

AXACTOR

Report



Q4 2016

February 28, 2017

Highlights

Fourth Quarter of 2016

- Cash EBITDA is positive with SEK 2.8 million for the quarter.
- 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. In December a subsequent repair issue of 50.000.000 new shares was completed at a price of NOK 2.60 per share. Gross proceeds from the repair issue was NOK 130 million.
- On November 9 Axactor Germany won a tender for the "Legal & Non-Legal Claims Collection" of one of the top 5 private banks in Germany.
- On December 14 Axactor Norway entered in to an agreement to acquire portfolios on a monthly basis (Forward Flow contract) from a large Nordic Financial Institution. The portfolios will contain freshly terminated Business-to-Consumer (B2C) cases.
- On December 15 Axactor acquired a 6th unsecured NPL portfolio in Spain. The portfolio contains unsecured loans with a total Outstanding Balance (OB) of approximately EUR 450 million, with close to one hundred thousand open accounts of individuals and SMEs.
- On December 23 Axactor Spain acquired another unsecured NPL portfolio generated by Caja Rural del Sur. The portfolio includes unsecured loans with a total Outstanding Balance (OB) of approximately EUR 55 million. across 2.000 claims.

Key event after end of the report period

- On February 3 Axactor increased the existing loan facility with DNB and Nordea from EUR 50 million up to EUR 75 million.
- On January 20 an Extraordinary General Meeting was held where a new Board of Directors and a new Election Committee were elected.

Statement by the CEO

At the end of our first year in operation we can look back at an eventful 2016 that has firmly established Axactor among the 10 largest debt acquisition and credit management companies in Europe.

Axactor is now an organization with almost 900 employees which operates in 4 countries and is recognized as a trusted partner throughout the financial industry in Europe. During 2016 we have managed to deploy SEK 569 million in company acquisitions and an additional SEK 720 million in NPL portfolio purchases. The organization has strived to achieve the strategic goals we communicated in Q4 2015, and we are now preparing for the next phase of our European Growth strategy.

In Axactor's first year as a company, we ended the full year with a year-to-date gross collections of SEK 387 million, up from SEK 207 million at the end of the previous quarter. Cash EBITDA for the quarter was positive with SEK 2,8 million, while the equivalent full year number was a negative SEK 21,8 million. Non-recurring transaction cost related to the 5 companies we have acquired amounts to nearly SEK 25 million and this combined with SEK 8 million spent on restructuring cost in Spain brings the adjusted cash EBITDA for the year within positive territory.

In December we acquired a large NPL portfolio in Spain with an OB of EUR 450 million. I expect this portfolio to increase our gross collection by approximately EUR 7 million during the first year of operation, thus significantly contributing to our top line growth for 2017. This acquisition confirms the trend we currently have in the markets we operate – with high levels of activity within NPL sales from banks and financial institutions, and several carve-outs being contemplated by large institutions.

With the aim of preparing the company for accelerated revenue growth, as well as driving efficiency enhancement in systems and work processes, we have the following 2017 Axactor Main Focus Areas:

- Continue acquisition of attractive portfolios in all four countries
- Secure new 3PC clients in all markets, including bank carve-outs
- Enhanced operational focus – standardize our IT platform; implement group core production systems; align KPIs across countries and cross-country learning
- Increase gearing towards long-term target of 75% and continue the efforts to develop co-investment partnerships
- Opportunistic view on further European geographic expansion

The Axactor leadership team is ready to deliver on these priorities.



«The Axactor leadership team is ready to deliver on these priorities.»

Endre Rangnes, CEO

Key Figures Axactor AB (group)

SEK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016	31.12.2015
Gross Revenue	180.3	105.3	72.3	29.4	4.4
Net Revenue	160.4	101.7	64.4	27.9	4.4
EBITDA	-11.8	-7.2	-31.5	-10.5	-30.6
Cash EBITDA ¹⁾	2.8	1.5	-19.3	-6.8	
Normalized EBITDA ²⁾	-5.3	-1.9	-14.4	-10.3	
Depreciation and Amort. (excl. Portfolio Amortization)	-11.7	-9.0	-6.7	-2.5	-0.8
Net Financial Items	-30.7	1.9	8.8	-2.7	-29.9
Tax	8.5	-5.8	3.5	0.8	-
Net Result	-45.7	-20.0	-25.8	-14.9	-61.3
Cash and Cash Equivalents at end of Period	617.6	328.5	332.5	185.8	372.4
Acquired NPL portfolios during the Period, inc transaction cost	323.1	129.7	0	266.8	-
Book Value of NPL portfolios at end of Period	1 224.4	950.7 ³⁾	594.3 ³⁾	250.7	
Gross Collection on Debt Portfolios during the quarter	85.1	37.7 ⁴⁾	12.9 ⁴⁾	8.9	-
Estimated Remaining Collection (ERC) at end of quarter	3 012.0	2 486.0	1 290.0	579.0	-
Interest Bearing Debt at end of Period	707.9 ⁶⁾	814.7 ⁶⁾	348.4 ⁵⁾	-	-
Number of Employees (FTE) at end of Period	850	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 in CS Union and Altor per balance sheet date

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

5) Includes SEK 210 million in bank debt in CS Union

6) Includes SEK 127.3 million in bank debt in Altor in Q3. This amount was repaid in 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.

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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 9.700 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.

Today Axactor employees employs almost 900 people in the 4 countries where the company operates.

Financial Review

General remarks to the Q4 financial review

The Consolidated Balance Sheet and the Consolidated Profit and Loss statement in this report covers all entities including Altor Group for Q4.

Revenues and earnings

Fourth quarter gross collection was MSEK 180.3 (MSEK 4.4) where MSEK 85.1 came from collections on own portfolios (NPL) and MSEK 95.1 came from third party collection (3PC). Other Revenue accounted for MSEK 5.7. The NPL revenue is split with 42% and 43% coming from Spain and Germany respectively while the remaining 14% is generated from the Italian portfolios. Collection on own portfolios in Spain increase by 31% compared to previous quarter, in large part due to settlement of a substantial secured SME claim. The growth in 3PC revenue continued and for Q4 it reached MSEK 89.5, a growth of 32% compared to Q3. Altor (Germany) contributed with MSEK 18.2 to the 3PC revenue growth.

Operating earning (EBITDA) is negative by MSEK 11.8 (-26.4) for the quarter. MSEK 6.4 is non-recurring cost primarily related to M&A activities and restructuring activities, thus normalized EBITDA for the quarter is -5.4. Cash EBITDA for the quarter is positive by MSEK 4.4.

Depreciation and Amortization excluding portfolio amortization was MSEK -11.7 (0.8) 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 0.04. This compares to SEK -0.21 for same period last year.

Net financial items

Net financial items for the quarter amounted to MSEK -30.7 (-26.4). The net item consists of unrealized currency exchange losses in the amount of MSEK 23.2 while interest expenses for the period was MSEK 10.3. Re-evaluation of external investments were MSEK 3. Other financial expenses is MSEK 0.9.

Financial position

Axactor had total assets of SEK 2.708,1 million (SEK 604,8 million) at 31 December 2016. Cash and cash equivalents amounted to SEK 617,6 million (SEK 372,4 million). Purchased debt portfolios amounted to SEK 1.224,5 million, and goodwill and intangible assets amounted to SEK 687,3 million (SEK 169,6 million (SEK 372,4 million) at the same time.

Equity at 31 December 2016 was SEK 1 750 million (SEK 477 million), giving an equity ratio of 64,6% (78,9%).

Total interest-bearing debt amounted to SEK 708 million (SEK 5 million) at 31 December 2016.

Cash flow, Investments and Financing

Cash flow from operations amounted to MSEK - 45.7 (32.8) in the quarter, where MSEK -40.4 stems from an increase in working capital.

The company invested MSEK 321.0 in NPL portfolios and another MSEK 2.8 in other assets, thus total cash flow from investing activities for the quarter was MSEK 323.1 (80.6).

Total cash flow from financing activities amounted to MSEK 657.8 (435.0). During the quarter the company did a share issue with net proceeds of MSEK 767.8. Net repayment of debt was MSEK -101.6 which consisted of new loans of MSEK 62.2 combined with repayment of external debt which Altor had on the balance sheet at the time of acquisition of MSEK 127.3 and also repayment in CS Union of MSEK 27.6 and MSEK 8.8 repaid to DNB/Nordea. In addition, paid interest amounted to MSEK -8.3.

At the end of the quarter cash and cash equivalents was MSEK 617.6 (MSEK 372.4).

Equity Position

At the end of the year 2016 total equity for the Group is MSEK 1 750.0 (477.0) giving an equity ratio at the end of the reporting period of 64.6%.

The board have decided that no dividend will be distributed for year end 2016.

Comments to the full year 2016 accounts

Gross collection at the end of 2016 amounts to MSEK 387.2 (0) while net revenue for the same period is MSEK 354.5. Collections from own portfolio accounts for MSEK 144.7 of the gross collection while 3PC accounts for MSEK 237.0. Other services account for MSEK 5.6. Accumulated amortization of NPL portfolios for the year was MSEK 32.8 and EBITDA is MSEK -61.0 (30.6) of which approximately MSEK 28.0 relates to non-recurring M&A cost and restructuring cost. Net financial items is MSEK -22.7 (29.9), where interest expenses accounts for MSEK -19.2 and foreign exchange losses of MSEK -2.5. Other financial cost is MSEK 0.9.

Parent Company

The Parent Company's business activity is to manage the Group's operations. The result after tax for 2016 ended at MSEK 42.3. Total equity at the parent company end of the year was MSEK 1 892.8.

Outlook

Going forward the key focus will be on operational improvements through system implementations and work process refinement. We will continue to look at smaller acquisitions of platform companies in the countries where we already operate, as well as smaller platforms in the other Nordic countries. NPL portfolio purchases will continue to have priority in all geographies.

This report has not been reviewed by the company's auditor.

Events after the end of the reporting period

On February 3 Axactor increased the existing loan facility with DNB and Nordea from EUR 50 million up to EUR 75 million and on January 20 an Extraordinary General Meeting was held where a new Board of Directors and a new Election Committee were elected.

Oslo, February 27, 2017

The Board of Directors,

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Consolidated Statement of Profit and Loss

SEK thousand	Note	For the quarter end		YTD	Full year 2015
		31 Dec 2016	31 Dec 2015	31 Dec 2016	
Continued operations					
Income		180,250	4,437	387,224	4,437
Amortization of debt portfolios		-19,846	-	-32,766	-
Net revenue		160,405	4,437	354,459	4,437
Operating expenses		-74,196	-26,061	-207,522	-29,940
Personnel expenses		-97,994	-5,089	-207,923	-5,089
EBITDA		-11,785	-26,713	-60,986	-30,592
Amortization and depreciation		-11,685	-837	-29,809	-837
EBIT		-23,470	-27,550	-90,794	-31,429
Financial revenue	3	-17,238	249	11,206	329
Financial expenses	3	-13,452	-27,013	-33,866	-30,218
Net financial items		-30,690	-26,764	-22,660	-29,889
Profit/(loss) before tax		-54,160	-54,314	-113,455	-61,318
Tax expense		8,506	-	7,027	-
Net profit/(loss) from continued operations		-45,654	-54,314	-106,428	-61,318
Result from discontinued operations		-	-22 356	-	-105,288
Net profit/(loss) to minority interest		-	-	-	-
Net profit/(loss) to equity holders		-45,654	-76,670	-106,428	-166,606
Earnings per share: basic		-0.04	-0.21	-0.13	-0.46
Earnings per share: diluted		-0.04		-0.12	
Earnings per share incl discontinued			-0.29		-1.25

Consolidated Statement of Comprehensive Profit and Loss

SEK thousand	For the quarter end		YTD	Full year 2015
	31 Dec 2016	31 Dec 2015	31 Dec 2016	
Net profit/(loss)	-45,654	-76,670	-106,428	-166,606
Foreign currency translation differences - foreign operations	-5,337	-96	21,095	-96
Remeasurement of pension plans	1,209		1,209	
Other comprehensive income/ (loss) for the period	-4,128	-96	22,304	-96
Total comprehensive income for the period attributable to:	-49,782	-76,766	-84,124	-166,702
Equity holders of the parent company	-49,782	-76,796	-84,124	-166,702
Non-Controlling interests		-		

Interim Consolidated Statement of Financial Position

SEK thousand	Note	31 Dec 2016	31 Dec 2015
ASSETS			
<i>Intangible non-current assets</i>			
Intangible assets		175,522	45,103
Mineral interests		-	-
Goodwill		511,741	124,467
Deferred tax asset		13,799	-
<i>Tangible non-current assets</i>			
Property, Plant and equipment		22,623	549
<i>Financial non-current assets</i>			
Purchased debt portfolios		1,224,457	-
Other long term receivables		9,544	-
Other long term investments		4,097	267
Total non-current assets		1,961,781	170,386
<i>Current assets</i>			
Current receivables		54,073	58,284
Other current assets		74,701	3,760
Restricted cash	5	14,504	4,000
Cash and cash equivalents		603,053	368,375
Total current assets		746,331	434,419
TOTAL ASSETS		2,708,112	604,805

Interim Consolidated Statement of Financial Position

SEK thousand	Note	31 Dec 2016	31 Dec 2015
EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital		613,244	298,307
Other paid-in equity		2,510,970	1,468,788
Accumulated losses for the period		-1,395,224	-1,290,103
Reserves		20,999	-96
Non-controlling interests		-	-
Total equity		1,749,989	476,992
<i>Non-current liabilities</i>			
Non-current interest bearing debt	5	240,601	-
Convertible loan		-	5,000
Deferred tax liabilities		57,021	11,357
Other non-current liabilities		32,388	500
Total non-current liabilities		330,010	16,857
<i>Current liabilities</i>			
Accounts payables		63,614	12,420
Current portion of non-current borrowings	5	467,362	-
Taxes Payable		3,705	9,963
Other current liabilities		93,431	88,573
Total current liabilities		628,112	110,956
TOTAL EQUITY AND LIABILITIES		2,708,112	604,805

Interim Consolidated Statement of Cash Flow

SEK thousand	Note	For the quarter end		YTD	Full year 2015
		31 Dec 2016	31 Dec 2015	31 Dec 2016	
Operating activities					
Loss before tax		-54,160	-76,670	-113,455	-166,606
Taxes paid		-4,279	-	-21,615	-
Finance income and expense		30,690	-	17,246	-
Amortization of debt portfolios		19,846	-	32,766	-
Depreciation and amortization		11,685	885	29,809	973
Impairment losses on intangible assets		-	22,310	-	104,310
Calculated cost of employee share options		-5,455	-	5,442	-
Loss from sold companies		-	9,532	-	9,532
Working capital changes		-44,008	11,152	-81,423	10,350
Net cash flows operating activities		-45,681	-32,791	-131,230	-41,441
Investing activities					
Purchase of debt portfolios		-321,008	-	-720,617	-
Investment in subsidiary (Geslico, Spain)	7	-	-	-18,548	-
Investment in subsidiary (IKAS, Norway)	7	-	-	-203,529	-
Investment in subsidiary (CS Union, Italy)	7	-	-	-55,181	-
Investment in subsidiary (Altor, Germany)	7	0	-	-173,109	-
Purchase of intangible and tangible assets		-2,814	2,087	-21,044	-
Purchase of financial assets		-	-82,691	-	-82,691
Interest received		691	-	860	-
Net cash flows investing activities		-323,131	-80,604	-1,187,583	-82,691
Financing activities					
Proceeds from borrowings	5	62,185	-	541,487	-
Repayment of debt		-163,754	-1,099	-178,152	-1,099
Interest paid		-8,341	-	-12,589	-
Loan fees paid		-	-	-14,136	-
Proceeds from share issue		791,395	460,386	1,269,700	460,386
Share issue costs		-23,644	-24,281	-42,315	-24,281
Net cash flows financing activities		657,841	435,006	1,563,995	435,006
Net change in cash and cash equivalents		289,029	321,611	245,182	310,874
Restricted cash at the beginning of period		-	-	-	-
Restricted cash at end of period		-	-	-	-
Cash and cash equivalents at the beginning of period		328,528	50,765	372,375	61,501
Cash and cash equivalents at end of period		617,557	372,376	617,557	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	160,794	
Balance on 1 January 2015	45,405	1,256,648	-	-1,141,415	160,637	157	160,794	
Net result for the period	-	-	-	-166 606	-166 606	-	-166 606	
Comprehensive loss for the period	-	-	-96	-	-96	-	-96	
Total comprehensive result	-	-	-96	-166 606	-166 702	-	-166 702	
New share issues	252,902	253,503	-	-	506,405	-	506,405	
Costs related to fund-raising	-	-24,280	-	-	-24,280	-	-24,280	
Reclassification	-	-17,070	-	17,070	-	-	-	
Sale of subsidiaries	-	-	-	946	946	-157	789	
Other transactions	-	-13	-	-	-13	-	-13	
Closing balance on 31 December 2015	298,307	1,468,788	-96	-1,290,006	476,992	0	476,992	
Balance on 1 January 2016	298,307	1,468,788	-96	-1,290,006	476,992	0	476,992	
Net result for the period	-	-	-	-106,428	-106,428	-	-106,428	
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations	-	-	21,095	-	21,095	-	21,095	
Comprehensive Profit/(Loss) Remeasurement of pension plans	-	-	-	1,209	1,209	-	1,209	
Total comprehensive result for the period	-	-	21,095	-105,219	-84,124	-	-84,124	
New share issues, February	29,800	74,630	-	-	104,430	-	104,430	
New Share issues, May	110,200	263,675	-	-	373,875	-	373,875	
Acquisition subsidiary, IKAS group	24,517	62,377	-	-	86,894	-	86,894	
Acquisition subsidiary, CS Union	10,420	26,785	-	-	37,205	-	37,205	
New share issues, October	35,862	168,066	-	-	203,928	-	203,928	
New share issues, November	79,138	370,693	-	-	449,831	-	449,831	
New share issues, December	25,000	112,635	-	-	137,635	-	137,635	
Costs related to fund-raising	-	-42,314	-	-	-42,314	-	-42,314	
Share based payment	-	5,635	-	-	5,635	-	5,635	
Closing balance on 31 December 2016	613,244	2,510,970	20,999	-1,395,225	1,749,987	-	1,749,989	

Parent Company Income Statement

SEK thousand	Note	For the quarter end		YTD	Full year 2015
		31 Dec 2016	31 Dec 2015	31 Dec 2016	
Other operating income		259	-	10,523	
Operating expenses		7,290	-20,863	-39,668	-24,740
Personell expences		-	-	-	-
EBITDA		7,549	-20,863	-29,145	-24,740
Amortization and depreciation		-	-8,532	-	-160,799
EBIT		7,549	-29,395	-29,145	-185,539
Financial revenue		6,146	1,578	76,898	1,665
Financial expenses		-436	-26,858	-5,476	-20,883
Net financial items		5,710	-25,280	71,422	-19,218
Profit/(loss) before tax		13,259	-54,675	42,278	-204,757
Tax expense		-	-	-	-
Net profit/(loss) to equity holders		13,259	-54,675	42,278	-204,757

Parent Company Balance Sheet

SEK thousand	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Intangible non-current assets			
Shares in subsidiaries		1,295,557	2,185
Loans to group companies		204,395	366,360
Other long-term receivables		-	-
Total non-current assets		1,499,952	368,545
Current assets			
Short-term intercompany receivables		12,534	-
Other current assets		83	1,801
Restricted cash	5	4,000	4,000
Cash and cash equivalents		401,244	138,948
Total current assets		417,862	144,749
TOTAL ASSETS		1,917,813	513,294
SHAREHOLDERS' EQUITY			
<i>Restricted equity</i>			
Share Capital		613,244	298,307
Statutory reserve		2,300	2,300
Total restricted equity		615,544	300,607
<i>Non-restricted equity</i>			
Share premium reserve		2,510,967	1,468,788
Retained earnings		-1,275,969	-1,071,212
Result for the period		42,278	-204,757
Total non-restricted equity		1,277,276	192,819
TOTAL SHAREHOLDERS' EQUITY		1,892,820	493,425
LIABILITIES			
Non-current liabilities			
Convertible loan		-	5,000
Other long term liabilities	7	13,811	-
Total non-current liabilities		13,811	5,000
Current liabilities			
Accounts payables		898	5,972
Short-term intercompany liabilities		-	-
Other current liabilities		10,284	8,897
Total current liabilities		11,183	14,869
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,917,813	513,294

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 of 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	-
Cost related to fund-raising	-	-	-24,280	-	-	-24,280
New share issues	252,902	-	253,503	-	-	506,405
Result for the period	-	-	-	-	-204,757	-204,757
Closing balance on 31 December 2015	298,307	2,300	1,468,788	-1,071,212	-204,757	493,425
Balance on 1 January 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
New share issues, October	35,862	-	168,066	-	-	203,928
New share issues, November	79,138	-	370,693	-	-	449,831
New share issues, December	25,000	-	112,635	-	-	137,635
Costs related to fund-raising	-	-	-42,314	-	-	-42,314
Share based payment	-	-	5,635	-	-	5,635
Result of the period	-	-	-	-	42,278	42,278
Closing balance on 31 December 2016	613,244	2,300	2,510,970	-1,275,969	42,278	1,892,820

Key Ratios and Share Data for the Consolidated Group

SEK thousand		2016	2015	2014	2013	2012
Number of outstanding shares at beginning of reporting period ²⁾	Number	596,614,360	90,809,360	18,174,922	18,174,922	51,928,350
New share issue	Number	629,662,165	505,805,000	72,634,438	-	129,820,875
Number of outstanding shares at the end of reporting period ¹⁾ and ²⁾	Number	1,226,276,525	596,614,360	90,809,360	18,174,922	181,749,225
Average number of shares ³⁾	Number	849,072,460	133,687,416	29,804,775	18,174,922	140,846,758
Operating result, for continued operations	TSEK	-90,794	-31,429	-11,046	-21,437	-24,645
Result after tax	TSEK	-106,428	-166,606	-45,986	-110,088	-121,490
Operating result per share	SEK	-0.11	-0.23	-1.38	-1.21	-0.17
Result after financial items per share	SEK	-0.06	-0.46	-1.38	-8.47	-1.07
Result per share after tax	SEK	-0.13	-1.25	-1.54	-6.06	-0.86
Shareholders equity per share before dilution ²⁾	SEK	1.43	0.80	1.77	6.87	1.34
Dividend ⁴⁾	TSEK	-	-	568	-	-
Price per share at the end of reporting period	NOK	2.65	2.00	1.42	3 ¹⁾	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. 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	
	31.12.16	31.12.15	31.12.16	31.12.15
Interest on bank deposits	690	-	864	-
Re-evaluation external investments	3,011	-	3,011	-
Exchange gains	-20,939	70	7,331	162
Sale of group company	-	167	-	167
Total financial revenue	-17,238	237	11,206	329
Financial expenses				
Sale of group company	-	-9,532	-	-9,532
Interest expenses on borrowings	-10,270	-167	-19,247	-747
Exchange losses	-2,278	-16,960	-12,824	-19,939
Other financial expenses	-904	-	-1,795	-
Total financial expenses	-13,452	-26,659	-33,866	-30,218
Net finance	-30,690	-26,422	-22,660	-29,889

Note 4 Segment reporting

31 Dec 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	160,405	354,459	-	-	160,405	354,459			160,405	354,459
EBITDA	-11,785	-60,986	-	-	-11,785	-60,986			-11,785	-60,986
Depreciation and amortization	-11,685	-29,809	-	-	-11,685	-29,809			-11,685	-29,809
Financial items	-30,690	-22,660	-	-	-30,690	-22,660			-30,690	-22,660
Result before tax	-54,160	-113,455	-	-	-54,160	-113,455	-	-	-54,160	-113,455
Non-Current assets		1,961,781		-		1,961,781				1,961,781
Current assets		746,331		-		746,331				746,331
Non-current liabilities		330,010		-		330,010				330,010
Current liabilities		628,112		-		628,112				628,112

31 Dec 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	4,437	4,437			4,437	4,437	-	40	4,437	4,477
EBITDA	-5,848	-5,848	-19,800	-24,744	-25,648	-30,592	-709	-885	-26,357	-31,477
Depreciation and amortization	-64	-64	21,606	-773	21,542	-837	-22,379	-104,447	-837	-105,284
Financial items	-1	-1	-26,425	-29,888	-26,426	-29,889	4	4	-26,422	-29,885
Result before tax	-5,913	-5,913	-24,619	-55,405	-30,532	-61,318	-23,084	-105,288	-53,616	-166,606
Non-Current assets	168,330	168,330		2,056	168,330	170,386			168,330	170,386
Current assets	74,664	74,664		358,189	74,664	432,853			74,664	432,853
Non-current liabilities	11,857	11,857		5,000	11,857	16,857			11,857	16,857
Current liabilities	96,086	96,086		14,870	96,086	110,956			96,086	110,956

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
New issues					
DnB/NORDEA	NOK	Nibor 4%	TNOK 135,000	142,290	2019
DnB/NORDEA	EUR	EURIBOR 4%	EUR 28,700	274,570	2019
Italy ¹⁾	EUR	EURIBOR + 2% -3.5%	€6,932 k	66,318	2016-2022
Loan through acquisition of subsidiaries					
Spain	EUR	4 %	€326 k	3,120	2017
Italy ¹⁾	EUR	EURIBOR + 2% -3.5%	€22,550 k	277,919	2016-2022
Norway	NOK	3 % - 5.95%	TNOK 680	678	2017-2020
Germany ²⁾	EUR	EURIBOR + 3% -8.45%	€13,218	127,314	
Repayments					
Convertible loan By Norrlandsfonden				-5,000	
Axactor Norway	NOK		TNOK 680	-678	
Italy	EUR		€3,789k	-36,249	
DnB/NORDEA	EUR		EUR 925,000	-8,850	
Germany ²⁾	EUR	EURIBOR + 3% -8.45%	€13,218	-127,314	
Other movements					
Capitalized loan fees				-14,552	
Amortized loan fees on loans				3,397	
Currency translations					
Balance at 31 December 2016				707,963	

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%, which all have been repaid in fourth quarter 2016.

As of 31 December 2016, the Company had long-term loans of NOK 135 million relating to the financing of the Axactor Norway (former "IKAS") acquisition, EUR 17,1 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 Revolving Credit Facility with DNB and Nordea. The Facility agreement was entered into in March 2016 with repayment date in March 2019. All material subsidiaries of the group are guarantors and have granted a share pledge as part of the security package for this facility. Italian subsidiaries are not a part of the agreement and has separate local funding.

As of December 31st, the company is in breach with one covenant and have received waiver for the breach. As a consequence all borrowings under the DnB/NORDEA facility are classified as short term at year end 2016.

SEK thousand	31.12.2016	31.12.2015
Pledged bankaccounts	4,000	4,000

Note 6 Related party transactions

The following related party transactions were recorded in the fourth 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 fourth quarter Wistrand has

invoiced TSEK 171 (Total TSEK 1.675 for 2016).

Per Dalemo, Axactor's Board Director until January 2017, 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

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	Axactor Norway (IKAS)	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 %	100 %	100 %
Purchase price	188,432	18,548	285,366	103,819	169,552
- whereof cash consideration	142,757	18,548	198,472	55,432	169,552
- whereof share consideration	45,675	-	86,894	35,733	-
- in addition Put/Call option liability	-	-	-	12,653	-
An earn-out component is included in the purchaseprice amounting to:	51,407	-	-	-	-
ASSETS					
Non-current assets					
<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	-	-
Total non-current assets	170,290	11,590	300,259	385,666	350,862
Current assets					
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
Total current assets	74,160	28,059	42,633	18,986	36,126
Total Assets	244,450	39,649	342,892	404,652	386,988
Non-current liabilities					
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
Total non-current liabilities	11,855	4,695	17,968	226,460	170,767
Current liabilities					
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	-
Total current liabilities	44,163	16,406	40,168	74,372	46,699
Total Net assets	188,432	18,548	284,755	103,819	169,522
Net sales 2015	92,876	125,777	95,370	76,267	195,949
Profit 2015	22,969	-36,247	23,793	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 as at 31 December 2016

Name	Holding of shares	% Share
TVENGE, TORSTEIN	52,500,000	4.3%
MOHN, STEIN	52,041,005	4.2%
SOLAN CAPITAL AS	41,143,079	3.4%
VERDIPAPIRFONDET ALFRED BERG GAMBA	35,553,765	2.9%
VERDIPAPIRFONDET DNB NORGE (IV)	34,286,407	2.8%
FERD AS	34,000,000	2.8%
ARCTIC FUNDS PLC	31,423,627	2.6%
SPENCER TRADING INC	31,254,181	2.5%
VERDIPAPIRFONDET HANDELSBANKEN	30,651,801	2.5%
VERDIPAPIRFONDET ALFRED BERG NORGE	27,995,293	2.3%
LOPEZ SANCHEZ, ANDERS	22,902,500	1.9%
MARTIN IBEAS, DAVID	22,902,500	1.9%
NOMURA INTERNATIONAL PLC	21,982,095	1.8%
STATOIL PENSJON	21,844,142	1.8%
VERDIPAPIRFONDET DNB SMB	20,545,311	1.7%
GVEPSEBORG AS	20,364,945	1.7%
DNB LIVSFORSIKRING ASA	19,670,315	1.6%
VERDIPAPIRFONDET DELPHI NORDEN	19,303,199	1.6%
NORRON SICAV - TARGET	18,550,000	1.5%
ALPETTE AS	16,616,431	1.4%
NORDNET LIVSFORSIKRING AS	15,469,587	1.3%
VERDIPAPIRFONDET DELPHI NORGE	11,500,000	0.9%
STOREBRAND VEKST VERDIPAPIRFOND	11,491,278	0.9%
VERDIPAPIRFONDET ALFRED BERG AKTIV	11,210,518	0.9%
STATE STREET BANK AND TRUST COMP	10,694,752	0.9%
LATINO INVEST AS	10,300,000	0.8%
BORGEN INVESTMENT GROUP NORWAY AS	9,997,736	0.8%
ELENA AS	9,914,019	0.8%
VARDFJELL AS	9,914,019	0.8%
JPMORGAN CHASE BANK, N.A., LONDON	9,849,459	0.8%
Total 30 largest shareholders	685,871,964	55.9%
Other shareholders	540,404,561	44.1%
Total number of shares	1,226,276,525	100.0%
Total number of shareholders	9,719	

Financial year 2016

<i>Quarterly Report - Q1</i>	<i>31.05.2017</i>
<i>Quarterly Report - Q2</i>	<i>24.08.2017</i>
<i>Quarterly Report - Q3</i>	<i>01.11.2017</i>
<i>Quarterly Report - Q4</i>	<i>23.02.2018</i>
<i>Annual General meeting</i>	<i>31.05.2017</i>
<i>Annual Report</i>	<i>20.04.2017</i>

The company's annual report will be available on the company's on the company's website.

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The shares of Axactor AB (publ.) are listed on the Oslo Stock Exchange, ticker symbol AXA.

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