



Report

Q4 2017

February 13, 2018

AXACTOR

Highlights

Fourth Quarter of 2017

- Gross collection for the quarter of EUR 34.5 million.
- EBITDA of EUR 5.6 million and Cash EBITDA at a record high EUR 13.5 million for the quarter.
- Portfolio acquisitions of EUR 234 million during the quarter whereof 147m invested in REOs in Spain.
- During October Axactor acquired an Auto Loan Portfolio in Spain from one of the major European car manufacturers, with a total outstanding balance close to EUR 100 million and more than 10.000 claims.
- In November Axactor entered into partnership with a large Spanish financial institution to take a majority position in two Spanish SPVs, containing more than 4,060 REO (Real Estate Owned) assets with an Appraisal Value in excess of EUR 228 million.
- In November Axactor closed the first transaction in partnership with Geveran Trading Co. Ltd. through the acquisition of a large Spanish portfolio consisting of secured and unsecured claims as well as a REO segment with combined face value of approximately EUR 700 million for the three segments.
- In November Axactor entered into an agreement to acquire portfolios on a monthly basis from an International Financial Institution in Norway. The portfolios contain freshly terminated B2C cases.
- In December Axactor reached agreement with DNB Bank ASA and Nordea Bank AB about the terms for refinancing of the existing debt facility. The debt facility will increase from EUR 160 million to EUR 350 million, whereof 150 million are in the form of accordion options.
- During December Axactor acquired a fresh unsecured NPL portfolio in Sweden. The portfolio included unsecured credit with a total Outstanding Balance (OB) of approximately EUR 6 million.
- In December Axactor Italy acquired a significant portfolio of unsecured consumer claims from a large financial institution in Italy. The portfolio has an outstanding balance of approximately EUR 90 million across 20,000 cases and represented Axactor's largest acquisition in Italy since acquiring CS Union in 2016.
- In December Axactor signed a Forward Flow agreement for unsecured non-performing loan (NPL) claims with Instabank ASA in Norway.
- During December Axactor acquired two mixed portfolios and a small leasing portfolio in Italy. These portfolios combined had an outstanding balance of just over EUR 80 million across approximately 750 cases.
- In December Axactor Sweden acquired an old Debt Surveillance portfolio from one of the largest energy companies in Sweden. The portfolio has a total Outstanding Balance (OB) of approximately EUR 8 million and 10,500 debtors.

Highlights

Full Year 2017

- Gross collection for the year of EUR 104.7 million, a growth of 159% from EUR 40.5 million in 2016.
- EBITDA of EUR 14.8 million and Cash EBITDA of EUR 32.7 million in 2017, compared to an EBITDA of EUR -6.5 million and a Cash EBITDA of EUR -2.5 million in 2016.
- Total portfolio investments of EUR 362.0 million, whereof EUR 155.5 million invested in REOs. This represents a significant growth in investments from EUR 75.6 million in 2016.
- Net profit for 2017 was EUR 2.6 million, up from the EUR -11.2 million in 2016.

Most significant portfolio purchases in 2017

- On 31 March 2017 Axactor acquired the largest unsecured NPL portfolio since the start in 2015. The portfolio was bought from Bank Norwegian in Sweden and had a total open balance of approximately EUR 105 million, across close to 15,200 open accounts of individual loans and credit card debt.
- On 12 June 2017 Axactor acquired a NPL portfolio from Santander with an outstanding balance of more than EUR 300 million across 60,000 cases.
- In November Axactor entered into partnership with a large Spanish financial institution to take a majority position in two Spanish SPVs, containing more than 4,060 REO (Real Estate Owned) assets with an Appraisal Value in excess of EUR 228 million.
- In November Axactor closed the first transaction in partnership with Geveran Trading Co. Ltd. through the acquisition of a large Spanish portfolio consisting of secured and unsecured claims as well as a REO segment with combined face value of approximately EUR 700 million for the three segments.

Most significant 3PC contracts won in 2017

- In April Axactor signed a total of 7 new 3PC contracts with financial institutions in Spain for a combined estimated annual revenue of EUR 8 million. The contracts are renewable every 12 months.
- In July Axactor signed a total of 4 new 3PC contracts with financial institutions in Spain and Germany for a combined estimated annual revenue of EUR 5 million. The contracts are renewable every 12 months.

Other significant events in 2017

- On 28 February Axactor AB announced that it had acquired the Swedish company Profact AB, a company that is offering credit management services and customer services in the Swedish market
- On August 14 Axactor signed a letter of intent with Geveran Trading Co. Limited to enter in to a co-investment partnership with a EUR 300 million investment capacity. The transaction closed in October 2017.
- On 14 August Axactor did a Private Placement of 240 million new shares. Gross proceeds from the transaction was NOK 598 million. The Private Placement was directed at Geveran Trading, who subscribed to 151 million shares, and other larger existing shareholders of Axactor.
- In December Axactor reached agreement with DNB Bank ASA and Nordea Bank AB about the terms for refinancing of the existing debt facility. The debt facility will increase from EUR 160 million to EUR 350 million, whereof 150 million are in the form of accordion options.

Operations

Axactor recorded gross revenue of 34.5 million in Q4. This is a 46% growth compared to previous quarter and 87% above same period last year. The growth story of Axactor continues and Q4 saw a record high portfolio investment of EUR 234 million with ERC reaching EUR 858 million for the group.

At the end of 2017, the second full year in operation, Axactor has become a serious contender in the European debt purchase- and service market, employing more than 900 employees in 5 countries. The full year shows gross revenue of EUR 104.7 million, EBITDA of EUR 14.8 million and cash EBITDA of EUR 32.7 million. Net result for 2017 was EUR 2.6 million. The company has invested a total of EUR 362 million in NPLs and REOs in the 5 countries where it operates, increasing the total ERC for the group to EUR 858 million at the end of the year. At the end of 2017 the company had a total EUR 664 million in credit facilities whereof EUR 190 million are in the form of flexible accordion options. Total utilization of these credit facilities at the end of year was EUR 299 million. This has been accomplished in parallel with the development and integration of the organization while deploying new and efficient IT systems that enables the company to continue the growth story in 2018 and beyond.

Axactor achieved an EBITDA of EUR 5.6 million and Cash EBITDA of EUR 13.5 million in Q4. The corresponding numbers for the same period in 2016 are EUR -1.2 million and EUR 0.3 million. The operating margin for the quarter was 20 %, compared to -7 % in the same quarter in 2016. Total cost for the quarter was EUR 23.0 million. The increase compared to Q3 was driven by a 46% revenue growth, EUR 1.2 million in cost for SPV setups and restructuring, as well as EUR 1.3 million in cost of sales for REOs.

Axactor made a significant entry into the Spanish REO market during fourth quarter 2017. A total of EUR 117 million was invested in two REO transactions using the Geveran co-investment vehicle. The largest of the two transactions saw nearly EUR 100 million being used to acquire a 75% stake in two property companies owned by a large Spanish bank. Combined the two companies own more than 4000 properties in Spain.

The co-operation with Geveran has added substantial flexibility to Axactor's investment strategy and enhanced our CAPEX capacity significantly. On an operational level the experience of Geveran has proved to be equally valuable to Axactor.

In addition to the REO investments, Axactor deployed EUR 87 million in unsecured and secured NPLs across the 5 countries where Axactor is present. The company deployed EUR 22 million in NPLs in Italy during the quarter, and made the largest Italian investment since we acquired the Italian platform company in June 2016. In total Axactor deployed EUR 362 million in portfolios during 2017

To fund the continued growth of the company Axactor concluded the refinancing process of the current RCF with DNB and Nordea during fourth quarter. The facility now allows for a higher gearing and more operational flexibility and the size of the facility has increased by nearly EUR 200 million to 350 million, whereof EUR 150 million is in the form of accordion options. This facility comes in addition to the EUR 80+40 million loan which DNB has made available to the co-investment vehicle which Axactor established with Geveran in Q4.

With the market for REO acquisitions remaining buoyant, particularly in Spain, Axactor has initiated discussions with several global banks with a view to enhance our investment capacity in this segment. Global banks have experience and appetite for financing such transactions due to the portfolios high cash flow generation and short payback time.

Key Figures Axactor AB (group)

EUR million	Q4 2017	Q4 2016	FY 2017	FY 2016
Gross Revenue	34.5	18.5	104.7	40.5
Net Revenue	28.7	16.4	89.8	37.1
EBITDA	5.6	-1.2	14.8	-6.5
Cash EBITDA ¹⁾	13.5	0.3	32.7	-2.5
Depreciation and Amort. (excl. Portfolio Amortization)	-1.4	-1.2	-5.3	-3.1
Net Financial Items	-5.6	-3.1	-7.5	-2-3
Tax	0.7	0.9	0.6	0.7
Net Result	-0.7	-4.7	2.6	-11.2
Cash and Cash Equivalents at end of period	48.6	64.6	48.6	64.6
Acquired NPL portfolios during the period ^{2) 3)}	234.1	33.8	362.0	75.6
Book Value of NPL portfolios at end of period ²⁾	471.3	128.0	471.3	128.0
Gross Collection on Debt Portfolios during the quarter ^{2) 4)}	22.1	8.5	60.8	15.0
Estimated Remaining Collection (ERC) at end of quarter ²⁾	858.3	317.1	858.3	317.1
Interest Bearing Debt at end of period	298.8	74.0	298.8	74.0
Number of Employees (FTE) at end of period	934	850	934	850

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

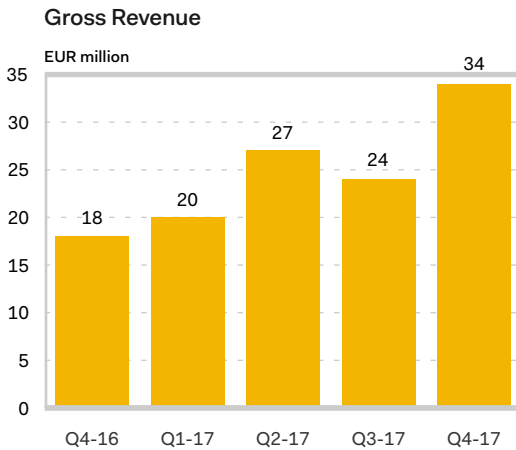
2) Includes stock of secured assets

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

4) Excluding collections on CS Union portfolios in Q2 2016 and Altor portfolios in Q3 2016.

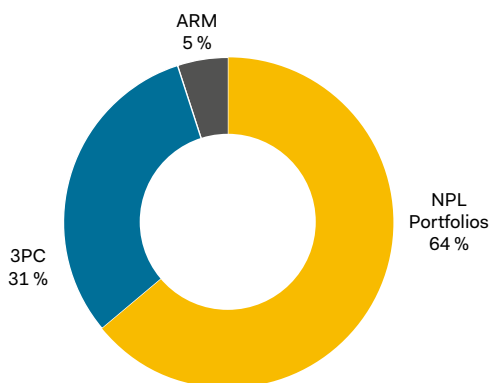
Financials

Revenues



Gross revenue for the fourth quarter 2017 was MEUR 34.5 (18.5). Comparing to Q3 2017, the gross revenue increased by 46%. The fourth quarter is generally a strong quarter, as evidenced by the reported revenue. In addition to the seasonality impacts, the new business secured during the second half of 2017 is beginning to show results in the P&L. Total amortization and revaluation of NPL portfolios was MEUR 5.8 (2.0) in Q4 2017, leaving the net revenue for the quarter at MEUR 28.7 (16.4).

Gross Revenue mix Q4-17



NPL portfolios incl. REOs continue to be the largest segment in terms of gross revenue, accounting for MEUR 22.1 (8.7) or 64% (47%) of total gross revenue in Q4 2017. Axactor acquired portfolios with a total capex of MEUR 234.1 (33.8) in the quarter, out of which MEUR 147.0 are related to REO portfolios. The capex figures include the minority shareholder interest for the Spanish REO portfolios acquired in December. The fourth quarter of 2017 is Axactor's strongest quarter to date in terms of portfolio investments, and despite investing a lot late in the quarter the impacts on P&L are significant. The NPL book value including REO portfolios grew from MEUR 246.3 in Q3 2017 to MEUR 471.3 in Q4 2017. Out of the MEUR 471.3 NPL book value, MEUR 154.1 represents REO portfolios. Spain remains the largest country within the NPL segment, helped by the large REO portfolios acquired in the quarter. Capex was deployed in all five Axactor geographies in Q4 2017, helping to diversify risk and establish a pan-European footprint.

The 3PC segment delivered a gross revenue of MEUR 10.8 (8.2) in Q4 2017, and accounted for 31% (44%) of total gross revenue. The new 3PC contracts closed during the third quarter of 2017 are contributing to the growth, and one major contract was signed with a large Spanish financial institution in December providing further momentum going forward.

Accounts Receivable Management (ARM) is currently being rolled out as a business segment throughout the Group. In 2017, however, all revenue is from Norwegian clients. The ARM segment contributed MEUR 1.6 (1.6), or 5% (8%) of the total gross revenue for the fourth quarter of 2017.

Earnings

The reported EBITDA for the fourth quarter of 2017 was MEUR 5.6 (-1.2). Comparing to Q3 2017, the EBITDA increased by MEUR 3.6. The increase in earnings is partly due to the new business secured through the second half of 2017, as well as seasonality effects. The cash EBITDA, (EBITDA excluding amortization and revaluations of NPL portfolios and REO cost of sales, as well as calculated costs related to the share option program) was MEUR 13.5 (0.3) for Q4 2017.

Net profit for the period amounted to MEUR -0.7 (-4.7) for the fourth quarter of 2017.

Operating expenses

The total operating expenses for the fourth quarter of 2017 amounted to MEUR 23.0 (17.6). This amount includes REO cost of sales, which represent the reversal of the book value of sold assets, and can thus be compared to the amortization of NPL portfolios. The cost increase compared to Q3 was driven by a 46% revenue growth, EUR 1.2 million in cost for SPV setups and restructuring, as well as EUR 1.3 million in cost of sales for REOs. Direct costs, which includes cost for collection staff, phone, printing & postage, fees & commission paid to external sources and legal fees comprised 45% of total operating expenses, whereof MEUR 7.4 is cost for the collection staff.

IT and local SG&A costs amounted to MEUR 6.4 (5.5). The increase can be attributed to increased size of the business.

Depreciation and amortization excluding amortization of NPL portfolios was MEUR 1.4 (1.2). Most of the depreciation and amortization is related to intangible assets acquired through the acquisition of subsidiaries.

Net financial items

Interest cost on outstanding debt for the fourth quarter of 2017 was MEUR 2.6 (1.1). Additionally, the parent company changed its functional currency from NOK to EUR in Q4-2017, resulting in a one-time negative currency effect of MEUR 2.0 from the conversion. Adding other financial items, the total net financial items for the quarter ended at MEUR -5.6.

Tax

Tax expense for the fourth quarter of 2017 was positive MEUR 0.7 (0.9). The positive tax is mainly due to a reduction in deferred tax liabilities pertaining to amortization of intangible assets from business combinations.

Cash flow

The cash flow from operating activities in the fourth quarter of 2017 amounted to MEUR 9.9 (-4.7). The cash EBITDA for Q4 2017 was MEUR 13.5. The main difference between the cash EBITDA and the cash flow from operating activities relates to an increase in net working capital of MEUR 3.4 (3.2).

Acquisition of NPL portfolios during Q4 2017 was MEUR 234.1, out of which MEUR 147.0 is related to REO portfolios.

Adjusting for deferred payment on one portfolio, the total amount paid for portfolios in the quarter was MEUR 227.7. In addition, Axactor continues to invest in IT systems to optimize efficiency, thus, the total cash flow from investments was MEUR -229.0 (-33.1).

Total cash flow from financing activities was MEUR 213.0 (67.4) in Q4 2017. Total cash and cash equivalents at the end of the

period was MEUR 48.6 (62.5) with an additional MEUR 1.9 (1.5) in restricted cash, for a total cash balance of MEUR 50.5 (64.0).

Equity position

At the end of the fourth quarter of 2017, the total equity for the Group is MEUR 291.8, compared to MEUR 182.9 in Q4 2016. The resulting equity ratio at the end of the quarter was 47%, compared to 65% at the same time last year.

Comments to the FY 2017 accounts

Gross revenue for the full year of 2017 was MEUR 104.7 (40.5), while net revenue for the same period was MEUR 89.8 (37.1). Reported EBITDA for 2017 was MEUR 14.8 (-6.5). Net financial items ended at MEUR -7.5 (-2.3) for 2017, resulting in a net profit of MEUR 2.6 (-11.2).

Parent company

The parent company's business activity is to manage the Group's operations. The result after tax for the fourth quarter 2017 ended at MEUR -4.1 (+1.4). Total equity at the parent company at the end of the quarter was MEUR 275.2 (198.1).

Outlook

The market for purchase of NPL portfolios remains strong and we see interesting opportunities in both Spain, Nordics and Italy while Germany remains somewhat less active. The competition for NPLs remains robust and some of the price pressure we saw in Q4 2017 continues into first quarter 2018. In the Nordics we see an increasing interest from banks in doing forward flow agreements, typically for 12 or 24 month periods, in parallel with larger one-off NPL sales being discussed.

The REO market in Spain continues to present attractive investment opportunities for Axactor, and the company expect to deploy additional capital to this segment in the coming quarters.

This report has not been reviewed by the auditor.

Stockholm, 13 February 2018

The Board of Directors

Bjørn Erik Næss
Chairman of the Board

Harald Thorstein
Board member

Merete Haugli
Board member

Brita Eilertsen
Board member

Beate S. Nygårdshaug
Board member

Terje Mjøs
Board member

Endre Rangnes
Chief Executive Officer



Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end		YTD	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net revenue	3	28,652	16,439	87,745	37,074
Other revenue	3	-0	-	2,040	-
Total revenue		28,652	16,439	89,785	37,074
Cost of secured assets sold	6	-1,321		-1,445	
Personnel expenses collection		-7,400	-6,773	-26,578	-12,038
Personnel expenses other		-5,431	-3,270	-17,331	-9,703
Operating expenses		-8,852	-7,604	-29,616	-21,821
EBITDA		5,649	-1,208	14,815	-6,488
Amortization and depreciation		-1,412	-1,197	-5,327	-3,126
EBIT		4,237	-2,406	9,488	-9,614
Financial revenue	4	252	-1,767	3,070	1,279
Financial expenses	4	-5,848	-1,379	-10,585	-3,562
Net financial items		-5,596	-3,145	-7,515	-2,283
Profit/(loss) before tax		-1,359	-5,551	1,974	-11,897
Tax expense		706	872	611	727
Net profit/(loss) for the period		-653	-4,679	2,585	-11,169
Net profit/(loss) to minority interest		-32	-	-32	-
Net profit/(loss) to equity holders		-622	-4,679	2,617	-11,169
Earnings per share: basic		-0.000	-0.002	0.002	-0.013
Earnings per share: diluted		-0.000	-0.002	0.002	-0.012

Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end		YTD	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net profit/(loss) net of income tax	-653	-4,679	2,585	-11,170
<i>Items that will not be classified subsequently to profit or loss</i>				
Remeasurement of pension plans	8	124	8	124
<i>Items that may be classified subsequently to profit or loss</i>				
Foreign currency translation differences - foreign operations	197	-546	-3,702	2,226
Other comprehensive income/ (loss) for the period net of income tax	206	-422	-3,694	2,350
Total comprehensive income for the period attributable to:	-448	-5,101	-1,109	-8,820
- Equity holders of the parent company	-416	-5,101	-1,077	-8,820
- Non-Controlling interests	-32	-	-32	-

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2017	31 Dec 2016
ASSETS			
<i>Intangible non-current assets</i>			
Intangible assets		18,359	18,347
Goodwill		53,582	53,491
Deferred tax asset		3,945	1,442
<i>Tangible non-current assets</i>			
Property, Plant and equipment		2,499	2,365
<i>Financial non-current assets</i>			
Purchased debt portfolios	5	317,150	127,989
Other long term receivables		1,086	998
Other long term investments		170	415
Total non-current assets		396,791	205,046
<i>Current assets</i>			
Stock of secured assets (REOs)	6	154,101	
Current receivables		8,589	5,652
Other current assets		12,528	7,563
Restricted cash		1,878	1,510
Cash and cash equivalents		48,604	62,476
Total current assets		225,700	77,202
TOTAL ASSETS		622,491	282,248

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital		79,377	64,198
Other paid-in equity		196,298	262,414
Retained earnings profit/(Loss)		-15,630	-147,438
Reserves		13	3,714
Non-controlling interests		31,776	-
Total equity		291,833	182,888
<i>Non-current liabilities</i>			
Non-current interest bearing debt	7	237,571	25,149
Deferred tax liabilities		5,887	5,960
Other non-current liabilities		3,002	3,400
Total non-current liabilities		246,459	34,510
<i>Current liabilities</i>			
Accounts payables		4,029	6,648
Current portion of non-current borrowings	7	61,189	48,852
Taxes Payable		1,376	387
Other current liabilities		17,603	8,962
Total current liabilities		84,198	64,850
TOTAL EQUITY AND LIABILITIES		622,491	282,248

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end		YTD	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Operating activities					
Profit before tax		-1,359	-5,552	1,974	-11,897
Taxes paid		-112	-439	-1,531	-2,271
Finance income and expense		5,596	3,726	7,514	2,283
Amortization of debt portfolios		5,842	2,034	14,957	3,417
Cost of sales stock of secured assets		1,321	-	1,445	-
Depreciation and amortization		1,412	1,198	5,327	3,126
Calculated cost of employee share options		547	-559	1,806	603
Unrealised foreign currency (gains)/losses		-	-1,921	-	-2,875
Working capital changes		-3,350	-3,170	-8,099	-6,151
Net cash flows operating activities		9,897	-4,682	23,393	-13,765
Investing activities					
Purchase of debt portfolios and REO's	5	-227,651	-32,899	-355,202	-75,610
Investment in subsidiaries	8	-	-	-1,409	-47,707
Purchase of intangible and tangible assets		-1,378	-288	-5,401	-2,209
Sales of financial assets		-	-	175	-
Interest received		-	71	96	89
Net cash flows investing activities		-229,029	-33,116	-361,741	-125,436
Financing activities					
Proceeds from borrowings	7	198,695	6,373	277,752	57,134
Repayment of debt	7	-7,566	-16,782	-42,485	-18,307
Interest paid		-1,882	-855	-5,315	-1,306
Loan fees paid	7	-8,074	-	-10,188	-1,491
Proceeds from share issue		-	81,106	75,274	132,620
Proceeds from non-controlling interests		31,808	-	31,808	-
Share issue costs		-22	-2,423	-1,885	-4,434
Net cash flows financing activities		212,959	67,419	324,961	164,215
Currency translation		-682	258	-117	-1,792
Net change in cash and cash equivalents		-6,173	29,621	-13,387	25,014
Restricted cash at the beginning of period		-	-	-	-
Restricted cash at end of period		-	-	-	-
Cash and cash equivalents at the beginning of period		57,337	34,108	63,986	40,764
Cash and cash equivalents at end of period		50,482	63,987	50,482	63,987

Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company				Total	Non-controlling interest	Total Equity
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year			
Closing balance on 31 December 2015	32,655	160,787	-11	-141,216	52,215		52,215
Balance on 1 January 2016	32,655	160,787	-11	-141,216	52,215		52,215
Net result for the period	-	-	-	-11,169	-11,169		-11,169
Comprehensive loss for the period	-1,726	-8,748	3,726	5,234	-1,514		-1,514
Total comprehensive result	-1,726	-8,748	3,726	-5,935	-12,683		-12,683
New share issues, February	3,148	7,883			11,031		11,031
New Share issues, May	11,642	27,853			39,493		39,493
Acquisition subsidiary, IKAS group	2,590	6,589			9,179		9,179
Acquisition subsidiary, CS Union	1,101	2,829			3,930		3,930
New share issues, October	3,788	17,753			21,541		21,541
New share issues, November	8,360	39,157			47,517		47,517
New share issues, December	2,641	11,898			14,539		14,539
Costs related to fund-raising		-4,470			-4,470		-4,470
Share based payment		595			595		595
Closing balance on 31 December 2016	64,197	262,127	3,715	-147,151	182,887		182,887
Balance on 1 January 2017	64,197	262,127	3,715	-147,151	182,887		182,887
Allocation of result from discontinued operations ¹⁾		-128,896		128,896	0		0
Net result for the period				2,617	2,617	-32	2,585
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations			-3,702		-3,702		-3,702
Comprehensive Profit/(Loss) Remeasurement of pension plans					8		8
Total comprehensive result for the period	0	0	-3,702	2,617	-1,077	-32	-1,109
Minority of newly consolidated companies						31,807	31,807
New Share issues, May	2,617	8,799			11,417		11,417
New Share issues, August	3,957	16,223			20,180		20,180
New Share issues, September	8,605	35,073			43,678		43,678
Costs related to fund-raising		-1,885			-1,885		-1,885
Share based payment		1,806			1,806		1,806
Grant of Warrants ²⁾		3,051			3,051		3,051
Closing balance on 31 December 2017	79,377	196,298	13	-15,638	260,057	31,776	291,833

1) Ref. resolution in Annual general meeting on 31. May 2017.

2) 130 million American style warrants in Axactor to Geveran with an exercise price of NOK 3,25 have been granted. The warrants expire after 2 years.

Face value per share have been changed from SEK 0,50 to EUR 0,0523.

Parent Company Income Statement

EUR thousand	Note	For the quarter end		YTD	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Other operating income		1,556	27	5,809	1,133
Operating expenses		-2,125	747	-7,380	-4,243
Personell expenses		-	-	-	-
EBITDA		-569	774	-1,571	-3,110
Amortization and depreciation		-	-	-	-
EBIT		-569	774	-1,571	-3,110
Financial revenue		708	630	5,347	8,141
Financial expenses		-4,271	-45	-4,971	-582
Net financial items		-3,563	585	376	7,559
Profit/(loss) before tax		-4,131	1,359	-1,195	4,449
Tax expense		-	-	-	-
Net profit/(loss) to equity holders ¹⁾		-4,131	1,359	-1,195	4,449

1) No other comprehensive income in parent company.

Parent Company Balance Sheet

EUR thousand	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Intangible non-current assets			
Investment in subsidiaries		129,562	135,421
Loans to group companies		105,602	21,365
Other long-term receivables		30,170	-
Total non-current assets		265,334	156,786
Current assets			
Short-term intercompany receivables		3,238	1,310
Other current assets		2,838	9
Restricted cash		406	418
Cash and cash equivalents		5,235	41,941
Total current assets		11,717	43,678
TOTAL ASSETS		277,050	200,463
SHAREHOLDERS' EQUITY			
<i>Restricted equity</i>			
Share Capital		79,377	64,197
Statutory reserve		240	240
Total restricted equity		79,617	64,437
<i>Non-restricted equity</i>			
Share premium reserve		196,304	262,131
Retained earnings		476	-132,845
Result for the period		-1,195	4,426
Total non-restricted equity		195,585	133,712
TOTAL SHAREHOLDERS EQUITY		275,202	198,149
LIABILITIES			
Non-current liabilities			
Other long term liabilities		-	1,444
Total non-current liabilities		-	1,444
Current liabilities			
Accounts payables		187	94
Short-term intercompany liabilities		1,531	-
Other current liabilities		131	775
Total current liabilities		1,849	869
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		277,050	200,463

Parent Company Statement of Changes in Equity

EUR 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, 2016	32,655	240	160,787	-117,265	-22,415	54,001
Transfer of prior year's net result		-	-	-21,629	21,629	0
New share issues, February	3,148		7,883			11,031
New Share issues, May	11,641		27,853			39,493
Acquisition subsidiary, IKAS group	2,590		6,589			9,179
Acquisition subsidiary, CS Union	1,101		2,829			3,930
New share issues, October	3,788		17,753			21,541
New share issues, November	8,360		39,157			47,517
New share issues, December	2,641		11,898			14,539
Costs related to fund-raising			-4,470			-4,470
Share based payment			595			595
Result of the period					4,449	4,449
Translation differences	-1,725		-8,744	6,049	762	-3,658
Closing balance on 31 December 2016	64,197	240	262,131	-132,845	4,425	198,149
Balance on 1 January 2017	64,197	240	262,131	-132,845	4,425	198,149
Transfer of prior years net result	-	-	-	4,425	-4,425	0
Allocation of result from discontinued operations ¹⁾			-128,896	128,896		0
New Share issues, May	2,617		8,799			11,416
New Share issues, August	3,957		16,223			20,180
New Share issues, September	8,605		35,073			43,678
Costs related to fund-raising			-1,885			-1,885
Share based payment	-		1,806	-		1,806
Grant of Warrants ²⁾			3,051			3,051
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations						0
Result of the period					-1,195	-1,195
Closing balance on 31 December 2017	79,377	240	196,302	476	-1,194	275,201

1) Ref. resolution in Annual general meeting on 31. May 2017.

2) 130 million American style warrants in Axactor to Geveran with an exercise price of NOK 3,25 have been granted. The warrants expire after 2 years.

Key Ratios and Share Data for the Consolidated Group

EUR thousand		2017	2016	2015	2014	2013
Number of outstanding shares at beginning of reporting period ²⁾	Number	1,226,488,769	596,614,360	90,809,360	18,174,922	18,174,922
New share issue	Number	290,000,000	629,874,409	505,805,000	72,634,438	-
Number of outstanding shares at the end of reporting period ¹⁾ and ²⁾	Number	1,516,488,769	1,226,488,769	596,614,360	90,809,360	18,174,922
Average number of shares ²⁾	Number	1,327,030,991	849,072,460	133,687,416	29,804,775	18,174,922
Operating result, for continued operations	TEUR	9,488	-9,614	-3,360	-1,214	-2,478
Result after tax	TEUR	2,585	-11,169	-17,810	-5,055	-12,748
Operating result per share	EUR	0.007	-0.011	-0.02	-0.15	-0.14
Result after financial items per share	EUR	0.001	-0.014	-0.05	-0.15	-0.98
Result per share after tax	EUR	0.002	-0.013	-0.13	-0.17	-0.70
Shareholders equity per share before dilution ²⁾	EUR	0.220	0.149	0.09	0.19	0.77
Dividend ³⁾	TEUR	-	-	-	59.69	-
Price per share at the end of reporting period	NOK	2.90	2.650	2.00	1.42	3 ¹⁾

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

2) 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.

3) Total dividend. Not per share.

Notes to the Financial Report

Note 1 Accounting principles

The interim report has been prepared in accordance with IAS 34 and recommendations RFR 1 and the Swedish Financial Reporting Board (RFR), and recommendation RFR 2 and the Annual Accounts Act with regards to the Parent Company. The accounting principles applied correspond to those described in the Annual Report for the Financial Year 2016. This interim report does not contain all 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 2016.

The Company has from 2017 converted the presentation currency from SEK to EUR to better reflect the currency in which the business operates. Comparable figures relating to 2016 are calculated based on the historic currency translation rate at the actual presented period.

Real Estate Owned consists of portfolios of properties held for sale as a part of the ordinary course of business. The properties are acquired exclusively with a view to subsequent resale in the near future, thus no renting business. Since REO are held for sale they are considered stock of secured assets and valued according to IAS2.

Effects from changes in Accounting Policies and disclosures for 2018 calendar year or thereafter

IFRS 9, financial instruments

The standard comes into force for financial years beginning in 2018 or thereafter and replaces IAS 39.

The implementation of the standard has been analyzed and will not have any material impact on the Group as the treatment of the NPL portfolios under IFRS 9 will remain as according to IAS 39 due to the fact that IAS 39 AG8 is unchanged in IFRS 9.

IFRS 15, Revenue from Contracts with Customers

The standard comes into force on 1st January 2018 and replaces existing standards and interpretations on revenues.

The implementation of the standard has been analyzed and will impact on the Group accounts in 2018 and will be treated as a change in the opening balance on the equity on the 1 of January with EUR - 3.3 million using the modified retrospective method.

Note 2 Risks and uncertainties

The operations of Axactor involve certain significant risks, including but not limited to credit risk, risk inherent in purchased debt, interest rate risks and regulatory risks. For a complete discussion of the a forementioned risks, refer to the Company's Annual Report for the Financial Year 2016, which is available on Axactor website; www.axactor.com. In addition, a detailed risk factor account is given in the various prospectuses published and available at Axactor's website.

Note 3 Segment note

For the quarter end 31.12.2017

EUR thousand	NPL	3PC ¹⁾	Payment Services	Eliminations/ Not allocated	Total
Collections on own portfolios	20,083				20,083
REO sales	1,976				1,976
Other revenue		10,804	1,622	0	12,426
Portfolio amortization and revaluation	-5,833				-5,833
Net revenue	16,226	10,804	1,622	0	28,652
REO cost of sales	-1,321				-1,321
Other direct operating expenses	-4,616	-7,010	-801	-0	-12,427
Contribution margin	10,289	3,794	821	0	14,905
Local SG&A, IT and corporate cost				-9,256	-9,256
EBITDA				-9,256	5,649
Total Opex	-5,937	-7,010	-801	-9,256	-23,004
CM1 margin	63.4 %	35.1 %	50.6 %	100.0 %	52.0 %
EBITDA margin					19.7 %
Dopex / Gross revenue	26.9 %	64.9 %	49.4 %	0.0 %	39.9 %
Local SG&A, IT and corporate cost / Gross revenue					26.8 %

1) External revenue.

No comparable figures available.

Year to date 31.12.2017

EUR thousand	NPL	3PC ¹⁾	Payment Services	Eliminations/ Not allocated	Total
Collections on own portfolios	58,552			-30	58,523
REO sales	2,282				2,282
Other revenue ²⁾		35,830	6,059	2,040	43,929
Portfolio amortization and revaluation	-14,948				-14,948
Net revenue	45,886	35,830	6,059	2,010	89,785
REO cost of sales	-1,445				-1,445
Direct operating expenses	-14,037	-25,585	-3,195	-0	-42,817
Contribution margin	30,405	10,245	2,864	2,010	45,523
Local SG&A, IT and corporate cost				-30,707	-30,707
EBITDA				-28,697	14,815
Total Opex	-15,482	-25,585	-3,195	-30,707	-74,970
CM1 margin	66.3 %	28.6 %	47.3 %	100.0 %	50.7 %
EBITDA margin					16.5 %
Dopex / Gross revenue	25.4 %	71.4 %	52.7 %	0.0 %	42.3 %
Local SG&A, IT and corporate cost / Gross revenue					29.3 %

1) External revenue

2) Settlement former BoD

Note 4 Financial items

EUR thousand	Quarter ended		Year to date	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Financial revenue				
Interest on bank deposits	12	71	109	89
Re-evaluation external investments	-	309	-	309
Exchange gains	158	-2,146	2,704	881
Other financial income	82	-	257	-
Total financial revenue	252	-1,766	3,070	1,279
Financial expenses				
Interest expenses on borrowings	-2,572	-1,053	-6,942	-2,003
Exchange losses	-2,981	-233	-3,144	-1,373
Other financial expenses	-294	-93	-498	-186
Total financial expenses	-5,848	-1,379	-10,585	-3,562
Net finance	-5,596	-3,145	-7,515	-2,282

Note 5 Non-performing loans

EUR thousand	31.12.2017	31.12.2016
Acquisition cost, opening balance	131,729	-
Purchase	206,446	74,955
Purchase from acquired business	-	56,408
Disposals	-132	
Translation differences	-652	366
Accumulated acquisition cost	337,391	131,729
Amortization, opening balance	-3,744	
Re-valuation opening balance	-	-
Amortization for the year	-16,139	-3,744
Re-valuation of the year	1,190	
Disposals	55	
Translation differences	-1,603	
Accumulated amortization, closing balance	-20,240	-3,744
Net book value	317,150	127,985

Description of Axactor's accounting principles for Purchased Debt, see note 1 in the annual accounts.

Note 6 Stock of secured assets - NPL

EUR thousand	31.12.2017	31.12.2016
Acquisition cost, opening balance	0	0
Purchase	155,546	
Cost of sold secured assets	-1,445	
Total	154,101	0

Secured assets contains approximately 4,800 assets. The assets are held for sale.

Note 7 Loans and borrowings

	Currency	Interest rate	Carrying amount 31.12.2017 EUR thousand	Year of maturity
Balance at 1 January 2017	¹⁾ EUR /NOK	Variable	74,002	2017-2020
New issues				
Italian Banks			30,188	
DnB/Nordea			97,564	
A/ B Notes ²⁾			150,000	
Repayments				
Italian Banks	EUR		-8,904	
DnB/Nordea	EUR		-33,256	
Other	EUR		-325	
Other movements				
Capitalized loan fees			-11,456	
Amortized loan fees on loans			948	
Currency translations				
Balance at 31 December 2017			298,760	

1) Relates to different facilities and draw downs with an interest between EURIBOR + 2% - 4%.

2) Interest on B notes EURIBOR 6.5%.

As of 31 December 2017, the Company had long-term loan balance of NOK 101 million relating to the financing of the Axactor Norway (former "IKAS") acquisition in Q2 2016, EUR 13,7 million relating to the Altor acquisition in Q4 2016, EUR 50,9 million relating to purchase of portfolios and secured assets in Spain and SEK 305 million relating to the purchase of Swedish portfolios.

The existing agreement with DNB Bank ASA and Nordea Bank AB has been renegotiated about the terms for refinancing of the existing debt facility. The debt facility will increase from current EUR 160m to EUR 350m, whereof 150m are in the form of accordion options. The new facility allows for a significant increase of the current NPL loan-to-value ratio for new and existing NPL portfolios, includes a true borrowing base concept, and removes the current cash sweep mechanism. The new facility has final maturity 3 years after signing.

All material subsidiaries of the group are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility. Italian subsidiaries together with the co-invest vehicle in Luxembourg as well as the REO Holding company in Luxembourg are not a part of the agreement or the security arrangement.

The Co-invest SPV which the company owns with Geveran has issued Notes in the amount of EUR 150 million which Sterna Finance, a company in the Geveran Group, has subscribed to.

Note 8 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.

EUR thousand	Company Profact
Date of acquisition	Feb 28, 2017
Acquired part of company	100 %
Purchase price	1,257
- whereof cash consideration	1,257
- whereof share consideration	
- whereof Put/Call option liability	
ASSETS	
Non-current assets	
<i>Intangible assets</i>	
Database	314
Goodwill	1,242
<i>Tangible assets</i>	
Plant and machinery	50
<i>Long term financial assets</i>	
Total non-current assets	1,606
Current assets	
Current receivables	351
Other current assets	94
Cash & cash equivalents	
Total current assets	445
Total Assets	2,051
Non-current liabilities	
Total non-current liabilities	-
Current liabilities	
Trade payables	433
Other short-term liabilities	361
Total current liabilities	794
Total Net assets	1,257
Net sales 2017 (full year)	9,176
Profit 2017 (full year)	2,831
Net sales 2017 for Axactor period	8,917
Profit 2017 for Axactor period	2,867

Note 9 Top 30 shareholders as at 31 December 2017

Name	Holding of shares	% Share
GEVERAN TRADING CO LTD	173,902,500	11.47 %
VERDIPAPIRFONDET DNB	104,394,050	6.89 %
TVENGE TORSTEIN INGVALD	70,000,000	4.62 %
FERD AS	53,351,399	3.52 %
SONGA TRADING INC	47,423,467	3.13 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	35,553,765	2.34 %
VERDIPAPIRFONDET DELPHI NORDEN	28,848,609	1.90 %
ARCTIC FUNDS PLC	24,845,540	1.64 %
VERDIPAPIRFONDET ALFRED BERG NORGE	21,901,448	1.44 %
FIRST GENERATOR	20,537,076	1.35 %
STATOIL PENSJON	20,494,327	1.35 %
GVEPSEBORG AS	20,364,945	1.34 %
VPF NORDEA NORGE VERDI	20,131,026	1.33 %
DnB NOR MARKETS, AKSJEHAND/ANALYSE	18,627,202	1.23 %
MOHN STEIN	17,506,240	1.15 %
ALPETTE AS	16,616,431	1.10 %
NORDNET LIVSFORSIKRING AS	15,682,640	1.03 %
CITIBANK, N.A.	13,870,653	0.91 %
NOMURA INTERNATIONAL PLC	11,955,765	0.79 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	11,910,518	0.79 %
MARTIN IBEAS DAVID	11,451,250	0.76 %
LOPEZ SANCHEZ ANDRES	11,451,250	0.76 %
BORGEN INVESTMENT GROUP NORWAY AS	11,000,000	0.73 %
TVENGE ØYSTEIN ERLING	11,000,000	0.73 %
VPF NORDEA KAPITAL	10,493,597	0.69 %
LATINO INVEST AS	10,300,000	0.68 %
JPMORGAN CHASE BANK,	9,924,655	0.65 %
PECUNIA FORVALTNING AS	9,900,000	0.65 %
VPF NORDEA AVKASTNING	9,517,055	0.63 %
VERDIPAPIRFONDET DELPHI NORGE	9,000,000	0.59 %
Total 30 largest shareholders	851,955,408	56.18 %
Other shareholders	664,533,361	43.82 %
Total number of shares	1,516,488,769	100.0 %
Total number of shareholders	11,456	

Shares owned by related parties

Name	Holding of shares	% Share
GEVERAN TRADING CO LTD ¹⁾	173,902,500	11.47 %
LOPEZ SANCHEZ, ANDRES ²⁾	11,451,250	0.76 %
MARTIN IBEAS, DAVID ³⁾	11,451,250	0.76 %
ALPETTE AS ⁴⁾	16,616,431	1.10 %
LATINO INVEST AS ⁵⁾	10,300,000	0.68 %
BANCA SISTEMA S.P.A ⁶⁾	6,045,041	0.40 %
FARSTAD, SIV ⁷⁾	2,000,000	0.13 %
BJØRN ERIK NESS ⁸⁾	775,000	0.05 %
SCHNEIDER, SUSANNE LENE RANGNES ⁹⁾	398,320	0.03 %
BRITA EILERTSTEN ¹⁰⁾	100,000	0.01 %
BERGSJO AS ¹¹⁾	63,000	0.00 %

1) Geveran Trading Co Ltd owns 50% of Luxco Invest1 S.A., a company controlled and consolidated by Axactor Group.

2) Andres Lopez Sanche 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) Alpette AS is controlled by Endre Rangnes who is the CEO of Axactor AB

5) Latino Invest AS is controlled by Johnny Tsois who is a member of the executive management team of Axactor AB

6) Banca Sistema S.P.A. owns 10% of the shares in CS Union, the Axactor collection platform in Italy

7) Siv Farstad is a member of the executive management team of Axactor AB

8) Bjørn Erik Ness is the chairman of the Board of Directors of Axactor AB

9) Susanne L. R. Schneider is related to the CEO of Axactor AB

10) Brita Eilertsten is member of the Board of Directors of Axactor AB

11) Bergsjo AS is controlled by Beate Nygårdshaug who is member of the Board of Directors of Axactor AB

Financial year 2018

Quarterly Report - Q1	03.05.2018
Quarterly Report - Q2	25.07.2018
Quarterly Report - Q3	30.10.2018
Quarterly Report - Q4	01.02.2019
Annual General meeting	04.05.2018
Annual Report	05.04.2019

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

Contact details

Axactor AB (publ)
Hovslagargatan 5B, bottom floor
111 48 STOCKHOLM
Sweden

Telephone: +46 8 402 28 00
info@axactor.com
www.axactor.com

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

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