

AXACTOR

Axactor AB (publ)

Registration Document

Joint Lead Managers and Bookrunners:



Nordea

Co-manager:



Stockholm/Oslo, 12 June 2018

Important information

The Registration Document is based on sources such as annual reports and publicly available information and forward looking information based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the Company's (including its subsidiaries and affiliates) lines of business.

A prospective investor should consider carefully the factors set forth in chapter 1 Risk factors, and elsewhere in the Prospectus, and should consult his or her own expert advisers as to the suitability of an investment in the Bonds.

This Registration Document is subject to the general business terms of the Joint Lead Managers and the Co-manager, available at their respective websites www.dnb.no, www.nordea.com and www.arctic.com/secno.

The Joint Lead Managers and the Co-manager and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Registration Document, and may perform or seek to perform financial advisory or banking services related to such instruments. The Joint Lead Managers and the Co-manager's corporate finance department may act as manager or co-manager for this Company in private and/or public placement and/or resale not publicly available or commonly known.

Copies of this Registration Document are not being mailed or otherwise distributed or sent in or into or made available in the United States. Persons receiving this document (including custodians, nominees and trustees) must not distribute or send such documents or any related documents in or into the United States.

Other than in compliance with applicable United States securities laws, no solicitations are being made or will be made, directly or indirectly, in the United States. Securities will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The distribution of the Registration Document may be limited by law also in other jurisdictions, for example in the United Kingdom. Approval of the Registration Document by Finanstilsynet (the Norwegian FSA) implies that the Registration Document may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Registration Document in any jurisdiction where such action is required.

The Norwegian FSA has controlled and approved the Registration Document pursuant to the Norwegian Securities Trading Act, § 7-7. The Norwegian FSA has not controlled and approved the accuracy or completeness of the information given in the Registration Document. The control and approval performed by the Norwegian FSA relates solely to descriptions included by the Company according to a pre-defined list of content requirements. The Norwegian FSA has not undertaken any form of control or approval of corporate matters described in or otherwise covered by the Registration Document. The Registration Document was approved on 12 June 2018. The Registration Document is valid for 12 month from the approval date.

The Registration Document together with a Securities Note included the Summary and any supplements to these documents constitutes the Prospectus.

The content of the Prospectus does not constitute legal, financial or tax advice and potential investors should seek legal, financial and/or tax advice.

Unless otherwise stated, the Prospectus is subject to Norwegian law. In the event of any dispute regarding the Prospectus, Norwegian law will apply.

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1 Risk factors

Investing in bonds issued by Axactor AB involves inherent risks.

As the Company is the parent company of the Group and a holding company, the risk factors for Axactor AB and the Group are deemed to be equivalent for the purpose of this Registration Document.

If any of the risks described below materialize, individually or together with other circumstances, they may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow, which may cause a decline in the value and trading price of the Bonds that could result in a loss of all or part of any investment in the Bonds.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The information provided below is presented as of the date hereof and is subject to change, completion or amendment without notice.

Prospective investors should consider, among other things, the risk factors set out in the Prospectus, including those related to the Bonds as set out in the Securities Note, before making an investment decision.

An investment in the Bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

Risks relating to the Group

The Group will operate in markets that are competitive. There is a risk that the Group will be unable to compete with businesses that offer more attractive pricing levels and that the Group's competitors will have or develop competitive strengths that the Group cannot match.

The Group will face strong competition, including from pan-European competitors and competitors that are active in the local markets. This competition includes, but is not limited to, competition on the basis of bid prices. Competitors may offer more attractive pricing levels for debt collection contracts, for debt portfolios, for collection platforms, which include all of the collection functions of financial institutions ("Collection Platforms"), or for purchases of other debt collection service providers. There is a risk that this price competition will materially affect the Group's business, results of operations or financial condition, and its ability to implement its business plan. The Group's success in obtaining debt collection contracts and in purchasing debt portfolios or Collection Platforms depends on the price offered along with several other factors, such as service, reputation and relationships. There is a risk that the Group's competitors will have competitive strengths that a new market entrant, such as the Group, cannot match. Further, there is a risk that the Group's competitors will elect to offer prices that the Group determines are not economically sustainable. Additionally, many of the Group's competitors have substantially greater financial resources than the Group. There is a risk that the Group will not be able to develop and expand its business in competition with competitors that have substantially greater financial resources than the Group.

Reputation is critical to the Group's business and there is a risk that any event that could harm the Group's reputation will adversely affect its business.

In addition to pricing and other features of the Group's services, reputation is critical to clients' or potential clients' willingness of engaging with the Group. As the Group is a new market entrant in the debt collection business, its brand will be less known to clients and potential clients and there is a risk that events that could harm the Group's reputation will have a greater effect on the Group than it would have had on some of its peers.

The availability of debt collection contracts, and debt portfolios and Collection Platforms for purchase depends on several factors which are outside of the Group's control.

Factors that have an impact on the availability of debt collection contracts, debt portfolios and Collection Platforms include: growth trends; the levels of overdue debt; volumes of portfolio sales by debt originators; competitive factors affecting portfolio purchasers and originators; government regulation and regulatory initiatives; and macro-economic environments. If the Group is unable to enter into debt collection contracts, purchase portfolios or Collection Platforms at appropriate prices, there is a risk that the Group's business and its ability of implementing its business plan will be materially adversely affected.

There is a risk that the Group will make acquisitions that prove unsuccessful and that it will not be able to manage growth effectively.

The Group plans to acquire additional debt portfolios. There is a risk that the Group will not be able to identify or complete acquisitions or that such acquisitions will prove to be unsuccessful. Acquisitions may divert the attention of the Group's management from the Group's day-to-day operations and other important business matters. Successful completion of an acquisition may also depend on licenses being granted and other regulatory requirements, or other factors which are outside of the Group's control, in addition to adequate handling of transaction risks. As a result of growth, the importance of managing operational risk relating to, for example, work processes, personnel, IT-systems, tax, financial reporting will also increase. There is a risk that the Group will not be able to manage its growth effectively. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is subject to risks relating to the acquisitions made by the Group.

The Group has made several acquisitions over the past years, including Geslico, ALD, CS Union, Altor, Axactor Norway¹ and Axactor Sweden AB (Profact AB). The Company has completed due diligence reviews of the companies acquired based on information and documentation received by the sellers. However, if the information and the documentation provided does not properly reflect the business and financial condition of the companies acquired, there is a risk that this will affect the Company's business, financial condition and results of operation.

The integration of the acquired companies into the Company may take longer or prove to be more costly than anticipated. Any acquisition entails certain risks, including operational and company-specific risks and there is also a risk that the integration process will take longer or be more costly than anticipated. Should any of these risks materialise, this could have a material adverse effect on the Group's business, financial position and results of operation.

The Group is subject to applicable regulations in the jurisdictions in which it operates from time to time.

The Group will be subject to regulations applicable to debt collection and debt purchasing operations in the jurisdictions in which it operates from time to time, including with respect to license and other regulatory requirements, data protection and anti-money laundering. Regulatory developments under the laws and regulations to which the Group is subject could expose it to a number of risks. The debt collection and purchasing industry is under scrutiny. There is a risk that any new laws or regulations as a result of such scrutiny or for other reasons will materially adversely affect the Group.

The Group is subject to risks relating to implementation of its strategic plans.

There is a risk that the Group will not be able to implement its strategic plans, including acquiring debt portfolios. If implementation of such plans is not successful, there is a risk that the Group will not achieve the revenue, earnings, margins or scale goals of its management. In addition, the costs associated with implementing such plans may be high and there is a risk that the Group will not in the future have sufficient financial resources to fund investments required in connection therewith. There is a risk that any failure to implement the Group's strategic plans will have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's success will depend on its ability to employ and retain skilled personnel.

The demand in the debt collection industry for personnel with the relevant capabilities and experience is high, and there is a risk that the Group will not be able to employ and retain sufficiently skilled personnel. The loss of key executive officers or other key personnel could impair the Group's ability to succeed in, among other things, taking advantage of acquisition opportunities entering into new debt collection service contracts or servicing clients or portfolios effectively. In addition, there is a risk that increase in labour costs, potential labour disputes and work stoppages will negatively affect the Group's business. There is a risk that any of these developments will have a material adverse effect on the Group's business, results of operations or financial condition.

The Group relies on third-party service providers.

The Group uses external lawyers and solicitors and other third-party service providers in the debt collection process. There is a risk that any failure by these third parties to adequately perform such services for the Group will materially reduce the Group's cash flow, income and profitability and affect its reputation.

¹ Axactor Norway AS comprise the previous IKAS Companies: IKAS Norge AS and 100% of the subsidiaries IKAS Øst AS, IKAS AS, IKAS Nord AS, IKAS Nordvest AS and IKAS Vest AS

The manner in which the Group, or third-party service providers on the Group's behalf, will undertake collection processes could negatively affect the Group's business and reputation.

There is a risk that the following factors could negatively affect the Group's business and reputation: failures in the Group's collection and data protection processes; IT platform failure; ineffectiveness in the collection of debt, unethical or improper behaviour, or other actions, by the Group or third-parties it employs in connection with its collection activities; and negative media coverage relating to the Group. There is a risk that any such events will harm the Group's relationships to existing and potential clients and negatively impact recovery rates and that this again will have a material adverse effect on the Group's business, results of operations or financial condition.

The Group will be subject to risks associated with its contracts for debt collection.

Debt collection contracts often contain termination clauses permitting the client to cancel the contract at the client's discretion (following a certain notice period). There is a risk that the Group's clients will exercise such termination rights prior to contract expiration or that the Group will not be successful in entering into new contracts as contracts expire. The profitability of the Group's debt collection services will depend upon its ability to calculate prices and identify project risks. In many debt collection contracts, payment by the client depends on the debtor paying on a claim, and there is a risk that the Group will not be able to accurately estimate costs or identify project risks associated with such contracts. Contracts for debt collection services may also subject the Group various clauses that give its counterparty contractual rights with respect to determination of fees and penalties. If any of these aspects of the Group's contracts should materialise there is a risk that this will have a material adverse effect on the Group's business, results of operations or financial condition.

When the Group purchases debt portfolios, it will make a number of assumptions which may prove to be inaccurate.

The price attributed to a debt portfolio depends on its specific characteristics and composition with respect to, for instance, the size, age and type of the claims, as well as the age, location and type of customers, and a number of other factors, such as the financial strengths and weaknesses of the economies in which the customers are part. The models that will be used by the Group in connection with such purchases are used to assess the collection forecasts, and therefore the price to be paid for these portfolios. The Group's business depends on its ability to identify portfolios that are of sufficient quality for it to determine that it is likely to collect on the claims at certain levels. There is a risk that any claims contained in these portfolios will eventually not be collected. There is risk that a significant increase in insolvencies involving customers or changes in the regulatory framework governing insolvency proceedings in the jurisdictions in which the Group will operate from time to time will impact its ability to collect on claims. If the Group is unable to achieve the levels of forecasted collections, revenue and returns on purchased portfolios will be reduced, which may result in write-downs.

The statistical models and analytical tools used by the Group may prove to be inaccurate.

The Group uses statistical models and other data analysis tools in its operations. There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios or that the models will be flawed. Further, there is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts. In addition, there is a risk that the Group's investment and analytics teams will make miss-judgments or mistakes when utilizing statistical models and analytical tools. In addition, there is a risk that the information provided by third parties, such as credit information suppliers and sources, used when valuing portfolios will prove not to be accurate or sufficient. Further, there is a risk that loans contained in the Group's portfolios from time to time will eventually not be collected. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations or financial condition.

There is a risk that the Group will not be able to successfully maintain and develop its IT platform or anticipate, manage or adopt technological advances within its industry.

The Group relies on its IT platform and its ability to use these technologies. This subjects the Group to risks associated with maintaining and developing these systems, and capital expenditures relating thereto. IT technologies are evolving rapidly. The Group may not be successful in anticipating and adopting to technological changes on a timely basis. Improvements of the Group's IT platform, when required in order to compete effectively, may be associated with substantial capital expenditures. Accordingly, the Group may, in the future, require capital to invest in technologies and there is a risk that adequate capital resources will not be available to the Group when such capital resources are required. In addition, disruptions in the Group's IT platform, which could be temporary or permanent, could disrupt the Group's business. There is a risk that any of these events will, if they materialise, have a material adverse effect on the Group's business, results of operations or financial condition.

Failure to protect customer data could negatively affect the Group's business.

The Group will rely on, among other things, contractual provisions and confidentiality procedures, including IT platform security measures, to protect customer data. Customer data could be subject to unauthorized use or disclosure, regardless of such security measures. There is a risk that confidentiality agreements will be breached, or that other security measures will not provide adequate protection of customer data. Monitoring data protection can be expensive and adequate remedies may not be available. There is a risk that any failure to protect the Group's customer data from unauthorized use or to comply with current applicable or future laws or regulations, will have a material adverse effect on the Group's reputation, business, results of operations or financial condition.

The Group will be exposed to local risks in the different European markets in which it operates from time to time.

The Group operates in the Spanish debt collection market, through Axactor España, S.L.U. and Axactor España Platform, the Norwegian market through Axactor Norway AS, the Italian market through CS Union, the German market through Axactor Germany and the Swedish market through Axactor Sweden. The Group will thus be exposed to local risks in the markets in which it operates from time to time, including regulatory requirements. These requirements may, among other things, relate to licensing, data protection, anti-money laundering and other regulatory matters, labour law and tax. There is a risk that any negative impact caused by the foregoing risks will have a material adverse effect on the Group's business, results of operations or financial condition.

Risks Relating to the Group's Financing and Certain Other Financial Risks

The Group may not be able to procure sufficient funding at favourable terms to purchase further debt collection service providers, debt portfolios or Collection Platforms.

The Group's ability to obtain funding in the future will depend on several factors which are outside of the Group's control, including economic conditions when acquisition opportunities arise and banks' willingness to lend to the Group. There is a risk that an inability to procure sufficient funding at favourable terms to take advantage of acquisition opportunities will have a material adverse effect on the Group's business, results of operations or financial condition.

Oslo 20 December 2017 - Axactor AB has today reached agreement with its' two main banks DNB Bank ASA and Nordea Bank AB 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 cash sweep mechanism. The new facility has final maturity 3 years after signing.

The Debt Facility restricts, among other things, the Group's ability to: incur additional indebtedness; pay dividends; impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Company or other entities within the Group; and sell assets; merge or consolidate with other entities. All of these limitations are subject to exceptions and qualifications. There is a risk that the covenants to which the Group is subject to will limit its ability to finance its future operations and capital needs and the Group's ability to pursue business opportunities and activities that may be in its interest. In addition, the Group is subject to financial covenants under the Debt Facility.

Servicing the Group's future indebtedness limits funds available for other purposes.

Borrowing under debt facilities will require the Group to dedicate a part of its cash flow from operations to paying interest and down-payments on its indebtedness. These payments limit funds available for working capital, capital expenditures and other purposes. If the Group does not generate enough cash flow from operations to satisfy its debt obligations, it may have to undertake alternative financing plans, such as: seeking to raise additional capital; refinancing or restructuring its debt; selling business; and/or reducing or delaying capital investments. However, such alternative financing plans may not be sufficient to allow the Group to meet its debt obligations. There is a risk that if the Group is unable to meet its debt obligations or if some other default occurs under its debt facilities, the Group's lenders will elect to declare that debt, together with accrued interest and fees, shall be immediately due and payable and proceed against the collateral securing that debt.

The Group will be exposed to the risk of currency fluctuations.

The Group has operations in Spain, Italy, Germany, Norway and Sweden, and may in the future have local operations in additional countries. The results of and the financial position of subsidiaries will be reported in the relevant local currencies, and then translated into EUR at the applicable exchange rates for inclusion in the Group's consolidated financial statements. The exchange rates between these currencies may fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to its operations. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group is subject to risks relating to its historical use tax deductible losses.

The Group, previously a mineral exploration company, has had no regular revenues and significant costs relating to the exploration activities, which has historically lead to negative financial results. These negative financial results are partly treated as tax assets as they represent tax deductible losses in certain cases. The Group has from time to time utilized these tax losses. In such cases, the Group has relied on tax advice from various tax specialists. For example, in 2013, the Group entered into a Swedish partnership, via the parent company Nickel Mountain Group AB and via its subsidiary Nickel Mountain Resources AB. As reported in the Group's interim and annual reports, the partnership demonstrated a profit for the financial year 2013 in the amount of approximately SEK 200 million. The Group utilized its accumulated tax deficits existing at that time and set them off against the profits of the partnership. Before entering into the partnership and concluding on the tax effects thereof, the Company took legal advice. The partnership, which was liquidated in 2014, has received certain requests for information from Swedish tax authorities relating to the partnership's 2013 tax return. There is a risk that tax authorities will question such tax assets or the use of such tax losses, in respect of the aforementioned or other matters, or that any such questioning by tax authorities will result in significant additional tax costs or similar. Any such development could materially adversely affect the Group's business, results of operation and financial condition.

2 Definitions

ALD	ALD Abogados, S.L.
Altor	Altor GmbH, which comprised of Heidelberger Inkasso GmbH, Heidelberger Forderungskauf GmbH, Taloa Equity Management GmbH, VABA GmbH, Altor Mobile Services GmbH, ImmoAdvisors GmbH, GWI Gesellschaft für Wirtschaftsinkasso GmbH and Altor CommunicatiGmbH.
Annual Report 2017	Axactor AB Annual Report 2017
Annual Report 2016	Axactor AB Annual Report 2016
ARM	Accounts Receivable Management
Articles of Association	The articles of association of the Company, as amended and currently in effect
Board of Directors	The board of directors of the Company
Bonds	The bonds issued by Axactor AB (publ) with ISIN NO 0010819725
B2B	Business to Business
B2C	Business to Consumer
CEE	Central and Eastern Europe
CFO	Chief financial officer
Collection Platforms	Cllection functions of financial insitutions
Company/Issuer/Axactor/ Axactor AB	Axactor AB (publ) (a company incorporated under the laws of Sweden with registration number 556227-8043
COO	Chief operating officer
CMS	Credit Management Services
CRE	Commercial Real Estate
CS Union	Axactor AB (publ.)
Debt Facility	A debt facility for which the Board of Directors have entered into an agreement with DNB and Nordea
ERC	Estimated Remaining Collection
EVP	Executive Vice President
EUR	Euro
GDP	Gross domestic product
Geslico	Geslico os a complete supplier of services within debt collection
Geveran	Geveran Trading Co. Limited
GFKL	GFKL Financial Services AG
Group	The Issuer and its subsidiaries from time to time
IFRS	International Financial Reporting Standards

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IKAS Companies	Axactor Norway AS comprise the previous IKAS Companies: IKAS Norge AS and 100% of the subsidiaries IKAS Øst AS, IKAS AS, IKAS Nord AS, IKAS Nordvest AS and IKAS Vest AS
IRR	Internal rate of Return
ISIN	International Securities Identification Number
Joint Lead Managers and Bookrunners:	DNB Markets, a part of DNB Bank ASA and Nordea Bank AB (publ) Branch in Norway
Co-manager	Artic securities AS
KPI	Key Performance Indicator
MAQS	MAQS Law Firm Advokatbyrå AB
NHO	Næringslivets Hovedorganisasjon (Confederation of Norwegian Enterprise)
NOK	Norwegian kroner
NPL	Non-Performing Loan
Prospectus:	The Registration Document together with a Securities Note included the Summary and any supplements to these documents.
Q1 Report 2018	Axactor AB Q1 report 2018
Registration Document	this document dated 12 June 2018
REO	Real Estate Owned
SE-Company	Societas Europaea
Securities Note included the Summary	Document to be prepared for each new issue of bonds under the Prospectus
SEK	Swedish Krone
SME	Small and medium-sized enterprises
SPV	Special Purpose Vehicle
TDC Song	TDC Song AS
3PC	Third Party Collection

3 Persons responsible

3.1 Persons responsible for the information

Persons responsible for the information given in the Registration Document are as follows:

Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden

3.2 Declaration by persons responsible

Axactor AB accepts responsibility for the information contained in the Registration Document. The Issuer confirms that, after having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stockholm, 12 June 2018

Johnny Tsolis (CFO)

4 Statutory Auditors

4.1 Names and addresses

PriceWaterhouseCoopers AB, independent Authorised Public Accountants, Skånegatan 1, 405-32 Göteborg, Sweden has been the Issuer's auditor for the period covered by the historical financial information in this Registration Document. Phone number +46 10 213 14 00.

Authorised Public Accountant Johan Palmgren has been liable for the Auditor's report for 2016 and 2017.

PriceWaterhouseCoopers AB is member of the Sweden Institute of Public Accountants (Sw. Föreningen Auktoriserade Revisorer).

5 Information about the Issuer

5.1 History and development of the Issuer

5.1.1 Legal and commercial name

The legal name of the Issuer is Axactor AB (publ.) and the commercial name is Axactor AB.

5.1.2 Place of registration and registration number

The Company is registered with the Swedish Companies Registration Office (Sw. Bolagsverket) with registration number 556227-8043.

5.1.3 Date of incorporation

Date of incorporation: 18 April 1983. Axactor was established in 2015 and incorporated on 1 November 2016 as Axactor AB.

5.1.4 Domicile and legal form

The Company is a Swedish public limited liability company (Sw. publikt aktiebolag), organized and existing under the laws of Sweden, pursuant to the Swedish Companies Act (Sw. aktiebolagslagen).

See also section 6.3 "*Description of Group that Issuer is part of*".

The Company's registered business address is Hovslagargatan 5B, SE-111-48 Stockholm, Sweden. The Company's telephone number is +46 (0)8 402 28 00.

The Annual General Meeting 2018 has decided to approve the adopted conversion plan in order to convert the company into a SE-company.

The Company operates its business through subsidiaries in Sweden, Norway, Germany, Italy and Spain. Thus, a conversion into the standardized international business enterprise SE-company would facilitate the Company's business and reduce the necessary administrative work.

Given that the Company is listed on the Oslo Stock Exchange with a large segment of Norwegian shareholders and that the Company's management is located in Oslo (since April 2016, the Company operates (through a subsidiary) in Norway as well), the Company is strongly associated with Norway. The intention with the conversion into a SE-company is also to relocate the Company's domiciliation to Norway as soon as possible after the completion of the conversion in order to further reduce the administrative work resulting from the fact that the Company is a Swedish public limited liability company listed on the Oslo Stock Exchange.

5.1.5 The object of the Company stipulated in the articles of association

Pursuant to Section 3 of the Articles of Association, the purpose of the Company is to directly or through subsidiaries or via co-operations with others, conduct debt collection work, extend financial and administrative services, legal and invoicing services, acquire debt, investment operations, as well as therewith associated activities.

5.1.6 Recent events after the Balance Sheet Date (31 December 2017)

On 15 February 2018 Axactor entered into a two year forward flow contract with Monobank ASA. The claims will be acquired on a monthly basis, and Axactor estimates the annual capex to be EUR 15-20 million. This transaction will be a valuable contribution for increasing the regular NPL volumes and to build critical scale in the Norwegian business unit.

Axactor acquired on 22 February 2018 a portfolio with a total outstanding balance of EUR 133 million from "Santander Consumer Finance", one of the largest financial institution in Spain. The portfolio consists of more than 15,000 cases coming from non-performing loans on auto market.

On 12 March 2018 Axactor entered into a forward flow contract with a leading consumer financing company in Sweden. The claims will be acquired on a monthly basis, and Axactor estimates the annual outstanding balance to be EUR 7-10 million. This transaction will be a valuable contribution for increasing the regular NPL volumes and to continue growing the Swedish business unit.

Axactor acquired on 22 March 2018 a REO portfolio with the appraisal value of more than EUR 26 million from the financial institution Cajamar. The portfolio consists of approximately 650 assets and is the second portfolio acquisition in Spain this year. The acquisition will be financed through Axactor's existing funding facilities.

On 23 March 2018 Axactor AB announced her intention to relocate its registered office from Sweden to Norway in order to reduce the burden of administrative expenses and achieve a more efficient group structure. The contemplated transfer of the Company from Sweden to Norway will be carried out in two separate steps by first i) converting the Company's legal form from a Swedish AB into a so called Societas Europaea or SE-company and thereafter ii) change its registered office from Sweden to Norway. The listing of the Company's shares on Oslo Børs will not be affected by the contemplated relocation.

Axactor signed on 23 March 2018 a new portfolio transaction with a large Spanish financial group. The portfolio consists of two different segments, a REO segment and unsecured consumer loans. The total capex is close to EUR 40 million and will be done through the investment companies co-owned with Gevean. The transaction has been executed as a bilateral process. The REOs segment has an appraisal value in excess of EUR 75 million and consists of more than 1,500 assets.

In April 2018, Axactor entered into a 24 months forward flow contract with a Swedish consumer bank. The claims will be acquired on a monthly basis, and Axactor estimates the annual outstanding balance to be between EUR 3 and 4 million.

..

On 17 April 2018, Axactor announced the successful negotiation for one of the largest unsecured NPL forward flow contracts in the Nordics. The claims are originated by Komplett Bank in Norway and the contract has a duration of 18 months, plus an option to extend for a further 6 months. This contract is expected to generate an annual capex of circa EUR 60 million per annum when fully operational. The contract represents Axactor's largest forward flow acquisition to date.

5.1.7 Principal investments

Refer to investments mentioned under 5.1.6

5.1.8 Principal future investments

Axactor has entered into a number of forward flow contracts with 12- 24 month length where claims will be acquired on a monthly basis. Axactor estimates the total committed investments for 2nd half of 2018 to be approx. 54 million and 103 million in 2019.

5.1.9 Anticipated sources of funds

The above mentioned commitments would be funded through running cash flow and drawing on existing credit facilities.

5.1.10 Selected financial information

Axactor AB (consolidated) – Annual Accounts (audited)

Income statement (EUR thousand)	31.12.2017	31.12.2016
Total revenue	89,785	37,074
EBITDA	14,815	-6,488
EBIT	9,488	-9,614
Net financial items	-7,515	-2,283
Profit/(loss) before tax	1,974	-11,897
Net profit/(loss)	2,585	-11,169
Earnings per share: basic	0.002	-0.013

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Statement of Financial Position (EUR thousand)	31.12.2017	31.12.2016
Total non current assets	396,791	205,046
Total current assets	225,700	77,202
Total assets	622,491	282,248
Total equity	291,833	182,888
Total non current liabilities	246,459	34,510
Total current liabilities	84,198	64,850
Total equity & liabilities	622,491	282,248
Cash flow statement (EUR thousand)	31.12.2017	31.12.2016
Net Cash flow from operating activities	23,393	-13,765
Net Cash flow from investing activities	-361,741	-125,436
Net Cash flow from financing activities	324,961	164,215
Cash and cash equivalents at end of period	50,482	63,986

Axactor AB (consolidated) – Q1 2018 (unaudited)

Income statement (EUR thousand)	Q1 2018	Q1 2017
Total revenue	35,800	17,428
EBITDA	6,097	1,004
EBIT	4,757	-423
Net financial items	5,450	-1,094
Profit/(loss) before tax	-693	-1,517
Net profit/(loss)	-996	-1,653
Earnings per share: basic	-0,001	-0,001
Statement of Financial Position (EUR thousand)	Q1 2018	Q1 2017
Total non current assets	435,441	270,797
Total current assets	406,554	70,040
Total assets	841,995	340,837
Total equity	295,873	181,348
Total non current liabilities	441,045	32,287
Total current liabilities	105,077	127,203
Total equity & liabilities	841,995	340,837
Cash flow statement (EUR thousand)	Q1 2018	Q1 2017
Net Cash flow from operating activities	21,423	675
Net Cash flow from investing activities	-50,916	-1,709
Net Cash flow from financing activities	176,743	-9,241
Cash and cash equivalents at end of period	197,732	54,276

6 Business overview

6.1 Introduction

Axactor is a Nordic-based debt management company with operations in five European countries. Axactor has a solid growth track-record and a strong financial position, and are continuously investigating new growth opportunities within existing and new markets.

Axactor was established in 2015. With strong industry knowledge through its highly experienced management team. Axactor is one of the providers within the industry in Europe, and its ambitions are high.

Axactor is challenging its competitors through an extreme efficiency, based on its innovative, cost efficient and forward looking solutions within it and operations, that in Axactor's opinion will revolutionize the industry. Axactor is investing significantly in new technology, IT infrastructure and digital solutions, and Axactor has developed a technological platform specifically designed for scaling up its next-generation debt management business.

Axactor operates without the legacy of old structures and methods, building a lean and efficient organization, fit for the future of its industry.

Over the last two years Axactor has acquired large portfolios from some of the most reputable European and Nordic banks, as well as winning significant contracts with well-known financial institutions. Main investment focus area has been unsecured B2C loans but during 2017 but we have also invested in REOs portfolios in Spain. Geveran Trading joined Axactor as the largest owner and co-investor from august 2017. They provide Axactor with a solid financial platform as well as valuable experience from the industry. This opens new opportunities to compete for even larger and more attractive portfolios from an even broader range of international banks and financial institutions

Axactor's high performance culture and firm commitment to sustainable solutions for its customers and debtors, makes Axactor strongly committed to deliver high quality and a continuous drive for operational excellence.

In Axactor they investing in new technology and standardized systems, which enables Axactor to deliver best in class debt collection services in all markets. Further, Axactor has strong industry knowledge at all levels of the organization and sufficient funding to acquire large non-performing loan portfolios.

Axactor's managers and employees are dedicated and passionate and they can ensure that all work is carried out with the highest standards of integrity, trust, ethics and quality.

Axactor's industry is experiencing rapid disruptive changes and with its forward-looking solutions within IT and proactive people, Axactor demonstrates daily that Axactor embrace these challenges and find good solutions for its customers and debtors.

Axactor continuously drives for operational excellence through focusing on building One Axactor, where knowledge sharing across countries is one of the key focus areas.

Collaboration and co-innovation across the company are important elements in building the Axactor culture. Axactor continues to drive for operational excellence through the ONE Axactor program. Focusing on integrating and aligning people and operations towards common HR practices, operational standards and KPI's, IT platform and systems. All countries are participating in the program. The Company's leaders are guided by the Axactor Leadership Platform and the Axactor values, policies and procedures to deliver axactor's services. Axactor has also defined clear roles and responsibilities for all levels of the organization and we have clear decision-making processes and authority matrix.

Axactor's values across the company are Passion, Trust and Proactive.

Axactor's main focus has been on the market of unsecured Business to Consumer (B2C) loans, but in 2017 Axactor has also invested in portfolios of secured non-performing loans (NPLs). Going forward, Axactor will continue to build service capabilities to cover both the unsecured and secured Non Performing Loans markets.

With Axactor's entrance into the Swedish market, Axactor now has operations in five markets; Germany, Spain, Italy, Sweden and Norway. In the future, Axactor will prioritize growing and increasing its efficiency and earnings further in existing markets, but the Company has an opportunistic attitude towards opportunities that may emerge in other markets.



6.2 Axactor's services/business segments

Axactor offers services within debt collection, accounts receivable management, as well as portfolio purchases.

Axactor divides its operations into four main business segments: NPL portfolios, REOs, 3PC and ARM, all of which fall under the credit management services industry.

The NPL segment invests in portfolios of non-performing loans. Subsequently, the outstanding debt is collected through either amicable or legal proceedings.

The REOs segment invests in real estate assets held for sale. Subsequently, the real estate assets are prepared for sale and offloaded to third parties.

The 3PC segments main focus is to perform debt collection services on behalf of third-party clients. They apply both amicable and legal proceedings in order to collect the non-performing loans, and typically receive a commission for these services. They also help creditors to prepare documentation for future legal proceedings against debtors, and for this they typically receive a fixed fee.

ARM handles claims between the invoice date and the default date. The customer issue an invoice to the debtor, and Axactor ARM monitors the claim and makes sure the payment is made in due time. If a debtor defaults on the payment, the claim is typically transferred to 3PC for debt collection services.

Axactor reports its business through reporting segment which corresponds to the operating segments. Segment profitability and country profitability are the two most important dimensions when making strategic priorities and deciding where to allocate the Groups resources.

6.2.1 NPL portfolios

NPL portfolios acquires portfolios of non-performing loans (NPL). The main focus is on unsecured B2C and B2B SME, although Axactor remains opportunistic regarding adjacent asset classes such as secured NPLs. As Axactor specializes in collecting non-performing loans, it has the ability to pay a fair price to the owner of the debt and at the same time make a profit on the collection. The typical portfolio has a collection forecast of 15 years as the basis for valuation, and the return on these portfolios is seen as attractive. As Axactor performs the debt collection process in-house, the company is of the view that it has a competitive advantage compared to players who invest in portfolios with the aim of outsourcing the collection.

Axactor acquires performing and non-performing debt at a percentage of their nominal value, standalone transactions as well as forward flow transactions. Axactor is also focused in carve-outs of internal debt collection departments of financial institutions.

What is debt purchase?

Debt purchase is when Axactor buys performing or non-performing debt from a company. The price of the debt depends of the age and the quality of the debt. Analysis of the debt will be performed and Axactor gives an offer for what Axactor can pay.

Axactor has a well-functioning integration process of new portfolios, ensuring that the portfolios quickly get into production. Axactor is purchasing both secured and non-secured debt. Axactor is also in the market of forward-flow transactions. This is ongoing acquisitions of loans and receivables after they are overdue by a specified number of days, for example payments overdue by 90 days.

As soon as the cases have been transferred over to Axactor, its skilled and experienced employees get started on the collection.

Axactor also do carve-out of internal debt collection departments of financial institutions.

6.2.2 REO portfolios

During 2017, Axactor invested in REO portfolios for the first time. These portfolios are essentially real estate assets, mainly derived from mortgage shortfalls. These assets are not considered core business by the banks, and many banks, especially in Spain are looking to offload these assets from their balance sheets. Axactor is acquiring the assets at a discount and are holding them purely for sale. The typical REO portfolio lasts 3-5 years, the short payback time ensures attractive IRR levels and also contributes to a more diversified product and portfolio mix. Main part of the activities related to holding, and preparing the assets for sale is of outsourced to third party suppliers.

6.2.3 Debt collection (3PC)

The third-party collection (3PC) segment performs debt collection services on behalf of clients. As this is Axactor's field of expertise, collections can be made more efficiently, both in terms of amount collected and in terms of costs, than companies that do not specialize in debt collection. Customers typically pay a fixed price or a commission of the collected amount, depending on the services provided. The 3PC business is capital light and stable, and the company views this as an important part of its total offering. In addition, the 3PC business secures important network and serves as a gateway to become a trusted buyer of NPL portfolios

Axactor offers both amicable and legal collection services to a wide range of customers. The Company manages late payments with the needed local knowledge, friendliness and firmness. Axactor can assist with getting outstanding payments in faster and bring down outstanding credits, then the customers can focus on their core business and continue to have a positive relationship with their customers.

Axactor offers customers and end to end collection process from amicable to legal collections, and debt surveillance.

What is amicable collection?

This is when Axactor takes over recovery of the debt before the claims become enforceable or at a time the customer decides. Specialized amicable collection teams are dedicated depending on the nature and/or age of the debt. Our case handlers are trained and specialized with the skills needed to maximize the collection.

What is prelegal and legal Collection?

Sometimes it is necessary to take legal action to recover the debt. Axactor has skilled and experienced teams that can prepare all the legal actions required to present the case for the court on behalf of the customers. In these cases, Axactor continues in parallel to do amicable collection on the case as well, to try to solve the case as smoothly as possible.

What is debt surveillance?

If the debt is not recovered through amicable or legal collection, the debt can be put on surveillance. Axactor has specialized teams that can monitor and detect change in the financial circumstances of your customers. In such cases the Company get in contact with the debtor directly to agree on a payment schedule. This enables the customers to receive money from claims that they might already have written off.

6.2.4 Accounts Receivable Management

The accounts receivable management (ARM) segment performs services for external clients in the pre-default phase. The customer issues invoices before Axactor takes over the process. Axactor follows up on potential missed payments and provides reminder services if the invoice is not settled in due time. If an invoice is defaulted, the claim is typically transferred to Axactor 3PC for debt collection services. This product has so far only been active in Axactor Norway, but over the course of 2017 preparations have been made to roll out this product to several Axactor geographies. ARM delivers good margins, and in addition it feeds volumes into the 3PC business and complements the rest of Axactor's product offering.

Axactor can also monitor all issued invoices, send reminders and increase the level of timely payments. This enables the customers to reduce the cost of the invoice process and it contributes to increase your liquidity.

Axactor offers to follow up on all issued invoices and increase the level of invoices paid on time. This helps boost the customer's cash flow.

What is A/R management?

A/R management is when Axactor follows up on all issued invoices, to secure that they are paid on time. This is done through sending out reminders, striving for settlement before the case has moved into the phase of amical debt collection. Innovative and efficient systems make it possible for Axactor to tailor routines especially for your customers. Axactor has developed integration with many financial systems, which makes it easy and safe to get started. You still have full control on the invoice process.

6.3 Market

The European market Axactor is in, is expected to remain dynamic and growing.

The size of European NPL market is about EUR 1.5 trillion². The primary focus of Axactor is the B2C unsecured, which is about 10 % of the total market. Axactor's secondary focus is the B2C Secured and B2B SME, totally comprising 60 % of the market. There are two main drivers in the markets segments Axactor is in. Firstly after financial crisis the economy in the Eurozone is recovering, with unemployment rates improving, and consumer credit & residential mortgages rising again. Secondly, banks' balance sheets still contain significant NPL volumes but this is expected to be divested. The clean-up of the bank's balance sheet has just started, Banks seems eager to sell off secured assets and REO's in addition to unsecured portfolios.

6.4 Description of group

The Issuer, the parent company of the Group, is a holding company and the operations of the Group are carried out through the collection services and portfolio owning subsidiaries of the Company.

² Source: ECB, Oxford Economics Note: (based on 2014 estimates)

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graph TD
    Axactor_AB[Axactor AB  
(Sweden)] --> Axactor_Incentive_AB[Axactor Incentive AB  
(Sweden)]
    Axactor_AB --> Luxco_Invest_1_Sarl[Luxco Invest 1 S.à.r.l.  
(Luxembourg)]
    Axactor_AB --> Axactor_Platform_Holding_AB[Axactor Platform Holding AB  
(Sweden)]
    Axactor_AB --> Axactor_AS[Axactor AS  
(Norway)]
    Axactor_AB --> Axactor_Portfolio_Holding_AB[Axactor Portfolio Holding AB  
(Sweden)]
    Axactor_AB --> ReoLux_Holding_Sarl[ReoLux Holding S.à.r.l.]
    Axactor_AB --> Axactor_Italy_Holding_Srl[Axactor Italy Holding S.r.l.  
(Italy)]

    Axactor_Platform_Holding_AB --> Axactor_Norway_Holding_AS[Axactor Norway Holding AS  
(Norway)]
    Axactor_Platform_Holding_AB --> Axactor_Germany_Holding_GmbH[Axactor Germany Holding GmbH  
(Germany)]
    Axactor_Platform_Holding_AB --> Axactor_Espana_SLU[Axactor España, S.L.U.  
(Spain)]
    Axactor_Platform_Holding_AB --> Axactor_Sweden_Holding_AB[Axactor Sweden Holding AB  
(Sweden)]

    Axactor_Norway_Holding_AS --> Axactor_Capital_AS[Axactor Capital AS]
    Axactor_Norway_Holding_AS --> Axactor_Norway_AS[Axactor Norway AS]

    Axactor_Germany_Holding_GmbH --> Axactor_Germany_GmbH[Axactor Germany GmbH]
    Axactor_Germany_Holding_GmbH --> Axactor_Mobile_Services_GmbH[Axactor Mobile Services Germany GmbH]
    Axactor_Germany_Holding_GmbH --> Heidelberger_Forderungskauf_GmbH[Heidelberger Forderungskauf GmbH]
    Axactor_Germany_Holding_GmbH --> Heidelberger_Forderungskauf_II_GmbH[Heidelberger Forderungskauf II GmbH]
    Axactor_Germany_Holding_GmbH --> Talos_Equity_Management_GmbH[Talos Equity Management GmbH]
    Axactor_Germany_Holding_GmbH --> VABA_GmbH[VABA GmbH]

    Axactor_Espana_SLU --> Axactor_Espana_Platform_SA[Axactor España Platform S.A.]

    Axactor_Sweden_Holding_AB --> Axactor_Sweden_AB[Axactor Sweden AB]
    Axactor_Sweden_Holding_AB --> Axactor_Capital_Sweden_AB[Axactor Capital Sweden AB]

    Axactor_Portfolio_Holding_AB --> Axactor_Capital_Luxembourg_Sarl[Axactor Capital Luxembourg S.à.r.l.]

    ReoLux_Holding_Sarl --> Beta_Properties_Investments_SLU[Beta Properties Investments S.L.U.]
    ReoLux_Holding_Sarl --> Borneo_Commercial_Investments_SLU[Borneo Commercial Investments S.L.U.]
    ReoLux_Holding_Sarl --> Alcala_Lands_Investments_SLU[Alcala Lands Investments S.L.U.]
    ReoLux_Holding_Sarl --> PropCo_Malagüeta_SL[PropCo Malagüeta S.L.]
    ReoLux_Holding_Sarl --> Proyecto_Lima_SL[Proyecto Lima S.L.]

    Axactor_Italy_Holding_Srl --> Axactor_Italy_SpA[Axactor Italy S.p.A.]
  
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AXACTOR

Name	Country	Ownership	Purpose
Axactor AB	Sweden	-	Holdco (Listed)
Axactor Incentive AB	Sweden	100 %	Holds rights to management incentive program
Luxco Invest 1 S.à r.l.	Luxembourg	50 %	Co - Investments vehicle unsecured/Secured NPL's
Axactor Platform Holding AB	Sweden	100 %	Holdco country activities
Axactor AS	Norway	100 %	Group management
Axactor Portfolio Holding AB	Sweden	100 %	Holdco NPL Investments
Axactor Capital Luxembourg S.à r.l.	Luxembourg	100 %	Spanish NPL Investments
Axactor Sweden Holding AB	Sweden	100 %	Holdco Swedish activities
Axactor Sweden AB	Sweden	100 %	Swedish collection activities
Axactor Capital Sweden AB	Sweden	100 %	Dormant to be closed down
Axactor España, S.L.U.	Spain	100 %	Holdco Spanish activities
Axactor España Platform	Spain	100 %	Spanish collection activities
Axactor Germany Holding GmbH	Germany	100 %	Holdco German activities
Axactor Germany GmbH	Germany	100 %	German collection activities
Axactor Mobile Services Germany GmbH	Germany	100 %	German collection activities and NPL Investments
Heidelberger Forderungskauf GmbH	Germany	100 %	German collection activities and NPL Investments
Heidelberger Forderungskauf II GmbH	Germany	100 %	German collection activities and NPL Investments
Taloo Equity Management GmbH	Germany	100 %	German collection activities and NPL Investments
VABA GmbH	Germany	100 %	German collection activities and NPL Investments
Axactor Norway Holding AS	Norway	100 %	Holdco Norwegian activities
Axactor Capital AS	Norway	100 %	Norwegian NPL Investments
Axactor Norway AS	Norway	100 %	Norwegian collection activities
Reolux Holding S.à r.l.	Luxembourg	50 %	Co - Investments vehicle REO's
Beta Properties Investments S.L.U	Spain	100 %	Holdco REO's investments
Borneo Commercial Investments S.L.U.	Spain	100 %	Holdco REO's investments
Alcala Lands Investments S.L.U.	Spain	100 %	Holdco REO's investments
PropCo Malagueta S.L.	Spain	75 %	Holdco REO's investments
Proyecto Lima S.L.	Spain	75 %	Holdco REO's investments
Axactor Italy Holding S.r.l.	Italy	100 %	Holdco Italian activities
Axactor Italy S.p.A.	Italy	90 %	Italian collection activities and NPL Investments

The Issuer is a holding entity without any operation and is dependent upon its subsidiaries to service their obligations and the payments under the Bond Issue, as the Groups cash flows originate from portfolio investments and operational platforms located in the subsidiaries.

6.6 Business offering per country

Spain

Through the acquisitions of ALD and Geslico, Axactor established itself as a debt collection agency in the Spanish market. The Group specializes in the legal recovery of legal debt claims, including mortgages, enforced collection, insolvency, ordinary proceedings and payment procedures. The Group's clients in Spain comprises banks and other financial institutions, national and international large companies, SMEs, international investment firms and other debt collection agencies.

Axactor is operating under a recovery business model, offering comprehensive debt collection management for amicable and court based proceedings with coordination between the aforementioned procedures. In addition, Axactor provides customized portfolio segmentation strategies, monitoring, measurement, audits and test performance.

Since entering into Spain, Axactor has expanded its operations by recruiting experienced management teams with solid track records and strong industry relationships. Axactor has also acquired several NPL portfolios in Spain to expand the business of the Group.

Collection is done both on owned NPL portfolios and third party owned portfolios in Spain.

The Group specializes in the legal recovery of legal debt claims, including mortgages, enforced collection, insolvency, ordinary proceedings and payment procedures and also invests in real estate assets held for sale. The Group's clients in Spain comprises banks and other financial institutions, national and international large companies, SMEs, international investment firms and other debt collection agencies.

Norway

Through the acquisition of the IKAS Companies (now named Axactor Norway AS, referred to as "Axactor Norway"), Axactor established a collection and payment business in Norway. Axactor Norway is today a reputable supplier of debt collection services and invoice administration in the Norwegian market and delivers market leading and modern payment solutions for selected small to medium sized businesses across all sectors.

In addition to debt collection services, Axactor Norway offers payments and invoice administration services.

Italy

Through the acquisition of CS Union, Axactor established itself as a debt purchase and collection agency in the Italian market. CS Union is active in two business segments; acquisition of small ticket unsecured NPLs from financials, utilities, telecom companies and commercial companies, and management of secured and unsecured NPLs for third parties (3PC).

Germany

Through the acquisition of Altor Group (renamed Axactor Germany Holding GmbH, referred to as "Axactor Germany"), Axactor established itself as one of Germany's largest independent service providers in the field of debt collection and purchasing. Axactor Germany has a special expertise in the banking sector, for utility companies and e-commerce. Axactor Germany covers the entire life cycle of customer relationships – from early intervention through to the handling and purchase of non-performing loans.

Sweden

Through the acquisition of Profact AB, Axactor established an immediate access to the Swedish debt collection market. Profact AB has a strong competence within the industry, particularly in the debt surveillance area, with the necessary collection licence to collect on behalf of third party customers.

6.7 Software, IT Plattform and process

An important part of the Group's operations is its IT systems, which comprises a main datacentre that carries out all the activities related to files storage, management, file reclassification and processing. As such, the datacentre is the only dispatching point of all debt related to legal proceedings. This database is highly customized in order to allow for direct interconnection between the Group's lawyers/solicitors and the call centre, as well as direct feeding from these lawyers/solicitors. In terms of software, all the file processing and elaboration activities performed by the Group are done through in-house software, or "soluciana". This software enables exhaustive file

Registration Document

management during all the phases of the debt collection process, with maximum flexibility to adapt the system to any client requirement.

The Company receives files in different formats, mainly excel files with client specific formats, and the software incorporates the information into the system in an automated process or manually if in Excel. The software also registers any modifications made on the information, identifying every user with access so as to ensure the control of all the sensitive information stored in the system.

Reporting to the clients can easily be adapted to their specific requirements. The software has the ability to incorporate the information from the system into excel files or any other format through reporting tools (Qlik).

As a result of having all the data collection in a unified system with the same structure, the Group benefits from the extraction of highly valuable information from the different projects completed, providing them statistics of debt recovered and judicial court time response.

The Company is of the opinion that the database represents a competitive advantage for the Group, as it includes data and information collected and elaborated over a long time period that allows the expedient management of new proceedings.

To support adequate maintenance and development of software, Axactor has dedicated IT and business support employees in all countries. In addition, the Group relies on some external hired assistance. Use of this team is important for the Group, as it allows for the continuous upgrade of the systems necessary to improve process efficiency and to adapt the product features to client needs; features which allows for:

- Management of high volumes of files.
- Timely responses to client's proceedings.
- IT architecture designed to execute an unlimited number of debt collection files.

The below table shows an overview of the various operational systems applied by Axactor in each of the countries the Group operates in.

Overview operational systems

						
NEW COLLECTION SYSTEM	Gira	Ikaros	Predator	Recupera	Aptic	Country specific
DIALER	Altitude	Altitude	Altitude	Altitude	Altitude	
IT INFRASTRUCTURE	Intility	Intility	Intility	Intility	Intility	
ERP SYSTEM/ INC. HR	UBW	UBW	UBW	UBW	UBW	AXACTOR Group systems
DEBTOR PORTAL	Standard/TBD	Standard/TBD	Standard/TBD	Standard/TBD	Standard/TBD	
BI/DATA WAREHOUSE	MicroStrategy	MicroStrategy	MicroStrategy	MicroStrategy	MicroStrategy	
CRM	Dynamics 365	Dynamics 365	Dynamics 365	Dynamics 365	Dynamics 365	
INTEGRATION BROKER	Standardize	Standardize	Standardize	Standardize	Standardize	
DIGITALISATION	Started	Started	Started	Started	Started	
PAYMENT SERVICES	Axactor Office	Axactor Office	Axactor Office	Axactor Office	Axactor Office	

Source: Axactor Q2 report

6.8 Key Competitors

Spain

The Group's competitors include other debt collection agencies operating in the Spanish market, both local and international. A recent trend has been that international investment firms have acquired local companies in order to position themselves for portfolio acquisitions in a growing market. Based on the growth in the Spanish market, the Group expects new entrants to enter the Spanish market or a continuation of international companies acquiring the local companies. All companies operating in the market have diversified industry exposure by targeting both financial institutions and corporates. Through the acquisition of Geslico in 2016, Axactor is now among the larger debt collection agencies in Spain.

Overview of the top 10 debt collection agencies in Spain by debt collection revenue

Rank	Company	Home country	Description	Revenue 2016 EURm
1	<u>Lindorff</u>	Norway	International debt collection company, with presence in 13 countries, focusing on debt collection services and debt portfolio acquisition	81 ⁽¹⁾
2	<u>Aktua</u>	Spain	Spanish company providing debt collection services as well as property and financial management, real estate services and investment advisory. <u>Aktua</u> was acquired by <u>Lindorff</u> in May 2016	38 ⁽²⁾
3	<u>I.S.G.F</u>	Spain	Spanish company offering debt collection services	35
4	<u>Konecta</u>	Spain	Spanish company specializing in the management and outsourcing of business processes, including debt collection services	27 ⁽¹⁾⁽²⁾
5	<u>Axactor</u>	Norway	<u>Axactor</u> acquired <u>Geslico</u> in May 2016 (Spanish debt collection company focusing on debt collection services as integrated services)	22
6	<u>Transcom</u>	Sweden	Swedish debt collection company, with presence in 23 countries, offering customer care, sales, technical support and credit management services	17 ⁽²⁾
7	<u>Esco Expansión</u>	Spain	Spanish debt collection company focusing on debt collection services	16 ⁽¹⁾
8	<u>EOS</u>	Germany	International debt collection company, with presence in 26 countries, focusing on debt collection services and debt portfolio acquisitions	16
9	<u>Intrum Justitia</u>	Sweden	International debt collection company, with presence in 20 European countries, focusing on both debt collection services and debt portfolio acquisition	14 ⁽²⁾
10	<u>Gescobro</u>	Spain	Spanish debt collection company focusing on 3rd party collection servicing and unsecured debt purchase in Spanish market	13 ⁽¹⁾

(1) 2015 revenue, latest publically available financials.

(2) Based on relevant debt collection revenue share estimated by DBK Informa, 2014

Source: Company web sites, DBK Informa, Bureau van Dijk

Norway

The Norwegian debt collection market totals 100 debt collectors ("inkassoselskaper") in addition to four ordinary players with license to acquire and manage non-performing portfolios. The number of debt collection players in Norway has remained stable in recent years. The top ten debt collectors represent a total market share of approximately 75% of cases. Among the top 10 competitors, eight companies are Scandinavian. PRA Group acquired the Norwegian debt collector company Aktiv Kapital in 2014. In 2016, Axactor acquired the player previously ranked as number 10, IKAS, to create Axactor Norway.

Overview of the top 10 debt collection agencies in Norway by debt collection revenue

Rank	Company	Home country	Description	Revenue 2016 EURm
1	Lindorff	Norway	International debt collection company, with presence in 13 countries, focusing on both debt collection services and debt portfolio acquisition	100
2	Kreditor	Norway	Debt collection company focusing on both debt collection services and debt portfolio acquisition	63
3	PRA Group	USA	International debt collection company, with presence in 14 countries in Europe, focusing on both debt collection services and debt portfolio acquisition	57
4	Visma Collectors	Norway	Debt collection company providing invoicing services and debt collection	24
5	Intrum Justitia	Sweden	International debt collection company, with presence in 20 European countries, focusing on both debt collection services and debt portfolio acquisition	20
6	Conecto	Norway	Debt collection company focusing on both debt collection services and debt portfolio acquisition	20
7	Gothia	Germany	Debt collection company focusing on debt collection services	18
8	Svea Finans	Norway	International debt collection company, with presence in 10 countries, focusing on both debt collection services and debt portfolio acquisition	15
9	Sergel Norge	Sweden	International debt collection company, with presence in 17 countries, focusing on both debt collection services and debt portfolio acquisition	13
10	Axactor Norway	Norway	Debt collection company, with presence in 4 countries, focusing on both debt collection services and debt portfolio acquisition	10 ⁽¹⁾

(1) Pro forma: Formerly IKAS, including Axactor Norway, IKAS, IKAS Øst, IKAS Nord, IKAS Vest, IKAS Nordvest
Note: Revenue converted at NOK/EUR rate of 9,30
Source: Company web sites, Proff Forvalt, PwC

Sweden

The Swedish debt collection market is dominated by domestic-grown players such as Alektum, Intrum and Sergel Kredittjänster that have been expanding globally to continue their growth. In November 2016, Intrum Justitia and Lindorff announced to combine to create an industry leading CMS company with local presence in 23 markets across Europe. Regulatory approval was granted in June 2017 by the European Commission. However, the new entity is required to divest Lindorff's activities in Sweden.

In 2016, Axactor entered the Swedish market through the acquisition of Profact AB, offering credit management service and customer services.

Overview of the top 10 debt collection agencies in Sweden by debt collection revenue

Rank	Company	Home country	Description	Revenue 2016 EURm
1	<u>Lindorff Sverige AB</u>	Norway	International debt collection company, with presence in 13 countries, focusing on both debt collection services and debt portfolio acquisition	70
2	<u>Alektum Group AB</u>	Sweden	<u>Alektum</u> Group is a family-owned company offering debt collection and associated services with presence in 15 European markets	58
3	<u>Intrum Justitia Sverige Aktiebolag</u>	Sweden	International credit management services company with presence in 20 European markets, focusing on both debt collection services and debt portfolio acquisition	57
4	<u>Sergel Kreditjänster AB</u>	Sweden	Regional debt collection agency with presence in the Nordics and Baltics (Latvia, Lithuania), acquired by <u>Marginalen AB</u> in 2017	55
5	<u>Svea Inkasso Aktiebolag</u>	Sweden	Debt collection agency, part of the <u>Svea Ekonomi</u>	51
6	<u>Prioritet Finans AB</u>	Sweden	Leading factoring player (receivables purchasing), owned by <u>Prioritet Group AB</u>	45
7	<u>Euro Finans AB</u>	Sweden	Primarily offer factoring, but also debt collection and credit information services for Swedish customers, owned by <u>Prioritet Group AB</u>	17
8	<u>PRA Group Sweden</u>	USA	International debt collection company, with presence in 14 countries in Europe, focusing on both debt collection services and debt portfolio acquisition	17
9	<u>Euler Hermes Service</u>	France	International credit insurance, debt collection, and bonding solutions, a subsidiary of Allianz SE	16
10	<u>Sileo Capital</u>	Sweden	Part of B2Holding	9

Source: Company webpages, Allabolag.se

Germany

The German debt collection market includes between 600 and 900 players with the four largest players accounting for approximately 40% of the market revenue. The largest players are also market leaders within several sectors. Consolidation within the debt collection market is still ongoing. Tesch Inkasso was acquired by GFKL in September 2016 with Avedon (Private Equity Company) as vendor. Prior to the deal, Tesch acquired some smaller debt collection boutiques focusing on debt collection within the telecom, energy and new media. The following ~20% of market share is held by approximately 20 players mostly focusing on one or two major sectors. The remaining revenue of the debt collection market is divided between a large number of regional players, who serve relatively small customers and typically do not acquire NPLs.

Overview of the top 10 debt collection agencies in Germany by debt collection revenue

Rank	Company	Home country	Description	Revenue 2016 EURm
1	<u>Arvato Infoscore</u>	Germany	Company engaging in claims management, debt collection and invoicing	1,630 ⁽¹⁾
2	<u>Creditreform</u>	Germany	One-stop shop for economic information, credit ratings, claims management, debt collection and market analysis and software solutions	499
3	GFKL	Germany	International firm offering claims management and debt collection services for clients in various industries	278 ⁽²⁾
4	EOS	Germany	International debt collection company, with presence in 26 countries, focusing on debt collection services and debt portfolio acquisitions	275
5	<u>Lindorff Holding</u>	Norway	International debt collection company, with presence in 13 countries, focusing on both debt collection services and debt portfolio acquisition	76 ^{(2) (3)}
6	Bad Homburger <u>Inkasso</u>	Germany	Company offering debt collection for clients from various focus sectors, such as banking, energy and real estate.	56
7	HOIST	Sweden	Company specializing in the purchase and management of unsecured consumer loans	50 ⁽⁴⁾
8	REAL Solution <u>Inkasso</u>	Germany	Debt collector focusing on companies with substantial outstanding claims against consumers in Germany	50 ⁽²⁾
9	<u>Tesch Inkasso</u>	Germany	Company offering debt collection for clients from various focus sectors, such as Telecom and Media, acquired by GFKL in September 2016	Appr. 40 ⁽⁵⁾
10	BID	Germany	Claims management company offering a wide range of services for several sectors.	32 ⁽²⁾

(1) Revenue for Arvato Infoscore includes non-debt collection revenue. No financial report for debt collection, but thought to be amongst top four players. Part of Arvato Group is planned to be disposed and consequently reclassified for accounting purposes.

(2) 2015 revenue

(3) Revenue on consolidated level. Revenue generated in Germany in 2015 amounts to EUR 68m. Lindorff has also announced merger with Introm Justitia. Introm Justitia revenue figures not included.

(4) Revenue of SEK 474m in Germany in 2016 translated with an average exchange rate SEK/EUR of 0.1057.

(5) No consolidated group figures public available. Tesch has been acquired by GFKL in September 2016

Source: Company webpages, Annual Reports, PwC

Italy

The Italian debt collection market comprises primarily local players, with all top ten players having headquarters in Italy. The debt collection market for corporate and consumer finance is fragmented, with a large number of regional player (1000-1500). However, debt collection for financial institutions' NPLs is highly concentrated and a few large players hold nearly the entire market. In July 2016 Dobank, a company owned jointly by Eurocastle Investment Ltd and Fortress Investment Group, acquired 100% of Italfondiaro. The transaction will create the largest independent Italian credit management servicer specializing in the management of NPLs for financial services. In 2016, a number of acquisitions took place in Italian market, including:

- Axactor's acquisition of CS Union from Banca Sistema
- Lindorff's acquisition of CrossFactor, a small factoring and credit servicing platform
- Arrow's acquisition of 100% of Zenith Service, a master servicing platform
- Kruk's acquisition of 100% of Credit Base
- DoBank's acquisitions of 100% of Italfondiaro
- Dea Capital's acquisition of 66.3% of SPC Credit Management

The market has also been fairly active in 2017, some of the notable acquisitions include:

- KKR's acquisition of Sistemica
- Lindorff's acquisition of Gextra, a small ticket player from doBank
- Bain Capital's acquisition of 100% of HARIT, servicing platform specialized in secured loans
- Varde's acquisition of 33% of Guber

Overview of the top 10 debt collection agencies in Italy

Rank	Company	Home country	Description	Revenue 2016 EURm
1	Dobank	Italy	Credit management company managing non-performing loans on behalf of its clients	206
2	Cerved Credit Management	Italy	Company offering services within credit management, credit information and marketing solutions	85
3	MBCredit Solutions	Italy	MBCredit Solutions is a Mediobanca Group company management of NPEs and NPLs (non-performing loans), also portfolio acquisitions	60
4	Guber	Italy	Debt collection company focusing on both debt collection services and debt portfolio acquisition	40
5	Fire	Italy	Active since 1992, Fire does Credit Management and Out-of-court collection providing national coverage in Italy	40
6	Advance Trading	Italy	Part of the international WCM Group, the company is a credit management and debt collection agency offers complete credit management, from credit risk prevention services to out-of-court and legal collection actions, as well as NPL services	34
7	Credito Fondiario	Italy	Credito Fondiario is controlled by Tages Holding and is part of Tages Group and offers its products and services to other financial and banking institutions as well as to international institutional investors focussing on the secondary credit market.	27
8	Cribis Credit Management	Italy	A CRIF Group company specialized in credit collection outsourced services: from customer care to the extrajudicial and judicial collection.	22
9	Parr Credit	Italy		19
10	CAF	Italy	Debt collection company focusing on debt collection services for banks	19

Source: Company webpages, PwC

7 Industry overview

This section discusses the credit management services industry and its main characteristics including amongst other the competitive market structure, key market developments to date as well as current and future trends. Estimates in this section are based on data compiled by professional organizations, consultants and analysts.

7.1 Credit Management Services (CMS)

Europe

Introduction

The Eurozone economy is slowly recovering from previous crises and has seen a healthy and steady growth in recent years. Core inflation rate in Eurozone reached a four-year high July 2017. Unemployment rate reached the lowest point for almost 8 years and GDP growth was approximately 0.6% in the second quarter of 2017. Domestic demands in Eurozone have improved significantly, meanwhile exports are also growing continuously. Whereas Eurozone economy has had a strong recovery, the Nordic economies no longer stand out from the European crowd. Swedish GDP growth rate has turned out to be one the highest rates among developed countries. A sharp drop in oil price in 2014 impacted the Norwegian economy, however, the Norwegian economy is on track to normalization.

Country	Indicators	Units	2016	2017
Denmark	Gross domestic product. constant prices	Percent change	1.137	1.474
Denmark	Gross domestic product. current prices	U.S. dollars (Billions)	306.73	304.216
Denmark	Inflation. average consumer prices	Index	100.25	100.902
Denmark	Inflation. average consumer prices	Percent change	0.25	0.65
				42952.0
Denmark	Unemployment rate	Percent of total labor force	6.192	0
Denmark	Official bank rate (Current-account rate)	Percentage	0.00	0.00
Denmark	Population	Persons (Millions)	5.707	5.754
Finland	Gross domestic product. constant prices	Percent change	1.387	1.345
Finland	Gross domestic product. current prices	U.S. dollars (Billions)	236.883	234.524
Finland	Inflation. average consumer prices	Index	100.389	101.825
				15707.0
Finland	Inflation. average consumer prices	Percent change	0.389	0
				19937.0
Finland	Unemployment rate	Percent of total labor force	8.792	0
Finland	Official bank rate (Reference rate)	Percentage	0.00	0.00
Finland	Population	Persons (Millions)	5.487	5.504
France	Gross domestic product. constant prices	Percent change	1.213	1.396
			2463.22	
France	Gross domestic product. current prices	U.S. dollars (Billions)	2	2420.44
France	Inflation. average consumer prices	Index	100.303	101.714
France	Inflation. average consumer prices	Percent change	0.308	1.407
France	Unemployment rate	Percent of total labor force	10.042	9.639
France	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
France	Population	Persons (Millions)	64.605	64.9
Germany	Gross domestic product. constant prices	Percent change	1.774	1.634
			3466.63	3423.28
Germany	Gross domestic product. current prices	U.S. dollars (Billions)	9	7
Germany	Inflation. average consumer prices	Index	100.367	102.396
Germany	Inflation. average consumer prices	Percent change	0.375	2.022
Germany	Unemployment rate	Percent of total labor force	4.158	4.161

Germany	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Germany	Population	Persons (Millions)	82.732	83.001
Italy	Gross domestic product, constant prices	Percent change	0.88	0.843
			1850.73	1807.42
Italy	Gross domestic product, current prices	U.S. dollars (Billions)	5	5
Italy	Inflation, average consumer prices	Index	99.942	101.197
Italy	Inflation, average consumer prices	Percent change	-0.05	1.256
			24047.0	13089.0
Italy	Unemployment rate	Percent of total labor force	0	0
Italy	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Italy	Population	Persons (Millions)	60.666	60.76
Norway	Gross domestic product, constant prices	Percent change	1.024	1.238
Norway	Gross domestic product, current prices	U.S. dollars (Billions)	370.449	391.959
Norway	Inflation, average consumer prices	Index	112.442	115.366
			20149.0	42888.0
Norway	Inflation, average consumer prices	Percent change	0	0
				42859.0
Norway	Unemployment rate	Percent of total labor force	4.758	0
Norway	Official bank rate (Stytingsrente)	Percentage	0.55	0.5
Norway	Population	Persons (Millions)	5.263	5.336
Spain	Gross domestic product, constant prices	Percent change	3.235	2.591
			1232.59	
Spain	Gross domestic product, current prices	U.S. dollars (Billions)	7	1232.44
Spain	Inflation, average consumer prices	Index	100.007	102.409
Spain	Inflation, average consumer prices	Percent change	-0.2	2.401
Spain	Unemployment rate	Percent of total labor force	19.635	17.704
Spain	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Spain	Population	Persons (Millions)	46.323	46.257
			11383.0	
Sweden	Gross domestic product, constant prices	Percent change	0	2.696
Sweden	Gross domestic product, current prices	U.S. dollars (Billions)	511.397	507.046
Sweden	Inflation, average consumer prices	Index	101.846	103.298
Sweden	Inflation, average consumer prices	Percent change	1.136	1.425
			34851.0	
Sweden	Unemployment rate	Percent of total labor force	0	6.724
Sweden	Official bank rate (Reference rate)	Percentage	-0.5	-0.5
Sweden	Population	Persons (Millions)	9.995	10.177
Austria	Gross domestic product, constant prices	Percent change	1.48	1.40
Austria	Gross domestic product, current prices	U.S. dollars (Billions)	386.75	383.51
Austria	Inflation, average consumer prices	Index	122.69	125.28
Austria	Inflation, average consumer prices	Percent change	0.97	2.11
Austria	Unemployment rate	Percent of total labor force	6.11	5.94
Austria	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Austria	Population	Persons (Millions)	8.69	8.76
Greece	Gross domestic product, constant prices	Percent change	0.01	2.15
Greece	Gross domestic product, current prices	U.S. dollars (Billions)	194.25	193.10
Greece	Inflation, average consumer prices	Index	118.57	120.08
Greece	Inflation, average consumer prices	Percent change	0.01	1.27
Greece	Unemployment rate	Percent of total labor force	23.76	21.89
Greece	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Greece	Population	Persons (Millions)	10.85	10.85
Portugal	Gross domestic product, constant prices	Percent change	1.43	1.74
Portugal	Gross domestic product, current prices	U.S. dollars (Billions)	204.76	202.77
Portugal	Inflation, average consumer prices	Index	100.64	101.85
Portugal	Inflation, average consumer prices	Percent change	0.64	1.21
Portugal	Unemployment rate	Percent of total labor force	11.07	10.61
Portugal	Official bank rate (ECB fixed rate tenders)	Percentage	0.00	0.00
Portugal	Population	Persons (Millions)	10.33	10.29

Sources: International Monetary Fund, World Economic Outlook Database, April 2017, ECB Eurosystem, National banks

At the European level, the implementation of a new regulatory framework with common rules for banks in all 28 EU member states set out in a single rulebook is going ahead. The Supervisory Review and Evaluation Process, or the SREP, results confirm that credit and counterparty risks remain the supervisors' key concerns for banks. Moreover, there are doubts on the sustainability and viability of certain banks' business models and it is unclear what strategies banks have in place to return to adequate levels of profitability as they move away from official funding.

The European Central Bank, or ECB's, continuous quantitative easing, or QE, program is likely to have a mixed impact on banks in the region. It may help reduce funding pressures, support the economy and provide a lift to

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investment banking activities, but the downside is that pressure on National Incident Management Systems, or NIMS, is likely to intensify. Sector restructuring slowed ahead of the ECB's comprehensive assessment, but following the exercise's completion banks are now once more reassessing their businesses and geographic footprints. The structural reform agenda is likely to drive asset disposals. ECB Lending Surveys have been signaling a recovery in demand for consumer credit and housing loans between 2014 and Q2 2015. The survey also showed that the demand started to decrease from Q3 2015 onwards except for an increase that happened in Q3 2016. With the economic recovery in the region now gathering pace, non-performing loans, or NPLs, are declining in most countries. Italy is the exception, but proposed reforms by ECB and Bank of Italy intend to improve profitability in the Italian banking sector.

Recent CMS trends

As pointed out by Moody's, a credit rating company², the European debt collection market is maturing through an expansion into new business models and geographies. Some debt purchasing companies are now supplementing income by servicing third-party portfolios, as these activities provide a more stable revenue stream. Other companies are expanding the asset classes in which they invest, for example by buying or increasing their acquisitions of non-performing debt from telecommunication companies, retail or utilities. These developments have led to a wave of consolidation. Moody's expects this trend will last for at least another two years beyond 2016.

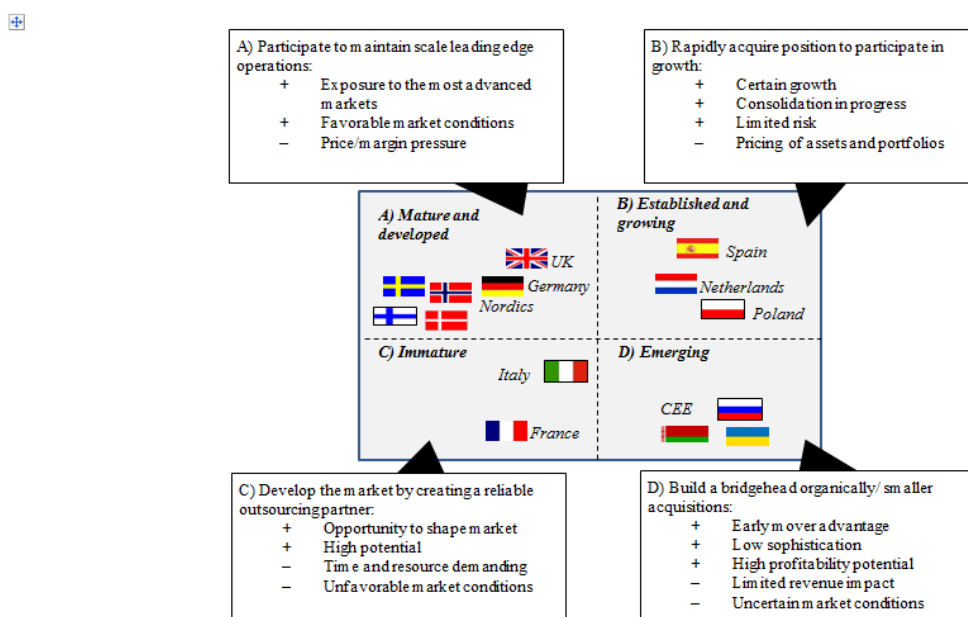
Banks' attitude to debt sale is the most important driver of the market size. In recent years, European banks have increasingly divested their debt portfolios as well as collection and recovery functions. This has largely been driven by regulatory pressure to improve their capitalization levels. However, as banks adapt to the tougher regulatory regime over time, they are likely to prefer to work with only mature CMS operators who can demonstrate the highest levels of customer service and compliance. Recent consolidation within the market supports this.

Loan Portfolio Market

The loan sale activity has increased over the past years. Commercial Real Estate, or CRE, loans are still highly traded across Europe and there has been a strong rise in sales of residential loan portfolios. UK, Ireland and Spain continue to be the most active markets, and sales in Italy, Germany and CEE are accelerating.

After contracting 0.64% in 2015 (the fourth consecutive year of contraction), business loans experienced a return to growth in 2016 and the first half of 2017. Mortgage loans bounced back in 2015 and continued to grow from 2015 onwards. However, the growth potential going forward is uncertain as NPL ratios are declining across the Eurozone.

The chart below depicts the development level of the debt collection market³.



Source: EY

³ Source Moody's: Maturity of European debt purchasing sector drives consolidation and business diversification in 2016

⁴ Source EY Eurozone Forecasts

Trends in the debt collection market

Several trends can be observed in the European debt collection and NPL markets.

The consolidation trend is expected to continue with players continuing to acquire debt collection players.

- Large American companies are entering Europe, e.g. PRA Group acquiring Aktiv Kapital in 2014 and Encore penetrating Europe with two brands, Groove and Cabbot
- Strong consolidation trend with professional ownerships going from family owned and entrepreneur owned businesses (early 2000) to Private Equity owned and listed companies. Examples include
 - Intrum acquiring Lindorff – regulatory divestiture of Intrum/Lindorff in the Nordics and Estonia
 - Altor and Investor owned Lindorff, sold to Nordic Capital in 2014
 - Permira acquiring GFKL in Germany and Lowell in UK in 2015

8 Trend information

Outlook

The market for purchase of NPL portfolios remains strong and Axactor see interesting opportunities in both Spain, the Nordics and Italy, while Germany remains somewhat less active. The competition for NPL portfolios remains robust and some of the price pressure we experienced at the end of 2017 will continue in the beginning of 2018.

In the Nordics we see an increasing interest from banks in doing forward flow agreements, typically for periods of 12 or 24 months, 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.

Axactor has become an established player in the European debt purchase- and service market, we will continue to drive efficiency and cost initiative through One Axactor.

- Solid 3PC pipeline
- Nordic consumer unsecured NPL market appears strong
- REO market in Spain still highly active
- German NPL market shows positive trend
- Axactor with significant ramp-up of cash flow and margin expansion in 2018

8.1 Statement of no material adverse change

There has been no material adverse change in the prospects of the Issuer since the date of their last published audited financial statements. See clause 11.6.

9 Administrative, management and supervisory bodies

9.1 Information about persons

Board of Directors

Name	Position	Business address
Bjørn Erik Næss	Chairman	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Lars Erich Nilsen	Board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Beate Skjerven Nygårdshaug	Board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Brita Eilertsen	Board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Merete Haugli	Board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Terje Mjøs	Board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Michael Hylander	Deputy board member	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden

Bjørn Erik Næss (Chairman)

Mr. Næss retired from the position as CFO of DNB ASA on March 1st, 2017, a position he held for 9 years. He was previously EVP and CFO in Aker Kværner ASA. Prior to this, he held similar positions in Orkla and Carlsberg (Denmark). Næss has extensive experience from executive positions both in Norway and abroad over the past 25 years. Næss is a graduate of the Norwegian School of Economics and Business Administration and has also completed an executive program at Darden Business School in the USA.

Lars Erich Nilsen (Board member)

Lars Erich Nilsen is currently working as a portfolio manager at Seatankers Management Norway AS. He is also a board member in Norwegian Property ASA. Lars Erich Nilsen has previous experience as a senior investment analyst at Fearnley Advisors and as an analyst at Fearnley Fonds. Nilsen is a graduate of the BI Norwegian Business School.

Beate Skjerven Nygårdshaug (Board member)

Ms. Skjerven Nygårdshaug holds several board positions and provide consultancy services within strategic, organizational and legal matters. She has developed a Senior Board Competence program for NHO and holds ownership in start-ups within Tech, Real Estate and Retail China. Ms. Skjerven Nygårdshaug was head of Legal at Kistefos AS from 2006 to 2014 and legal counsel at TDC Song from 2003 till 2006.

She has a Master of Law from Oslo University, and a Master of International Law (LLM) from San Francisco and an IEL program from Harvard University, Boston, USA, as well as an executive MBA from IMD, Switzerland.

Brita Eilertsen (Board member)

Ms. Eilertsen has more than 15 years of experience from investment banking and consulting institutions like Orkla Finans, SEB Enskilda and Touch Ross Managements Consultants. She is, and has been, member of the board of directors in several listed and private companies over the last 12 years. Eilertsen holds several board positions, including, among others, in Pareto Bank ASA (board member), Next Biometrics Group ASA (chairman), NRC Group ASA (board member) and Carnegie Kapitalforvaltning AS (board member). Eilertsen holds a Siviløkonom degree from the Norwegian School of Economics (NHH). In addition, she is a Certified Financial Analyst.

Merete Haugli (Board member)

Merete Haugli has experience as a board member from a number of companies, most recently Solstad Farstad ASA, Reach Subsea ASA, RS Platou ASA, Norwegian Property ASA and Aktiv Kapital ASA. She has held several senior positions, including SEB, Formuesforvaltning AS, First Securities ASA and ABG Sundal Collier ASA. She was previously Assistant Chief in the Oslo Police, responsible for the economic crime section.

She has education from Bankakademiet and Norwegian School of Management (BI).

Terje Mjøs (Board member)

Terje Mjøs is CEO of Telecomputing.

Mr. Mjøs was CEO of Evry ASA from 2010 to 2015 and before that CEO of ErgoGroup AS from 2004 till 2010, and has held several senior positions in Hydro from 1989 till 2004.

He has a Cand. Scient. Degree in Computer Science from the University of Oslo, and an MBA from Norwegian Business School BI.

Michael Hylander (Deputy board member)

Michael Hylander has been a lawyer for twenty-two years. Since joining MAQS in 2004, he has assisted the firm's clients with mainly company and contract law matters. Mr. Hylander has extensive experience of mergers and acquisitions, and other related issues as well as complex agreements. Mr. Hylander has extensive experience as board director/ chairman in several companies, and has been a member of MAQS' board for five years and its chairman for two years.

He has a Master of Law from Uppsala University (LL.M.), as well as a Master from Amsterdam School of International Relations.

Management

Name	Position	Business address
Endre Rangnes	Chief Executive Officer	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Johnny Tsois	Chief Financial Officer	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Oddgeir Hansen	Chief Operating Officer – Acting Country Manager Norway	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Siv Farstad	Executive vice president, Human Resources*	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Robin Knowles	Executive Vice President Portfolio Acquisitions	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Doris Pleil	Country Manager Germany	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Massimiliano Ciferri	Country Manager Italy	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Fredrik Kessler	Country Manager Sweden	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
Andres López	Country Manager Spain	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden
David Martín	Country Manager Spain	Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden

*Temporary responsible for Group Compliance pending newly employed Head of Legal & Compliance

Endre Rangnes (Chief Executive Officer)

CEO in Lindorff Group AB (2010-2014), CEO of EDB Business Partner ASA, now EVRY ASA (2003-2010). Prior work experience includes various positions within the IBM Group (including being Country Manager Norway and serving as member of IBM Nordic's executive and top management teams). Other current assignments/positions: Board member of Tieto Oyj.

Johnny Tsois (Chief Financial Officer)

8 years of experience from working with the Lindorff Group. He has his main focus on PMI/cost and productivity improvement. Broad international experience, more than 5 years on projects abroad, primarily in Spain, Germany, the US, the Netherlands, Denmark, Sweden and Finland. Former work experience includes positions as partner at Cardo Partners AS, partner at DHT Corporate Services, Handelsbanken Capital Markets and Arkwright.

Oddgeir Hansen (Chief Operating Officer – Acting Country Manager Norway)

COO in Lindorff Group (2010-2014) COO of EDB Business Partner (2003-2010). Prior work experience includes various positions within IBM Norway, including being Departmental Director with responsibility for monitoring and coordinating IBM Norway overall activities.

Siv Farstad (Executive vice president, Human Resources)

Ms Siv Farstad has more than 5 years of experience from within the industry. Prior to joining Axactor, Ms Farstad held the position as HR executive of Kommunalbanken. Prior to this, she held the position as Senior Vice President HR for Lindorff from January 2011 until May 2015.

Earlier she served as HR manager for Microsoft Development Center Norway and EVP HR for NRK. In her earlier career, she has worked 14 years in Accenture where she held several consulting positions.

Robin Knowles (Executive Vice President Portfolio Acquisitions)

7 years of experience working as the Investment Director at Lindorff Group. His main focus was to increase the size of the Owned Portfolio, across all territories within the Group. He has broad industry experience across Scandinavia, Continental Europe and the UK covering the last 15 years, including positions in Aktiv Kapital (PRA), Cabot Financial and Morgan Stanley as well as his time in Lindorff.

Former work experience includes Investment banking with Barclays Bank for 4 years and Container Shipping with P&O Nedlloyd for 4 years, where he also qualified as a management accountant in 1997.

Doris Pleil (Country Manager Germany)

Managing director of Heidelberger Inkasso GmbH (2011 – 2016), Managing director and COO in Lindorff Group (2007- 2010), forming and managing a start-up company with focus on debt collection (1995-2006). Former experience includes also positions at Intrum Justitia and Merkur Inkassoinstitut. Prior work experience includes many years of experience in the collection industry with focus on debt collection and compliance, development of a European collection strategy as well as broad experience in development and implementation of collection software.

Massimiliano Ciferri (Country Manager Italy)

Prior to joining Axactor, he was the COO of Banca Sistema and a member of the Board of Directors of Axactor Italy s.p.A. He brings more than 20 years of international management and leadership experience gained at companies such as Accenture, GE Capital and Pirelli RE. He has a strong track record of innovation, new product development, cost-control, turnarounds and improving profitability. Mr. Ciferri Ceretti has also been teaching courses at ESCP London, Università' della Svizzera Italiana and the University of Turin.

Fredrik Kessler (Country Manager Sweden)

16 years within the Intrum Justitia Group including responsible for Debt Surveillance Sweden, Debt Surveillance in Norway and Denmark and the last years Operation Manager Sweden including a seat in the Swedish management team.

Build up and owned Profact AB together with a former colleague from Intrum Justitia during 9 years before Axactor acquired Profact. Profact was a service provider to the debt collection industry.

Andres López (Country Manager Spain)

Member of National Lawyer College of Spain since 2007. Developed its own career starting at AIG as Legal Consultant for financial entities across Europe.

Founder of “ALD Abogados” in 2011, Andrés developed lots of national projects within Justice sector in Spain. One of the first people in creating a national lawyers net to provide all the requirements in business process outsourcing for entities and financial institutions. General Manager of “ALD Abogados” before Axactor acquired it in 2015.

David Martín(Country Manager Spain)

Sixteen years within the Solicitor College of Madrid, David Martin built his project providing services for Banco Santander, BBVA and Vodafone among others.

Founder of “ALD Abogados” in 2011, David developed lots of national projects within Justice sector in Spain. One of the first people in creating a national solicitor net to provide all the requirements in business process outsourcing for entities and financial institutions. General Manager of “ALD Abogados” before Axactor acquired it in 2015.

9.2 Audit committee

Members of the Company's Audit Committee are as follow:
Beate S. Nygårdshaug, Merete Haugli and Terje Mjøs.

The board of directors in Axactor AB (Publ.) nominates the audit committee members.

Members of the committee shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the board of directors.

The audit committee comprises 3 members, but shall always comprise at least 2 members.

Each member should have skills and experience appropriate to the company's business.

Executive managers cannot be members of the Committee. Each member shall be financially literate; at least one member must have accounting or related financial expertise.

The audit committee meets Norwegian requirements regarding independence and competence. The audit committee is appointed by the board of directors to assist the board in discharging its oversight responsibilities. The audit committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information.

The audit committee will also review:

- the effectiveness of the company's internal financial control and risk management system;
- the independent audit process including recommending the appointment and assessing the performance of the external auditor;
- the company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable,
- its code of business conduct.

The audit committee maintains a pre-approval policy governing the engagement of the company's primary and other external auditors to ensure auditor independence.

9.3 Administrative, management and supervisory bodies conflicts of interest

No director or person referred to in item 9.1 has any actual or potential conflict of interest between any of his or her duties to the Issuer and his or her private interests and/or duties.

9.4 Statement of compliance

5 April 2018, the Board of Directors confirms, to the best of their knowledge, that the Financial Statements 2017, which have been prepared in accordance with IFRS as adopted by EU, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Swedish annual account act.

Axactor strive to maintain the highest level of professional standards and places maximum focus and importance upon its reputation for honesty, integrity and compliance in all aspects of its conduct of business.

Compliance

Axactor focus on and commit to comply with all applicable laws and regulations in all our business activities. We do our utmost to act in an ethical, sustainable and socially responsible manner, practice good corporate governance and respect internationally recognized human rights principles. To safeguard compliance and support the effectiveness of such acts, we will maintain an open dialogue on these issues, internally and externally. The Board of Directors also confirms that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

*A copy of the Corporate Governance statement can be found on the Company's web site,
<https://www.axactor.com/about-us/corporate-governance>*

Responsibility Statement can be found on page 134 in Annual Report 2017.

10 Major shareholders

10.1 Ownership

The Company's shares are quoted and traded in NOK at the Oslo Stock Exchange (Ticker: AXA) since 2015. The shares belong to the Finance category and are registered in the Norwegian Central Securities Depository (VPS), with DnB Issuer Service Registrar. The shares carry the security number ISIN SE0005569100.

New share issue completed

Reference is made to the stock exchange report made on 4 May 2018 regarding the annual general meeting's decision to authorize the board to resolve on a directed share issue in a maximum amount of nine (9) shares, in order to be able to complete the upcoming aggregation of shares without having to withdraw existing shares.

The Board of Directors of Axactor AB (publ) has today decided on a directed share issue in an amount of one (1) new share in accordance with below.

The Company's share capital has been increased from EUR 80,841,717.83 to EUR 80,841,717.88, consisting of 1,544,481,020 shares, each with a nominal value of EUR 0.05234, after the new share has been registered with the Swedish Companies Registration Office. The subscription price amounted to NOK 2.82 which corresponded to the closing rate for the shares on Oslo Børs as of May 15, 2018.

The new share has been duly subscribed for and fully paid by the existing shareholder Carl Christian Wahl. The new share will be registered with the Swedish Companies Registration Office within shortly.

At 23 May 2018, Axactor had 1,544,481,020 ordinary shares outstanding with a par value of EUR 0.05234 per share.

Ex reverse split, new ISIN and new face value 31.05.2018

The shares in Axactor AB (publ) will be traded ex reverse split, new ISIN and new face value as from 31.05.2018. Ratio: 10 old shares give 1 new share. Face value EUR 0.5234232 ISIN: SE0011309319

At 7 June 2018, Axactor had 154,448,102 ordinary shares outstanding with a par value of EUR 0.5234232 per share. The company has one share class, with each share conferring equal dividend rights and votes.

Top 20 shareholders

Top 20 shareholders		
Investor	Number of shares	% of total
Geveran trading	21 121 613	13,68 %
Verdipapirfondet DNB Norge	10 670 491	6,91 %
Tvenge Torstein	7 000 000	4,53 %
Ferd	5 335 139	3,45 %
Songa Trading	4 742 346	3,07 %
Verdipapirfondet Alfred Berg Gamba	3 555 376	2,30 %
Verdipapirfondet Alfred Berg Norge	2 890 144	1,87 %
Arctic Funds	2 484 554	1,61 %
Verdipapirfondet Delphi Norden	2 254 360	1,46 %
Gvepsborg	2 036 494	1,32 %
VPF Nordea Norge	2 013 102	1,30 %
Statoil Pensjon	1 788 432	1,16 %
Alpette AS	1 661 643	1,08 %
Verdipapirfondet Alfred Berg Aktiv	1 491 051	0,97 %
Nordnet Livsforsikring	1 478 585	0,96 %
Pecunia Forvaltning	1 390 000	0,90 %
JP Morgan Chase Bank, Nom acc	1 319 114	0,85 %
VPF Nordea Kapital	1 214 748	0,79 %
Citibank N.A.	1 191 413	0,77 %
Martin Ibeas David	1 166 725	0,76 %
Total top 20	76 805 330	49,74 %
Total shares	154 448 102	

Source: VPS register 7 June 2018

10.2 Change in control of the issuer

There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

11 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses

11.1 Historical Financial Information

The consolidated financial statements of Axactor AB and its subsidiaries per 31 December 2017 and per 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations set by the International Accounting Standards Board (IASB).

The Parent Company's functional currency is the Euro (EUR) and this is also the reporting currency for the Group. All amounts in the financial reports are stated in thousands of EUR (TEUR) unless otherwise specified. The company has converted the presentation currency from SEK to EUR in 2017 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.

Axactor AB's Accounting Principles per 31 December 2017 is shown in the Company Annual Report 2017 Note 2, pages 31-36.

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 2017.

According to the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, information in a prospectus may be incorporated by reference. Because of the complexity in the historical financial information and financial statements this information is incorporated by reference to the [Q1 Report 2018](#), [Annual Report 2017](#) and [Annual Report 2016](#). Please see Cross Reference List for complete references.

	Q1 Report * Unaudited EUR	Annual Report 2017 EUR	Annual Report 2016 SEK
Axactor AB (Consolidated)			
Consolidated Statement of profit and loss	10-11	24	24
Consolidated Statement of Comprehensive Loss	-	25	25
Consolidated Statement of financial position	12-13	26-27	26-27
Consolidated Statement of cash flow	14	29	29
Notes	20-30	31-66	31-61
Axactor AB (Parent company)			
Parent Company Income statement	16	68	62
Parent Company Financial Statement	17	69	63
Parent Company Cash flow statement	-	71	65
Notes	-	73-77	67-71

11.2 Financial statements

See section 11.1 Historical Financial Information.

11.3 Auditing of historical annual financial information

11.3.1 Statement of audited historical financial information

The historical financial information for 2017 and 2016 has been audited.

A statement of audited historical financial information is given in the [Annual Report 2017](#) pages 78-81 and in the [Annual Report 2016](#) pages 72-75. Please see Cross Reference List for complete references.

11.4 Age of latest financial information

11.4.1 Latest year of audited financial information

The last year of audited financial information is for the financial year ended 31 December 2017.

11.5 Legal and arbitration proceedings

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the past 12 months which may have or have in such period had a significant effects on the financial position or profitability of the Issuer and/or its subsidiaries (taken as a whole).

11.6 Significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

12 Material contracts

Neither the Group nor any member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

13 Third party information and statement by experts and declarations of any interest

Part of the information given in this Registration document has been sourced from third parties as stated below.

It is hereby confirmed that the information has been accurately reproduced and that as far as Axactor AB is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Please see Clause 6 and 7 for information about the sources from third parties.

14 Documents on display

The following documents (or copies thereof) may be inspected for the life of the Registration Document at the Company business address, Axactor AB, Hovslagargatan 5 B, SE-111-48 Stockholm, Sweden:

- (a) the memorandum and articles of association of the company;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the company's request, any part of which is included or referred to in the Registration Document;
- (c) the historical financial information of the company and its subsidiaries for each of the two financial years preceding the publication of the Registration Document.

Cross Reference List

Reference in Registration Document	Refers to	Details
11.1 Historical Financial Information	Annual Report 2017, available at: https://epub.artbox.no/axactor/ar2017eng/	Accounting policies, page 31-36
	Q1 Report 2018, available at: https://www.axactor.com/sites/default/files/inline-files/Quarterly%20Report%20-%20Q1%20-%202018.pdf	Consolidated statement of comprehensive profit or loss, pages 10-11 Consolidated statement of financial position, page 12-13 Consolidated statement of Cash flows, page 14 Parent Company Income Statement, page 16 Parent Company Balance Sheet, page 17 Notes, page 20-30
	Annual Report 2017, available at: https://epub.artbox.no/axactor/ar2017eng/	Consolidated statement of profit or loss, page 24 Consolidated statement of comprehensive income, page 25 Consolidated statement of financial position, pages 26-27 Consolidated Statement of cash flows, page 29 Notes, pages 31-66 Parent company income statement, page 68 Parent company Financial statement, page 69 Parent company cashflow statement, page 71 Parent company Notes, pages 73-77
	Annual Report 2016, available at: https://epub.artbox.no/axactor/ar2016eng/	Consolidated statement of profit or loss, page 24 Consolidated statement of comprehensive income, page 25 Consolidated statement of financial position, pages 26-27 Consolidated Statement of cash flows, page 29 Notes, pages 31-61 Parent company income statement, page 62 Parent company Financial statement, page 63 Parent company cashflow statement, page 65 Parent company Notes, pages 67-71
11.3.1 Statement of audited historical financial information	Company Annual Report 2017, available at: https://epub.artbox.no/axactor/ar2017eng/	Auditor's report 2016, pages 78-81
	Company Annual Report 2016, available at: https://epub.artbox.no/axactor/ar2016eng/	Auditor's report 2015, pages 72-75

References to the above mentioned documents are limited to information given in "Details", e.g. that the non-incorporated parts are either not relevant for the investor or covered elsewhere in the prospectus.

Joint Lead Managers' disclaimer

DNB Bank ASA, DNB Markets and Nordea Bank AB (publ) Branch in Norway (the Joint Lead Managers) and Arctic Securities AS (the Co-manager), have assisted the Company in preparing the Registration Document. The Joint Lead Managers and the Co-manager have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Joint Lead Managers expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Registration Document or any other information supplied in connection with the issuance or distribution of bonds by Axactor AB.

This Registration Document is subject to the general business terms of the Joint Lead Managers, available at their respective websites. Confidentiality rules and internal rules restricting the exchange of information between different parts of the Joint Lead Managers and the Co-manager may prevent employees of the Joint Lead Managers and the Co-manager who are preparing this Registration Document from utilizing or being aware of information available to the Joint Lead Managers and the Co-manager and/or any of their affiliated companies and which may be relevant to the recipient's decisions.

Each person receiving this Registration Document acknowledges that such person has not relied on the Joint Lead Managers and the Co-manager, nor on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo, 12 June 2018

DNB Bank ASA, DNB Markets
Joint Lead Manager

Nordea Bank AB (publ) Branch in Norway
Joint Lead Manager

Arctic Securities AS
Co-manager

Annex 1 Articles of association

Please see: <https://www.axactor.com/sites/default/files/inline-files/AXACTOR%20-%20Bolagsordning%202016-05-26.pdf>