Research Update:

Axactor ASA Upgraded To 'B' On Sustainably Stronger Financial Position; Outlook Stable

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Rating Action Overview

- Norway-based distressed-debt collector Axactor ASA has completed its transformational balance-sheet restructuring, significantly improving its financial position by reducing indebtedness and bolstering liquidity.
- However, the material negative revaluation announced in the group's first-half results exposes significant weaknesses in its historic underwriting, and while we see no immediate read-across for more recent vintages from this write-down, further negative revaluations could lead us to lower the rating.
- We raised our long-term issuer credit rating on Axactor ASA to 'B' from 'B-'. We also raised to 'B+' from 'B' our issue level rating on the group's senior unsecured notes. We removed all the ratings from CreditWatch with positive implications, where we placed them on June 1, 2026.
- The stable outlook reflects Axactor's consistent, if elevated, leverage profile, comfortable liquidity position, and absence of major debt maturities within the next 12 months, as well as our anticipation the company will deliver steady to gradually improving medium-term adjusted EBITDA levels from 2026.

Rating Action Rationale

Axactor materially restructured its balance sheet during the first half of 2026. The group has:

- Raised €215 million of new equity. This figure is net of fees. This equity was raised across a private placement and subsequent public offering;
- Issued €100 million in senior unsecured debt; and
- Sold a portfolio valued at €200 million into a special purpose vehicle (SPV) formed with its anchor shareholders. The group will receive €100 million of proceeds related to this transaction based on Axactor retaining a 50% ownership stake in the SPV. Proceeds of €50 million have been received as of Jun. 30, 2026, with the remainder scheduled for third-quarter 2026.

Following the announcement of the transformational transaction in the second quarter, on April 30, we placed our 'B-' rating on Axactor on CreditWatch with developing implications, and then we revised the CreditWatch to positive following the completion of its recapitalization transaction on June 1. An important piece of our CreditWatch with positive implications was the financial and ratings impact of the revaluation exercise the group undertook on its investment portfolios as part of its recapitalization. This revaluation exercise was reported as part of the group's half-year results announced on Aug. 13, resulting in a significant impairment to its back book of €320 million. Most of this revaluation affects its unsecured portfolio investments originated prior to 2021 in the Nordics, and in 2021 in Germany. Following the completion of the transaction, we have raised our ratings on Axactor and its issuance. This upgrade balances the sustained improvement in our view of Axactor's financial risk, against the relatively weak underwriting signaled in the group's back book impairment.

The recapitalization exercise has given the group much larger liquidity headroom. The recapitalization has placed the group on a materially stronger financial footing. We expect leverage to be 5.0x-5.5x in 2026 and around this level through the medium term, a consistent but somewhat elevated level. Though this level is broadly in line with that observed at year-end 2025, it belies the material liquidity the group now sits on following the recapitalization. In our view, the group's headroom to invest in growth and deleveraging was increasingly tight entering 2026 with mounting risks to debt repayments in 2026 and 2027. These risks have significantly receded. As of end-June 2026 the group had about €300 million of headroom under its revolving credit facility (RCF). It also had an extraordinarily high cash balance of €75 million at that time. This cash position is a function of cash flow timing related to the partial sale of the portfolio into the SPV established with the group’s anchor shareholders. We believe that this level of cash is extraordinary given that the group will either use surplus cash to reduce gross debt or support portfolio purchases in 2026, under our base case. In any case, this cash is available to support the group’s liquidity position by freeing up contingent liquidity in the RCF or funding its growth strategy.

Its next contractual maturity is September 2027, and the group has signaled its intention to refinance this debt in September 2026, which will extend its maturities even further. This extension is concurrent with a significant downsizing of each of its debt series, with the Axactor ACR06 transaction (ISIN: NO0013750778), sized at €100 million. By contrast, the ACR03 transaction was a €300 million series. We view this reduced size as improving the group's long-term maturity profile and containing future liquidity needs. Taken together, these transactions reposition Axactor's financial sustainability, driving our upgrade.

Under our base case, we assume that the group will reduce gross indebtedness by at least €200 million at year-end 2026. Under our base case, the group repays €65 million of outstanding ACR03 notes due in September 2026; €32 million of ACR04 due in September 2027; and reduces drawings under its RCF by at least €200 million. This is offset by the issuance of €100 million of private placement notes. It also does not consider the group's intended refinancing of ACR04. The group had already achieved this level of gross debt reduction at Jun. 30, 2026. However, we expect that a sharp increase in purchases through the second half (full year 2026 purchases total €150 million under our forecast) will see overall gross debt reduction plateau at €200 million versus year end 2025. Depending on the pace of portfolio purchases through the second half of 2026, this deleveraging could be faster, though.

The group is moving into a more expansionary phase. We expect the group to accelerate investment materially from the second half of 2026. From 2027, we expect growth to be funded by incremental debt, so that leverage stays above 5.0x in 2026-2028. Alongside ramping up portfolio acquisitions, the group has signaled its intention to distribute capital to shareholders from as early as June 2027. The only limitations to this distribution are covenant related in its debt documentation, otherwise we expect a progressive level of capital return from 2027 to become a regular feature of the group's financial policy. Growing investments, a progressive absolute level of shareholder return, and steady incremental draws on the group's RCF keep leverage elevated in our base case.

The group's tangible capital position is solid, which is an important rating support. This buffer gives the group room to absorb any future portfolio volatility, even though management does not expect volatility. It is also important on a ratings relativity basis. Aside from B2 Impact (BB/Stable/--), most of the debt purchaser peers are deeply negative in their tangible equity positions. In general, we believe that tangible capital is important to this sector's ratings, conferring a degree of financial flexibility through periods of stress and underperformance. As such, Axactor's tangible equity buffer is a positive factor in how we view its financial risk, a contributing factor to our upgrade, and to the group's relative rating level.

The portfolio revaluation exercise revealed significant weaknesses in the group's underwriting practices and portfolio performance. The revaluation exercise revealed broad weaknesses in the underwriting of its back book. This is particularly true in the unsecured portfolios underwritten prior to 2021 in the Nordics, and in 2021 in Germany. We understand the weakness of this underwriting was broad based, reflecting aggressive pricing, weak portfolio selection, and overly optimistic manual adjustments to collection expectations.

The write-down in portfolio values is markedly higher than those seen elsewhere in the industry. Furthermore, we believe it is unusual for unsecured portfolios to experience such a dramatic swing in assumptions. Unsecured portfolios are often granular payment plans across a diverse customer base. Generally, this should create a more stable payment pattern. For example, Norway domiciled debt purchaser B2 Impact or Sweden domiciled Intrum AB (B-/Positive/B) generally exceed underwritten performance by multiple percentage points on their unsecured exposures.

We believe that this write-down is comprehensive and that performance of the group's front book performance is more supportive. Performance has been more predictable and resilient in newer investment vintages underwritten using the group's more data-driven, less-judgmental valuation models. Moving the back book onto this framework is positive in our view, and early evidence suggests performance is in line with Axactor’s expectations on those books that have been revalued. In sum, this gives us confidence that the group's financial outlook is less at risk from further portfolio write-downs. Even so, a material future revaluation would likely lead us to lower our ratings, all else remaining equal.

We raised our rating on Axactor's senior unsecured debt to 'B+'. The material equity raise and the group's gross debt repayment mean that our recovery prospects for Axactor's senior unsecured debt remain robust.

Outlook

The stable outlook reflects Axactor's consistent, if elevated, leverage profile, comfortable liquidity position, and absence of major debt maturities within the next 12 months. It also reflects our expectations that the company will deliver steady to gradually improving medium-term adjusted EBITDA levels from 2026 reflecting predictable good collection levels in line with its active recovery forecast.

Downside scenario

We could lower the rating within the next 12 months if collections are substantially weaker than the company's revised forecast, supressing its adjusted EBITDA levels and increasing its leverage outlook. We could also lower the rating if the group's investment levels increase materially above our base case, leading to a rapid increase in group leverage, likely commensurate with S&P Global Ratings-adjusted leverage above 6x on a sustained basis.

Upside scenario

An upgrade is highly unlikely within the next 12 months. After a period of substantial restructuring, we would not consider a further upgrade until we see evidence of the group's trading and underwriting performance under its revised strategy. This would include how it balances growth and investment with shareholder returns. Furthermore, we see Axactor's still-elevated leverage position under our base case as a potentially constraining rating factor in the medium term.

Company Description

Axactor ASA is a Norway-based debt purchaser and servicer founded in 2015. Its core business is the purchasing of nonperforming debt in the Nordics, Spain, Germany, and Italy. It specializes in unsecured consumer debt from banks and other consumer lenders. Approximately 25%-30% of the group's revenue comes from consumer debt collections on behalf of third parties and ancillary services. The group is publicly traded on the Oslo Stock Exchange, but investment company Geveran Trading Co. Ltd., which is indirectly owned by John Fredriksen, owns about 34% of outstanding shares.

Our Base-Case Scenario

Assumptions

- Sharp reduction in adjusted revenue for 2026, reflecting material reductions to estimated collections and slow portfolio purchasing through 2026. Medium term growth of 13%-15%, reflecting the ramping up of portfolio purchases in late 2026 and through 2028, as well as solid organic growth in the group's third-party servicing revenue.
- Interest expense of €50 million-€60 million, reflecting the material reduction in the group's debt stack and the refinancing of the group's unsecured bonds to much lower rates.
- Improving costs due to enhancements in the servicing business and lower IT expenses, offset by lower revenue.
- Nonperforming loans investments above replacement rate. About €150 million in 2026, increasing to at least €250 million thereafter.
- Dividend payout of 50% of trailing financial year adjusted net income, commencing in June 2027.

Key metrics

Axactor ASA--Key forecast ratios

	2025a	2026e	2027f	2028f
Debt to EBITDA	4.7	5.0-5.5	5.25-5.75	5.25-5.75

Axactor ASA--Key forecast ratios

	2025a	2026e	2027f	2028f
FFO to Debt	10.7	9-10.5	9-10.5	9-10.5
EBITDA interest cover	2.4	2.0-2.5	2.5-3.0	2.5-3.0

Liquidity

After recent refinancing efforts, we expect liquidity to remain comfortable for the next 12-18 months. After its latest efforts, Axactor does not have any substantial liquidity needs within the next 12-18 months because. In a case of urgency it could use its remaining RCF to repay the residual outstanding balance of ACR04 in September 2027. We expect the company's surplus liquidity levels to gradually decrease toward historical levels as it resumes its portfolio growth and that its sources will continue to cover more than 1.2x its uses. Our base case for the 12 months starting Oct. 1, 2026, is as following:

Principal liquidity sources	Principal liquidity uses
• Cash and cash equivalents of €40 million-€50 million; • Undrawn capacity of €275 million-€300 million under its RCF; • Recurring cash funds from operations of €110 million; and • Extraordinary cash inflows from its equity raise of €215 million and portfolio sale of €100 million.	• Portfolio purchases of €150 million in 2026, rising above €250 million in 2027; • Net debt repayment of €200 million; and • Dividends of €20 million-€30 million from 2027.

Issue Ratings--Recovery Analysis

Key analytical factors

- The 'B' issue rating on Axactor's senior unsecured notes is one notch above our long-term issuer credit rating on Axactor. This is based on its recovery rating of '2', indicating our expectation of substantial recovery (70%-90%; rounded estimate: 80%) in an event of default.
- In our simulated default scenario, we envisage a default in 2027 caused by a significant decline in cash flow because of lost clients; difficult collection conditions; or higher competitive pressures, leading to the mispricing of portfolio purchases.
- We calculate a combined enterprise value, taking into consideration the different business segments and assuming that Axactor finds a potential acquirer for its portfolio of debt receivables. We apply a haircut of 30% to the book value of the debt portfolios and use year-end 2025 figures, pro forma the transformational transaction.
- In addition, we assume earnings from Axactor's third-party servicing business will decline under the stress scenario and apply a valuation using a 4.0x EBITDA multiple. We assess Axactor on a going-concern basis, given its established relationships with customers.

Simulated default assumptions

- Simulated year of default: 2027
- EBITDA multiple: 4.0x
- Jurisdiction: Norway
- RCF is 90% drawn at default

Simplified waterfall

- Gross enterprise value at default: €903 million
- Net enterprise after 5% administrative costs: €858 million
- Prior-ranking claims: €509 million under the RCF
- Collateral value available to unsecured debt: €349 million
- Senior unsecured debt claims: About €422 million
- --Recovery expectation: 70%-90% (rounded estimate: 80%)

Note: Debt amounts include six months of accrued interest that we assume will be owed at default. Collateral value includes asset pledges from obligors (after priority claims) plus equity pledges in nonobligors. We assume use of 90% for cash flow and 60% for revolving asset-based lending facilities at default.

Rating Component Scores

Component	
Foreign currency issuer credit rating	B/Stable/--
Local currency issuer credit rating	B/Stable/--
Business risk	Fair
Country risk	Low risk
Industry risk	Moderately high risk
Competitive position	Fair
Financial risk	Highly leveraged
Cash flow/leverage	Highly leveraged
Anchor	b
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Moderately negative
Comparable rating analysis	Neutral
Stand-alone credit profile	b

Related Criteria

- Criteria | Corporates | General: Recovery Rating Criteria For Corporate Issuers, March 31, 2026

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Norway-Based Distressed Debt Collector Axactor Placed On CreditWatch Positive Following Successful Recapitalization, June 1, 2026
- Axactor ASA 'B-' Rating Affirmed, Placed On CreditWatch Developing After Its Transformational Transaction Announcement, April 30, 2026
- Axactor ASA, Dec. 18, 2025
- Distressed Debt Purchasers Get Ready For A Bumpy Recovery, Nov. 5, 2024

Ratings List

Ratings List		
Upgraded; Outlook Action		
	To	**From**
Axactor ASA		
Issuer Credit Rating	B/Stable/--	B-/Watch Pos/--
Upgraded; Outlook Action; Recovery Ratings Unchanged		
	To	**From**
Axactor ASA		
Senior Unsecured	B+	B/Watch Pos
Recovery Rating	2(80%)	2(80%)