follows:

EUR thousand	2023	2022
Other operating revenue	4,296	14,113
Total income	4,296	14,113
Cost of REOs sold, incl impairment	-8,422	-18,318
Other operating expenses	-1,495	-2,803
Total operating expenses	-9,917	-21,121
EBITDA	-5,621	-7,008
Amortization and depreciation	-	-
Operating profit	-5,621	-7,008
Financial expenses	-348	-1,059
Net financial items	-348	-1,059
Profit/(loss) before tax	-5,969	-8,066
Income tax expense	-	-
Net profit/(loss) after tax	-5,969	-8,066
Attributable to:		
Non-controlling interests	-3,418	-4,668
Shareholders of the parent company	-2,551	-3,399
Earnings per share: basic and diluted	-0.008	-0.011

The major classes of assets and liabilities comprising the operations classified as held for sale were as follows:

EUR thousand	31 Dec 2023	31 Dec 2022
Current assets		
Stock of secured assets	-	8,418
Accounts receivable	-	116
Other current assets	-	518
Cash and cash equivalents	-	3,607
Assets classified as held for sale	-	12,660
Current liabilities		
Interest-bearing debt	-	10,247
Other current liabilities	-	373
Liabilities directly associated with assets classified as held for sale	-	10,619
Net assets classified as held for sale	-	2,041

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

EUR thousand	31 Dec 2023	31 Dec 2022
Net cash flow from operating activities	2,801	11,310
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-6,409	-12,220
Total net cash flow	-3,607	-910

Note 33 Events after the reporting period

There has been no material events after the reporting period for 2023.

Financial statements of Axactor ASA

Parent company statement of profit or loss

EUR thousand	Note	2023	2022 Restated
Management services to group companies		12,132	11,241
		-	-
Total revenue		12,132	11,241
Personnel expenses	3	-5,458	-5,796
Operating expenses	5	-7,518	-7,665
Total operating expense		-12,977	-13,461
EBITDA		-845	-2,220
Amortization and depreciation	6, 9, 10	-2,471	-2,334
Operating profit/(loss)		-3,316	-4,554
Financial revenue	7	54,809	46,428
Financial expenses	7	-65,386	-48,062
Net financial items		-10,577	-1,634
Profit/(loss) before tax		-13,893	-6,188
Tax (expense)	8	4,881	-4,662
Net profit/(loss) after tax		-9,011	-10,850
Distibution from other paid in capital		-9,011	-10,850

Statement of comprehensive income

EUR thousand	Note	2023	2022 Restated
Net profit/(loss) after tax		-9,011	-10,850
Items that may be reclassified subsequently to profit or loss			
Fair value net gain/(loss) on cash flow hedges during the period	18	-	9,876
Cumulative (gain)/loss on cash flow hedges reclassified to profit or loss		-3,569	-245
Other comprehensive income/(loss) after tax		-3,569	9,630
Total comprehensive income/(loss)		-12,580	-1,219

Statement of financial position

EUR thousand	Note	2023	2022 Restated
Assets			
Non-current assets			
Intangible assets			
Other intangible assets	9	8,959	9,612
Tangible assets			
Property, plant and equipment	10	23	55
Right of use assets	6	214	361
Financial assets			
Investment in subsidiaries	12	332,108	332,108
Loans to group companies	15	465,545	432,828
Other long-term receivables		2,259	367
Total non-current assets		809,108	775,331
Current assets			
Receivables group companies	15	22,203	25,400
Other current assets	13	641	13,175
Restricted cash	14	374	422
Cash and cash equivalents	14	3,450	4,046
Total current assets		26,669	43,043
Total assets		835,777	818,375

EUR thousand	Note	2023	2022 Restated
Equity and liabilities			
Equity			
Share capital		158,369	158,369
Other paid in capital		191,825	202,225
Cash flow hedge reserve	18	5,832	9,401
Result for the year		-9,011	-10,850
Total equity	11	347,015	359,146
Non-current liabilities			
Interest-bearing debt	16	480,215	445,590
Deferred tax liabilities	8	2,133	3,956
Lease liabilities	6	43	245
Other non-current liabilities		344	367
Total non-current liabilities		482,735	450,159
Current liabilities			
Accounts payable		945	777
Liabilities group companies	15	311	260
Interest-bearing debt	16	-	4,057
Taxes payable	8	-	2,017
Lease liabilities	6	211	156
Other current liabilities	17	4,560	1,802
Total current liabilities		6,027	9,070
Total liabilities		488,762	459,229
Total equity and liabilities		835,777	818,375

Statement of cash flows

EUR thousand	Note	2023	2022 Restated
Operating activities			
Profit/(loss) before tax		-13,893	-6,188
Taxes paid	8	2,073	-2,864
Adjustments for:			
Net financial items	7	10,577	1,634
Depreciation and amortization	6, 9, 10	2,471	2,334
Calculated cost of employee share options		151	112
Change in working capital		-2,418	11,045
Net cash flow from operating activities		-1,039	6,073

EUR thousand	Note	2023	2022 Restated
Investing activities			
Purchase of intangible and tangible assets	9, 10	-1,603	-1,479
Interest received		229	15
Net cash flow from investing activities		-1,374	-1,464
Financing activities			
Proceeds/repayments from external borrowings	16	30,818	-49,500
Loans to subsidiaries/repaid from subsidiaries		6,419	75,086
Interest paid		-31,458	-30,006
Lease payments	6	-203	-156
Loan fees paid	16	-3,367	-
Net cash flow from financing activities		2,209	-4,576
Net change in cash and cash equivalents		-203	34
Cash and cash equivalents at the beginning of period		4,468	4,584
Currency translation		-440	-150
Cash and cash equivalents at end of period, incl. restricted funds		3,824	4,468

Statement of changes in equity

	Restricted	Non-restricted				
EUR thousand	**Share capital**	**Other paid in capital**	**Cash flow hedge reserve**	**Result for the year**	**Total**	**Total equity**
Balance on 31 Dec 2021	158,150	218,386	-230	-16,404	201,753	359,903
Transfer of prior year's net result		-16,404		16,404	-	-
Result of the period (restated)				-10,850	-10,850	-10,850
Other comprehensive income of the period			9,630		9,630	9,630
Total comprehensive income for the period (restated)	-	-16,404	9,630	5,554	-1,219	-1,219
New share issues	219	-219			-219	-
Share-based payment		462			462	462
Balance on 31 Dec 2022 (restated)[1]	158,369	202,225	9,401	-10,850	200,777	359,146
Transfer of prior year's net result		-10,850		10,850	-	-
Result of the period				-9,011	-9,011	-9,011
Other comprehensive income of the period			-3,569		-3,569	-3,569
Total comprehensive income for the period	-	-10,850	-3,569	1,839	-12,580	-12,580
Share-based payment		450			450	450
Balance on 31 Dec 2023	158,369	191,825	5,832	-9,011	188,647	347,015

[1] Net profit and closing equity of FY 2022 are restated with a positive impact of EUR 4.1 million. Pleae see note 2.4 for further information.

Oslo, 16 April 2024

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

Notes to the parent company financial statements

Note 1 Corporate information

The Parent Company Axactor ASA ("Axactor") is a Norwegian public limited liability company (Allmennaksjeselskap), domiciled in Norway. The registered address is Drammensveien 167, 0277 Oslo. The company's shares are traded in Norway on Oslo Børs. The Annual Report and Parent Company Report for Axactor ASA were adopted by the Board of Directors on 16 April 2024 and will be submitted for approval to the Annual General Meeting on 8 May 2024.

Note 2 Material accounting policies and restatement of 2022

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.

2.4 Restatement of intercompany interest revenue in 2022 financial statements

The audited financial statements of Axactor ASA for the year ended 31 December 2022 have been restated due to an error in intercompany interest revenue of EUR 4.1 million (with corresponding error in intercompany interest expenses for the counterpart). The tax expense is not impacted as the increase in interest revenue has reduced the company's Interest Carry-Forward which was not recognized.

The following line items have been impacted by the correction in the financial statements of Axactor ASA:

Statement of profit or loss

EUR thousand	2022 Reported	2022 Restated	Change
Financial revenue	42,328	46,428	4,100

Statement of financial position

EUR thousand	2022 Reported	2022 Restated	Change
Financial non-current assets			
Loans to group companies	428,728	432,828	4,100
Equity			
Result for the year	-14,950	-10,850	4,100

See also Note 15 Loans and receivables which has been restated accordingly.

Note 3 Employee remuneration

Personnel expenses

EUR thousand	2023	2022
Salaries	3,533	2,803
Bonus	816	2,034
Social security costs	672	528
Pension costs	117	133
Share-based payment expense	151	112
Other benefits	170	188
Total personnel expenses	5,458	5,796

Axactor ASA meets the local mandatory occupational pension requirement.

Average number of FTEs

EUR thousand	2023	2022
Number of FTEs, 1 Jan	20	19
Number of FTEs, 31 Dec	21	20
Average number of FTEs	21	19

Note 4 Executive remuneration

Board of Directors remuneration

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

EUR thousand	2023	2022
Current members of the Board		
Terje Mjøs, Chair	75	55
Brita Eilertsen	61	57
Lars Erich Nilsen	46	46
Kjersti Høklingen	31	-
Ørjan Svanevik	-	-
Former members of the Board		
Kristian Melhuus	27	80
Kathrine Astrup Fredriksen	13	41
Merete Haugli	-	9
Hans Harén	-	10
Total remuneration	253	298

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 both periods presented.

Nomination committee

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

EUR thousand	2023	2022
Anne Lise Ellingsen Gryte	8	6
Magnus Tvenge	5	4
Total remuneration	13	10

Executive management remuneration

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	Total 2023
Johnny Tsolis, CEO	387	162	33	60	1	642
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	45	13	14	1	261
Kyrre Svae, Chief of Strategy and IR	205	51	16	15	1	288
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	399	100	139	8	2,010

EUR thousand	Salary	Bonus[1]	Pension	Share options[2]	Other	Total 2022
Johnny Tsolis, CEO	407	260	34	34	1	736
Nina Mortensen, CFO	204	106	17	16	1	344
Arnt Andre Dullum, COO	198	88	14	12	1	313
Vibeke Ly, Chief of Staff	197	89	14	12	1	313
Kyrre Svae, Chief of Strategy and IR	194	88	14	11	1	308
Robin Knowles, Chief Investment Officer[4]	236	95	1	8	-	340
Total remuneration	1,435	726	95	91	6	2,354

[1] Accrued bonus for the financial year
[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 Group note 24. Bonus stated in the tables above reflect the accrued amounts during the year. At the end of 2023, no loan or prepayments were granted to members of the Board or Group executive management.

Note 5 Other operating expenses and remuneration to auditors

Other operating expenses

EUR thousand	2023	2022
Direct operating expenses	1,116	1,217
External services	1,572	1,769
IT expenses	4,447	4,366
Other expenses	383	313
Total other operating expenses	7,518	7,665

Auditor's remuneration

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

EUR thousand	2023	2022
Auditing	232	242
Tax related services	29	24
Total	262	266

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

Note 6 Leases

The company leases premises only. The facility contract was entered into on 1 April 2020 and has been recognized as a right of use asset and lease liability from this date. The contract's maturity date is 30 March 2025.

Leasing contracts are classified as lease liabilites and right of use assets under IFRS 16. See Axactor Group note 2.8.

Right of use assets

EUR thousand	Total
Right of use assets at 31 Dec 2021	521
Depreciation	-160
Right of use assets at 31 Dec 2022	361
New leases	36
Depreciation	-183
Right of use assets at 31 Dec 2023	214
Depreciation method	Linear

Lease liabilities

EUR thousand	2023	2022
Lease liabilities at 1 Jan	401	558
New leases and lease modifications	56	-
Lease payments,principal amount	-203	-156
Lease liabilities at 31 Dec	254	401
Current:	211	156
Non-current	43	245

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

EUR thousand	2023	2022
Undiscounted lease liabilities and maturity of cash outflows		
< 1 year	211	188
1–2 years	53	192
2–3 years	-	49
3–4 years	-	-
Total undiscounted lease liabilities	264	429
Discounting element	-10	-28
Total lease liabilities	254	401

Note 7 Financial items

EUR thousand	2023	2022 Restated
Financial revenue		
Interest on bank deposits	229	15
Interest on loans to Group companies	37,304	23,258
Group contribution	16,241	20,806
Other financial income	1,035	2,349
Total financial revenue	54,809	46,428
Financial expenses		
Interest expense on borrowings[1]	-41,973	-33,612
Net foreign exchange loss[2]	-9,831	-6,870
Impairment of loans to Group companies[3]	-12,000	-7,400
Other financial expenses[4]	-1,582	-181
Total financial expenses	-65,386	-48,062
Net financial items	-10,577	-1,634

1 In 2023 EUR 4.6 million (2022: EUR 0.3 million) has been reclassified from the cash flow hedge reserve (OCI) with corresponding deferred tax liability into interest expense on borrowings, see note 18

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

3 The impairment of loans to Group companies concerns Reolux S.à r.l. No interest have been charged to the company in 2023

4 Other financial expenses include an early repayment fee of EUR 1.6 million related to repayment of ACR02 in September 2023

Note 8 Income tax

Income tax calculation

EUR thousand	2023	2022
Profit/(loss) before tax	-13,893	-10,288
Non deductible expenses	140	-
Interest expense limitation	-	4,539
Change in temporary differences	9,031	10,582
Adjustment for currency differences due to tax calculation in NOK	-1,276	5,563
Basis for current income tax	-5,997	10,396
Taxes payable before tax deduction scheme	-	2,287
Tax deduction scheme[1]	-	-270
Taxes payable	-	2,017
Tax expense in profit or loss		
Change in deferred taxes	816	-1,137
Adjustment for previous years	1,330	-1,238
Tax effect on permanent differences	-	-2,287
Utilisation of interest carry forward not previously recognized	2,735	-
Income tax expense	4,881	-4,662

1 Skattefunn – Tax deduction scheme in Norway for companies with research and develoment projects

Tax included in other comprehensive income

EUR thousand	2023	2022
Opening balance deferred tax liability in OCI	-2,651	-
Deferred tax on fair value net gain/(loss) on cash flow hedges	-	-2,720
Deferred tax on (gain)/loss on cash flow hedges reclassified to profit or loss	1,007	69
Closing balance deferred tax liability through OCI	-1,644	-2,651

Temporary differences

EUR thousand	2023	2022
Non-current assets/liabilities	-1,629	882
Current assets	11	16
Limitation interest carried forward	1,608	6,037
Tax losses carried forward, recognized	1,340	-
Differences not included in the calculation of deferred tax	-1,819	-8,239
Hedges over OCI	-1,644	-2,651
Net income tax reduction temporary differences	-2,133	-3,956
Net deferred tax asset	-	-
Net deferred tax liability	-2,133	-3,956
Net deferred tax	-2,133	-3,956

Note 9 Intangible assets

EUR thousand	Software and other intangibles
Cost price	
Cost price on 31 Dec 2021	15,255
Acquisitions	1,456
Cost price on 31 Dec 2022	16,711
Acquisitions	1,601
Cost price on 31 Dec 2023	18,312
Amortization	
Accumulated amortizations on 31 Dec 2021	-4,965
Amortization of the year	-2,135
Accumulated amortizations on 31 Dec 2022	-7,100
Amortization of the year	-2,254
Accumulated amortizations on 31 Dec 2023	-9,353
Carrying amount on 31 Dec 2023	8,959
Useful life	5–10 yr

Note 10 Property, plant and equipment

EUR thousand	Furniture, fittings and equipment
Cost price	
Cost price on 31 Dec 2021	253
Acquisitions	23
Cost price on 31 Dec 2022	276
Acquisitions	2
Cost price on 31 Dec 2023	278
Depreciation	
Accumulated depreciations on 31 Dec 2021	-182
Depreciation of the year	-39
Accumulated depreciations on 31 Dec 2022	-221
Depreciation of the year	-34
Accumulated depreciations on 31 Dec 2023	-255
Carrying amount on 31 Dec 2023	23
Useful life	1-5 yr

Note 11 Issued shares and share capital

The share capital of Axactor ASA as of 31 December 2023 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 2021	302,145,464	158,149,942
Bonus issue	-	218,961
On 31 Dec 2022	302,145,464	158,368,902
On 31 Dec 2023	302,145,464	158,368,902

20 largest shareholders at 31 December 2023

Name	Shareholding	Share %
Geveran Trading Co Ltd	150,385,439	49.8%
Torstein Ingvald Tvenge	10,000,000	3.3%
Skandinaviska Enskilda Banken AB	5,500,000	1.8%
Skandinaviska Enskilda Banken AB (Nominee)	5,279,467	1.7%
Verdipapirfondet Nordea Norge Verdi	4,454,162	1.5%
Nordnet Livsforsikring AS	2,889,071	1.0%
Spectatio Finans AS	2,781,621	0.9%
Endre Rangnes	2,017,000	0.7%
Gvepseborg AS	1,832,826	0.6%
Alpette AS	1,661,643	0.5%
Klotind AS	1,532,704	0.5%
Stavern Helse og Forvaltning AS	1,500,000	0.5%
Velde Holding AS	1,259,931	0.4%
Andres Lopez Sanchez	1,177,525	0.4%
David Martin Ibeas	1,177,525	0.4%
Latino Invest AS	1,040,000	0.3%
Verdipapirfondet Nordea Avkastning	1,035,709	0.3%
Vardfjell AS	919,372	0.3%
AS Clipper	900,000	0.3%
Verdipapirfondet Storebrand Norge	899,169	0.3%
Total 20 largest shareholders	198,243,164	65.6%
Other shareholders	103,902,300	34.4%
Total number of shares	302,145,464	100%
Total number of shareholders	8,944	

Shares owned by the Board and Group executive management per 31 December 2023

Name	Shareholding	Share %
Latino Invest AS[1]	1,040,000	0.3%
Terje Mjøs Holding AS[2]	700,000	0.2%
Johnny Tsolis Vasili[1]	670,000	0.2%
Vibeke Ly[3]	203,750	0.1%
Arnt Andre Dullum[3]	200,000	0.1%
Karl Mamelund[3]	175,000	0.1%
Nina Mortensen[3]	160,000	0.1%
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 12 Shares in subsidiaries

Subsidiary company

EUR thousand	Ownership	Head office	Country	Carrying value in parent company
Axactor Portfolio Holding AB	100.0%	Gothenburg	Sweden	162,874
Axctor Platform Holding AB	100.0%	Gothenburg	Sweden	169,234
Reolux S.à r.l.	50.0%	Luxembourg	Luxembourg	-
Investment in subsidiaries				332,108

Note 13 Other current assets

Other current assets

EUR thousand	2023	2022
Prepaid expenses	641	809
Cash flow hedge derivatives (note 18)	-	12,367
Total other current assets	641	13,175

Note 14 Cash and cash equivalents

Cash and cash equivalents including restricted cash as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

EUR thousand	2023	2022
Cash and cash equivalents	3,450	4,046
Restricted cash	374	422
Total cash and cash equivalents, incl. restricted cash	3,825	4,468

Composistion of the cash per currency

EUR thousand	2023	2022
EUR	1,726	2,374
GBP	9	2
NOK	1,230	1,840
SEK	860	253
Total cash and cash equivalents, incl. restricted cash	3,825	4,468

Note 15 Loans and receivables to group companies

	2023				2022 Restated			
EUR thousand	Loans to group companies[1]	Current IC receivables	Loans from group companies	Current IC payables	Loans to group companies[2]	Current IC receivables	Loans from group companies	Current IC payables
Axactor Finland OY	-	65	-	37	-	48	-	53
Axactor Germany GmbH	-	228	-	-	-	1,419	-	-
Axaxtor Platform Holding AB	229,665	-	-	-	195,627	-	3,673	-
Axactor Portfolio Holding AB	234,018	-	-	-	214,935	-	-3,673	-
Axactor Italy Holding S.r.l.	181	-	-	-	168	-	-	-
Axactor Italy S.p.A	-	858	-	28	-	326	-	28
Reolux S.à r.l	1,681	-4	-	-	17,881	-	-	-
Axactor Norway AS	-	656	-	15	-	2	-	3
Axactor Capital AS	-	18,401	-	47	4,217	20,806	-	9
Axactor Espana, S.L.U.	-	55	-	-	-	236	-	-
Axactor Platform Espania	-	2,003	-	126	-	2,184	-	110
Axactor Sweden AB	-	-58	-	57	-	379	-	57
Closing balance on 31 Dec	465,545	22,203	-	311	432,828	25,400	-	260

[1] The loans carry an interest rate of 7.4 - 9.1%, to be paid or added to the principal amount at year end, except for the loan to Reolux S.à.r.l which has been granted an interest free period
[2] The loan to Axactor Portfolio Holding AB as at 31 December 2022 is restated (increased EUR 4.1 million) to reflect incurred interest in 2022

An ECL (Expected Credit Loss) assessment has been carried out. The company has impaired a loan to Reolux Holding S.à r.l with EUR 12 million in 2023 (2022: 7.4 million) which is included in the line item 'Financial expenses' in the statement of profit or loss. The accumulated impairment is EUR 21 million. No interest has been recognized or charged on the loan in 2023.

Note 16 Interest-bearing loans and borrowings

EUR thousand	Currency	Nominal value	Treasury bonds	Carrying amount, EUR	Interest coupon	Maturity
Facility						
Bond ACR03 (ISIN NO0011093718)	EUR	300,000	-18,950	277,229	3m EURIBOR+535bps	15.09.2026
Bond ACR04 (ISIN NO0013005264)	NOK	204,700		202,986	3m NIBOR + 825bps	07.09.2027
Total bond loans		504,700	-18,950	480,215		
Total interest-bearing loans and borrowings on 31 Dec 2023				480,215		
whereof						
Non-current borrowings				480,215		
Current borrowings				-		

Maturity

	Currency	Carrying amount	Total estimated future cash flow	Estimated future cash flow within: 6 months or less	6–12 months	1–2 years	2–5 years
Bond ACR03 (ISIN NO0011093718)	EUR	277,229	346,050	12,900	11,778	23,041	298,331
Bond ACR04 (ISIN NO0013005264)	NOK	202,986	296,076	12,842	12,214	24,117	246,904
Total bond loans		480,215	642,126	25,742	23,991	47,158	545,235
Total interest-bearing loans and borrowings on 31 Dec 2023		480,215	642,126	25,742	23,991	47,158	545,235

Change in loans and borrowings from financial activities

EUR thousand	Bond loans
Total interest-bearing loans and borrowings on 31 Dec 2021	495,193
Proceeds from loans and borrowings	-
Repayment of loans and borrowings	-49,500
Loan fees	-
Total changes in financial cash flow	-49,500
Change in accrued interest	232
Reclassification of accrued interest	-4,057
Amortization of capitalized loan fees	3,721
Currency translation differences	-
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

Change in lease liabilities are presented in note 6.

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 2023, the Group holds treasury bonds in ACR03 with a nominal value of EUR 19.0 million.

ACR04 (ISIN NO0013005264)
In September 2023, the Group issued a 4-year unsecured bond of NOK 2,300 million (ACR04). The bond is listed on Oslo Børs. The bond was placed at 3m NIBOR + 8.25% interest, with maturity date 7 September 2027.

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)
- Net loan to value: ≤ 80% (NIBD to total book value all loan portfolios and REOs)
- Net 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 17 Other current liabilities

EUR thousand	2023	2022
Public duties	157	158
Personnel related liabilities	1,234	1,541
Other accruals	3,169	103
Total other current liabilities	4,560	1,802

Note 18 Hedge accounting

The Group´s risk management objective is to mitigate the effect of interest rate changes related to its floating rate instruments. 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.

Cash flow hedges

Interest rate risk in floating rate instruments

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

The Group's 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 Group started with hedge accounting at the end of 2021, hedging EUR 200 million in floating rate issued loans for a duration of three years. At the end of 2022, the Group discontinued hedge accounting and entered into new hedge agreements. The new derivative agreements hedged EUR 573 million in floating rate issued loans for a duration of one year, maturing 15 December 2023. As the hedge agreements matured in December 2023, the Group had no receivables or payables related to the hedge agreements on 31 December 2023 (2022: EUR 12.4 million in receivables).

Provided that the previously hedged forecasted transaction is still probable of occurring, the changes in estimated fair value of the derivatives recorded in other comprehensive income related to the discounted cash flow hedge are released into profit or loss when the Group's earnings are affected by the variability in cash flows of the floating rate debt. The Group thus have a cash flow hedge reserve on 31 December 2023 of EUR 5.8 million with a corresponding deferred tax liability of EUR 1.6 million which will be reclassified to profit or loss and reduce interest expenses in 2024 and 2025.

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

Hedged items

	2023			2022		
EUR thousand	Nominal amount	Nominal amount designated for hedge accounting	Cash flow hedge reserve	Nominal amount[1]	Nominal amount designated for hedge accounting[1]	Cash flow hedge reserve
Interest rate risk						
Floating rate issued loans	200,000	200,000	5,832	200,000	200,000	9,630
Total	200,000	200,000	5,832	200,000	200,000	9,630

[1] In 2022, EUR 573 million was reported as the hedged item for floating rate issued loans. The nominal amount is changed to EUR 200 million EUR, which is the correct amount.

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 2023 or 2022. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. In 2023, EUR 3.6 million has been reclassified from the cash flows hedge reserve (OCI) into profit or loss and EUR 1.0 million has been reclassified from the deferred tax liability, reducing the interest rate expenses on borrowings reported in note 7 with EUR 4.6 million (2022: EUR 0.3 million).

Note 19 Events after the reporting period

There has been no material events after the reporting period for 2023.

Responsibility statement from the Board and the CEO

We confirm to the best of our knowledge that the consolidated financial statements for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2023 have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position, and result of Axactor ASA and the Axactor Group for the period.

We also confirm to the best of our knowledge that the Annual Report gives a true and fair view of the development, performance, and financial position of Axactor ASA and the Axactor Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 16 April 2024

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

To the General Meeting of Axactor ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Axactor ASA, which comprise:

- the financial statements of the parent company Axactor ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the 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 a summary of significant accounting policies, and
- the consolidated financial statements of Axactor ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated 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 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 18 October 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

The business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions, or other events that qualified as new Key audit matters for our audit of the 2023 financial statements. Valuation of debt portfolios continues to be an important focus area in our audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of debt portfolios Debt portfolios represent a considerable part of the Group's total assets. The valuation of the portfolios includes substantial elements of management judgement. The book value of debt portfolios is determined by projecting expected future cash flows and discounting them to present value using the effective interest rate as of the date the portfolios were acquired. Some of the key assumptions related to the valuation includes the size of expected future cash flows, and timing of future payments. The estimated timing and size of payments of cash flows require both judgement and experience to assess, and actual timing and size of payments may differ from the estimates. In accordance with IFRS 9, expected credit losses shall be based on forward-looking assessments, ensuring that any impairment reflects expected losses. The use of models to determine expected credit losses also entails judgment, specifically related to determination of significant parameters in the model. We focused on this area because valuation of debt portfolios carries an inherent risk of both errors due to the large data materials and complex models necessary to arrive at an estimate, and bias in judgmental assumptions. Both factors may have a material effect on the Group's net profit and net book value of total assets. Notes 2.9.1, 3, 4 and 18 to the consolidated financial statements are relevant for the description of the Group's debt portfolios.	We tested the accuracy of initial recognition of portfolios by tracing purchase prices in the contracts back to registration in the system on a sample basis. We also tested completeness, by reconciling the value per 31 December 2023 of the debt portfolios from the database, which is used as a source for the performance review, to the booked value. To verify accuracy of portfolio performance, we sampled and matched reported cash collection to underlying bank statements. Correspondingly, we obtained cash collection reports and traced the amounts to the database. Management performed a review every quarter to identify portfolios where adjustments of book value were necessary. The review is based on portfolios not meeting certain performance criteria. We obtained a detailed understanding of management's review controls, and tested the operational effectiveness. We sampled all portfolios not meeting management's defined performance criteria at year end. Based on obtained documentation for these portfolios, including inspection of the underlying figures in the database, we challenged management's assumptions and conclusions noted in their review. We discussed with them their assessments and tested assumptions, and were deemed necessary, obtained, and evaluated additional documentation that substantiated management's conclusions. We performed recalculation based on our own models to test the completeness and accuracy of the Group's portfolio database. Axactor performed macroeconomic stress testing to their cash flow forecasts, resulting in a macroeconomic overlay adjustment implemented at the balance-sheet date. We used our own experts and carried out an assessment of Axactor's stress test methodology. Our assessment included, among others, a qualitative analysis of the model, review of the adjustments implemented at the balance-sheet date related to macroeconomic adjustments, and a comparison of Axactors documentation to our expert's expectations of the content of such documentation. Management used experts to support their conclusions. We assessed qualifications, competence, and objectivity of management's external experts by among other, reviewing their terms of engagement to determine whether there were unusual terms that might have affected their objectivity or imposed scope limitations upon their work. We read the notes and found them to be adequate and give a balanced overview of the different parameters and judgmental assumptions used.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Axactor ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name AxactorASA-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 16 April 2024

PricewaterhouseCoopers AS

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

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Alternative performance measures

Alternative performance measures (APMs) used in Axactor

APM	Definition	Purpose of use	Reconciliation IFRS
Gross revenue	Total income plus portfolio amortization 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 income from consolidated statement of profit or loss plus portfolio amortization and revaluation in the consolidated statement of cash flows and change in fair value of forward flow commitments
Cash EBITDA from continuing operations	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 continuing operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss adjusted for specified elements from the consolidated statement of cash flows
Cash EBITDA	Cash EBITDA from continuing operations plus EBITDA from discontinued operations, adjusted for REO cost of sale, including impairment	To reflect cash from continuing and discontinued operating activities, excluding timing of taxes paid and movement in working capital	EBITDA from continuing operations (total income minus total operating expenses) in consolidated statement of profit or loss plus EBITDA from discontinued operations according to note 32, adjusted for specified elements from the consolidated statement of cash flows
Estimated remaining 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 collection including estimated interest income 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 means the aggregated amount of interest-bearing debt attributable to both continuing and discontinued operations, less aggregated amount of unrestricted cash and cash equivalents, on a consolidated basis	NIBD is used as an indication of the Group's ability to pay off all of its debt	Non-current and current portion of interest-bearing debt and cash and cash equivalents from the consolidated statement of financial position and as attributable to discontinued operations according to note 32, with adjustments to get to nominal value of the debt, less treasury bonds
Return on equity to shareholders	Net profit/(loss) after tax from continuing and discontinued operations attributable to shareholders divided by average equity for the period attributable to shareholders	Measures the profitability in relation to shareholders' equity	Net profit/(loss) after tax attributable to shareholders of the parent company from the consolidated statement of profit or loss and equity attributable to shareholders from the consolidated statement of changes in equity
Return on equity, continuing operations	Net profit/(loss) after tax from continuing operations divided by average total equity for the period	Measures the profitability of continuing operations in relation to total equity	Net profit/(loss) after tax from continuing operations from the consolidated statement of profit or loss and total equity from the consolidated statement of changes in equity

Gross revenue

EUR thousand	2023	2022
Total income	256,637	239,692
Portfolio amortization and revaluation	88,840	97,218
Change in fair value of forward flow commitments	-1,805	-
Gross revenue	343,672	336,911

EBITDA and Cash EBITDA

EUR thousand	2023	2022
Total income	256,637	239,692
Total operating expenses	-124,789	-120,738
EBITDA from continuing operations	131,848	118,955
Calculated cost of share option program	450	462
Portfolio amortization and revaluation	88,840	97,218
Change in fair value of forward flow commitments	-1,805	-
Cost of repossessed assets sold, incl impairment	1,759	1,496
Cash EBITDA from continuing operations	221,092	218,130
EBITDA from discontinued operations	-5,621	-7,008
Cost of REOs sold, incl impairment	8,422	18,318
Cash EBITDA	223,894	229,440
Taxes paid	-11,616	-10,713
Change in working capital	-7,318	1,291
Cash flow from operating activities before NPL and REO investments	204,959	220,019

Estimated remaining collections (ERC)

EUR thousand	2023	2022
Purchased loan portfolios	1,265,327	1,252,642
Estimated opex for future collection at time of acquisition	369,720	363,858
Estimated discounted gain	985,368	928,920
Estimated remaining collections (ERC)	2,620,416	2,545,419

Net interest-bearing debt (NIBD)

EUR thousand	2023	2022
Non-current portion of interest bearing debt from financial position	939,104	445,590
Current portion of interest bearing debt from financial position	-	495,537
Interst bearing debt, discontinued operations	-	10,247
Total interest bearing debt	939,104	951,374
Capitalized loan fees and other adjustments	19,344	9,144
Cash and cash equivalents from financial position	31,826	29,045
Cash and cash equivalents, discontinued operations	-	3,607
Net interest-bearing debt (NIBD)	926,622	927,865

Return on equity to shareholders

EUR thousand	2023	2022
Net profit/(loss) after tax attributable to shareholders of the parent company	30,830	36,757
Average equity for the period related to shareholders of the parent company	419,074	399,433
Return on equity to shareholders	7.4%	9.2%

Return on equity, continuing operations

EUR thousand	2023	2022
Net profit/(loss) after tax from continuing operations	33,563	40,644
Average total equity for the period	411,350	397,163
Return on equity, continuing operations	8.2%	10.2%

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 income
Collection performance	Gross collection on purchased loan portfolios in relation to active forecast, including sale of repossessed assets in relation to book value
Cost-to-collect	Cost to collect is calculated as segment operating expenses plus a pro rata allocation of unallocated operating expenses and unallocated depreciation and amortization. The segment operating expense is used as allocation key for the unallocated costs
Equity ratio	Total equity as a percentage of total equity and liabilities
Forward flow agreement	Agreement for future acquisitions of loan portfolios at agreed prices and delivery
Gross IRR	The credit adjusted interest rate that makes the net present value of ERC equal to the book value of purchased loan portfolios, calculated using monthly cash flows over a 180-months period
Group	Axactor ASA and all its subsidiaries
NPL amortization rate	Portfolio amortization divided by collection on own portfolios for the NPL segment
NPL cost-to-collect ratio	NPL cost to collect divided by NPL total income excluding NPV of changes in collection forecasts and change in fair value of forward flow commitments
One off portfolio acquisition	Acquisition of a single loan portfolio
Opex	Total operating expenses
Recovery rate	Portion of the original debt repaid
Replacement capex	Amount of acquisitions of new loan portfolios needed to keep the book value of purchased loan portfolios constant compared to last period
Repossession	Taking possession of property due to default on payment of loans secured by property
Repossessed assets	Property repossessed from secured loan portfolios
SG&A, IT and corporate cost	Total operating expenses for overhead functions, such as HR, finance and legal etc
Solution rate	Accumulated paid principal amount for the period divided by accumulated collectable principal amount for the period. Usually expressed on a monthly basis

Abbreviations

3PC	Third-party collection
AGM	Annual general meeting
APM	Alternative performance measures
ARM	Accounts receivable management
B2B	Business to business
B2C	Business to consumer
BoD	Board of Directors
BS	Consolidated statement of financial position (balance sheet)
CF	Consolidated statement of cash flows
CGU	Cash generating unit
CM	Contribution margin
D&A	Depreciation and amortization
Dopex	Direct operating expenses
EBIT	Operating profit/Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
ECL	Expected credit loss
EGM	Extraordinary general meeting
EPS	Earnings per share
ERC	Estimated remaining 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

GRI content index

Axactor has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023.
This table shows Axactor's reporting for 2023 with reference to the GRI Universal Standards 2021.

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
General information				
Organization profile				
2-1	Organizational details	Name of the organization	Axactor ASA	
2-6	Activities and workers	Activities, products and services provided by the organization	This is Axactor -Axactor at a glance	
2-1	Organizational details	Location of the organization's headquarters	Drammensveien 167, 0277 Oslo, Norway	
2-1	Organizational details	The organization's countries of operations	Norway, Sweden, Finland, Germany, Spain and Italy	
2-1	Organizational details	Ownership and legal form	Publicly listed limited liability company (Norwegian allmennaksjeselskap)	https://www.axactor.com/investor-relations/share-and-debt-information/main-shareholders
2-6	Activities and workers	Sector(s) in which the organization is active	This is Axactor -Axactor at a glance and Strategy and financial targets	
2-6	Activities and workers	Scope and size of the organization	This is Axactor -Axactor at a glance and Key figures	
2-6	Activities and workers	Supply chain	Sustainability report – Sustainable value chains	
2-6	Activities and workers	Significant changes in sector(s) which the organization is active and other relevant business relationships compared to the previous reporting period	This is Axactor – Key events 2023 and Highlights of the year	
2-7	Employees	Total number of employees (permanent and temporary) and a breakdown by gender and region	Sustainability report - People	
2-23	Policy commitments	Policy commitments for responsible business conduct and respect of human rights	Corporate governance report – Section 10	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-28	Membership associations	Industry associations, other memberships associations, and national or international advocacy organization in which it participates in a significant role	Sustainability report - Ethical debt collection is an essential part of a well-functioning credit market	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development and its strategy for contributing to this	This is Axactor – Letter from the CEO Board of Director's report – Section 4	
2-23	Policy commitments	Describe the organization's values, principals, standards and norms of behavior	Sustainability report – Building a viable financial system for people and society	
2-24	Embedding policy commitments	Describe how policies for responsible business conduct are embedded in the organzation's activities and business relationships	Sustainability report	
2-25	Processes to remediate negative impacts	Describe the organization's commitments and approach has for remedation of negative impacts it has directly or indirectly caused or contributed to	Sustainability report – Sustainable value chains	
2-26	Mechanisms for seeking advice and raising concerns	Mechanisms for individuals to seek advice on implementing the organization's policies and practices for responsible business conduct, and raise concerns about the organization's business conduct	Sustainability report – Sustainable value chains People – Health and work environment	
2-27	Compliance with laws and regulation	Total number of significant instances of non-compliance with laws and regulations during the reporting period, and instance where fines or non-monetary fines were incurred	Board of Director's report – Section 4	No violations and no fines
Governance				
2-9	Governance structure and composition	Governance structure, including commitees of the highest governance body that are responsible for decision making on and overseeing the management of the organization's impacts on the economy, environment, and people	Corporate governance report – Section 9	
2-10	Nomination and selection of the highest governance body	Criteria used for nominating and selecting highest governances body members, including whether and how views of stakeholders, diversity, independence and competencies relevant to the impacts of the organization are considered	Corporate governance report – Section 7	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-11	Chair of the highest governance body	Describe whether the chair of the highest governance body is also a senior executive of the organization, and if so, explain their function, the reasons of such an arrangement and how conflicts of interested are prevented and mitigated	Corporate governance report – Section 8	
2-12	Role of the highest governance body in overseeing the management of impacts	Describe the role of the highest governance body and its senior executives in developing, approving and updating the organization's purpose, values, mission statement, strategies, policies and goals related to sustainable development	Corporate governance report – Section 2	
2-12	Role of the highest governance body in overseeing the management of impacts	Describe the role of the highest governance body in overseeing the organizations' due diligence and other processes to identify and manage the organization's impact of the economy, environment, and people	Corporate governance report – Section 10	
2-13	Delegation of responsibility for managing impacts	Describe how the highest governance body delegates responsibilities for managing the organization's impacts on economy, environment and people	Sustainability report	
2-14	Role of the highest governance body in sustainability reporting	If the highest governance body is responsible reviewing and approving the reported information, describe the process	Corporate governance report – Section 4 Sustainability report	
2-15	Conflict of interest	Processes meant to prevent and mitigate conflicts of interest in the highest governance body	Corporate governance report – Section 9	
2-16	Communcation of critical concerns	Whether and how critical concerns are communicated to the highest governance body, and the nature and number of critical concerns reported during the reporting period	Corporate governance report – Section 10	No critical concerns reported during the year
2-17	Collective knowledge of the highest governance body	Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	Corporate governance report	
2-18	Evaluation of the performance of the highest governance body	Independent and internal processes to evaluate the performance of the highest governance body in overseeing the management of the organization's impact on the economy, environment and people. Describe actions taken in response to the evaluations	Corporate governance report – Section 7 and 8	https://www.axactor.com/corporate-governance/nomination-committee
2-19	Remuneration policies	Remuneration policies for members of the highest governance body and senior executives, and how the remuneration policies for relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment and people	Corporate governance report – Section 11 and 12	https://www.axactor.com/corporate-governance/remuneration

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2-20	Process to determine remuneration	Process for designing its remuneration policies and for determining remuneration	Corporate governance report – Section 11 and 12	https://www.axactor.com/corporate-governance/remuneration
2-21	Annual total compensation ratio	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual), represented as amount and percentage	People – Remuneration and benefits	
Stakeholder engagement				
2-21	Approach to stakeholder engagement	The categories of stakeholders the organization engages with	Sustainability report – Material issues and stakeholder engagement	
2-29	Approach to stakeholder engagement	Description of how the organization identifies stakeholders	Sustainability report – Material issues and stakeholder engagement	
2-29	Approach to stakeholder engagement	Approach to engaging with stakeholders, and how often the organization includes different stakeholders	Sustainability report – Material issues and stakeholder engagement	
2-30	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements	People – Remuneration and benefits	
Reporting practices				
2-2a	Entities included in the organization's sustainability reporting	Entities included in its sustainability reporting	Financials – Note 20	
2-2b	Entities included in the organization's sustainability reporting	Specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting	No differences	
2-2c	Entities included in the organization's sustainability reporting	Explain the approach used for consolidating information	Same as for financial reporting. See Financials – Note 2	
3-1a	Process to determine material topics	Describe the process the organization has followed to determine its material topics	Global Reporting Initiative 2016 and 2021	
3-1b	Stakeholders whose views have informed the process of determining material topics	Specify the stakeholders and experts whose views have informed the process of determining its material topics	Sustainability report – Material issues and stakeholder engagement	
3-2	List of materials topics	List the organization’s material topics	(i) Sustainable value creation Ethical debt collection Environment	
2-4	Restatements of information	Report restatements of information from previous reporting periods	N/A	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
3-2	List of materials topics	Report changes to the list of material topics compared to the previous reporting period	N/A	
2-3	Reporting period, frequency and contact point	Reporting period for, and the frequency of, the organization's sustainability reporting, publication date and contact point for questions about the report	Date of publishing: 17.04.2024 Reporting period: 2023 Reporting frequency: Yearly Contact point: Vibeke Ly	Vibeke.ly@axactor.com
2-5	External assurance	External assurance of the organization's sustainability report	The organization's sustainability report has not been externally assured.	

Specific information

1. Sustainable value creation				
1.1. Preventing financial crime and corruption				
3-3	Management of material topics	Description and definition of material topics	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
205-1	GRI 205: Anti-corruption 2016	Operations assessed for risks related to corruption	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
205-2	GRI 205: Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	Sustainability report – Preventing financial crime and corruption	
205-3	GRI 205: Anti-corruption 2016	Confirmed incidents of corruption and actions taken	Sustainability report – Preventing financial crime and corruption	No violations and no fines
207-1	GRI 207: Tax 2019	Approach to tax	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents
207-2	GRI 207: Tax 2019	Tax governance, control, and risk management	Sustainability report – Preventing financial crime and corruption	https://www.axactor.com/corporate-governance/policy-documents

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
2. Ethical debt collection				
2.1. Customer privacy				
3-3	Management of material topics	Description and definition of material topics	Sustainability report – Data privacy and Information security	
418-1	GRI 418: Customer privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report – Data privacy and Information security	None
2.2. Training and education				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
404-1	GRI 404: Training and education 2016	Average hours of training per year per employee	Sustainability report – People	
404-2	GRI 404: Training and education 2016	Programs for upgrading employee skills and transition assistance programs	Sustainability report – People	
404-3	GRI 404: Training and education 2016	Percentage of employees receiving regular performance and career development reviews	Sustainability report – People	Close to 100%
2.3. Employment				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
401-1	GRI 401: Employment 2016	New employee hires and employee turnover	Sustainability report – People	
401-3	GRI 401: Employment 2016	Parental leave	Sustainability report – People	
2.4. Diversity and equal opportunity				
3-3	Management of material topics	Evaluation of policies and commitments regarding material topics	Sustainability report – People	
405-1	GRI 405: Diversity and equal opportunity 2016	Diversity of governance bodies and employees	Sustainability report – People	
405-2	GRI 405: Diversity and equal opportunity 2016	Ratio of basic salary and remuneration of women to men	Sustainability report – People	

GRI-Indicator	Name	Description of the indicator	Response in the annual report	Source
3. Environment				
3.1. Emissions				
3-3	Management of material topics	Description and definition of material topics	Sustainability report – Environment	
305-1	GRI 305: Emissions 2016	Direct (Scope 1) GHG emissions	Sustainability report – Environment	
305-2	GRI 305: Emissions 2016	Energy indirect (Scope 2) GHG emissions	Sustainability report – Environment	
305-3	GRI 305: Emissions 2016	Other indirect (Scope 3) GHG emissions	Sustainability report – Environment	
305-5	GRI 305: Emissions 2016	Reduction of GHG emissions	Sustainability report – Environment	

General ESEF data

Name of reporting entity or other means of identification	Axactor ASA
Domicile of entity	Norway
Legal form of entity	Public limited liability
Country of incorporation	Norway
Address of entity's registered office	Drammensveien 167, 0277 Oslo
Principal place of business	Oslo, Norway (head office)
Description of nature of entity's operations and principal activities	Debt collection
Name of parent entity	Axactor ASA
Name of ultimate parent of group	Axactor ASA
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	Change of legal form from SE to ASA

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