

AXACTOR

Report



Q2 2016

August 23rd 2016

Highlights

Second Quarter of 2016

- EBITDA adjusted for non-cash items and non-recurring items is MSEK -2.2 million for the quarter.
- On April 7 the IKAS transaction closed and simultaneously the company made the first drawdown of NOK 135 million under the DNB/Nordea loan facility to part finance the acquisition.
- On May 12 Axactor acquires Geslico to complement its current operating platform in Spain and becomes a leading player in the Spanish debt collection market.
- On May 26 Axactor raised NOK 375 million in gross proceeds through a private placement of 220,400,000 new shares at a price of NOK 1.70 per share.
- On June 15 Axactor signed a new 3rd party collection (3PC) contract with the largest electrical company in Spain, Endesa. The three-year contract is expected to generate an annual revenue in excess of one million euros.
- On June 22 Axactor acquired 90% of CS Union and entered into a strategic partnership with Banca Sistema in Italy. CS Union has 100 employees, 22 NPL portfolios and a 3PC business with approximately EUR 290 million under management. Axactor paid EUR 9,9 million for the 90% ownership and 40% of the purchase price was settled with Axactor shares.
- On June 30 Axactor acquired its fourth unsecured NPL portfolio in Spain from Banco Mare Nostrum. The portfolio includes unsecured and secured loans with a total Outstanding Balance (OB) of approx. EUR 144 million. Axactor paid around 5% of the Outstanding Balance.

Key event after end of the report period

- On July 5 Axactor increased the existing loan facility and brought Nordea in as a second banking partner, thus increasing the existing facility from EUR 25 million up to EUR 50 million, with an additional EUR 50 million accordion option.
- On August 1 Axactor acquired its 5th unsecured NPL portfolio in Spain. The portfolio was originally generated by a large Spanish consumer finance institution. The portfolio has an Open Balance (OB) of approximately € 565 million, with close to thirty thousand open accounts of individuals and SMEs.
- In July 2016 the company had positive Cash EBITDA for the month isolated.

Statement by the CEO

Half way into the year and 6 months into Axactor's existence as a portfolio acquisition and credit management company, it is clear that we are on a good track to deliver on our strategy. The acquisition of CS Union in Italy combined with our second platform company acquisition in Spain has increased our headcount to more than 700 and enlarged our pool of NPL portfolios to 26 with combined open balances of SEK 13,5 billion and an estimated remaining collection (ERC) of SEK 1 290 million.

Our organization continues to deliver and shows execution capabilities that I am truly proud of. Having deployed more than SEK 335 million in CAPEX during the quarter, and raised another SEK 373 million in new equity is a testimony to the capacity and capability of the organization, and the support we have from our shareholders and financing partners.

The acquisition of 90% of CS Union announced in June serves as another milestone in our efforts to position Axactor in the countries where we see the largest potential for further profitable growth in Europe. I am delighted that the entrepreneurs who founded CS Union have decided to continue in their leadership roles in the company. To me this shows a strong commitment to the organization and a strong belief in the future of Axactor. Banca Sistema, as the third seller of CS Union shares, remains a 10% shareholder in CS Union as well as a shareholder in Axactor, and is an important strategic partner that will provide market access and portfolio financing for us in the Italian market.

Our second company acquisition in Spain brought Geslico in to the Axactor group. The strategic rationale for this transaction was an important one for us, where we got immediate access to modern IT systems which we could instantly take advantage of in our Spanish collection activities. Furthermore, we took over an organization with a well-established network within the saving banks community in Spain.

During second quarter we acquired another NPL portfolio in Spain, and combined with the CS Union portfolios as well as the 5th Spanish portfolio purchased in July, Axactor at the time of writing has 27 portfolios with a combined open balance of SEK 18,9 billion. We continue to spend a considerable amount of time analyzing the value of each NPL portfolio that is being offered to us for sale. Our EVP of Portfolio Acquisitions who joined Axactor on April 17th ensures that we apply a disciplined pricing approach and that we strive to extract maximum value out of each acquisition once we put the portfolios into production. So far we have on the average paid 3,5% of OB for the 27 portfolios.

I continue to be optimistic about the NPL market opportunities in Europe, and while we have managed to get a significant part of the strategic elements in place over the last few quarters, we are still considering to enlarge our footprint in Europe and take advantage of the positive trends we see in our core markets.



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

Endre Rangnes, CEO

Key Figures Axactor AB (group)

For remaining operation after sale of the mining activities

SEK million	Q2 2016	Q1 2016	31.12.2015
Gross Revenue	72.3	29.4	4.4
Net Revenue	64.4	27.9	4.4
EBITDA	-31.5	-10.5	-30.6
Cash EBITDA ¹⁾	-19.3	-6.8	-
Normalized Cash EBITDA ²⁾	-2.2	-6.6	-
Depreciation and Amortization (excl. Portfolio Amortization)	-6.7	-2.5	-0.8
Net Financial Items	8.8	-2.7	-29.9
Tax	3.5	0.8	-
Net Result	-25.8	-14.9	-61.3
Cash and Cash Equivalents at end of Period	332.5	185.8	372.4
Acquired NPL portfolios during the Period	348.4 ³⁾	255.4	-
Book Value of NPL portfolios at end of Period	594.3 ⁴⁾	250.7	-
Gross Collection on Debt Portfolios during the quarter	12.9 ⁵⁾	8.9	-
Estimated Remaining Collection (ERC) at end of Period	1,290.0	579.0	-
Interest Bearing Debt at end of Period	348.4 ⁶⁾	-	-
Number of Employees (FTE) at end of Period	702	187	105

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

2) Normalized Cash EBITDA is adjusted for calculated cost of share option program and portfolio amortizations plus non-recurring items

3) Includes portfolios of CS Union at the time of acquisition.

4) Includes portfolios in CS Union per balance sheet date

5) Excluding collections on CS Union portfolios in the period

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

Background

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

The company is domiciled in Sweden and listed in Norway at the Oslo Stock Exchange with ticker "AXA". The number of shareholders amounts to some 7,900 and management is located in Oslo. There are currently 946,488,769 shares outstanding plus warrants entitling to subscription of another 55.5 million shares.

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

In Norway, Axactor owns 100% of the shares in the IKAS group of companies. IKAS is one of Norway's most reputable

suppliers of invoice administration and debt collection and has regional offices throughout Norway.

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

Today Axactor employees employs more than 700 people in the 3 countries where the company operates.

Financial Review

General remarks to the Q2 and H1 financial review

The Consolidated Balance Sheet in this report includes IKAS, Geslico and CS Union in addition to the entities that were consolidated and included in the Q1 report. The Consolidated Profit and Loss statement includes IKAS for the full quarter; Geslico from early May while CS Union which was acquired on June 22 is not included in the profit and loss statement for Q2 but the 8 days of trading in June will be included in the Q3 report. All other entities that were included in the Q1 statement are also included in the Q2 statements.

Revenues and earnings

For the second quarter, the Group's Gross revenues came in at MSEK 72.3 (MSEK 0.0), divided between MSEK 12.9 from collections on own portfolios and MSEK 59.3 from third party collection (3PC). The 3PC revenue is up by 185% compared to Q1-16 and is primarily driven by the collection units in Norway and Spain which were acquired in Q2. Amortization on Portfolios is calculated using the Effective Interest Method for each of the portfolios and amounts to MSEK -7.8 for the period.

Operating earnings (EBITDA) are negative by MSEK 31.5 (-1.1) for the quarter. However, normalized Cash EBITDA for the quarter is negative by MSEK 2.2 (normalized Cash EBITDA is calculated as EBITDA adjusted for non-cash items (portfolio amortizations and calculated cost according to IFRS for the share option program) and adjusted for non-recurring items which for Q2 consist of advisory and legal cost related to platform company acquisitions.

Depreciation and Amortization (excl. portfolio amortization) amounts to MSEK -6.7 (-82.0) and is primarily related to depreciation of intangible fixed assets pertaining to the ALD and the IKAS acquisitions.

Earnings per share for the quarter is negative SEK 0.04. This compares to SEK -0.93 for same period last year.

Net financial items

Net financial items for the quarter amounted to MSEK 8.8 (-0,9). Net unrealized gain amounted to MSEK 7.4, relating to bank deposits, receivables and reversal of unrealized exchange loss on NPL portfolios denominated in EUR. Interest expenses for the period was MSEK 2.3.

Cash flow, Investments and Financing

Cash flow from operations amounted to MSEK -9.7 (-1.7) in the second quarter, and the decrease compared with Q2-2015 is due to higher operating cost in the build-up phase of the credit management capabilities of the organization as well. A positive development in the working capital of MSEK 20.8 improves the net cash flow from operation.

The company invested MSEK 335.4 (1.1) in 1 NPL portfolio and 3 platform companies during the quarter. The portfolio was acquired in Spain for MSEK 63.2 while we acquired CS Union (Italy) for MSEK 55,2, Geslico (Spain) for MSEK 18.8 and IKAS (Norway) for MSEK 198.5. For the Italian and the Norwegian acquisitions we also issued shares to the seller as part of the settlement.

Total cash flow from financing activities amounted to MSEK 491.6 (0.0) mainly consisting of MSEK 361.7 in net proceeds from the May share issue as well as our first draw down under the bank credit facility of MSEK 136.1 to part finance the cash settlement of the IKAS transaction. Our credit facility was extended from MEUR 25.0 to MEUR 50.0 in July 2016, and at the end of Q2 only MEUR 14.1 out of the enlarged facility was utilized.

At the end of the quarter cash and cash equivalents for Axactor is MSEK 332.5 (MSEK 55.0). This is MSEK 146.7 higher than the cash balance at the start of the year.

Equity Position

At the end of second quarter 2016 total equity for the Group is MSEK 1 026.4 (75.7) giving an equity ratio at the end of the reporting period of 64.5%.

Comments to the 1H 2016 accounts

Income at the end of first half 2016 amounts to MSEK 101.7 while net revenue for the same period is MSEK 92.3. Collections from own portfolio accounts for 21% of income and the remaining 79% come from third party collection. Accumulated amortization of NPL portfolios for the first 6 months was MSEK 9.3. EBITDA for first half is MSEK -42.0 while net financial items is positive at MSEK 6.1, mainly due to unrealized foreign exchange gains and total interest expenses at MSEK 2.3. Net result after tax for first half 2016 is MSEK -40.7.

Parent Company

The Parent Company's business activity is to manage the Group's operations. The result after tax for first quarter 2016 ended at MSEK 12.5 (MSEK -144.7).

Cash and cash equivalents in the Parent Company amounted to MSEK 63.4 at the end of June 2016 (MSEK 54.7). Cash and cash equivalents are reduced by MSEK 79.5 from year-end 2015.

Events after the end of the reporting period

On July 5 Axactor increased the existing loan facility and brought Nordea in as a second banking partner, thus increasing the existing facility from EUR 25 million up to EUR 50 million, with an additional EUR 50 million accordion option.

On August 1 Axactor acquired a 5th unsecured NPL portfolio in Spain. The portfolio was originally generated by a large Spanish consumer finance institution. The portfolio has an Open Balance (OB) of approximately € 565 million, with close to thirty thousand open accounts of individuals and SMEs.

Outlook

Going forward the company will continue to expand the geographical footprint in Europe. Furthermore, the key focus will be operational improvements which will increase productivity and improve the cost base. We will continue to acquire small and medium sized NPL portfolios based on current CAPEX capacity.

Oslo, August 23, 2016

The Board of Directors,

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Responsibility Statement

We confirm, to the best of our knowledge, that condensed set of the unaudited financial statements for the first half year 2016 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and generally accepted accounting principles in Sweden, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Administration Report includes a true and fair review of the development and performance of the business and the position of the entity and the group.

Stockholm, August 23, 2016

The Board of Directors

Einar J. Greve
Chairman

Per Dalemo
Board member

Gunnar Hvammen
Board member

Endre Rangnes
CEO

Consolidated Statement of Profit and Loss

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	
Continued operations						
Income		72,270	-	101,674	-	4,437
Amortization of debt portfolios		-7,833	-	-9,325	-	-
Net revenue		64,437	-	92,349	-	4,437
Operating expenses		-59,844	-1,008	-77,996	-2,503	-29,940
Personnel expenses		-36,112	-	-56,370	-	-5,089
EBITDA		-31,519	-1,008	-42,017	-2,503	-30,592
Amortization and depreciation		-6,671	-	-9,135	-	-837
EBIT		-38,190	-1,008	-51,152	-2,503	-31,429
Financial revenue	3	17,112	-752	21,365	92	329
Financial expenses	3	-8,288	-173	-15,248	-434	-30,218
Net financial items		8,824	-925	6,117	-342	-29,889
Profit/(loss) before tax		-29,366	-1,933	-45,035	-2,845	-61,318
Tax expense		3,511	-	4,284	-	-
Net profit/(loss) from continued operations		-25,855	-1,933	-40,751	-2,845	-61,318
Result from discontinued operations		-	-82,123	-	-82,240	-105,288
Net profit/(loss) to minority interest		-	-30	-	-30	-
Net profit/(loss) to equity holders		-25,855	-84,086	-40,751	-85,115	-166,606
Earnings per share: basic		-0.04	-0.02	-0.06	-0.03	-0.46
Earnings per share: diluted		-0.03	-	-0.06	-	-
Earnings per share incl discontinued		-	-0.93	-	-0.94	-1.25

Consolidated Statement of Comprehensive Profit and Loss

SEK thousand	For the quarter end		YTD		Full year 2015
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	
Net profit/(loss)	-25,855	-84,086	-40,751	-85,115	-166,606
Foreign currency translation differences - foreign operations	-1,059	-	-2,880	-96	-96
Other comprehensive income/ (loss) for the period	-1,059	-	-2,880	-96	-166,702
Total comprehensive income for the period attributable to:	-26,914	-84,086	-43,631	-85,211	-166,702
Equity holders of the parent company	-26,914	-84,056	-43,631	-85,085	-166,702
Non-Controlling interests	-	-30	-	-30	-

Interim Consolidated Statement of Financial Position

SEK thousand	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS				
<i>Intangible non-current assets</i>				
Intangible assets		118,044	-	45,103
Mineral interests		-	31,742	-
Goodwill		408,860	-	124,467
<i>Tangible non-current assets</i>				
Property, Plant and equipment		20,272	482	549
<i>Financial non-current assets</i>				
Purchased debt portfolios		594,298	-	-
Other long term receivables		10,689	52	-
Other long term investments		402	359	267
Total non-current assets		1,152,566	32,635	170,386
<i>Current assets</i>				
Current receivables		51,682	437	58,284
Other current assets		54,600	224	3,760
Restricted cash	5	49,062	-	4,000
Cash and cash equivalents		283,442	54,961	368,375
Total current assets		438,787	55,622	434,419
TOTAL ASSETS		1,591,353	88,257	604,805

Interim Consolidated Statement of Financial Position

SEK thousand	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Share Capital		473 244	45,405	298,307
Other paid-in equity		1,884,121	1,256,648	1,468,788
Retained earnings and profit for the period		-1,330,758	-1,226,461	-1,290,103
		-2,976	-	-
Non-controlling interests		2 755	75	-
Total equity		1 026 387	75,667	476,992
<i>Non-current liabilities</i>				
Non-current interest bearing debt	5	276,300	-	-
Convertible loan		-	5,000	5,000
Deferred tax liabilities		23,862	-	11,357
Other non-current liabilities		13,080	-	500
Total non-current liabilities		313,241	5,000	16,857
<i>Current liabilities</i>				
Accounts payables		104,426	881	12,420
Current portion of non-current borrowings	5	72,149	-	-
Taxes Payable		15,273	-	9,963
Other current liabilities		59,876	6,709	88,573
Total current liabilities		251,725	7,590	110,956
TOTAL EQUITY AND LIABILITIES		1,591,353	88,257	604,805

Interim Consolidated Statement of Cash Flow

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	
Operating activities						
Profit before tax		-29,366	-84,086	-45,035	-85,115	-166,606
Taxes paid		-3,769	-	-3,769	-	-
Finance income and expense		-8,824	-	-11,531	-	-
Amortization of debt portfolios		7,833	-	9,325	-	-
Depreciation and amortization		6,671	34	9,135	68	973
Impairment losses on intangible assets		-	82,000	-	82,000	104,310
Calculated cost of employee share options		4,359	-	6,538	-	-
Loss from sold companies		-	-	-	-	9,532
Unrealised foreign currency (gains)/losses		-7,392	-	-8,856	-	2,365
Working capital changes		20,811	334	4,803	-1,404	7,985
Net cash flows operating activities		-9,677	-1,718	-39,390	-4,451	-41,441
Investing activities						
Purchase of debt portfolios		-63,162	-	-313,884	-	-
Investment in subsidiary (Geslico, Spain)	7	-18,548	-	-18,548	-	-
Investment in subsidiary (IKAS, Norway)	7	-198,471	-	-198,471	-	-
Investment in subsidiary (CS Union, Italy)	7	-55,181	-	-55,181	-	-
Purchase of intangible and tangible assets		-	-1,125	-1,628	-2,090	-
Purchase of financial assets		-	-	-	-	-82,691
Interest received		101	-	101	-	-
Net cash flows investing activities		-335,261	-1,125	-587,611	-2,090	-82,691
Financing activities						
Proceeds from borrowings	5	136,098	-	136,098	-	-
Repayment of debt		-	-	-5,000	-	-1,099
Interest paid		-1,685	-	-1,810	-	-
Loan fees paid		-1,792	-	-1,792	-	-
Proceeds from share issue		373,875	-	478,305	-	460,386
Share issue costs		-14,847	-	-18,671	-	-24,281
Net cash flows financing activities		491,649	-	587,130	-	435,006
Net change in cash and cash equivalents		146,711	-2,843	-39,871	-6,541	310,874
Cash and cash equivalents at the beginning of period		185,793	57,804	372,375	61,502	61,501
Cash and cash equivalents at end of period		332,504	54,961	332,504	54,961	372,375

Interim Consolidated Statement of Changes in Equity

SEK thousand	Equity related to the shareholders of the Parent Company					Total	Non controlling interest	Total Equity
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year				
Closing balance on 31 December 2014	45,405	1,256,648	-	-1,141,415	160,637	157	160,794	
Balance on 1 January 2015	45,405	1,256,648	-	-1,141,415	160,637	157	160,794	
Net result for the period	-	-	-	-85,085	-85,085	-30	-85,115	
Total comprehensive result for the period	-	-	-	-85,085	-85,085	-30	-85,115	
Other transactions	-	-	-	40	40	-52	-12	
Closing balance on 30 June 2015	45,405	1,256,648	-	-1,226,460	75,592	75	75,667	
Net result for the period	-	-	-	-81,561	-81,561	-	-81,561	
Comprehensive loss for the period	-	-	-96	-	-96	-	-96	
Total comprehensive result	-	-	-96	-81,561	-81,657	-	-81,657	
New share issues	252,902	253,503	-	-	506,405	-	506,405	
Costs related to fund-raising	-	-24,280	-	-	-24,280	-	-24,280	
Reclassification	-	-17,070	-	17,070	-	-	-	
Sale of subsidiaries	-	-	-	945	945	-75	870	
Other transactions	-	-13	-	-	-13	-	-13	
Closing balance on 31 December 2015	298,307	1,468,788	-96	-1,290,006	476,992	0	476,992	
Balance on 1 January 2016	298,307	1,468,788	-96	-1,290,006	476,992	0	476,992	
Net result for the period	-	-	-	-40,751	-40,751	-	-40,751	
Comprehensive loss for the period	-	-	-2,880	-	-2,880	-	-2,880	
Total comprehensive result for the period	-	-	-2,880	-40,751	-43,631	-	-43,631	
New share issues, February	29,800	74,630	-	-	104,430	-	104,430	
New Share issues, May	110,200	263,675	-	-	373,875	-	373,875	
Acquisition subsidiary, IKAS group	24,517	62,377	-	-	86,894	-	86,894	
Acquisition subsidiary, CS Union ¹⁾	10,420	26,785	-	-	37,205	2,755	39,960	
Costs related to fund-raising	-	-18,671	-	-	-18,671	-	-18,671	
Share based payment	-	6,538	-	-	6,538	-	6,538	
Closing balance on 30 June 2016	473,244	1,884,122	-2,976	-1,330,757	1,023,632	2,755	1,026,387	

1) The signed resolutions regarding the issue of 20,840,820 new shares were sent to the Swedish Company register (Bolagsverket) on June, 28. Formal registration in the Company register on 8, July.

Parent Company Income Statement

SEK thousand	Note	For the quarter end		YTD		Full year 2015
		30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	
Other operating income		10,264	-	10,264	-	-
Operating expenses		-17,208	-1,068	-20,503	-2,563	-24,740
Personell expences		-	-	-	-	-
EBITDA		-6,944	-1,068	-10,239	-2,563	-24,740
Amortization and depreciation		-	-142,735	-	-142,735	-160,799
EBIT		-6,944	-143,803	-10,239	-145,298	-185,539
Financial revenue		21,777	-757	28,100	87	1,665
Financial expenses		-2,278	-171	-2,942	-432	-20,883
Net financial items		19,499	-928	25,158	-345	-19,218
Profit/(loss) before tax		12,555	-144,731	14,919	-145,643	-204,757
Tax expense		-	-	-	-	-
Net profit/(loss) to equity holders		12,555	-144,731	14,919	-145,643	-204,757

Parent Company Balance Sheet

SEK thousand	Note	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS				
Intangible non-current assets				
Shares in subsidiaries		396,786	24,634	2,185
Loans to group companies		621,663	2,680	366,360
Other long-term receivables		134	21	-
Total non-current assets		1,018,583	27,335	368,545
Current assets				
Short-term intercompany receivables		31,248	-	-
Other current assets		1,463	535	1,801
Restricted cash	5	41,310	-	4,000
Cash and cash equivalents		22,102	54,749	138,948
Total current assets		96,123	55,284	144,749
TOTAL ASSETS		1,114,705	82,619	513,294
SHAREHOLDERS' EQUITY				
<i>Restricted equity</i>				
Share Capital		473,244	45,405	298,307
Statutory reserve		2,300	2,300	2,300
Total restricted equity		475,544	47,705	300,607
<i>Non-restricted equity</i>				
Share premium reserve		1,884,119	1,239,565	1,468,788
Retained earnings		-1,275,969	-1,071,213	-1,071,212
Result for the period		14,919	-145,643	-204,757
Total non-restricted equity		623,069	22,709	192,819
TOTAL SHAREHOLDERS' EQUITY		1,098,613	70,414	493,425
LIABILITIES				
Non-current liabilities				
Convertible loan		-	5,000	5,000
Total non-current liabilities		-	5,000	5,000
Current liabilities				
Accounts payables		4,450	853	5,972
Short-term intercompany liabilities		3,156	-	-
Other current liabilities		8,486	6,352	8,897
Total current liabilities		16,092	7,205	14,869
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,114,705	82,619	513,294

Parent Company Consolidated Statement of Changes in Equity

SEK thousand	Restricted Equity		Non-restricted Equity			Total Equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Result of the period	
Opening balance on January 1, 2015	45,405	2,300	1,239,565	-1,050,070	-41,142	216,057
Transfer of prior year's net result	-	-	-	-41,142	41,142	-
Result for the period	-	-	-	-	-145,643	-145,643
Closing balance on 30 June 2015	45,405	2,300	1,239,565	-1,071,212	-145,643	70,414
Balance on 1, July 2015	45,405	2,300	1,239,565	-1,071,212	-145,643	70,414
Costs related to fund-raising	-	-	-24,280	-	-	-24,280
New share issues	252,902	-	253,503	-	-	506,405
Result for the period	-	-	-	-	-59,114	-59,114
Closing balance on 31 December 2015	298,307	2,300	1,468,788	-1,071,212	-204,757	493,425
Balance on January 1, 2016	298,307	2,300	1,468,788	-1,071,212	-204,757	493,425
Transfer of prior years net result	-	-	-	-204,757	204,757	0
New share issues, February	29,800	-	74,630	-	-	104,430
New Share issues, May	110,200	-	263,675	-	-	373,875
Acquisition subsidiary, IKAS group	24,517	-	62,377	-	-	86,894
Acquisition subsidiary, CS Union ¹⁾	10,420	-	26,785	-	-	37,205
Costs related to fund-raising	-	-	-18,671	-	-	-18,671
Share based payment	-	-	6,538	-	-	6,538
Result of the period	-	-	-	-	14,919	14,919
Closing balance on 30 June 2016	473,244	2,300	1,884,122	-1,275,969	14,919	1,098,613

1) The signed resolutions regarding the issue of 20,840,820 new shares were sent to the Swedish Company register (Bolagsverket) on June, 28. Formal registration in the Company register on 8, July.

Key Ratios and Share Data for the Consolidated Group

SEK thousand		30.06.2016	30.06.2015	2015	2014	2013	2012
Number of outstanding shares at beginning of reporting period	Number	596,614,360	90,809,360	90,809,360	18,174,922	18,174,922	51,928,350
New share issue	Number	349,874,409	-	505,805,000	72,634,438	-	129,820,875
Number of outstanding shares at the end of reporting period ^{1) and 2)}	Number	946,488,769	90,809,360	596,614,360	90,809,360	18,174,922	181,749,225
Average number of shares ³⁾	Number	680,517,231	90,809,360	133,687,416	29,804,775	18,174,922	140,846,758
Operating result, for continued operations	TSEK	-51,152	-2,705	-31,429	-11,046	-21,437	-24,645
Result after tax	TSEK	-40,751	-85,115	-166,606	-45,986	-110,088	-121,490
Operating result per share	SEK	-0.08	-0.03	-0.23	-1.38	-1.21	-0.17
Result after financial items per share	SEK	-0.07	-0.94	-0.46	-1.38	-8.47	-1.07
Result per share after tax	SEK	-0.06	-0.94	-1.25	-1.54	-6.06	-0.86
Shareholders equity per share before dilution ²⁾	SEK	1.08	0.83	0.80	1.77	6.87	1.34
Dividend ⁴⁾	TSEK	-	-	-	568	-	-
Price per share at the end of reporting period	NOK	1.73	0.88	2.00	1.42	3 ¹⁾	0.45

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

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

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

4) Total dividend in TSEK. Not per share.

Notes to the Financial Report

Note 1 Accounting principles

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

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

Note 2 Risks and uncertainties

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

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

Note 3 Financial items

Financial revenue

SEK thousand	Quarter ended		Year to date		31.12.2015
	30.06.2016	30.06.2015	30.06.2016	30.06.2015	
Interest on bank deposits	101	-	101	-	-
Exchange gains	17,011	-752	21,264	92	162
Sale of group company	-	-	-	-	167
Total financial revenue	17,112	-752	21,365	92	329
Financial expenses					
Sale of group company	-	-	-	-	-9,532
Interest expenses on borrowings	-2,256	-381	-2,381	-407	-747
Exchange losses	-6,032	208	-12,867	-27	-19,939
Total financial expenses	-8,288	-173	-15,248	-434	-30,218
Net finance	8,824	-925	6,117	-342	-29,889

Note 4 Segment reporting

30 Jun 2016

SEK thousand	Collecting activities		Unallocated		Total Continued operation		Discontinued operations		Total	
	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD
Net revenue	64,437	92,349	-	-	64,437	92,349	-	-	64,437	92,349
EBITDA	-24,575	-31,778	-6,944	-10,239	-31,519	-42,017	-	-	-31,519	-42,017
Depreciation and amortization	-6,671	-9,135	-	-	-6,671	-9,135	-	-	-6,671	-9,135
Financial items	5,468	398	3,356	5,719	8,824	6,117	-	-	8,824	6,117
Result before tax	-25,778	-40,515	-3,588	-4,520	-29,366	-45,035	-	-	-29,366	-45,035
Non-Current assets	-	1,152,432	-	134	-	1,152,566	-	-	-	1,152,566
Current assets	-	342,664	-	96,123	-	438,787	-	-	-	438,787
Non-current liabilities	-	313,241	-	-	-	313,241	-	-	-	313,241
Current liabilities	-	238,788	-	12,936	-	251,725	-	-	-	251,725

30 Jun 2015

SEK thousand	Collecting activities		Unallocated		Total Continued operation		Discontinued operations		Total	
	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD	Quarter ended	YTD
Net revenue	-	-	-	-	-	-	-	-	-	-
EBITDA	-	-	-1,008	-2,503	-1,008	-2,503	-89	-172	-1,097	-2,675
Depreciation and amortization	-	-	-	-	-	-	-82,034	-82,068	-82,034	-82,068
Financial items	-	-	-925	-342	-925	-342	-	-	-925	-342
Result before tax	-	-	-1,933	-2,845	-1,933	-2,845	-82,123	-82,240	-84,056	-85,085
Non-Current assets	-	-	-	21	-	21	-	32,614	-	32,635
Current assets	-	-	-	55,284	-	55,284	-	338	-	55,622
Non-current liabilities	-	-	-	5,000	-	5,000	-	-	-	5,000
Current liabilities	-	-	-	7,205	-	7,205	-	385	-	7,590

Note 5 Loans and Borrowings

SEK thousand	Currency	Interest rate	Face value	Carrying amount	Year of maturity
Balance at 1 January 2016	SEK			5,000	2016
New issues					
DnB	NOK	Nibor + 4%	TNOK 135.000	136,102	2019
Loan through acquisition of subsidiaries					
Spain	EUR	4 %	€326 k	3,042	2017
Italy ¹⁾	EUR	EURIBOR + 2% - 3.5%	€375 k	210,331	2016-2022
Norway	NOK	3 % - 5.95%	TNOK 680	678	2017-2020
Repayments					
Convertible loan By Norrlandsfonden				-5,000	
Other movements					
Capitalized loan fees				-1,793	
Amortized loan fees on loans				89	
Balance at 30 June 2016				348,449	

1) Relates to different facilities and draw downs with an interest between EURIBOR + 2% - 3.5%.

As of 30 June 2016, the Company had one long-term loan of NOK 135 million relating to the financing of the IKAS acquisition. The loan was drawn under the EUR 25 million recurring credit facility (RCF) with DnB (increased to EUR 50 million from 5 July after Nordea entered as a banking partner with DnB). The RCF is a 3 years facility. Axactor AB and several other of the group companies are guarantors under the facility agreement. In addition the bank(s) have a pledge in shares in all daughter companies except from the Italian subsidiaries which are kept outside of the RCF "ring fence")

SEK thousand	30.06.2016	31.12.2015
Pledged bankaccounts	41,310 ¹⁾	4,000
Pledged NPL Portfolio's Italian loans	51,255	-

1) EUR 4 million was placed as a counter guarantee relating to a bank guarantee issued for the CS Union acquisition. The pledge will be released in Q3 2016.

Note 6 Related party transactions

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

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

invoiced TSEK 680 (TSEK 1.180 for first half 2016). Per Dalemo, Axactor's Board Director, is employed by Wistrand Law firm, but has not been part of the legal team extending services to Axactor.

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

Note 7 Preliminary acquisition analysis

SEK thousand

Company	ALD Abogados SL	Geslico SA	IKAS Group	CS Union S.t.A.
Date of acquisition	Dec 10, 2015	May 5, 2016	April 1, 2016	June 22, 2016
Acquired part of company	100 %	100 %	100 %	90 %
Purchase price	188,432	18,548	285,366	92,387
- whereof cash consideration	142,757	18,548	198,472	55,182
- whereof share consideration	45,675	-	86,894	37,205
An earn-out component is included in the purchase price amounting to:	51,407	0	0	0
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Deferred tax assets	-	718	-	1,504
Customer Relationship	37,791	-	61,036	-
Database	7,637	-	12,963	-
Other intangible fixed assets	33	3,466	-	3,321
Goodwill	124,467	-	218,536	67,445
<i>Tangible assets</i>				
Plant and machinery	299	6,560	8,149	3,101
<i>Long term financial assets</i>				
Purchased debt	-	-	-	285,513
Other long-term receivables	63	846	690	7,772
Other long-term investments	-	-	1,275	-
Total non-current assets	170,290	11,590	302,649	368,655
Current receivables	63,381	16,684	6,173	9,082
Other current assets	-	5,339	870	5,398
Cash & cash equivalents	10,779	6,036	35,590	4,507
Total current assets	74,160	28,059	42,633	18,986
Total Assets	244,450	39,649	345,282	387,641
Non-current liabilities				
Long-term interest bearing debt	498	4,684	595	210,430
Deferred tax liabilities	11,357	-	18,946	-
Other long-term liabilities	-	11	206	10,452
Total non-current liabilities	11,855	4,695	19,747	220,882
Current liabilities				
Trade payables	-	9,201	4,131	52,242
Tax liabilities	-	-	6,870	-
Other short-term liabilities	44,163	4,223	22,871	14,420
Other public duties payable	-	2,982	6,297	7,710
Total current liabilities	44,163	16,406	40,168	74,372
Total Net assets	188,432	18,548	285,366	92,387
Net sales 2015	92,876	125,777	95,370	76,267
Profit 2015	22,969	-36,247	23,793	8,888

Note 8 Top 30 shareholders

Name	Holding of shares	Ownership %
ARCTIC FUNDS PLC	40,437,195	4.3%
TVENGE, TORSTEIN	40,000,000	4.2%
SWEDBANK GENERATOR	39,867,435	4.2%
SOLAN CAPITAL AS ¹⁾	36,000,000	3.8%
NOMURA INTERNATIONAL PLC	25,700,000	2.7%
VERDIPAPIRFONDET ALFRED BERG NORGE	24,918,370	2.6%
VERDIPAPIRFONDET HANDELSBANKEN	24,651,801	2.6%
LOPEZ SANCHEZ, ANDRES ²⁾	22,902,500	2.4%
MARTIN IBEAS, DAVID ³⁾	22,902,500	2.4%
VERDIPAPIRFONDET ALFRED BERG GAMBA	22,420,426	2.4%
GVEPSEBORG AS	20,364,945	2.2%
VERDIPAPIRFONDET DNB SMB	18,278,491	1.9%
STATOIL PENSJON	18,268,945	1.9%
SKANDINAVISKA ENSKILDA BANKEN S.A.	18,050,000	1.9%
DATUM AS	17,600,000	1.9%
ELTEK HOLDING AS	17,600,000	1.9%
DNB NOR MARKETS, AKSJEHAND/ANALYSE	15,874,939	1.7%
STOREBRAND VEKST	15,157,615	1.6%
FURUSET KJØPESENTER HOLDING AS	13,900,000	1.5%
NORDNET LIVSFORSIKRING AS	13,706,794	1.4%
CIPRIANO AS ⁴⁾	13,650,000	1.4%
ALPETTE AS ⁵⁾	12,550,000	1.3%
SPENCER TRADING INC	11,000,000	1.2%
VERDIPAPIRFONDET STOREBRAND OPTIMA	9,773,492	1.0%
LATINO INVEST AS ⁶⁾	9,500,000	1.0%
ELENA AS ⁷⁾	8,914,019	0.9%
VARDFJELL AS ⁸⁾	8,914,019	0.9%
CIPI LAMP UCITS SWEDBANK	8,627,371	0.9%
MERTOUN CAPITAL AS	8,500,000	0.9%
VERDIPAPIRFONDET ALFRED BERG AKTIV	8,060,518	0.9%
Total 20 largest shareholders	568,091,375	60.0%
Other shareholders	378,397,394	40.0%
Total number of shares ⁹⁾	946,488,769	100.0%
Total number of shareholders	7,914	

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

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

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

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

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

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

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

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

9) The signed resolutions regarding the issue of 20,840,820 new shares were sent to the Swedish Company register (Bolagsverket) on June, 28. Formal registration in the Company register on 8, July.

Financial year 2016

Quarterly Report - Q1	27.05.2016
Quarterly Report - Q2	24.08.2016
Quarterly Report - Q3	10.11.2016
Quarterly Report - Q4	23.02.2017
Annual General meeting	26.05.2016
Annual Report	21.04.2016

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