

**AXACTOR**

*Report*



**Q3** 2016

*November 25th 2016*

# Highlights

## Third Quarter of 2016

- Cash EBITDA is positive with SEK 1.5 million for the quarter.
- On July 5 Axactor increased the existing loan facility and brought Nordea in as a second banking partner, thus increasing the existing facility from EUR 25 million up to EUR 50 million, with an additional EUR 50 million accordion option.
- On August 1 Axactor acquired a 5th unsecured NPL portfolio in Spain. The portfolio was originally generated by a large Spanish consumer finance institution. The portfolio has an Open Balance (OB) of approximately € 565 million, with close to thirty thousand open accounts of individuals and SMEs.
- On September 29 Axactor acquired another unsecured NPL portfolio originally generated by a large Italian Bank. The portfolio includes unsecured claims with a total Outstanding Balance (OB) of approximately EUR 59 million, with close to twenty thousand open accounts of individuals and SMEs. Acquisition cost for the portfolio was around 5% of the outstanding balance.
- On September 29 Axactor acquired Altor Group in Germany. Altor has 200 employees, 44 NPL portfolios and a 3PC business with approximately EUR 1.0 billion under management. Axactor paid EUR 17.7 million for 100% of the shares in Altor Group. The transaction closed on September 30 and the purchase price was 100% settled in cash.

## Key event after end of the report period

- On October 13 Axactor raised NOK 598 million in gross proceeds through a private placement of 230,000,000 new shares at a price of NOK 2.60 per share.

# Statement by the CEO

*With the acquisition of Altor Group in Germany Axactor is established in the 3 largest NPL markets in Europe, and our initial 2-year strategic objective has been accomplished within a time span of little more than 9 months. Our main priorities will now shift towards operational improvements and continued acquisition of NPL portfolios.*

At the end of the quarter our year-to-date gross collections amounted to SEK 207 million, up from SEK 102 million at the end of the previous quarter. We saw a 103% growth in collection from our portfolios in Spain, and we have managed to produce a positive Cash EBITDA of SEK 1.5 million for the quarter isolated which for us is a major milestone.

The acquisition of 100% of Altor Group in Germany in Q3 was a significant strategic accomplishment for our company. As one of the largest European markets with an expected EUR 53bn NPL (private and SME sector) by the end of 2016, Germany is a key in Axactor's Pan-European growth strategy and an imperative to our ambition to become a leading player in the debt collection/debt purchase segment. The Altor Group represents a solid platform in Germany and this has instantly positioned Axactor well in the financial segment, enabling us to focus both on 3PC and portfolio acquisitions in Germany. The market for servicers and debt collection agencies is currently consolidating, and I consider this a perfect timing to enter the German market.

During the quarter we have acquired another 2 NPL portfolios. In Spain we bought a portfolio with OB of EYUR 565 million while we in Italy purchased a smaller portfolio with OB of EUR 59 million. Including the NPL portfolios which came with the Altor acquisition, Axactor now has a total of 72 NPL portfolios with a combined OB of EUR 3.1 billion.

Yet again investors have shown that they believe in our ability to deploy CAPEX, grow the business and generate value for the shareholders. We were very pleased with the response to the private placement which Axactor did on October 13. We issued 230 million new shares at NOK 2.60 per share which gave gross proceeds of NOK 598 million with a repair issue of 50 million shares planned to take place last half of November.

I continue to be optimistic about the NPL market opportunities in Europe, from both a short and long term view. In addition to our portfolios acquisition and operational improvement focus, we will be considering entry points in to new geographical areas in Europe in 2017.



*«Axactor is a new and ambitious company, with no legacy, focusing on building a dynamic and pan-European organization»*

Endre Rangnes, CEO

# Key Figures Axactor AB (group)

SEK million	Q3 2016	Q2 2016	Q1 2016	31.12.2015
Gross Revenue	105.3	72.3	29.4	4.4
Net Revenue	101.7	64.4	27.9	4.4
EBITDA	-7.2	-31.5	-10.5	-30.6
Cash EBITDA <sup>1)</sup>	1.5	-19.3	-6.8	-
Normalized EBITDA <sup>2)</sup>	-1.9	-14.4	-10.3	-
Depreciation and Amortization (excl. Portfolio Amortization)	-9.0	-6.7	-2.5	-0.8
Net Financial Items	1.9	8.8	-2.7	-29.9
Tax	-5.8	3.5	0.8	-
Net Result	-20.0	-25.8	-14.9	-61.3
Cash and Cash Equivalents at end of Period	328.5	332.5	185.8	372.4
Acquired NPL portfolios during the Period	335.1 <sup>3)</sup>	348.4 <sup>3)</sup>	255.4	-
Book Value of NPL portfolios at end of Period	950.7 <sup>4)</sup>	594.3 <sup>4)</sup>	250.7	-
Gross Collection on Debt Portfolios during the quarter	37.7 <sup>5)</sup>	12.9 <sup>5)</sup>	8.9	-
Estimated Remaining Collection (ERC) at end of Period	2,486.0	1,290.0	579.0	-
Interest Bearing Debt at end of Period	814.7 <sup>7)</sup>	348.4 <sup>6)</sup>	-	-
Number of Employees (FTE) at end of Period	900	702	187	105

1) Cash EBITDA is adjusted for calculated cost of share option program and portfolio amortizations.

2) Defined as EBITDA adjusted for non-recurring items.

3) Includes portfolios on the balance sheet of CS Union and Altor at the time of acquisition.

4) Includes portfolios in CS Union and Altor per balance sheet date.

5) Excluding collections on CS Union portfolios in Q2 and Altor portfolios in Q3.

6) Includes SEK 210 million in bank debt in CS Union.

7) Includes SEK 127,3 million in bank debt in Altor. This amount is planned to be refinanced with the DNB/Nordea facility during Q4.

## Background

*Axactor AB is a newly established European credit management services company with an initial focus on Spain, Germany, Italy and the Nordic countries.*

The company is domiciled in Sweden and listed in Norway at the Oslo Stock Exchange with ticker "AXA". The number of shareholders amounts to some 8,170 and management is located in Oslo.

In Spain, Axactor owns 100% of the subsidiary ALD Abogados SL ("ALD"), which is one of the leaders in the Spanish legal debt collection market covering nearly all regions of this country. In April 2016 Axactor bought 100% of the shares in Geslico, a company that offers a fully integrated debt collection service for both secured and unsecured non-performing loans in Spain.

In Norway, Axactor acquired 100% of the shares in the IKAS group of companies in March 2016. The company was renamed Axactor Norway in August 2016 and is one of Norway's most reputable suppliers of invoice administration and debt collection with regional offices throughout Norway.

In Italy Axactor owns 90% of CS Union which employs approximately 100 people within credit management activities and has acquired 22 NBPL portfolios with a combined open balance of of EUR 565 million. The remaining 10% of the shares in CS Union continue to be owned by Banca Sistema which in addition to Board representation in CS Union also provides attractive portfolio financing as well as access to the Italian NPL market.

Axactor acquired Altor Group in Germany in September 2016. Altor has been in business for more than 30 years and currently has 200 employees, 44 NPL portfolios and a 3PC business with approximately EUR 1.0 billion under management. Altor has head office in Heidelberg, Germany.

# Financial Review

## General remarks to the Q3 financial review

*The Consolidated Balance Sheet in this report covers all entities including Altor Group. The Consolidated Profit and Loss statement includes all entities except Altor group which will be included in the Q4 report with a full quarter of trading.*

## Revenues and earnings

Third quarter gross revenue was MSEK 105.3 (MSEK 0.0), where MSEK 37,7 came from collections on own portfolios (NPL) and MSEK 67.6 came from third party collection (3PC). The NPL revenue is up by 192% compared to Q2-16 and the growth is driven by a 103% growth in collection on own portfolios in Spain while collection on Italian NPLs accounted for MSEK 11.5 for the quarter (CS Union was consolidated in the PL for the first time in Q3). Amortization on Portfolios is calculated using the Effective Interest Method for each of the portfolios and amounts to MSEK -3.6 for the period. The growth in 3PC revenue was 14% compared to Q2 and reflects summer months with a somewhat lower activity level.

Operating earnings (EBITDA) are negative by MSEK 7.2 (-1.7) for the quarter. However, Cash EBITDA for the quarter is positive by MSEK 1.5 (Cash EBITDA is calculated as EBITDA adjusted for non-cash items (portfolio amortizations and calculated cost according to IFRS for the share option program). EBITDA adjusted for non-recurring items for the quarter is MSEK -1.9.

Depreciation and Amortization excluding portfolio amortization was MSEK -9.0 (0.0) and is primarily related to depreciation of intangible fixed assets pertaining to the company acquisitions made in Spain, Italy and Norway over the last 10 months.

Earnings per share for the quarter is negative SEK 0.02. This compares to SEK -0.05 for same period last year.

## Net financial items

Net financial items for the quarter amounted to MSEK 1.9 (-3.1). The net item consists of currency exchange gains in the amount of MSEK 9,3 while interest expenses for the period was MSEK 6.6.

## Cash flow, Investments and Financing

Cash flow from operations amounted to MSEK -46.2 (-4.2) in the third quarter, and the decrease compared to Q2-2015

is due to higher operating cost in the build-up phase of the credit management capabilities of the organization as well as cost related to M&A activities during the period. In addition to settlement of taxes payables.

The company invested MSEK 85.7 in NPL portfolios and another MSEK 169.5 for 100% of the equity in Altor Group in Germany. Total cash flow from investing activities was MSEK 276.8.

Total cash flow from financing activities amounted to MSEK 319.0 (0.0) mainly consisting of MSEK 343.2 in net borrowings, where draw down under the DNB/Nordea credit facility amounted to MSEK 276.4 and another MSEK 66.8 was borrowed from regional banks in Italy to finance the purchase of our first Italian portfolio since we acquired CS Union. At the end of the quarter cash and cash equivalents was MSEK 328.5 (MSEK 50.8).

## Equity Position

At the end of second quarter 2016 total equity for the Group is MSEK 1 037.3 (70.8) giving an equity ratio at the end of the reporting period of 48.5%.

## Parent Company

The Parent Company's business activity is to manage the Group's operations. The result after tax for third quarter 2016 ended at MSEK 14.1 (MSEK -4.4).

## Outlook

Going forward the key focus will be on operational improvements which will increase productivity and improve the cost base. We will continue to acquire small and medium sized NPL portfolios in all countries in which we operate. As we now have managed to fulfil our strategic intention geographically, we will reduce the corporate M&A but continue to stay alert to possibilities for entry points in new countries in Europe.

## Events after the end of the reporting period

On October 13 Axactor raised NOK 598 million in gross proceeds through a private placement of 230,000,000 new shares at a price per share of NOK 2.60.

Oslo, November 9, 2016  
The Board of Directors,

## Consolidated Statement of Profit and Loss

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	
<b>Continued operations</b>						
Income		105,301	-	206,974	-	4,437
Amortization of debt portfolios		-3,595	-	-12,920	-	-
Net revenue		101,705	-	194,054	-	4,437
Operating expenses		-55,330	-1,550	-133,325	-4,053	-29,940
Personnel expenses		-53,559	-182	-109,929	-182	-5,089
EBITDA		-7,183	-1,732	-49,200	-4,235	-30,592
Amortization and depreciation		-8,989	-	-18,124	-	-837
EBIT		-16,172	-1,732	-67,324	-4,235	-31,429
Financial revenue	3	7,079	-	28,444	92	329
Financial expenses	3	-5,167	-3,125	-20,415	-3,559	-30,218
Net financial items		1,913	-3,125	8,030	-3,467	-29,889
Profit/(loss) before tax		-14,260	-4,857	-59,295	-7,702	-61,318
Tax expense		-5,763	-	-1,479	-	-
Net profit/(loss) from continued operations		-20,022	-4,857	-60,773	-7,702	-61,318
Result from discontinued operations		-	36	-	-82,204	-105,288
Net profit/(loss) to minority interest		-	-	-	-30	-
Net profit/(loss) to equity holders		-20,022	-4,821	-60,773	-89,936	-166,606
Earnings per share: basic		-0.02	-0.05	-0.08	-0.08	-0.46
Earnings per share: diluted		-0.02	-	-0.07	-	-
Earnings per share incl discontinued		-	-0.05	-	-0.99	-1.25

# Consolidated Statement of Comprehensive Profit and Loss

SEK thousand	For the quarter end		YTD		Full year 2015
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	
Net profit/(loss)	-20,022	-4,821	-60,773	-89,936	-166,606
Foreign currency translation differences - foreign operations	29,312	-	26,432	-	-96
Other comprehensive income/ (loss) for the period	29,312	-	26,432	-	-166,702
Total comprehensive income for the period attributable to:	9,290	-4,821	-34,341	-89,936	-166,702
Equity holders of the parent company	9,290	-4,821	-34,341	-89,906	-166,702
Non-Controlling interests	-	-	-	-30	-

## Interim Consolidated Statement of Financial Position

SEK thousand	Note	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>ASSETS</b>				
<i>Intangible non-current assets</i>				
Intangible assets		164,500	-	45,103
Mineral interests		-	31,742	-
Goodwill		492,136	-	124,467
Deferred tax asset		4,633	-	-
<i>Tangible non-current assets</i>				
Property, Plant and equipment		31,899	448	549
<i>Financial non-current assets</i>				
Purchased debt portfolios		950,750	-	-
Other long term receivables		21,578	52	-
Other long term investments		1,091	359	267
<b>Total non-current assets</b>		<b>1,666,587</b>	<b>32,601</b>	<b>170,386</b>
<i>Current assets</i>				
Current receivables		59,945	453	58,284
Other current assets		84,815	130	3,760
Restricted cash	5	20,223	-	4,000
Cash and cash equivalents		308,303	50,765	368,375
<b>Total current assets</b>		<b>473,287</b>	<b>51,348</b>	<b>434,419</b>
<b>TOTAL ASSETS</b>		<b>2,139,874</b>	<b>83,949</b>	<b>604,805</b>



# Interim Consolidated Statement of Financial Position

SEK thousand	Note	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>EQUITY AND LIABILITIES</b>				
<i>Equity attributable to equity holders of the parent</i>				
Share Capital		473,244	45,405	298,307
Other paid-in equity		1,884,121	1,256,648	1,468,788
Retained earnings and profit for the period		-1,346,421	-1,231,282	-1,290,103
Reserves		26,336	-	-96
Non-controlling interests		-	73	-
<b>Total equity</b>		<b>1,037,281</b>	<b>70,844</b>	<b>476,992</b>
<i>Non-current liabilities</i>				
Non-current interest bearing debt	5	732,768	-	-
Convertible loan		-	5,000	5,000
Deferred tax liabilities		68,781	-	11,357
Other non-current liabilities		37,977	-	500
<b>Total non-current liabilities</b>		<b>839,525</b>	<b>5,000</b>	<b>16,857</b>
<i>Current liabilities</i>				
Accounts payables		67,845	1,346	12,420
Current portion of non-current borrowings	5	81,932	4,000	-
Taxes Payable		6,391	-	9,963
Other current liabilities		106,900	2,759	88,573
<b>Total current liabilities</b>		<b>263,068</b>	<b>8,105</b>	<b>110,956</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,139,874</b>	<b>83,949</b>	<b>604,805</b>

## Interim Consolidated Statement of Cash Flow

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	
<b>Operating activities</b>						
Profit before tax		-14,260	-4,822	-59,295	-89,936	-166,606
Taxes paid		-13,567	-	-17,336	-	-
Finance income and expense		-1,913	-	-13,444	-	-
Amortization of debt portfolios		3,595	-	12,920	-	-
Depreciation and amortization		8,989	20	18,124	88	973
Impairment losses on intangible assets		-	-	-	82,000	104,310
Calculated cost of employee share options		4,359	-	10,897	-	-
Loss from sold companies		-	-	-	-	9,532
Working capital changes		-33,362	606	-37,415	-802	10,350
<b>Net cash flows operating activities</b>		<b>-46,159</b>	<b>-4,196</b>	<b>-85,549</b>	<b>-8,650</b>	<b>-41,441</b>
<b>Investing activities</b>						
Purchase of debt portfolios		-85,725	-	-399,609	-	-
Investment in subsidiary (Geslico, Spain)	7	-	-	-18,548	-	-
Investment in subsidiary (IKAS, Norway)	7	-5,058	-	-203,529	-	-
Investment in subsidiary (CS Union, Italy)	7	-	-	-55,181	-	-
Investment in subsidiary (Altor, Germany)	7	-169,524	-	-169,524	-	-
Purchase of intangible and tangible assets		-16,602	-	-18,230	-2,087	-
Purchase of financial assets		-	-	-	-	-82,691
Interest received		68	-	169	-	-
<b>Net cash flows investing activities</b>		<b>-276,841</b>	<b>-</b>	<b>-864,452</b>	<b>-2,087</b>	<b>-82,691</b>
<b>Financing activities</b>						
Proceeds from borrowings	5	343,204	-	479,302	-	-
Repayment of debt		-9,398	-	-14,398	-	-1,099
Interest paid		-2,438	-	-4,248	-	-
Loan fees paid		-12,344	-	-14,136	-	-
Proceeds from share issue		-	-	478,305	-	460,386
Share issue costs		-	-	-18,671	-	-24,281
<b>Net cash flows financing activities</b>		<b>319,024</b>	<b>-</b>	<b>906,154</b>	<b>-</b>	<b>435,006</b>
Net change in cash and cash equivalents		-3,976	-4,196	-43,847	-10,737	310,874
Cash and cash equivalents at the beginning of period		332,504	54,961	372,375	61,502	61,501
Cash and cash equivalents at end of period		328,528	50,765	328,528	50,765	372,375

# Interim Consolidated Statement of Changes in Equity

SEK thousand	Equity related to the shareholders of the Parent Company						Non controlling interest	Total Equity
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total			
Closing balance on 31 December 2014	45,405	1,256,648	-	-1,141,415	160,637	157	<b>160,794</b>	
Balance on 1 January 2015	45,405	1,256,648	-	-1,141,415	160,637	157	<b>160,794</b>	
Net result for the period	-	-	-	-89,906	-89,906	-30	<b>-89,936</b>	
Total comprehensive result for the period	-	-	-	-89,906	-89,906	-30	<b>-89,936</b>	
Other transactions	-	-	-	39	39	-54	<b>-15</b>	
Closing balance on 30 September 2015	45,405	1,256,648	-	-1,231,282	70,770	74	<b>70,844</b>	
Net result for the period	-	-	-	-76,739	-76,739	-	<b>-76,739</b>	
Comprehensive loss for the period	-	-	-96	-	-96	-	<b>-96</b>	
Total comprehensive result	-	-	-96	-76,739	-76,835	-	<b>-76,835</b>	
New share issues	252,902	253,503	-	-	506,405	-	<b>506,405</b>	
Costs related to fund-raising	-	-24,280	-	-	-24,280	-	<b>-24,280</b>	
Reclassification	-	-17,070	-	17,070	-	-	<b>-</b>	
Sale of subsidiaries	-	-	-	945	945	-75	<b>870</b>	
Other transactions	-	-13	-	-	-13	-	<b>-13</b>	
Closing balance on 31 December 2015	298,307	1,468,788	-96	-1,290,006	476,992	0	<b>476,992</b>	
Balance on 1 January 2016	298,307	1,468,788	-96	-1,290,006	476,992	0	<b>476,992</b>	
Net result for the period	-	-	-	-60,773	-60,773	-	<b>-60,773</b>	
Comprehensive loss for the period	-	-	26,432	-	26,432	-	<b>26,432</b>	
Total comprehensive result for the period	-	-	26,432	-60,773	-34,341	-	<b>-34,341</b>	
New share issues, February	29,800	74,630	-	-	104,430	-	<b>104,430</b>	
New Share issues, May	110,200	263,675	-	-	373,875	-	<b>373,875</b>	
Acquisition subsidiary, IKAS group	24,517	62,377	-	-	86,894	-	<b>86,894</b>	
Acquisition subsidiary, CS Union <sup>1)</sup>	10,420	26,785	-	-	37,205	-	<b>37,205</b>	
Costs related to fund-raising	-	-18,671	-	-	-18,671	-	<b>-18,671</b>	
Share based payment	-	10,897	-	-	10,897	-	<b>10,897</b>	
Closing balance on 30 September 2016	473,244	1,888,481	26,336	-1,350,779	1,037,281	-	<b>1,037,281</b>	

## Parent Company Income Statement

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	
Other operating income		-	-	<b>10,264</b>	-	-
Operating expenses		<b>-26,454</b>	-1,314	<b>-46,957</b>	-3,877	-24,740
Personell expences		-	-	-	-	-
EBITDA		<b>-26,454</b>	-1,314	<b>-36,693</b>	-3,877	-24,740
Amortization and depreciation		-	-	-	-142,735	-160,799
EBIT		<b>-26,454</b>	-1,314	<b>-36,693</b>	-146,612	-185,539
Financial revenue		<b>42,652</b>	-	<b>70,752</b>	87	1,665
Financial expenses		<b>-2,098</b>	-3,125	<b>-5,040</b>	-3,557	-20,883
Net financial items		<b>40,555</b>	-3,125	<b>65,713</b>	-3,470	-19,218
Profit/(loss) before tax		<b>14,100</b>	-4,439	<b>29,019</b>	-150,082	-204,757
Tax expense		-	-	-	-	-
Net profit/(loss) to equity holders		<b>14,100</b>	-4,439	<b>29,019</b>	-150,082	-204,757

# Parent Company Balance Sheet

SEK thousand	Note	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>ASSETS</b>				
<b>Intangible non-current assets</b>				
Shares in subsidiaries		408,786	24,662	2,185
Loans to group companies		605,579	3,030	366,360
Other long-term receivables		105	-	-
<b>Total non-current assets</b>		<b>1,014,470</b>	<b>27,692</b>	<b>368,545</b>
<b>Current assets</b>				
Short-term intercompany receivables		22,623	-	-
Other current assets		710	498	1,801
Restricted cash	5	4,000	-	4,000
Cash and cash equivalents		97,056	50,549	138,948
<b>Total current assets</b>		<b>124,389</b>	<b>51,047</b>	<b>144,749</b>
<b>TOTAL ASSETS</b>		<b>1,138,860</b>	<b>78,739</b>	<b>513,294</b>
<b>SHAREHOLDERS' EQUITY</b>				
<i>Restricted equity</i>				
Share Capital		473,244	45,405	298,307
Statutory reserve		2,300	2,300	2,300
<b>Total restricted equity</b>		<b>475,544</b>	<b>47,705</b>	<b>300,607</b>
<i>Non-restricted equity</i>				
Share premium reserve		1,888,477	1,239,565	1,468,788
Retained earnings		-1,275,969	-1,071,213	-1,071,212
Result for the period		29,019	-150,082	-204,757
<b>Total non-restricted equity</b>		<b>641,528</b>	<b>18,270</b>	<b>192,819</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,117,072</b>	<b>65,975</b>	<b>493,425</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Convertible loan		-	5,000	5,000
Other long term liabilities	7	13,060	-	-
<b>Total non-current liabilities</b>		<b>13,060</b>	<b>5,000</b>	<b>5,000</b>
<b>Current liabilities</b>				
Accounts payables		1,557	1,324	5,972
Short-term intercompany liabilities		-	-	-
Other current liabilities		7,171	6,440	8,897
<b>Total current liabilities</b>		<b>8,728</b>	<b>7,764</b>	<b>14,869</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,138,860</b>	<b>78,739</b>	<b>513,294</b>

# Parent Company Consolidated Statement of Changes in Equity

SEK thousand	Restricted Equity		Non-restricted Equity			Total Equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Result of the period	
Opening balance on January 1, 2015	45,405	2,300	1,239,565	-1,050,070	-41,142	216,057
Transfer of prior year's net result	-	-	-	-41,142	41,142	-
Result of the period	-	-	-	-	-150,082	-150,082
Closing balance on 30 June 2015	45,405	2,300	1,239,565	-1,071,212	-150,082	65,975
Balance on 1, July 2015	45,405	2,300	1,239,565	-1,071,212	-150,082	65,975
Costs related to fund-raising	-	-	-24,280	-	-	-24,280
New share issues	252,902	-	253,503	-	-	506,405
Result for the period	-	-	-	-	-54,675	-54,675
Closing balance on 31 December 2015	298,307	2,300	1,468,788	-1,071,212	-204,757	493,425
Balance on January 1, 2016	298,307	2,300	1,468,788	-1,071,212	-204,757	493,425
Transfer of prior years net result	-	-	-	-204,757	204,757	0
New share issues, February	29,800	-	74,630	-	-	104,430
New Share issues, May	110,200	-	263,675	-	-	373,875
Acquisition subsidiary, IKAS group	24,517	-	62,377	-	-	86,894
Acquisition subsidiary, CS Union	10,420	-	26,785	-	-	37,205
Costs related to fund-raising	-	-	-18,671	-	-	-18,671
Share based payment	-	-	10,893	-	-	10,893
Result of the period	-	-	-	-	29,019	29,019
Closing balance on 30 September 2016	473,244	2,300	1,888,477	-1,275,969	29,019	1,117,072

## Key Ratios and Share Data for the Consolidated Group

SEK thousand		30.09.2016	30.09.2015	2015	2014	2013	2012
Number of outstanding shares at beginning of reporting period <sup>2)</sup>	Number	946,488,769	90,809,360	90,809,360	18,174,922	18,174,922	51,928,350
New share issue	Number	0	-	505,805,000	72,634,438	-	129,820,875
Number of outstanding shares at the end of reporting period <sup>1)</sup> and <sup>2)</sup>	Number	946,488,769	90,809,360	596,614,360	90,809,360	18,174,922	181,749,225
Average number of shares <sup>3)</sup>	Number	771,766,073	90,809,360	133,687,416	29,804,775	18,174,922	140,846,758
Operating result, for continued operations	TSEK	-67,324	-4,235	-31,429	-11,046	-21,437	-24,645
Result after tax	TSEK	-60,773	-89,936	-166,606	-45,986	-110,088	-121,490
Operating result per share	SEK	-0.09	-0.05	-0.23	-1.38	-1.21	-0.17
Result after financial items per share	SEK	-0.08	-0.99	-0.46	-1.38	-8.47	-1.07
Result per share after tax	SEK	-0.08	-0.99	-1.25	-1.54	-6.06	-0.86
Shareholders equity per share before dilution <sup>2)</sup>	SEK	1.34	-0.08	0.80	1.77	6.87	1.34
Dividend <sup>4)</sup>	TSEK	-	-	-	568	-	-
Price per share at the end of reporting period	NOK	2.49	0.64	2.00	1.42	3 <sup>1)</sup>	0.45

1) A reversed share split of 1:10 was conducted on December 13, 2013.

2) Share issue of 20,840,820 new shares were sent to the Swedish Company register (Bolagsverket) on June, 28. Formal registration in the Company register on July 8, 2016.

3) The average number of shares during the 12 m period 2013 has been adjusted for the reversed split as from the beginning of the year.

4) Total dividend in TSEK. Not per share.

# Notes to the Financial Report

## Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and recommendation RFR 2 and the Annual Accounts Act with regard to the Parent Company. The accounting principles applied correspond to those

described in the Annual Report for the Financial Year 2015. This interim report does not contain all of the information and disclosures available in the annual report and the interim report should be read together with the Annual Report for the Financial Year 2015.

## Note 2 Risks and uncertainties

The operations of Axactor involve certain significant risks, including but not limited to credit risk, foreign exchange risk and political risk. For a complete discussion of the aforementioned risks, refer to the Company's Annual Report for the

Financial Year 2015, which is available on the Axactor website, [www.axactor.com](http://www.axactor.com). In addition, a detailed risk factor account is given in the various issue prospectuses published and available at Axactor's website.

## Note 3 Financial items

### Financial revenue

SEK thousand	Quarter ended		Year to date		31.12.2015
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	
Interest on bank deposits	73	-	174	-	-
Exchange gains	7,006	-	28,270	92	162
Sale of group company	-	-	-	-	167
<b>Total financial revenue</b>	<b>7,079</b>	<b>-</b>	<b>28,444</b>	<b>92</b>	<b>329</b>
<b>Financial expenses</b>					
Sale of group company	-	-	-	-	-9,532
Interest expenses on borrowings	-6,596	-173	-8,977	-580	-747
Exchange losses	2,321	-2,954	-10,546	-2979	-19,939
Other financial expenses	-891	-	-891	-	-
<b>Total financial expenses</b>	<b>-5,166</b>	<b>-3,127</b>	<b>-20,414</b>	<b>-3559</b>	<b>-30,218</b>
<b>Net finance</b>	<b>1,913</b>	<b>-3,127</b>	<b>8,030</b>	<b>-3,467</b>	<b>-29,889</b>



## Note 4 Segment reporting

### 30 Sep 2016

SEK thousand	Collecting activities		Unallocated		Total Continued operation		Discontinued operations		Total	
	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD
Net revenue	101,705	194,054	-	-	101,705	194,054	-	-	101,705	194,054
EBITDA	-7,183	-49,200	-	-	-7,183	-49,200	-	-	-7,183	-49,200
Depreciation and amortization	-8,989	-18,124	-	-	-8,989	-18,124	-	-	-8,989	-18,124
Financial items	1,913	8,030	-	-	1,913	8,030	-	-	1,913	8,030
Result before tax	-14,260	-59,295	-	-	-14,260	-59,295	-	-	-14,260	-59,295
Non-Current assets	-	1,666,587	-	-	-	1,666,587	-	-	-	1,666,587
Current assets	-	473,285	-	-	-	473,287	-	-	-	473,287
Non-current liabilities	-	839,525	-	-	-	839,525	-	-	-	839,525
Current liabilities	-	263,068	-	-	-	263,068	-	-	-	263,068

### 30 Sep 2015

SEK thousand	Collecting activities		Unallocated		Total Continued operation		Discontinued operations		Total	
	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD
Net revenue	-	-	-	-	-	-	40	40	40	40
EBITDA	-	-	-1,732	-4,235	-1,732	-4,235	-4	-176	-1,736	-4,411
Depreciation and amortization	-	-	-	-	-	-	-	-82,068	-	-82,068
Financial items	-	-	-3,125	-3,467	-3,125	-3,467	-	-	-3,125	-3,467
Result before tax	-	-	-4,857	-7,702	-4,857	-7,702	36	-82,204	-4,821	-89,906
Non-Current assets	-	-	-	-	-	-	-	32,601	-	32,601
Current assets	-	-	-	51,047	-	51,047	-	-	-	51,047
Non-current liabilities	-	-	-	5,000	-	5,000	-	-	-	5,000
Current liabilities	-	-	-	7,764	-	7,764	-	-	-	7,764

## Note 5 Loans and Borrowings

SEK thousand	Currency	Interest rate	Face value	Carrying amount	Year of maturity
Balance at 1 January 2016	SEK			5,000	2016
<b>New issues</b>					
DnB/NORDEA	NOK	Nibor 4%	TNOK 135.000	143,799	2019
DnB/NORDEA	EUR	EURIBOR 4%	EUR 28.700	276,438	2019
Italy <sup>1)</sup>	EUR	EURIBOR + 2% -3,5%	€6.932 k	66,766	2016-2022
<b>Loan through acquisition of subsidiaries</b>					
Spain	EUR	4 %	€326 k	3,141	2017
Italy <sup>1)</sup>	EUR	EURIBOR + 2% -3,5%	€22.550 k	217,193	2016-2022
Norway	NOK	3 % - 5,95%	TNOK 680	678	2017-2020
Germany <sup>2)</sup>	EUR	EURIBOR + 3% -8,45%	€13.218	127,314	-
<b>Repayments</b>					
Convertible loan By Norrlandsfonden				-5,000	
Norway	NOK		TNOK 680	-678	
Italy	EUR		€905 k	-7,968	
<b>Other movements</b>					
Capitalized loan fees				-14,142	
Amortized loan fees on loans				2,159	
Balance at 30 Sep 2016				814,700	

1) Relates to different facilities and draw downs with an interest between EURIBOR + 2% - 3,5%.

2) Relates to different facilities and draw downs with an interest between EURIBOR 3% - 8,45%. To be refinanced through the EUR 50 million recurring credit facility (RCF) with DnB/Nordea.

As of 30 September 2016, the Company had long-term loan of NOK 135 million relating to the financing of the IKAS acquisition, EUR 18 million relating to the Altor acquisition and EUR 10,7 million relating to purchase of the Spanish Portfolios. (The loans were drawn under the EUR 50 million with DNB and Nordea entered as a banking partner with DnB). The RCF is a 3 years facility. Axactor AB and several other of the group companies are guarantors under the facility agreement. In addition the bank(s) have a pledge in shares in all daughter companies except from the Italian subsidiaries which are kept outside of the RCF "ring fence)

SEK thousand	30.09.2016	31.12.2015
Pledged bankaccounts	4,000	4,000

## **Note 6** Related party transactions

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The following related party transactions were recorded in the third quarter of 2016:

Wistrand Law firm in Gothenburg has been one of Axactor's legal advisors regarding the acquisition of ALD in Spain and the various share issues including the prospectus filing and other operating issues. In third quarter Wistrand has invoiced

TSEK 324 (Total TSEK 1.504 for 2016).

Per Dalemo, Axactor's Board Director, is employed by Wistrand Law firm, but has not been part of the legal team extending services to Axactor.

The above mentioned transactions were made on "arms' length" basis, and on market based terms.

## **Note 7** Preliminary acquisition analysis

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Axactor has during the last twelve months acquired shares in the below companies and consequently controls the subsidiaries from the date of acquisition. In the purchase price allocations (PPA), the assets and liabilities of the companies have been measured at the estimated fair value at the acquisition dates.

The preliminary purchase price allocation identified fair value adjustments on intangible assets like customer relations, databases, off market contracts, goodwill and deferred tax liabilities/assets. The residual value of the purchase price will be allocated to goodwill.

SEK thousand

Company	ALD Abogados SL	Geslico SA	IKAS Group	CS Union S.t.A.	Altor Group
Date of acquisition	Dec 10, 2015	May 5, 2016	April 1, 2016	June 22, 2016	Sep 30, 2016
Acquired part of company	100 %	100 %	100 %	90 % <sup>1)</sup>	100 %
Purchase price	188,432	18,548	285,366	92,387	169,552
- whereof cash consideration	142,757	18,548	198,472	55,182	169,552
- whereof share consideration	45,675	-	86,894	37,205	-
- in addition Put/Call option liability	-	-	-	12,653 <sup>1)</sup>	-
An earn-out component is included in the purchase price amounting to:	51,407	0	0	0	0
<b>ASSETS</b>					
<b>Non-current assets</b>					
<i>Intangible assets</i>					
Deferred tax assets	-	718	-	1,504	-
Customer Relationship	37,791	-	61,036	8,315	13,119
Database	7,637	-	12,963	3,570	10,938
Other intangible fixed assets	33	3,466	-	3,321	1,817
Off market contracts	-	-	-	8,399	-
Goodwill	124,467	-	216,146	64,171	59,946
<i>Tangible assets</i>					
Plant and machinery	299	6,560	8,149	3,101	4,309
<i>Long term financial assets</i>					
Purchased debt	-	-	-	285,513	249,381
Other long-term receivables	63	846	690	7,772	11,352
Other long-term investments	-	-	1,275	-	-
<b>Total non-current assets</b>	<b>170,290</b>	<b>11,590</b>	<b>300,259</b>	<b>385,666</b>	<b>350,862</b>
<b>Current assets</b>					
Current receivables	63,381	16,684	6,173	9,082	6,291
Other current assets	-	5,339	870	5,398	20,637
Cash & cash equivalents	10,779	6,036	35,590	4,507	9,198
<b>Total current assets</b>	<b>74,160</b>	<b>28,059</b>	<b>42,633</b>	<b>18,986</b>	<b>36,126</b>
<b>Total Assets</b>	<b>244,450</b>	<b>39,649</b>	<b>342,892</b>	<b>404,652</b>	<b>386,988</b>
<b>Non-current liabilities</b>					
Long-term interest bearing debt	498	4,684	595	210,430	127,314
Deferred tax liabilities	11,357	-	17,167	5,578	32,250
Other long-term liabilities	-	11	206	10,452	11,203
<b>Total non-current liabilities</b>	<b>11,855</b>	<b>4,695</b>	<b>17,968</b>	<b>226,460</b>	<b>170,767</b>
<b>Current liabilities</b>					
Trade payables	-	9,201	4,131	52,242	3,359
Tax liabilities	-	-	6,870	-	-
Other short-term liabilities	44,163	4,223	22,871	14,420	43,340
Other public duties payable	-	2,982	6,297	7,710	-
<b>Total current liabilities</b>	<b>44,163</b>	<b>16,406</b>	<b>40,168</b>	<b>74,372</b>	<b>46,699</b>
<b>Total Net assets</b>	<b>188,432</b>	<b>18,548</b>	<b>284,755</b>	<b>103,819</b>	<b>169,522</b>
Net sales 2015	92,876	125,777	95370	76,267	195,949
Profit 2015	22,969	-36,247	23793	8,888	-6,558

1) Axactor acquired 90% of CS Union with a put/call clause that gives the seller the right to sell the shares to Axactor, and Axactor the right to buy the shares from the seller at certain dates in the future if certain events occur.

As the terms of the put/call options are identical, this effectively according to IFRS, gives Axactor a present ownership interest of 100%. Axactor will therefore not account for a non-controlling interest but will account for the acquisition on a 100% basis.

## Note 8 Top 30 shareholders

Name	Holding of shares	Ownership %
TVENGE, TORSTEIN	42,500,000	4.5%
ARCTIC FUNDS PLC	38,237,195	4.0%
SOLAN CAPITAL AS <sup>1)</sup>	36,000,000	3.8%
SWEDBANK GENERATOR	25,762,056	2.7%
VERDIPAPIRFONDET ALFRED BERG NORGE	24,918,370	2.6%
SKANDINAVISKA ENSKILDA BANKEN S.A.	24,848,159	2.6%
VERDIPAPIRFONDET HANDELSBANKEN	24,651,801	2.6%
LOPEZ SANCHEZ, ANDRES <sup>2)</sup>	22,902,500	2.4%
MARTIN IBEAS, DAVID <sup>3)</sup>	22,902,500	2.4%
NOMURA INTERNATIONAL PLC	22,550,096	2.4%
VERDIPAPIRFONDET ALFRED BERG GAMBA	22,420,426	2.4%
DNB NOR MARKETS	22,389,465	2.4%
GVEPSEBORG AS	20,364,945	2.2%
SPENCER TRADING INC	20,000,000	2.1%
STATOIL PENSJON	18,344,092	1.9%
ELTEK HOLDING AS	17,600,000	1.9%
NORDNET LIVSFORSIKRING AS	15,333,140	1.6%
STOREBRAND VEKST	15,157,615	1.6%
MOHN	14,290,013	1.5%
FURUSET KJØPESENTER HOLDING AS	13,900,000	1.5%
VERDIPAPIRFONDET DNB SMB	13,846,144	1.5%
CIPRIANO AS <sup>4)</sup>	13,650,000	1.4%
ALPETTE AS <sup>5)</sup>	12,550,000	1.3%
JPMORGAN CHASE BANK, N.A., LONDON	11,055,645	1.2%
DELPHI NORGE	10,000,000	1.1%
LATINO INVEST AS <sup>6)</sup>	9,500,000	1.0%
ELENA AS <sup>7)</sup>	8,914,019	0.9%
VARDFJELL AS <sup>8)</sup>	8,914,019	0.9%
VERDIPAPIRFONDET STOREBRAND OPTIMA	8,773,492	0.9%
VERDIPAPIRFONDET ALFRED BERG AKTIV	8,060,518	0.9%
<b>Total 20 largest shareholders</b>	<b>570,336,210</b>	<b>60.3%</b>
<b>Other shareholders</b>	<b>376,152,559</b>	<b>39.7%</b>
<b>Total number of shares</b>	<b>946,488,769</b>	<b>100.0%</b>
<b>Total number of shareholders</b>	<b>8,170</b>	

1) Solan Capital is controlled by Gunnar Hvammen, member of the Board of Directors in Axactor AB.

2) Andres Lopez Sanchez is a member of the Axactor Spain management team and former owner of ALD, Spain.

3) David Martin Ibeas is a member of the Axactor Spain management team and former owner of ALD, Spain.

4) Cipriano is controlled by Einar J. Greve who is the Chairman of the Board of Axactor AB.

5) Alpette is controlled by Endre Rangnes who is the CEO of Axactor AB.

6) Latino Invest AS is controlled by Johnny Tsohis who is a member of the executive management team of Axactor AB.

7) Elena AS is controlled by Tor Olaf Bekkevold who is member of the IKAS Norway management team and former owner of IKAS.

8) Vardfjell AS is controlled by Frode Reiersrud who is member of the IKAS Norway management team and former owner of IKAS.



## Financial year 2016

Quarterly Report - Q1	27.05.2016
Quarterly Report - Q2	24.08.2016
Quarterly Report - Q3	25.11.2016
Quarterly Report - Q4	28.02.2017
Annual General meeting	26.05.2016
Annual Report	21.04.2016

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