

AXACTOR

2024 - a new cycle emerging?

Arctic Nordic Debt Collection Seminar 2024
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2023 - Annus horribilis for the industry?

Higher cost of funding

- Increased interest rates and bond margins

Reduced access to capital

- Industry out of favor

Higher cost-to-collect

- Elevated inflation and wages

Reduced portfolio cash flow


- Reduced disposable income and regulatory changes

Reduced investment capacity

- Cost of funding deteriorate investment capacity



Plummeting
industry share
prices



Is now the time
to take a long
position?

Industry challenges

Dimension	Industry	Axactor	Comments
Macro	x	x	<ul style="list-style-type: none">• Macro delays portfolio cash flow
Funding	x	✓	<ul style="list-style-type: none">• No maturities until medio 2026• Margins only marginally up compared to 2020
Investment capacity	x	✓	<ul style="list-style-type: none">• Sufficient investment capacity enabling controlled growth
Profitability	x	✓	<ul style="list-style-type: none">• Profitable business model – even if all credit facilities were unhedged and refinanced today

Axactor is one of the most profitable companies in the industry

<u>Peers</u>	<u>Equity%¹</u>	<u>NPL%¹</u>	<u>ROE to shareholders '22²</u>	<u>ROE to shareholders YTD Q3 '23²</u>
Peer 1	43%	96%	28%	29%
AXACTOR	29%	77%	10%	8%
Peer 2	13%	97%	9%	12%
Peer 3	32%	82%	6%	7%
Peer 4	38%	19%	-5%	-15%
Peer 5	21%	44%	-18%	-26%
Peer 6	14%	80%	-21%	-29%
Peer 7	26%	42%	-22%	-3%

4 1) Numbers for FY2022. NPL% = NPL total income / group total income.
2) Continuing operations

Next for Axactor is to do more of the same and stick to our strategy

1 Accretive investments

- Invest in accretive portfolios with attractive gross IRR driving margin expansion on NPL
- Target of reaching total backbook Gross IRR above 20%. Currently experiencing Gross IRR of 30+% on newly signed acquisitions

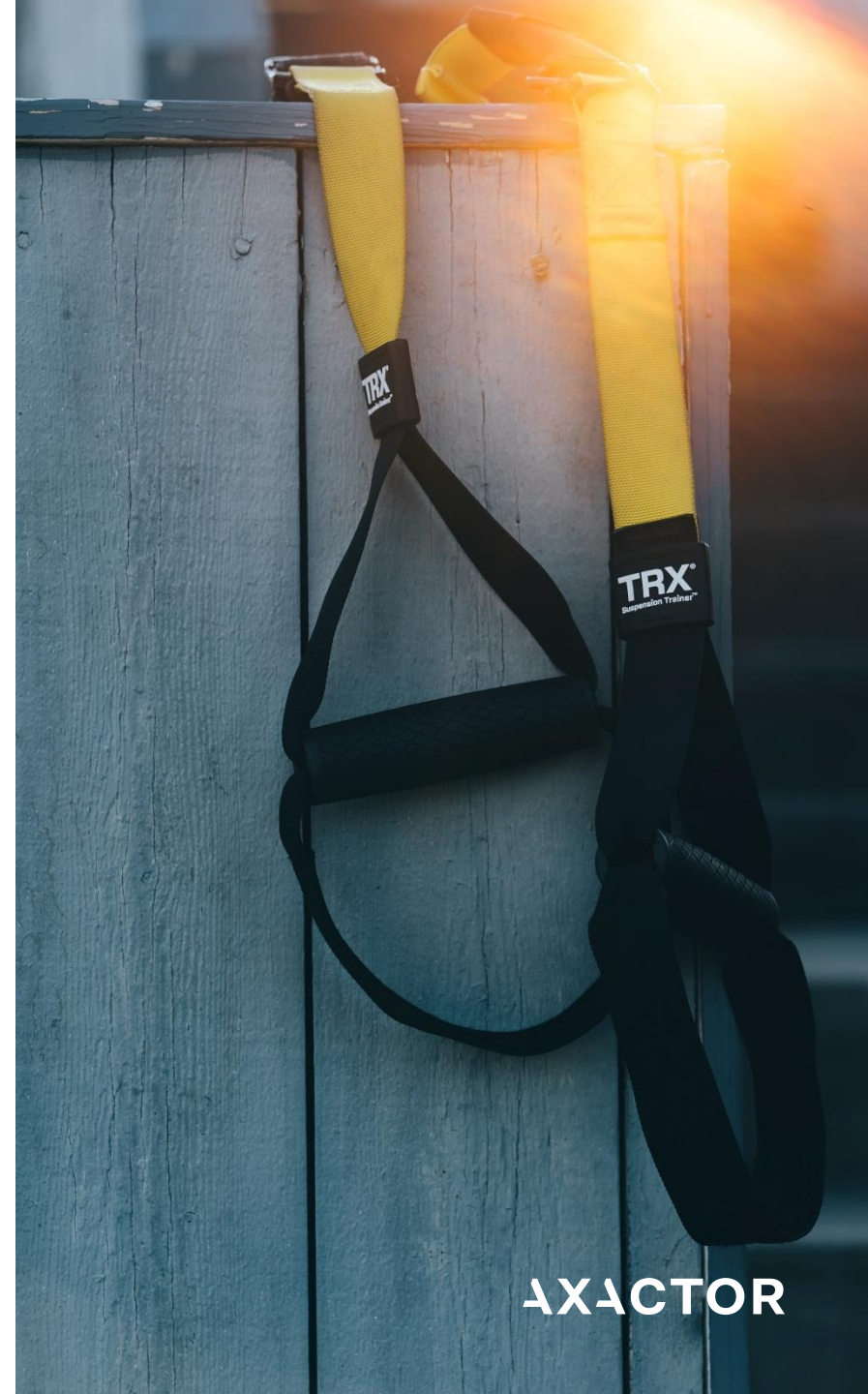
2 Cost leadership

- Cloud based unified IT-infrastructure, optimized processes and a strong cost culture
- Currently investing extensively in data-driven valuation and -operation to further excel

3 Best at what we do

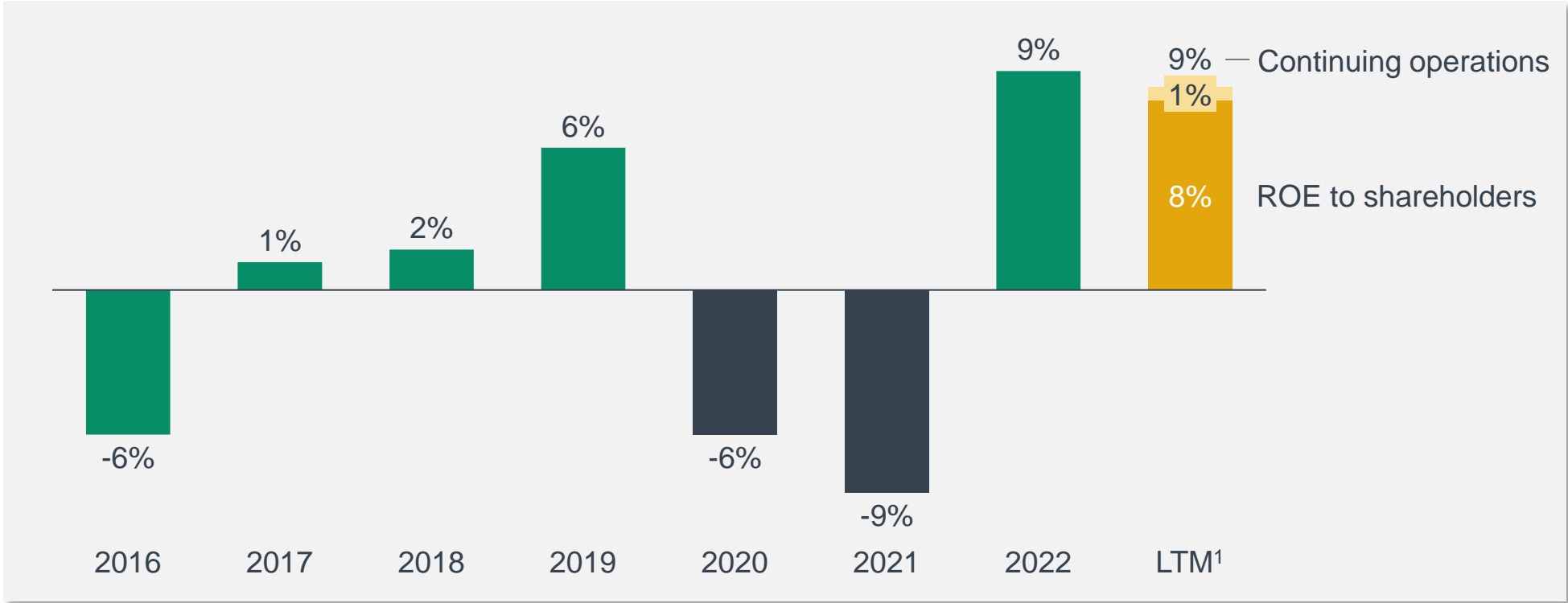
Targeted focus to become best at what we do¹

- *Industry:* Bank & finance
- *Debt type:* B2C, unsecured
- *Markets:* Existing six countries



The strategy has delivered satisfying return on equity in a turbulent business environment

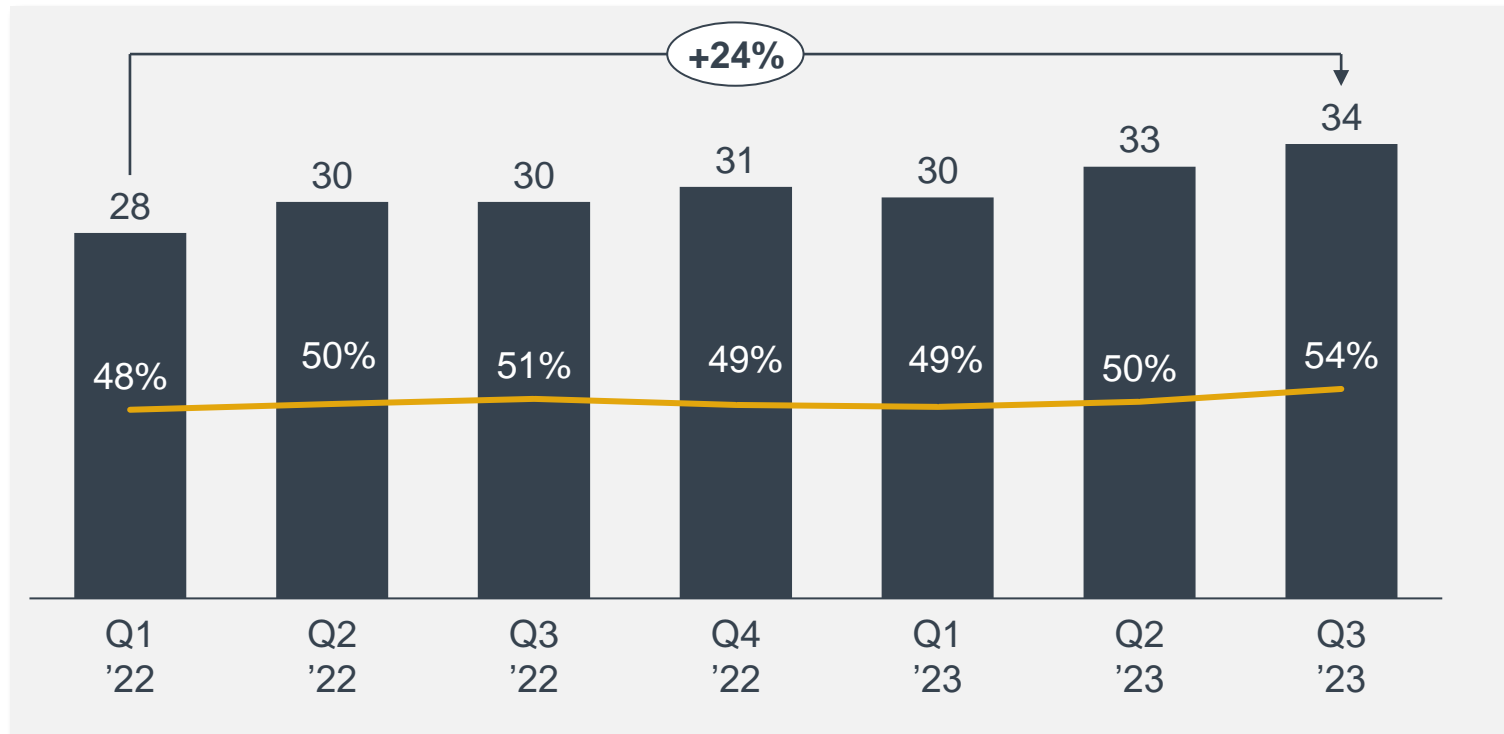
Return on equity to shareholders
(%)



EBITDA uplift of 24% has secured the ROE result and to a large extent offset increasing cost of funding

EBITDA and EBITDA-margin

(EUR million and %)



- Accretive growth on NPL
- Strict cost control
- Close-down of unprofitable business areas and clients
- Improved data-driven operations

Summary: Why invest in Axactor?

1 Historically low **valuation**. Is now the time to take a long position?

Axactor P/E on 2024 consensus

~4.8x

2 NPL market **prices** are **attractive**

Gross IRR

Category	Gross IRR
Total book	18%
Recent transactions	35%

3 NPL market prices are expected to **continue to be attractive**

Industry effects

- Reduced access to **capital**
- Reduced **profits**
- Imbalance** in supply and demand

4 Axactor with a clear strategic position - **cost leadership**

Cost-to-collect¹

Year	Cost-to-collect
'17	59%
'18	48%
'19	45%
'20	43%
'21	44%
'22	39%
'23 YTD	37%

5 Cost of funding is expected to **decline**

EURIBOR forward curve - illustration

Quarter	EURIBOR Rate
Q4 '23	4.0%
Q1 '24	3.6%
Q2 '24	3.1%
Q3 '24	2.7%
Q4 '24	2.4%
Q1 '25	2.1%
Q2 '25	2.0%
Q3 '25	1.9%

6 One of the most **profitable** companies in the industry

ROE to shareholders cont. operations 2022

Peer	ROE to shareholders
Peer 1	28%
Axactor	10%
Peer 2	9%
Peer 3	6%
Peer 4	-5%
Peer 5	-18%
Peer 6	-21%
Peer 7	-22%

8 1) Cost is calculated as segment OPEX + allocation of unallocated OPEX and Depreciation & Amortization (excluding amortization of NPL portfolios). Segment OPEX is used as allocation key. Income is calculated as Total income adjusted for revaluations to show income excluding one-time effects based on changes in future expectations. YTD Q3

Q&A

