



Report

Q3 2017

November 1, 2017

AXACTOR

Highlights

Third Quarter of 2017

- Net profit is positive with EUR 0.3 million for the quarter
- EBITDA of EUR 2.0 million and Cash EBITDA at EUR 6.2 million for the quarter
- On August 14 Axactor signed a letter of intent with Geveran Trading Co. Limited to enter in to a co-investment partnership with a EUR 300 million investment capacity. The transaction closed in October 2017.
- On 14 August Axactor did a Private Placement of 240 million new shares at a subscription price of NOK 2.49 equal to the close price on 11 August 2017. Gross proceeds from the transaction was NOK 598 million. The Private Placement was directed at Geveran Trading Co. Limited and other larger existing shareholders of Axactor. Following completion of the Private Placement, Geveran owns 151 million shares, representing 9.96 per cent of the outstanding shares.
- On 11 September Axactor acquired two portfolios of NPL Loans including auto financing and personal loans in Germany. The portfolios have an outstanding balance of EUR25.7m across over 4,000 cases.
- In July Axactor signed a total of 4 new 3PC contracts with financial institutions in Spain and Germany for a combined estimated annual revenue of EUR 5 million. The contracts are renewable every 12 months.
- In July, DNB and Nordea made a 5th tranche of EUR 40 million available with 100% gearing allowed on new NPLs – total facility increased from EUR 120 to 160 million.

Key events after end of the report period

- During October Axactor acquired an Auto Loan Portfolio in Spain from one of the major European car manufacturers, with a total outstanding balance close to EURO 100m and more than 10.000 claims.
- In October, the co-invest agreement with Geveran Trading Co. Ltd closed and a term sheet for the bank financing of the SPV was signed with a large Scandinavian bank.

Operations

Axactor continued to show positive operational performance in the third quarter of 2017, and to grow the business according to the communicated strategy through acquisitions of NPL portfolios and signing of new third party collection contracts.

Axactor achieved an EBITDA of EUR 2,0 million and Cash EBITDA of EUR 6,2 million in Q3. The corresponding numbers for the same period in 2016 was EUR -0,8 million and EUR 0,1 million. The operating margin was 10 % in Q3, compared to -7 % in the same quarter in 2016. The gross collection of EUR 23,6 million was in line with the company's expectations for the quarter. Third quarter is impacted by lower activity due to summer holiday both for our staff and our debtors.

The main event of the quarter was the signing of a letter of intent with Geveran Trading Co. Limited to enter in to a co-investment partnership and creating an SPV with a EUR 300 million investment capacity. The transaction closed in October 2017. This was an important strategic milestone for Axactor, bringing the company to a new level and puts the company in a position to compete for larger portfolios. In addition, Axactor has an exclusive agreement for debt collection with the SPV, which will generate additional 3PC revenue for Axactor.

In conjunction with the signing of the partnership with Geveran, Axactor did a private placement directed at Geveran Trading Co. Limited and other large existing shareholders of Axactor, bringing Geveran to an ownership of 9.96% of the outstanding shares in Axactor. With this, Axactor has got a cornerstone investor that could contribute to continued growth and development of Axactor.

During the quarter Axactor acquired two NPL portfolios which included auto financing and personal loans in Germany, with an outstanding balance of EUR 25.7m across more than 4,000 cases. In addition, the company signed a total of 4 new 3PC contracts with financial institutions in Spain and Germany for a combined estimated annual revenue of EUR 5 million. The contracts are renewable every 12 months.

The market for purchases of NPL portfolios remains buoyant with Spain and the Nordics being the most active markets. Fourth quarter has started on a strong note, with a significant increase in number of portfolios being made available for sale. With a strong capital base which enables larger portfolio acquisitions, Axactor will pursue both medium- and large sized portfolios within the secured and unsecured consumer debt space. As a continuance of the secured portfolio which we acquired in Spain in Q2, we are also considering to become further involved with the REO segment, particularly in Spain.

Key Figures Axactor AB (group)

EUR million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Gross Revenue	23.6	26.9	19.7	18.5	11.1
Net Revenue	20.1	23.6	17.4	16.4	10.7
EBITDA	2.0	6.1	1.0	-1.2	-0.8
Cash EBITDA ¹⁾	6.2	9.4	3.6	0.3	0.1
Normalized EBITDA ²⁾	2.0	6.1	1.0	-0.5	-0.2
Depreciation and Amort. (excl. Portfolio Amortization)	-1.3	-1.1	-1.4	-1.2	-0.9
Net Financial Items	-1.0	0.2	-1.1	-3.1	0.2
Tax	0.6	-0.6	-0.1	0.9	-0.6
Net Result	0.3	4.6	-1.7	-4.7	-2.1
Cash and Cash Equivalents at end of Period	54.7	19.6	52.8	64.6	34.1
Acquired NPL portfolios during the Period ³⁾	7.0	54.3	66.5	33.8	39.5
Book Value of NPL portfolios at end of Period ^{4) 5)}	246.3	241.5	191.9	128.0	98.7
Gross Collection on Debt Portfolios during the quarter ⁶⁾	14.0	14.2	10.5	8.5	3.9
Estimated Remaining Collection (ERC) at end of quarter	525.8	510.7	427.1	317.1	253.2
Interest Bearing Debt at end of Period	116.1	128.2	66.0	74.0	84.6 ⁷⁾
Number of Employees (FTE) at end of Period	892	888	885	850	900

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

2) Defined as EBITDA adjusted for non-recurring items

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

4) Includes portfolios in Altor per balance sheet date

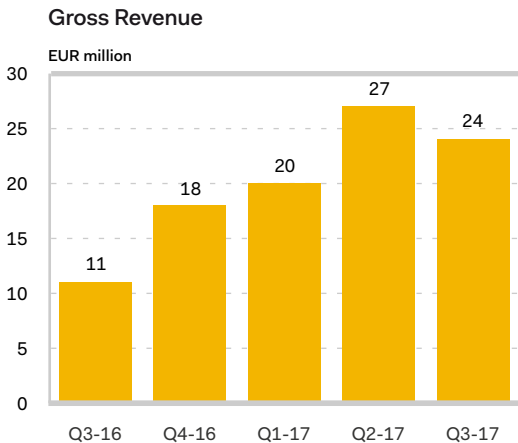
5) Includes stock of secured assets

6) Excluding collections on Altor portfolios in Q3 2016.

7) Q3-16 includes EUR 13.2 million in bank debt in Altor. This amount was refinanced with the DNB/Nordea facility in Q4-16.

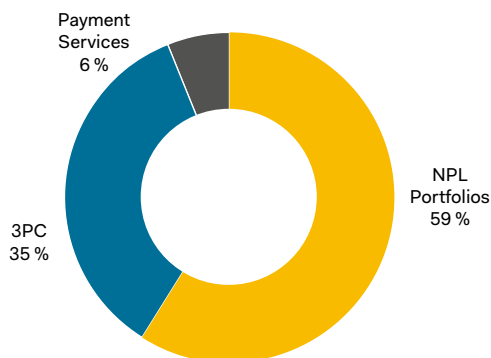
Financials

Revenues



Gross revenue for the third quarter 2017 was MEUR 23.6 (11.1). Comparing to Q2 2017, the gross revenue decreased by 5% when adjusting for the settlement with former Board members of IGE which was reported in Q2. The third quarter is generally not as strong as the second quarter due to the holiday season, and the underlying business development continues to be strong. Total amortization and revaluation of NPL portfolios was MEUR 3.5 (0.4) in Q3 2017, leaving the net revenue for the quarter at MEUR 20.1 (10.7).

Gross Revenue mix Q3-17



NPL portfolios continue to be the largest segment in terms of gross revenue, accounting for MEUR 14.0 (4.0) or 59% (36%) of total gross revenue in Q3 2017. Axactor acquired portfolios with a total capex of MEUR 7.0 (13.6) in the quarter, out of which MEUR 2.9 is related to on-going forward flow deals. The supply of portfolios between quarters is uneven by nature, and the YTD capex remains strong at MEUR 127.8.

The NPL book value including stock of secured assets grew from MEUR 241.5 in Q2 2017 to MEUR 246.3 in Q3 2017. Spain remains the largest country within the NPL segment, with Sweden as the second largest on the back of the Bank Norwegian portfolio acquisition of Q1 2017.

The 3PC segment delivered a gross revenue of MEUR 8.2 (5.8) in Q3 2017, and accounted for 35% (52%) of total gross revenue. Axactor have closed several 3PC contracts with leading financial institutions in Spain and Germany during the second and third quarter of 2017, and these contribute to the healthy development of the 3PC segment.

Accounts Receivable Management (ARM) is currently not rolled out as a business segment to any other country than Norway, and thus comprised MEUR 1.4 (1.3), or 6% (12%) of the total gross revenue for the third quarter of 2017.

Earnings

The reported EBITDA for the third quarter of 2017 was MEUR 2.0 (-0.8). Comparing to Q2 2017, the EBITDA decreased by MEUR 2.1 when excluding the settlement with the former BoD reported in Q2. The decrease in earnings is mainly related to seasonality effects, as operating activity in the third quarter is generally lower than ordinary due to the holiday period. Despite the lower activity, Axactor managed to achieve a double-digit EBITDA margin in the quarter. The cash EBITDA, (EBITDA excluding amortization and revaluations of NPL portfolios as well as calculated costs of the share option program) was MEUR 6.2 (0.1) for Q3 2017.

Net profit for the period amounted to MEUR 0.3 (-2.1) for the third quarter of 2017. Earnings per share for the quarter was EUR 0.0002 (-0.0022).

Operating expenses

The total operating expenses for the third quarter of 2017 amounted to MEUR 18.1 (11.4). This is 3% up compared to the previous quarter. Direct costs, which includes cost for collection staff, phone, printing & postage and fees & commission paid to external sources comprised 47% of total operating expenses, where off MEUR 6.6 is cost for the collection staff.

IT and local SG&A costs amounted to MEUR 5.1 (4.9).

Depreciation and amortization excluding amortization of NPL portfolios was MEUR 1.3 (0.9). Most of the depreciation and amortization is related to intangible assets acquired through the acquisition of subsidiaries.

Net financial items

Interest cost on outstanding debt for the third quarter of 2017 was MEUR 1.8 (0.7). Net financial items were also impacted by FX gains of MEUR 0.9 (0.7). The positive impacts from unrealized FX gains partially offset the interest costs for the company, leaving the total net financial items at MEUR -1.0 (+0.2) for Q3 2017.

Tax

Tax expense for the second quarter of 2017 was positive MEUR 0.6 (-0.6). The positive tax is mainly due to a reduction in deferred tax liabilities pertaining to amortization of intangible assets from business combinations.

Cash flow

The cash flow from operating activities in the third quarter of 2017 amounted to MEUR 4.9 (-4.9). The cash EBITDA for Q3 2017 was MEUR 6.2. The main difference between the cash EBITDA and the cash flow from operating activities relates to an increase in net working capital of MEUR 1.3 (3.5).

Acquisition of NPL portfolios during Q3 2017 was MEUR 7.0, and this in combination with payment for a portfolio acquired

in Q2 made up the balance of MEUR 15.4. In addition, Axactor continues to invest in IT systems to optimize efficiency. Thus, the total cash flow from investments was MEUR -18.0 (-29.1).

Total cash flow from financing activities was MEUR 49.1 (33.5) in Q3 2017, as the company raised MEUR 63.9 in additional capital through a share issue during the quarter. The company made a debt repayment of MEUR 14.7, partially offset by draw down of MEUR 3.0. Total cash and cash equivalents at the end of the period was MEUR 54.7 (32.0) with an additional MEUR 2.6 (2.1) in restricted cash, for a total cash balance of MEUR 57.3 (34.1).

Equity position

At the end of the third quarter of 2017, the total equity for the Group is MEUR 259.9, compared to MEUR 107.7 in Q3 2016. The resulting equity ratio at the end of the quarter was 65%, compared to 48% at the same time last year.

Parent company

The parent company's business activity is to manage the Group's operations. The result after tax for the second quarter 2017 ended at MEUR 1.2 (1.5). Total equity at the parent company at the end of the quarter was MEUR 272.2 (116.0).

Stockholm, 1 November 2017

The Board of Directors

Bjørn Erik Næss
Chairman of the Board

Harald Thorstein
Board member

Merete Haugli
Board member

Brita Eilertsen
Board member

Beate S. Nygårdshaug
Board member

Terje Mjøs
Board member

Endre Rangnes
Chief Executive Officer



Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end		YTD		Full year 2016
		30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	
Continued operation						
Net revenue from collection	3	20,073	10,694	59,092	20,635	37,074
Other revenue	3	-	-	2,040	-	-
Net revenue		20,073	10,694	61,133	20,635	37,074
Cost of secured assets sold	6	-124		-124		
Personnel expenses collection		-6,650	-2,535	-19,178	-5,265	-12,038
Personnel expenses other		-4,670	-3,097	-11,900	-6,433	-9,703
Operating expenses		-6,612	-5,818	-20,764	-14,217	-21,821
EBITDA		2,017	-756	9,167	-5,280	-6,488
Amortization and depreciation		-1,340	-945	-3,915	-1,929	-3,126
EBIT		677	-1,701	5,251	-7,209	-9,614
Financial revenue	4	958	744	2,818	3,046	1,279
Financial expenses	4	-1,998	-543	-4,737	-2,183	-3,562
Net financial items		-1,040	201	-1,919	862	-2,283
Profit/(loss) before tax		-363	-1,500	3,332	-6,347	-11,897
Tax expense		624	-606	-94	-144	727
Net profit/(loss) from continued operations		261	-2,106	3,238	-6,491	-11,169
Earnings per share: basic		0.000	-0.002	0.003	-0.009	-0.013
Earnings per share: diluted		0.000	-0.002	0.003	-0.008	-0.012

Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end		YTD		Full year 2016
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	
Net profit/(loss)	261	-2,106	3,238	-6,491	-11,169
Foreign currency translation differences - foreign operations	1,408	3,081	-3,899	-2,772	2,226
Remeasurement of pension plans	-	-	-	-	124
Other comprehensive income/ (loss) for the period	1,408	3,081	-3,899	-2,772	2,350
Total comprehensive income for the period attributable to:	1,668	975	-661	-3,719	-8,819
Equity holders of the parent company	-	-	-	-	-
Non-Controlling interests	-	-	-	-	-

Interim Consolidated Statement of Financial Position

EUR thousand	Note	30 Sep 2017	30 Sep 2016	Full year 2016
ASSETS				
<i>Intangible non-current assets</i>				
Intangible assets		18,386	17,078	18,347
Goodwill		54,756	51,094	53,491
Deferred tax asset		2,234	481	1,442
<i>Tangible non-current assets</i>				
Property, Plant and equipment		2,506	3,312	2,365
<i>Financial non-current assets</i>				
Investment in joint ventures		3,052	-	
Purchased debt portfolios	5	237,927	98,707	127,989
Other long term receivables		1,123	2,240	998
Other long term investments		226	113	415
Total non-current assets		320,210	173,026	205,046
<i>Current assets</i>				
Stock of secured assets	6	8,373		
Current receivables		7,227	6,224	5,652
Other current assets		8,860	8,805	7,563
Restricted cash		2,589	2,100	1,510
Cash and cash equivalents		54,748	32,008	62,476
Total current assets		81,797	49,137	77,201
TOTAL ASSETS		402,007	222,163	282,248

Interim Consolidated Statement of Financial Position

EUR thousand	Note	30 Sep 2017	30 Sep 2016	31 Dec 2016
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Share Capital		79,377	49,133	64,198
Other paid-in equity		195,773	195,611	262,414
Retained earnings profit/(Loss)		-15,017	-139,786	-147,438
Reserves		-184	2,734	3,714
Total equity		259,948	107,691	182,888
<i>Non-current liabilities</i>				
Non-current interest bearing debt	7	71,072	76,076	25,149
Deferred tax liabilities		6,815	7,141	5,960
Other non-current liabilities		3,447	3,943	3,400
Total non-current liabilities		81,334	87,160	34,510
<i>Current liabilities</i>				
Accounts payables		2,753	7,044	6,648
Current portion of non-current borrowings	7	45,020	8,506	48,852
Taxes Payable		-445	663	387
Other current liabilities		13,398	11,098	8,962
Total current liabilities		60,725	27,312	64,850
TOTAL EQUITY AND LIABILITIES		402,007	222,163	282,248

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end		YTD		Full year 2016
		30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	
Operating activities						
Profit before tax		-363	-1,499	3,333	-6,346	-11,897
Taxes paid		-	-1,426	-1,419	-1,833	-2,271
Finance income and expense		1,040	-201	1,919	-1,443	2,283
Amortization of debt portfolios		3,544	378	9,115	1,383	3,417
Depreciation and amortization		1,340	945	3,915	1,929	3,126
Calculated cost of employee share options		588	458	1,259	1,162	603
Unrealised foreign currency (gains)/losses		-	-	-	-954	-2,875
Working capital changes		-1,290	-3,508	-4,625	-2,980	-6,151
Net cash flows operating activities		4,859	-4,853	13,496	-9,083	-13,765
Investing activities						
Purchase of debt portfolios	5	-15,449	-9,013	-127,551	-42,711	-75,610
Investment in subsidiaries	8	-	-18,356	-100	-47,707	-47,707
Purchase of intangible and tangible assets		-2,578	-1,746	-4,023	-1,920	-2,209
Interest received		60	7	96	18	89
Net cash flows investing activities		-17,967	-29,108	-131,403	-92,320	-125,436
Financing activities						
Proceeds from borrowings	7	3,000	36,086	79,057	50,761	57,134
Repayment of debt	7	-14,685	-988	-34,919	-1,524	-18,307
Interest paid		-1,371	-256	-3,433	-451	-1,306
Loan fees paid	7	-136	-1,298	-2,114	-1,491	-1,491
Proceeds from share issue		63,858	-	75,274	51,513	132,620
Share issue costs		-1,578	-	-1,863	-2,011	-4,434
Net cash flows financing activities		49,088	33,543	112,002	96,796	164,215
Currency translation			-1,121	565	-2,049	-1,792
Net change in cash and cash equivalents		35,980	-418	-7,214	-4,607	25,014
Cash and cash equivalents at the beginning of period		21,357	35,647	63,986	40,764	40,764
Cash and cash equivalents at end of period		57,337	34,108	57,337	34,108	63,986

Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company				Total Equity
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	
Closing balance on 31 December 2015	32,655	160,787	-11	-141,216	52,215
Balance on 1 January 2016	32,655	160,787	-11	-141,216	52,215
Net result for the period	-	-	-	-11,169	-11,169
Comprehensive loss for the period	-1,726	-8,748	3,726	5,234	-1,514
Total comprehensive result	-1,726	-8,748	3,726	-5,955	-12,683
New share issues, February	3,148	7,883			11,031
New Share issues, May	11,642	27,853			39,493
Acquisition subsidiary, IKAS group	2,590	6,589			9,179
Acquisition subsidiary, CS Union	1,101	2,829			3,930
New share issues, October	3,788	17,753			21,541
New share issues, November	8,360	39,157			47,517
New share issues, December	2,641	11,898			14,539
Costs related to fund-raising		-4,470			-4,470
Share based payment		595			595
Closing balance on 31 December 2016	64,197	262,127	3,715	-147,151	182,887
Balance on 1 January 2016	64,197	262,127	3,715	-147,151	182,887
Allocation of result from discontinued operations ¹⁾		-128,896		128,896	0
Net result for the period				3,238	3,238
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations			-3,899		-3,899
Comprehensive Profit/(Loss) Remeasurement of pension plans					0
Total comprehensive result for the period	0	0	-3,899	3,238	-661
New Share issues, May	2,617	8,799			11,417
New Share issues, August	3,957	16,223			20,180
New Share issues, September	8,605	35,073			43,678
Costs related to fund-raising		-1,863			-1,863
Share based payment		1,259			1,259
Grant of Warrants ²⁾		3,051			3,051
Closing balance on 30 September 2017	79,377	195,773	-184	-15,017	259,948

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

2) 130 million American style warrants have been granted to Geveran, with an exercise price of NOK 3.25. The warrants expire after 2 years.

Face value per share have been changed from SEK 0,50 to EUR 0,0525.

Parent Company Income Statement

EUR thousand	Note	For the quarter end		YTD		Full year 2016
		30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	
Other operating income		711	-	4,253	1,107	1,133
Operating expenses		-1,486	-2,782	-5,255	-4,990	-4,243
Personell expenses		-	-	-	-	-
EBITDA		-775	-2,782	-1,002	-3,884	-3,110
Amortization and depreciation		-	-	-	-	-
EBIT		-775	-2,782	-1,002	-3,884	-3,110
Financial revenue		2,512	4,485	4,638	7,511	8,141
Financial expenses		-583	-221	-700	-537	-582
Net financial items		1,929	4,264	3,938	6,973	7,559
Profit/(loss) before tax		1,154	1,483	2,936	3,090	4,449
Tax expense		-	-	-	-	-
Net profit/(loss) to equity holders		1,154	1,483	2,936	3,090	4,449

Parent Company Balance Sheet

EUR thousand	Note	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS				
Intangible non-current assets				
Investment in subsidiaries and joint ventures		123,404	42,440	135,421
Loans to group companies		103,918	62,872	21,365
Other long-term receivables		226	11	-
Total non-current assets		227,548	105,323	156,786
Current assets				
Short-term intercompany receivables		3,752	2,349	1,310
Other current assets		30	74	9
Restricted cash		418	415	418
Cash and cash equivalents		40,842	10,076	41,941
Total current assets		45,041	12,914	43,678
TOTAL ASSETS		272,590	118,237	200,463
SHAREHOLDERS' EQUITY				
<i>Restricted equity</i>				
Share Capital		79,377	49,133	64,197
Statutory reserve		240	240	240
Total restricted equity		79,617	49,373	64,437
<i>Non-restricted equity</i>				
Share premium reserve		195,779	196,063	262,131
Retained earnings		-6,133	-132,472	-132,845
Result for the period		2,936	3,013	4,426
Total non-restricted equity		192,582	66,604	133,712
TOTAL SHAREHOLDERS EQUITY		272,198	115,976	198,149
LIABILITIES				
Non-current liabilities				
Long term intercompany liabilities		-	-	-
Other long term liabilities		-	1,356	1,444
Total non-current liabilities		-	1,356	1,444
Current liabilities				
Accounts payables		189	162	94
Short-term intercompany liabilities		0	-	-
Other current liabilities		203	744	775
Total current liabilities		392	905	869
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		272,590	118,237	200,463

Parent Company Statement of Changes in Equity

EUR thousand	Restricted Equity		Non-restricted Equity				Total Equity
	Share capital	Statutory reserve	Share premium reserve	Exchange differences	Retained earnings	Result of the period	
Opening balance of January 1, 2016	32,655	240	160,787		-117,265	-22,415	54,001
Transfer of prior year's net result		-	-		-21,629	21,629	0
New share issues, February	3,148		7,883				11,031
New Share issues, May	11,641		27,853				39,493
Acquisition subsidiary, IKAS group	2,590		6,589				9,179
Acquisition subsidiary, CS Union	1,101		2,829				3,930
New share issues, October	3,788		17,753				21,541
New share issues, November	8,360		39,157				47,517
New share issues, December	2,641		11,898				14,539
Costs related to fund-raising			-4,470				-4,470
Share based payment			595				595
Result of the period						4,449	4,449
Translation differences	-1,725		-8,744		6,049	762	-3,658
Closing balance on 31 December 2016	64,197	240	262,131		-132,845	4,425	198,149
Balance on 1 January 2017	64,197	240	262,131		-132,845	4,425	198,149
Transfer of prior years net result	-	-	-		4,425	-4,425	0
Allocation of result from discontinued operations ¹⁾			-128,896		128,896		0
New Share issues, May	2,617		8,799				11,416
New Share issues, August	3,957		16,223				20,180
New Share issues, September	8,605		35,073				43,678
Costs related to fund-raising			-1,863				-1,863
Share based payment	-		1,259		-		1,259
Grant of Warrants ²⁾			3,051				3,051
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations				-6,609			-6,609
Result of the period						2,936	2,936
Closing balance on 30 September 2017	79,377	240	195,776	-6,609	476	2,937	272,198

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

2) 130 million American style warrants have been granted to Geveran, with an exercise price of NOK 3.25. The warrants expire after 2 years.

Key Ratios and Share Data for the Consolidated Group

EUR thousand		2017	2016	2015	2014	2013
Number of outstanding shares at beginning of reporting period ²⁾	Number	1,226,488,769	596,614,360	90,809,360	18,174,922	18,174,922
New share issue	Number	290,000,000	629,874,409	505,805,000	72,634,438	-
Number of outstanding shares at the end of reporting period ¹⁾ and ²⁾	Number	1,516,488,769	1,226,488,769	596,614,360	90,809,360	18,174,922
Average number of shares ²⁾	Number	1,217,629,624	849,072,460	133,687,416	29,804,775	18,174,922
Operating result, for continued operations	TEUR	5,251	-9,614	-3,360	-1,214	-21,437
Result after tax	TEUR	3,238	-11,169	-17,810	-5,055	-110,088
Operating result per share	EUR	0.004	-0.011	-0.02	-0.15	-1.21
Result after financial items per share	EUR	-0.000	-0.014	-0.05	-0.15	-8.47
Result per share after tax	EUR	0.000	-0.013	-0.13	-0.17	-6.06
Shareholders equity per share before dilution ²⁾	EUR	0.213	0.149	0.09	0.19	6.87
Dividend ³⁾	TEUR	-	-	-	59.69	-
Price per share at the end of reporting period	NOK	2.90	2.650	2.00	1.42	3 ¹⁾

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

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

3) Total dividend. Not per share.

Notes to the Financial Report

Note 1 Accounting principles

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

The Company have from 2017 converted the presentation currency from SEK to EUR to better reflect the currency in which the business operates. Comparable figures relating to 2016 is calculated based on the historic currency translation rate at the actual presented period using the currency exchange rates according to Riksbanken/Bolagsverket.

Note 2 Risks and uncertainties

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

Note 3 Segment note

For the quarter end 30.09.2017

EUR thousand	NPL	3PC ¹⁾	Payment Services	Eliminations/ Not allocated	Total
Gross revenue	14,008	8,214	1,395	0	23,617
Other revenue				-	-
Portfolio amortization	-3,544				-3,544
Net revenue	10,464	8,214	1,395	0	20,073
Direct operating expenses	-3,494	-6,170	-752	-	-10,417
Contribution margin	6,969	2,044	643	0	9,656
Local SG&A, IT and corporate cost				-7,638	-7,638
EBITDA				-7,638	2,017
Total Opex	-3,494	-6,170	-752	-7,638	-18,056
CM1 margin	66.6 %	24.9 %	46.1 %	100.0 %	48.1 %
EBITDA margin					10.0 %
Dopex / Gross revenue	24.9 %	75.1 %	53.9 %	0.0 %	44.1 %

1) External revenue

Year to date 30.09.2017

EUR thousand	NPL	3PC ¹⁾	Payment Services	Eliminations/ Not allocated	Total
Gross revenue	38,775	25,026	4,437	-30	68,208
Other revenue ²⁾				2,040	2,040
Portfolio amortization	-9,115	-	-	-	-9,115
Net revenue	29,660	25,026	4,437	2,010	61,133
Direct operating expenses	-9,545	-18,576	-2,394	-	-30,515
Contribution margin	20,115	6,450	2,043	2,010	30,618
Local SG&A, IT and corporate cost				-21,452	-21,452
EBITDA				-19,441	9,167
Total Opex	-9,545	-18,576	-2,394	-21,452	-51,966
CM1 margin	67.8 %	25.8 %	46.0 %	100.0 %	50.1 %
EBITDA margin					15.0 %
Dopex / Gross revenue	24.6 %	74.2 %	54.0 %	0.0 %	44.7 %

1) External revenue

2) Settlement former BoD

Note 4 Financial items

EUR thousand	Quarter ended		Year to date		Full year 2016
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	
Financial revenue					
Interest on bank deposits	60	8	97	19	89
Re-evaluation external investments	-	-	-	-	309
Exchange gains	920	737	2,546	3,027	881
Other financial income	-22	-	185	-	-
Total financial revenue	958	744	2,828	3,046	1,279
Financial expenses					
Interest expenses on borrowings	-1,837	-694	-4,370	-950	-2,003
Exchange losses	-4	244	-162	-1,139	-1,373
Other financial expenses	-157	-94	-214	-94	-187
Total financial expenses	-1,998	-543	-4,746	-2,183	-3,563
Net finance	-1,040	201	-1,919	862	-2,283

Note 5 Non-performing loans

EUR thousand	30.09.2017	30.09.2016	31.12.2016
Acquisition cost, opening balance	131,729	27,317	-
Purchase	119,442	17,155	74,955
Purchase from acquired business	-	56,663	56,408
Dispsals	-132		
Translation differences	-110	-1,050	366
Accumulated acquisition cost	250,929	100,085	131,729
Amortization, opening balance	-3,744		
Amortization for the year	-9,115 ¹⁾	-1,378	-3,744
Translation differences	-114		
Accumulated amortization, closing balance	-13,002	-1,378	-3,744
Net booked value	237,927	98,707	127,989

1) As of Q3 we have started using ERC rolling forecast, in line with industri standard.

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

Note 6 Stock of secured assets - NPL

EUR thousand	30.09.2017	30.09.2016	31.12.2016
Acquisition cost, opening balance	0	0	0
Purchase	8,497		
Cost of sold secured assets	-124		
Total	8,373	0	0

Secured assets contains approximateluy 600 assets. The assets are held for sale.

Note 7 Loans and borrowings

	Currency	Interest rate	Carrying amount 30.09.2017 EUR thousand	Year of maturity
Balance at 1 January 2017	1) EUR /NOK	Variable	74,002	2017-2022
New issues				
Italian Banks			4,970	
DnB/Nordea			74,087	
Repayments				
Italian Banks	EUR		-7,251	
DnB/Nordea	EUR		-27,342	
Other	EUR		-325	
Other movements				
Capitalized loan fees			-2,114	
Amortized loan fees on loans			1,112	
Currency translations			-1,047	
Balance at 30 September 2017			116,092	

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

As of 30 September 2017, the Company had long-term loan balance of NOK 101 million relating to the financing of the Axactor Norway (former "IKAS") acquisition in Q2 2016, EUR 13,7 million relating to the Altor acquisition in Q4 2016, EUR 37,2 million relating to purchase of portfolios and secured assets in Spain and SEK 262,9 million relating to the purchase of Swedish portfolios. The loans were drawn under the Revolving Credit Facility with DNB and Nordea. The Facility agreement was entered into in March 2016 with repayment date in March 2019. All material subsidiaries of the group are guarantors and have granted a share pledge as part of the security package for this facility. Italian subsidiaries are not a part of the agreement and has separate local funding. As per 30 September 2017 the outstanding loan balance in Italy were EUR 29,9 million.

As per 30 September 2017 the company was in compliance with the financial covenants in the DNB/NORDEA agreement.

One bankaccount is pledged at SEK 4 million per 30 September 2017.

Note 8 Preliminary acquisition analysis

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

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

EUR thousand	Company	
	Altor	Profact
Date of acquisition	Sep 30, 2016	Feb 28, 2017
Acquired part of company	100%	100%
Purchase price	17,983	1,257
- whereof cash consideration	17,983	1,257
- whereof share consideration		
- whereof Put/Call option liability		
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Deferred tax assets	940	-
Customer Relationship	1,362	
Database	1,135	314
Other intangible fixed assets	337	-
Off market contracts	-	
Goodwill	9,276	1,242
<i>Tangible assets</i>		
Plant and machinery	447	50
<i>Long term financial assets</i>		
Purchased debt	25,891	
Other long-term receivables	28	
Other long-term investments		
Total non-current assets	39,416	1,606
Current assets		
Current receivables	655	351
Other current assets	2,362	94
Cash & cash equivalents	1,024	
Total current assets	4,041	445
Total Assets	43,457	2,051
Non-current liabilities		
Long-term interest bearing debt	13,287	
Deferred tax liabilities	3,238	
Other long-term liabilities	1,432	
Total non-current liabilities	17,957	-
Current liabilities		
Trade payables	653	433
Tax liabilities	454	
Other short-term liabilities	6,410	361
Other public duties payable		
Total current liabilities	7,517	794
Total Net assets	17,983	1,257
Net sales 2016	19,482	1,794
Profit 2016	328	-9

Note 9 Top 30 shareholders as at 30 September 2017

Name	Holding of shares	% Share
GEVERAN TRADING CO LTD	151,000,000	9.96 %
VERDIPAPIRFONDET DNB NORGE (IV)	104,394,050	6.89 %
TVENGE TORSTEIN	65,000,000	4.29 %
FERD AS	53,351,399	3.52 %
SONGA TRADING INC	47,423,467	3.13 %
MOHN STEIN	45,495,251	3.00 %
DnB NOR MARKETS, AKSJEHAND/ANALYSE	41,879,632	2.76 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	35,553,765	2.34 %
ARCTIC FUNDS PLC	26,545,540	1.75 %
VERDIPAPIRFONDET DELPHI NORDEN	24,214,481	1.60 %
STATOIL PENSJON	23,049,560	1.52 %
LOPEZ SANCHEZ, ANDRES ¹⁾	22,902,500	1.51 %
MARTIN IBEAS, DAVID ²⁾	22,902,500	1.51 %
VERDIPAPIRFONDET ALFRED BERG NORGE	20,901,448	1.38 %
GVEPSEBORG AS	20,364,945	1.34 %
VPF NORDEA NORGE VERDI	20,131,026	1.33 %
FIRST GENERATOR	19,873,265	1.31 %
JPMORGAN CHASE BANK, NORDNET LIVSFORSIKRING	18,824,657	1.24 %
ALPETTE AS ³⁾	18,288,994	1.21 %
NOMURA INTERNATIONAL	16,616,431	1.10 %
CITIBANK, N.A.	16,335,515	1.08 %
SKØIEN AS	14,089,233	0.93 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	12,062,016	0.80 %
BORGEN INVESTMENT GROUP NORWAY AS	11,910,518	0.79 %
VPF NORDEA KAPITAL	11,000,000	0.73 %
LATINO INVEST AS ⁴⁾	10,493,597	0.69 %
VPF NORDEA AVKASTNING	10,300,000	0.68 %
VARDFJELL AS	9,517,055	0.63 %
ELENA AS	8,914,019	0.59 %
Total 30 largest shareholders	912,248,883	60.16 %
Other shareholders	604,239,886	39.84 %
Total number of shares	1,516,488,769	100.0 %
Total number of shareholders	11,280	

Shares owned by related parties

Name	Holding of shares	% Share
LOPEZ SANCHEZ, ANDRES ¹⁾	22,902,500	1.51 %
MARTIN IBEAS, DAVID ²⁾	22,902,500	1.51 %
ALPETTE AS ³⁾	16,616,431	1.10 %
LATINO INVEST AS ⁴⁾	10,300,000	0.68 %
BANCA SISTEMA S.P.A ⁵⁾	6,045,041	0.40 %
FARSTAD, SIV ⁶⁾	2,000,000	0.13 %
BJØRN ERIK NESS ⁷⁾	775,000	0.05 %
SCHNEIDER, SUSANNE LENE RANGNES ⁸⁾	398,320	0.03 %

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

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

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

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

5) BANCA SISTEMA owns 10% of the shares in CS Union, the Axactor collection platform in Italy.

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

7) Bjørn Erik Ness is the chairman of the Board of director of Axactor AB.

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

Financial year 2017

Quarterly Report - Q1	08.05.2017
Quarterly Report - Q2	24.08.2017
Quarterly Report - Q3	01.11.2017
Quarterly Report - Q4	23.02.2018
Annual General meeting	31.05.2017
Annual Report	20.04.2018

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

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