



Report

Q1 2018

3 May, 2018

AXACTOR

Highlights

First Quarter of 2018

- Gross revenue for the quarter of EUR 41.0 million, a growth of 108 % from EUR 19.7 million in Q1 2017.
- EBITDA of EUR 6.1 million and Cash EBITDA of EUR 18.1 million in Q1 2018, compared to an EBITDA of EUR 1.0 million and a Cash EBITDA of EUR 3.6 million in Q1 2017.
- Total portfolio investments of EUR 91.5 million, whereof EUR 44.7 million invested in REOs. This represents a significant growth in investments from EUR 66.5 million in Q1 2017.
- Net profit for Q1 2018 was EUR -1 million, up from EUR -1.7 million in Q1 2017.
- In February, 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.
- On 15 February, Johnny Tsolis was appointed as the new CFO of Axactor. He came from the position as EVP Strategy & Projects in Axactor. Tsolis is one of the founders of Axactor and has been part of the core-management team of the company since the start in December 2015.
- During February, Axactor acquired 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, Axactor entered into a forward flow contract with a leading consumer finance 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.
- On 15 March, Axactor AB announced the successful completion of a EUR 150 million senior unsecured bond issue with maturity in June 2021. The bonds will be listed on Oslo Børs.
- During March, Axactor acquired a REO portfolio with an appraisal value of more than EUR 26 million from the financial institution Cajamar. The portfolio consists of approximately 650 assets and was the second portfolio acquisition in Spain this year.
- On 23 March, Axactor signed a new portfolio transaction with a large Spanish financial group. The portfolio consists of two different segments, a REO segment and an unsecured consumer loans segment. The total capex was close to EUR 40 million and was done through the investment companies co-owned with Gevean. The transaction was 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. The financial institution retains 25 % of the REO segment. The unsecured segment has an outstanding balance of EUR 147 million and consists of 14,680 cases.

Key events after end of the report period

- In April, 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, 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.

Operations

Axactor continues the growth story in the first quarter of 2018 with 108 % revenue growth compared to the same quarter last year, and 19 % revenue growth compared to Q4 2017. The development in Cash EBITDA is even stronger, with Q1 2018 coming in at EUR 18.1 million, more than 55 % of the reported Cash EBITDA for the full year of 2017. Axactor invested a total of EUR 91.5 million during the quarter and passed the EUR 1 billion mark in ERC.

Axactor recognized a gross revenue of EUR 41.0 million in the quarter, which was in line with the company's expectations and shows a continued strong growth from Q4 2017. The company achieved an EBITDA of EUR 6.1 million and an EBITDA margin of 17 % for the quarter, up from EUR 1.0 million and 6 % for the same period last year. The improved profitability comes as a result of both higher volumes and improved scale and skill benefits.

The strong growth in Cash EBITDA from EUR 3.6 million in Q1 2017 and EUR 13.5 million in Q4 2017 to EUR 18.1 million in Q1 2018 displays the strong development in cash flow following the large NPL and REO investments made during 2017. The first quarter is negatively impacted by seasonality effects related to Christmas and Easter holidays, and the company is thus pleased with the positive development compared to the previous quarter.

The first quarter of the year is generally characterized by low activity in the market for portfolio acquisitions. In Q1 2018 Axactor won NPL and REO portfolio contracts at a total acquisition value of EUR 91.5 million. The largest transaction in the quarter was a bilateral deal where Axactor acquired a bundled portfolio of unsecured NPL claims and REOs. This confirms the previously communicated strategy of building strong relationships with key financial institutions in the markets where Axactor is present, and leveraging on these relationships to get access to portfolios not sold in the open market. Two new forward flow contracts were signed during the quarter in Norway and Sweden, respectively, further securing future NPL volumes for Axactor.

REOs is now established as a major business segment for Axactor, with Q1 2018 being the first full quarter with impact from the two major deals closed in Q4 2017. REOs represented 21 % of total gross revenues in the quarter, and with two new portfolios acquired in Q1 2018 Axactor expects the REO segment to grow further over the next months.

In order to fund the continued growth in Axactor, the company successfully issued a EUR 150 million senior unsecured bond in Q1 2018. In addition, Axactor are in discussions with a global bank with a view to enhance our investment capacity in the REO segment. This transaction (should it be completed) together with Axactor's existing bank facilities, would leave Axactor in a good position to acquire new portfolios going forward.

Key Figures Axactor AB (group)

EUR million	Q1 2018	Q1 2017
Gross revenue	41.0	19.7
Net Revenue	35.8	17.4
EBITDA	6.1	1.0
Cash Ebitda ¹⁾	18.1	3.6
Depreciation and Amortisation (excl. Portfolio Amortization)	-1.3	-1.4
Net Financial Items	-5.4	-1.1
Tax	-0.3	-0.1
Net Result	-1.0	-1.7
Cash and Cash Equivalents at end of period ³⁾	195.9	52.8
Acquired NPL portfolios during the period ²⁾	91.5	66.5
Book Value of NPL portfolios at end of period ²⁾	546.7	191.9
Gross Collection on Debt Portfolio during the quarter ²⁾	29.5	10.5
Estimated Remaining Collection (ERC) at end of quarter ²⁾	1,000.5	427.1
Interest Bearing Debt at end of Period	467.0	66.0
Number of Employees (FTE) at end of period	947	885
Price per share at the end of reporting period (NOK)	2.63	2.27

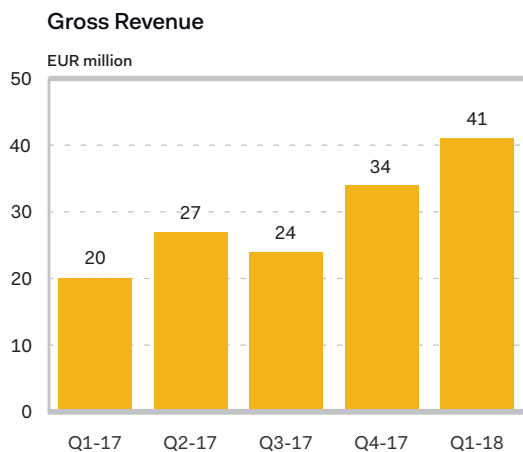
1) Cash EBITDA is adjusted for: - calculated cost of share option program; - portfolio amortizations; - revaluations; - REO cost of sales.

2) Includes stock of secured assets

3) Restricted cash excluded

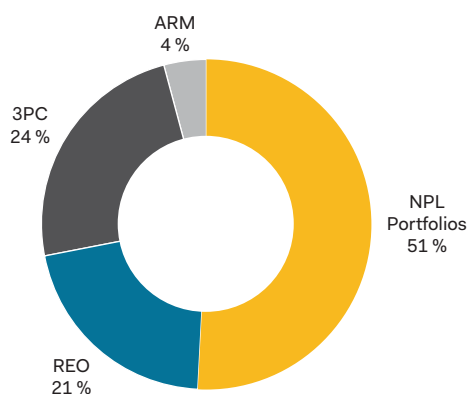
Financials

Revenues



Gross revenue for the first quarter 2018 was EUR 41.0 million (EUR 19.7 million). Comparing to Q4 2017, the gross revenue increased by 19 %. The strong growth is mainly driven by the new business secured during 2017. Total amortization and revaluation of NPL portfolios was EUR 5.2 million (EUR 2.3 million) in Q1 2018, leaving the net revenue for the quarter at EUR 35.8 million (EUR 17.4 million).

Gross Revenue mix Q1-18



NPL portfolios continue to be the largest segment in terms of gross revenue, accounting for EUR 20.9 million (EUR 10.5 million) or 51 % (53 %) of total gross revenue in Q1 2018. REO has emerged as a significant segment on the back of the large investments in Q4 2017, and accounted for EUR 8.7 million (EUR 0.0 million) of the gross revenue in Q1 2018 or 21 % (0 %). Axactor acquired portfolios with a total capex of EUR 91.5 million (EUR 66.5 million) in the quarter, out of which EUR 44.7 million are related to REO portfolios. The NPL book value including stock of secured assets grew from EUR 471.3 million in Q4 2017 to EUR 546.7 million in Q1 2018. Out of the EUR 546.7 million NPL book value EUR 192.7 million represents stock of secured assets. A significant portion of the portfolio investments in the quarter were made into Spanish portfolios, further strengthening Spain's position as the largest country for Axactor. Although the large one-off portfolios acquired in the quarter were Spanish, new forward flow deals signed in Norway and Sweden secures steady inflow of new volume going forward.

The 3PC segment delivered a gross revenue of EUR 10.0 million (EUR 7.7 million) in Q1 2018, and accounted for 24 % (39 %) of total gross revenue. The new 3PC contracts closed during 2017 are contributing to the growth, and partly offset the negative seasonality impact compared to the previous quarter.

Accounts Receivable Management (ARM) is currently being rolled out as a business segment throughout the Group. The Norwegian business shows modest growth, and the product is now ready to go live in Sweden and Germany. The ARM segment contributed EUR 1.5 million (EUR 1.5 million), or 4 % (8 %) of the total gross revenue for the first quarter of 2018.

Earnings

The reported EBITDA for the first quarter of 2018 was EUR 6.1 million (EUR 1.0 million). Comparing to Q4 2017, the EBITDA increased by EUR 0.4 million, despite the fact that Q1 historically is a weaker quarter. The increase in earnings is mainly due to the new business secured through the second half of 2017, as well as increased efficiency through scale and skill benefits. The cash EBITDA, (EBITDA excluding amortization

and revaluations of NPL portfolios and REO cost of sales, as well as calculated costs related to the share option program) was EUR 18.1 million EUR (EUR 3.6 million) for Q1 2018. This is more than half of the Cash EBITDA for the full year of 2017, and show the strong cash flow from REO portfolios.

Net profit for the period amounted to EUR -1.0 million (EUR -1.7 million) for the first quarter of 2018.

Operating expenses

The total operating expenses for the first quarter of 2018 amounted to EUR 29.7 million (EUR 16.4 million). The increase compared to the previous quarter is mainly driven by increased REO cost of sales and the overall increased activity level. The REO cost of sales for the quarter was EUR 6.1 million, and represent the reversal of the book value of sold assets and can thus be compared to the amortization of NPL portfolios. Direct costs, which includes cost for collection staff, phone, printing & postage, fees & commission paid to external sources and legal fees comprised 41 % of total operating expenses, whereof EUR 8.1 million is cost for the collection staff.

IT and local SG&A costs amounted to EUR 6.6 million (EUR 4.7 million) for the quarter. The increase can be attributed to increased size of the business.

Depreciation and amortization excluding amortization of NPL portfolios was EUR 1.3 million (EUR 1.4 million) for Q1 2018. 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 first quarter of 2018 was EUR 4.8 million (EUR 1.1 million). Net financial items were also negatively impacted by currency effects of EUR 0.1 million (EUR 0.0 million). Adding other financial items, such as amortized warrant cost of EUR 0.4 million. The total net financial items for the quarter ended at EUR -5.4 million (EUR -1.1 million).

Tax

Despite having negative earnings before tax, the company recognized a tax expense for Q1 2018 of EUR 0.3 million (EUR 0.1 million). This is due to some loss-making entities not recognizing any new tax assets in the quarter. While at the same time some profit making entities are in a taxable position.

Cash flow

The cash flow from operating activities in the first quarter of 2018 amounted to EUR 21.4 million (EUR 0.7 million), while the cash EBITDA for Q1 2018 was EUR 18.1 million. The main difference between the cash EBITDA and the cash flow from operating activities relates to paid taxes of EUR 1.3 million and a decrease in working capital of EUR 4.7 million, whereof EUR 3.4 million relates to paid in, not registered capital increase from employees share option programme.

Acquisition of NPL and REO portfolios during Q1 2018 was EUR 91.5 million. Adjusting for deferred payment on two of the portfolios acquired, the total amount paid for portfolios in the quarter was EUR 49.4 million (EUR 0.0 million). In addition, Axactor continues to invest in IT systems to optimize efficiency, thus, the total cash flow from investments was EUR -50.9 (EUR -1.7).

Total cash flow from financing activities was EUR 176.7 million (EUR -9.2 million) in Q1 2018, coming from proceeds from a Bond loan of EUR 150 million and net draw-downs on existing loan facilities of EUR 20.6 million. In addition to proceeds from NCI of EUR 7.9 million. Total cash and cash equivalents at the end of the period was EUR 195.9 million (EUR 52.8 million) with an additional EUR 1.8 million (EUR 1.5 million) in restricted cash, for a total cash balance of EUR 197.7 million (EUR 54.3 million).

Equity position

At the end of the first quarter of 2018, the total equity for the Group was EUR 295.9 million, compared to EUR 181.3 million in Q1 2017. The resulting equity ratio at the end of the quarter was 35 %, compared to 53 % 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 first quarter 2018 ended at EUR 1.3 million (EUR -0.8 million). Total equity at the parent company at the end of the quarter was EUR 277.2 million (EUR 198.1 million).

Outlook

- 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

This report has not been reviewed by the auditor.

Stockholm, 3 May 2018
The Board of Directors

Bjørn Erik Næss
Chairman of the Board

Harald Thorstein
Board member

Merete Haugli
Board member

Brita Eilertsen
Board member

Beate S. Nygårdshaug
Board member

Terje Mjøs
Board member

Endre Rangnes
Chief Executive Officer



Consolidated Statement of Profit and Loss

EUR thousand	Note	For the quarter end/ YTD		Full year 2017
		31 March 2018	31 March 2017	
Net revenue	3	35,800	17,428	87,745
Other revenue	3	-	-	2,040
Total revenue		35,800	17,428	89,785
Cost of secured assets sold	6	-6,123	-	-1,445
Personnel expenses collection		-8,086	-5,888	-26,578
Personnel expenses other		-5,274	-4,004	-18,378
Operating expenses		-10,219	-6,531	-28,569
EBITDA		6,097	1,004	14,815
Amortization and depreciation		-1,341	-1,427	-5,327
EBIT		4,757	-423	9,488
Financial revenue	4	91	10	3,070
Financial expenses	4	-5,541	-1,105	-10,585
Net financial items		-5,450	-1,094	-7,515
Profit/(loss) before tax		-693	-1,517	1,974
Tax expense		-303	-136	611
Net profit/-loss from continued operations		-996	-1,653	2,585
Net profit/-loss to minority interest		425	-	-32
Net profit/-loss to equity holders		-1,421	-1,653	2,617
Earnings per share: basic		-0.001	-0.001	0.002
Earnings per share: diluted		-0.001	-0.001	0.002

Consolidated Statement of Comprehensive Profit and Loss

EUR thousand	For the quarter end/ YTD		Full year 2017
	31 March 2018	31 March 2017	
Net profit/-loss for the period net of income tax	-996	-1,653	2,585
<i>Items that will not be classified subsequently to profit or loss</i>			
Remeasurement of pension plans	-	-	8
<i>Items that may be classified subsequently to profit or loss</i>			
Foreign currency translation differences - foreign operations	-396	-1,019	-3,702
Other comprehensive income/-loss for the period net of income tax	-396	-1,019	-3,694
Total comprehensive income for the period attributable to:	-1,392	-2,672	-1,109
- Equity holders of the parent company	-1,817	-2,672	-1,077
- Non-Controlling interests	425	-	-32

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 March 2018	31 March 2017	31 Dec 2017
ASSETS				
<i>Intangible non-current assets</i>				
Intangible assets		18,522	18,531	18,359
Goodwill		54,260	54,506	53,582
Deferred tax asset		5,186	2,160	3,945
<i>Tangible non-current assets</i>				
Property, Plant and equipment		2,491	2,453	2,499
<i>Financial non-current assets</i>				
Purchased debt portfolios	5	353,969	191,901	317,150
Other long term receivables		843	1,012	1,065
Other long term investments		170	234	191
Total non-current assets		435,441	270,797	396,791
<i>Current assets</i>				
Stock of secured assets	6	192,694	-	154,101
Current receivables		7,817	6,008	8,047
Other current assets		8,311	9,757	13,070
Restricted cash		1,825	1,476	1,878
Cash and cash equivalents		195,907	52,800	48,604
Total current assets		406,554	70,040	225,700
TOTAL ASSETS		841,995	340,837	622,491

Interim Consolidated Statement of Financial Position

EUR thousand	Note	31 March 2018	31 March 2017	31 Dec 2017
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Share Capital	7	79,377	64,964	79,377
Other paid-in equity		196,946	262,414	196,298
Retained earnings profit/-Loss		-20,142	-147,205	-15,630
Reserves		-384	1,175	13
Non-controlling interests		40,077	-	31,776
Total equity		295,873	181,348	291,833
<i>Non-current liabilities</i>				
Non-current interest bearing debt	8	432,303	23,152	237,571
Deferred tax liabilities		5,670	5,913	5,887
Other non-current liabilities		3,072	3,223	3,002
Total non-current liabilities		441,045	32,287	246,459
<i>Current liabilities</i>				
Accounts payables		3,504	5,911	4,029
Current portion of non-current borrowings	8	34,660	42,891	61,189
Taxes Payable		1,862	1,162	1,376
Other current liabilities		65,050	77,238	17,603
Total current liabilities		105,077	127,203	84,198
TOTAL EQUITY AND LIABILITIES		841,995	340,837	622,491

Interim Consolidated Statement of Cash Flow

EUR thousand	Note	For the quarter end/ YTD		Full year 2017
		31 March 2018	31 March 2017	
Operating activities				
Profit before tax		-693	-1,517	1,974
Taxes paid		-1,275	-662	-1,531
Adjustments for:				
- Finance income and expense		5,450	1,094	7,514
- Amortization of debt portfolios		5,214	2,281	14,957
- Cost of sales stock of secured assets		6,123	-	1,445
- Depreciation and amortization		1,341	1,427	5,327
- Impairment losses on intangible assets		-	-	-
- Calculated cost of employee share options		656	287	1,806
- Unrealised foreign currency (gains)/losses		-99	-	-
Change in Working capital		4,706	-2,235	-8,099
Net cash flows operating activities		21,423	675	23,393
Investing activities				
Purchase of debt portfolios and REO's	5, 6	-49,420	-	-355,202
Investment in subsidiaries	9	-	-1,309	-1,409
Investment in equity new subsidiaries		-	-	
Purchase of intangible and tangible assets		-1,496	-584	-5,401
Sales of financial assets		-	175	175
Interest received		-	9	96
Net cash flows investing activities		-50,916	-1,709	-361,741
Financing activities				
Proceeds from borrowings	8	195,895	-	277,752
Repayment of debt	8	-22,907	-7,158	-42,485
Interest paid		-1,630	-751	-5,315
Loan fees paid	8	-2,478	-1,332	-10,188
Proceeds from share issue		-	-	75,274
Proceeds from non-controlling interests		7,875	-	31,808
Share issue costs		-12	-	-1,885
Net cash flows financing activities		176,743	-9,241	324,961
Currency translation		-	-	-117
Net change in cash and cash equivalents		147,250	-10,275	-13,387
Cash and cash equivalents at the beginning of period		50,482	64,551	63,986
Cash and cash equivalents at end of period		197,732	54,276	50,482

Interim Consolidated Statement of Changes in Equity

EUR thousand	Equity related to the shareholders of the Parent Company				Total	Non-controlling interest	Total Equity
	Restricted Equity	Non restricted					
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year			
Closing balance on 31 December 2016	64,198	262,127	3,714	-147,151	182,888		182,888
Balance on 1 January 2017	64,198	262,127	3,714	-147,151	182,888		182,888
Allocation of result from discontinued operations ¹⁾		-128,896		128,896	0		0
Net result for the period				2,617	2,617	-32	2,585
Comprehensive Profit/-loss Foreign currency translation differences - foreign operations			-3,702		-3,702		-3,702
Comprehensive Profit/-loss Remeasurement of pension plans				8	8		8
Total comprehensive result for the period	0	0	-3,702	2,625	-1,077	-32	-1,109
Minority of newly consolidated companies						31,807	31,807
New Share issues, May	2,617	8,799			11,417		11,417
New Share issues, August	3,957	16,223			20,180		20,180
New Share issues, September	8,605	35,073			43,678		43,678
Costs related to fund-raising		-1,885			-1,885		-1,885
Share based payment		1,806			1,806		1,806
Grant of Warrants ²⁾		3,051			3,051		3,051
Closing balance on 31 December 2017	79,377	196,298	13	-15,630	260,057	31,776	291,833
Balance on 1 January 2018	79,377	196,298	13	-15,630	260,057	31,776	291,833
Costs related to share issues		-12			-12		-12
Share based payment		656			656		656
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations			-396		-396		-396
Adjustment on initial application of IFRS 15 (net of tax)				-3,087	-3,087		-3,087
Capital increase of NCI, without change of control						7,876	7,876
Result of the period				-1,421	-1,421	425	-996
Closing balance on 31 March 2018	79,377	196,943	-383	-20,137	255,798	40,077	295,873

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

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

Parent Company Income Statement

EUR thousand	Note	For the quarter end/ YTD		Full year 2017
		31 March 2018	31 March 2017	
Other operating income		1,122	519	5,809
Operating expenses		-1,589	-1,675	-7,380
Personnel expenses				
EBITDA		-467	-1,156	-1,571
Amortization and depreciation		-	-	-
EBIT		-467	-1,156	-1,571
Financial revenue		2,841	351	5,347
Financial expenses		-1,067	-	-4,971
Net financial items		1,774	351	376
Profit/-loss before tax		1,307	-805	-1,195
Tax expense		-	-	-
Net profit/-loss to equity holders		1,307	-805	-1,195

Parent Company Balance Sheet

EUR thousand	Note	31 March 2018	31 March 2017	31 Dec 2017
ASSETS				
Intangible non-current assets				
Investment in subsidiaries and joint ventures		134,913	135,677	129,562
Loans to group companies		134,757	28,714	135,602
Other long-term receivables		170	234	170
Total non-current assets		269,840	164,625	265,334
Current assets				
Short-term intercompany receivables		5,494	1,139	3,238
Other current assets		2,363	399	2,838
Restricted cash		-	420	406
Cash and cash equivalents		154,437	33,763	5,235
Total current assets		162,294	35,720	11,717
TOTAL ASSETS		432,134	200,345	277,050
EQUITY AND LIABILITIES				
<i>Restricted equity</i>				
Share Capital		79,377	64,964	79,377
Statutory reserve		240	240	240
Total restricted equity		79,617	65,204	79,617
<i>Non-restricted equity</i>				
Share premium reserve		196,946	262,701	196,304
Retained earnings		-717	-129,047	476
Result for the period		1,307	-805	-1,195
Total non-restricted equity		197,536	132,849	195,585
TOTAL SHAREHOLDERS EQUITY		277,152	198,052	275,202
LIABILITIES				
Non-current liabilities				
Non-current interest bearing debt	7	148,512	-	-
Other long term liabilities		-	1,829	-
Total non-current liabilities		148,512	1,829	-
Current liabilities				
Accounts payables		31	59	187
Short-term intercompany liabilities		2,905	-	1,531
Other current liabilities		3,534	405	131
Total current liabilities		6,470	464	1,849
TOTAL EQUITY AND LIABILITIES		432,134	200,345	277,050

Parent Company Statement of Changes in Equity

EUR thousand	Restricted Equity		Non-restricted Equity				Total
	Share capital	Statutory reserve	Share premium reserve	Exchange differences	Retained earnings	Result of the period	
Balance on 1 January 2017	64,197	240	262,131	-23	-132,845	4,449	198,149
Transfer of prior years net result	-	-	-		4,449	-4,449	0
Allocation of result from discontinued operations 1			-128,896		128,896		0
New Share issues, May	2,617		8,799				11,416
New Share issues, August	3,957		16,223				20,180
New Share issues, September	8,605		35,073				43,678
Costs related to fund-raising			-1,885				-1,885
Share based payment	-		1,806		-		1,806
Grant of Warrants 2			3,051				3,051
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations							0
Result of the period						-1,195	-1,195
Closing balance on 31 December 2017	79,377	240	196,302	-23	500	-1,194	275,202
Balance on 1 January 2018	79,377	240	196,302	-23	500	-1,194	275,202
Costs related to share issues			-12				-12
Share based payment			656				656
Comprehensive Profit/(Loss) Foreign currency translation differences - foreign operations							0
Result of the period						1,307	1,307
Closing balance on 31 March 2018	79,377	240	196,946	-23	500	113	277,152

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

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

Key Ratios and Share Data for the Consolidated Group

EUR thousand		2018	2017	2016	2015	2014
Number of outstanding shares at beginning of reporting period	Number	1,516,488,769	1,226,488,769	596,614,360	90,809,360	18,174,922
New share issue	Number	0	290,000,000	629,874,409	505,805,000	72,634,438
Number of outstanding shares at the end of reporting period	Number	1,516,488,769	1,516,488,769	1,226,488,769	596,614,360	90,809,360
Average number of shares ¹⁾	Number	1,399,530,991	1,327,030,991	849,072,460	133,687,416	29,804,775
Operating result, for continued operations	TEUR	4,857	9,488	-9,614	-3,360	-1,214
Result after tax	TEUR	-896	2,585	-11,169	-17,810	-5,055
Operating result per share	EUR	0.003	0.007	-0.011	-0.02	-0.15
Result after financial items per share	EUR	-0.000	0.001	-0.014	-0.05	-0.15
Result per share after tax	EUR	-0.001	0.002	-0.013	-0.13	-0.17
Shareholders equity per share before dilution	EUR	0.211	0.220	0.238	0.09	0.19
Dividend ³⁾	TEUR		-	-		59.69
Price per share at the end of reporting period	NOK	2.63	2.90	2.650	2.00	1.42

1) 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 Parent Company Axactor AB (Company) is a company domiciled in Sweden. These condensed consolidated interim statements ("interim financial statements") comprise the Company and its subsidiaries (together referred to as "the Group"). The group is primarily involved in debt management, specialising on both purchasing and collection on own portfolios and providing collection services for 3rd party owned portfolio. The activities are further described in note 3.

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. 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 2017.

In preparing these interim financial statements, management has made judgements and estimates that effects the application and accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by managements applying the Group's accounting policies and the key resources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements of estimation uncertainty related to the application of IFRS 15, which are described below.

This is the first set of Group's financial statements where IFRS 15 and IFRS 9 have been applied. The treatment of the NPL portfolios under IFRS 9 will remain as according to IAS 39.

The Group adopted IFRS 15 using the modified retrospective method with effect of applying this standard from 1. January 2018 without presenting 2017 restated.

The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings and NCI at 1. January 2018:

Impact of adopting IFRS 15 at 1 January 2018

EUR thousand	Total
Retained earnings	
Accrued revenue	3,304
Related tax	217
Impact at 1 January 2018	3,087
Non-controlling interests	
Impact	-

Note 2 Risks and uncertainties

Axactor's regular business activities entail exposure to various types of risk. The company manage such risks proactively and the board of directors regularly analyses its operations and potential risk factors and takes steps to reduce risk exposure. Axactor gives strong emphasis to quality assurance and has quality systems implemented, or under implementation in line with the requirements applicable to its business operations. The risks includes but are not limited to credit risk, risk inherent in purchased debt, interest rate risk, regulatory risk, liquidity risks and financing risks. For a more elaborate discussion on the aforementioned risks one is referred to the Company's Annual Report for the Financial Year 2017, which is available on Axactor website: www.axactor.com. (note 3 of the Group financial statement)

Note 3 Segment note

Axactor delivers credit management services and the company's revenue is derived from the following four operating segments: Non-Performing Loans (NPL), Real Estate Owned (REO), Third Party Collection (3PC) and Accounts Receivable Management (ARM). Axactor's operations are managed through these operating segments.

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

The REO segment invests in real estate assets held for sale.

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 issues 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.

Segment revenue reported below represents revenue generated from external customers. There were no intersegment sales in the current year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment contribution margin represents contribution margin earned by each segment without allocation of management fee, central administration costs, other gains and losses as well as finance costs. The measurement basis of the performance of the segment is the segment's contribution margin.

For the quarter end / YTD 31 March 2018

EUR thousand	NPL	REO	3PC ¹⁾	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	20,853	8,672	-	-	-	29,526
Other revenue	-	-	9,954	1,534	-	11,488
Portfolio amortization and revaluation	-5,214	-	-	-	-	-5,214
Net revenue ¹⁾	15,639	8,672	9,954	1,534	-	35,800
REO cost of sales	-	-6,123	-	-	-	-6,123
Other direct operating expenses	-5,226	-1,287	-8,049	-740	-	-15,302
Contribution margin	10,414	1,262	1,905	793	-	14,374
Local SG&A, IT and corporate cost					-8,278	-8,278
EBITDA					-8,278	6,097
Total Opex	-5,226	-7,410	-8,049	-740	-8,278	-29,704
CM1 margin	66.6 %	14.6 %	19.1 %	51.7 %	na	40.2 %
EBITDA margin						17.0 %
Dopex / Gross revenue	25.1 %	85.4 %	80.9 %	48.3 %	na	52.2 %
Local SG&A, IT and corporate cost / Gross revenue						20.2 %

1) External revenue.

For the quarter end / YTD 31 March 2017

EUR thousand	NPL	3PC ¹⁾	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	10,520	7,712	1,506	-30	19,709
Other revenue	-	-	-	-	-
Portfolio amortization and revaluation	-2,281	-	-	-	-2,281
Net revenue ¹⁾	8,239	7,712	1,506	-30	17,428
REO cost of sales	-	-	-	-	-
Other direct operating expenses	-2,973	-5,842	-822	-	-9,637
Contribution margin	5,267	1,870	684	-30	7,791
Local SG&A, IT and corporate cost				-6,787	-6,787
EBITDA				-6,816	1,004
Total Opex	-2,973	-5,842	-822	-6,787	-16,423
CM1 margin	63.9 %	24.2 %	45.4 %	100.0 %	44.7 %
EBITDA margin					5.8 %
Dopex / Gross revenue	28.3 %	75.8 %	54.6 %	0.0 %	48.9 %
Local SG&A, IT and corporate cost / Gross revenue					34.4 %

1) External revenue.

Full year 2017

EUR thousand	NPL	3PC ¹⁾	ARM	Eliminations/ Not allocated	Total
Collections on own portfolios	58,552			-30	58,523
REO sales	2,282				2,282
Other revenue		35,830	6,059	2,040	43,929
Portfolio amortization and revaluation	-14,948				-14,948
Net revenue ¹⁾	45,886	35,830	6,059	2,010	89,786
REO cost of sales	-1,445				-1,445
Direct operating expenses	-14,037	-25,585	-3,195	-0	-42,817
Contribution margin	30,405	10,245	2,864	2,010	45,523
Local SG&A, IT and corporate cost				-30,707	-30,707
EBITDA				-28,697	14,815
Total Opex	-15,482	-25,585	-3,195	-30,707	-74,970
CM1 margin	66.3 %	28.6 %	47.3 %	100.0 %	50.7 %
EBITDA margin					16.5 %
Dopex / Gross revenue	25.4 %	71.4 %	52.7 %	0.0 %	42.3 %
Local SG&A, IT and corporate cost / Gross revenue					29.3 %

1) External revenue

2) Settlement former BoD

Revenue for the quarter end/YTD 31 March 2018

EUR thousand	Portfolios	REOs	Total
Yield	18,405		18,405
Revaluation	-2,766		-2,766
REOs		8,672	8,672
Net Revenue	15,639	8,672	24,311

YTD 2017

EUR thousand	Portfolios	REOs	Total
Yield	44,731		44,731
Revaluation	-1,126		-1,126
REOs		2,282	2,282
Net Revenue	43,605	2,282	45,886

Note 4 Financial items

EUR thousand	For the quarter ended/YTD		
	31 March 2018	31 March 2017	2017
Financial revenue			
Interest on bank deposits	1	10	109
Exchange gains		-	2,704
Exchange gains realised	5	-	
Exchange gains unrealised	56		
Other financial income	29	-	257
Total financial revenue	91	10	3,070
Financial expenses			
Interest expenses on borrowings	-4,813	-1,051	-6,942
Exchange losses		-53	-3,144
Exchange losses realised	-7	-	
Net unrealised Exchange losses	-99	-	
Other financial expenses	-623	-	-498
Total financial expenses	-5,541	-1,104	-10,585
		-	
Net finance	-5,450	-1,094	-7,515

Note 5 Non-performing loans

EUR thousand	31 March 2018	31 March 2017	31 Dec 2017
Acquisition cost, opening balance	337,391	131,729	131,729
Purchase	46,792	66,288	206,446
Disposals	-7,246		-132
Impairment ¹⁾	228		
Translation differences	-2,890		-652
Accumulated acquisition cost	374,115	198,017	337,391
Amortization & Revaluation, opening balance	-20,242	-3,833	-3,744
Amortization for the year ²⁾	-7,050	-2,283	-16,139
Re-valuation of the year	-418		1,190
Disposals	7,246		55
Impairment ¹⁾	-628		
Translation differences	947		-1,603
Accumulated amortization, closing balance	-20,145	-6,116	-20,240
Net book value	353,969	191,901	317,150

1) No impact on P&L, as this was accrued for in 2017

2) Gain on disposals amounts EUR 2,254 million, netted in P&L as Portfolio Amortization & revaluation.

Note 6 Stock of secured assets - REO

EUR thousand	31 March 2018	31 Dec 2017
Acquisition cost, opening balance	154,101	0
Purchase	44,716	155,546
Cost of sold secured assets	-6,123	-1,445
Other		
Total	192,694	154,101
Number of assets	6,338	4800

Note 7 Shares

Issued shares and share capital

	Number of shares	Share capital (EUR thousand)
At 1 January 2013	33,756	33,756
Private placement, January	-	-
Exercise of share options, February	-	-
Exercise of share options, May	-	-
At 30 June 2013	33,756	33,756
At 1 January 2015	90,809,360	4,753,173
New share issues	505,805,000	26,475,007
At 1 January 2016	596,614,360	31,228,180
New share issues, February	59,600,000	3,119,602
New Share issues, May	220,400,000	11,536,247
Acquisition subsidiary, IKAS group May	49,033,589	2,566,532
Acquisition subsidiary, CS Union June	20,840,820	1,090,857
New share issues, October	71,723,893	3,754,195
New share issues, November	158,276,107	8,284,539
New share issues, December	50,000,000	2,617,116
At 1 January 2017	1,226,488,769	64,197,268
At 31 March 2017	1,226,488,769	64,197,268
New share issues, May	50,000,000	2,617,116
At 30 Jun 2017	1,276,488,769	66,814,384
New share issues, August	75,600,000	3,957,000
New share issues, September	164,400,000	8,605,077
At 31 December 2017	1,516,488,769	79,376,461
At 31 March 2018	1,516,488,769	79,376,461

On 15 March 27,992,250 options in the Company were exercised by employees and 27,992,250 shares have been issued by the company. These shares were registered by the Swedish Company Register on 11 April, and hence they are not included in this list here.

TOP 30 shareholders as at 31 March 2018

Name	Shareholding	% Share
GEVERAN TRADING CO LTD	173,902,500	11.47 %
VERDIPAPIRFONDET DNB	106,704,919	7.04 %
TVENGE TORSTEIN INGVALD	70,000,000	4.62 %
FERD AS	53,351,399	3.52 %
SONGA TRADING INC	47,423,467	3.13 %
VERDIPAPIRFONDET ALFRED BERG GAMBAK	35,553,765	2.34 %
VERDIPAPIRFONDET ALFRED BERG NORGE	28,901,448	1.91 %
ARCTIC FUNDS PLC	24,845,540	1.64 %
FIRST GENERATOR	24,687,740	1.63 %
VERDIPAPIRFONDET DELPHI NORDIC	21,581,609	1.42 %
GVEPSEBORG AS	20,364,945	1.34 %
VPF NORDEA NORGE VERDI	20,131,026	1.33 %
JPMORGAN CHASE BANK,	18,658,703	1.23 %
STATOIL PENSJON	18,634,327	1.23 %
ALPETTE AS	16,616,431	1.10 %
NORDNET LIVSFORSIKRING AS	15,254,203	1.01 %
PECUNIA FORVALTNING	13,900,000	0.92 %
VERDIPAPIRFONDET ALF BERG AKTIV	13,410,518	0.88 %
VPF NORDEA KAPITAL	12,147,486	0.80 %
MARTIN IBEAS DAVID	11,451,250	0.76 %
LOPEZ SANCHEZ ANDRES	11,451,250	0.76 %
TVENGE ØYSTEIN ERLIN	11,000,000	0.73 %
NOMURA INTERNATIONAL	10,524,986	0.69 %
LATINO INVEST AS	10,300,000	0.68 %
VPF NORDEA AVKASTNING	10,273,876	0.68 %
CITIBANK, N.A.	9,457,687	0.62 %
VARDFJELL AS	8,914,019	0.59 %
ELENA AS	8,914,019	0.59 %
INTELCO CONCEPT AS	8,500,000	0.56 %
BORGEN INVESTMENT GROUP NORWAY AS	8,000,000	0.53 %
Total 30 largest shareholders	844,857,113	55.71 %
Other shareholders	671,631,656	44.29 %
Total number of shares	1,516,488,769	100.00 %
Total number of shareholders	11,138	

Shares owned by related parties

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

1) Geveran Trading Co Ltd owns 10 % of Luxco Invest1 S.A., a company controlled and consolidated by Axactor Group.

2) Andrés López Sanchez is a member of the executive management team of Axactor AB and former owner of ALD, Spain

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

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

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

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

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

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

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

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

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

Note 8 Loans and borrowings

EUR thousand	Currency	Interest rate	Carrying amount	Year of maturity
Balance at 1 January 2018	EUR / NOK ^{1) 3)}	Variable	298,760	2017-2022
New issues				
Italian Banks ²⁾	EUR		21,485	2018-2022
DnB/Nordea ⁴⁾	EUR		22,000	2020
Listed Bond Loan	EUR		150,000	2021
Repayments				
Italian Banks	EUR		-22,907	
DnB/Nordea	EUR		-	
Other	EUR		-	
Other movements				
Capitalized loan fees			-2,477	
Amortized loan fees on loans			1,018	
Currency translations			-915	
Balance at 31 March 2018			466,963	
Non-current interest-bearing debt			431,874	
Current portion of non-current borrowings			35,089	

1) The debt facility agreement with DNB Bank ASA and Nordea Bank AB is EUR 350 million, whereof 150 million are in the form of accordion options. The facility has final maturity 3 years after signing. The loan carries a variable interest rate based on the interbank rate in each currency with a margin.

Under the terms of this debt facility the group is required to comply with the following financial covenants: the Group NIBD Ratio < 3; the Portfolio Leverage Ratio < 60 % and Collection performance > 90 %.

All material subsidiaries of the group are guarantors and have granted a share pledge and bank account pledge as part of the security package for this facility. Italian subsidiaries together with the co-Invest Vehicle in Luxembourg as well as the REO Holding company in Luxembourg are not a part of the agreement nor the security arrangement.

2) The facilities of the Italian banks relate to 11 different facilities and agreements with several Italian banks. Banca Sistema (which has a minority share of 10 % in the Italian subsidiary) is providing one of these facilities, and has granted a facility of EUR 29.5 million to finance further acquisitions of portfolios. The loan carries a variable interest rate based on the interbank rate with a margin. The loans are secured with collaterals worth EUR 24 million.

3) Following the establishment of the co-investment partnership with Geveran, Notes in the amount of EUR 180 million has been issued, of which for EUR 150 million has been subscribed to by Sterna Finance, a company in the Geveran Group. The remainder has been subscribed to by Axactor AB. This consists of EUR 60 million in class A, deeply subordinated income sharing notes and EUR 120 million in class B, subordinated secured notes. The maturity of these notes is 2022.

A waiver was given during Q1 related to financing of acquisitions of REO's. Corresponding waiver fee was 240 TEUR. This relates to the unused facility of DNB.

4) Axactor AB has in March successfully completed a EUR 150 million senior unsecured bond issue with maturity in June 2021. The bonds will be listed on Oslo Exchange. The coupon rate is 3m EURIBOR + 700 bps pa. The following financial covenants: Interest coverage ratio: >4.0x (Pro-Forma Adjusted Cash EBITDA) to net interest expenses; Leverage ratio: <4.0x (NIBD to Pro-Forma Adjusted Cash EBITDA); Net loan to value: <75 % (NIBD to total book value all debt portfolios and REOs); Net secured loan to value: <65 % (secured loans less cash to total book value all debt portfolios and REOs). Trustee: Nordic Trustee.

Note 9 Purchase Price Allocations

EUR thousand	Company
	Profact
Date of acquisition	Feb 28, 2017
Acquired part of company	100 %
Purchase price	1,257
- whereof cash consideration	1,257
- whereof share consideration	
- whereof Put/Call option liability	
ASSETS	
Non-current assets	
<i>Intangible assets</i>	
Database	314
Goodwill	1,242
<i>Tangible assets</i>	
Plant and machinery	50
Total non-current assets	1,606
Current assets	
Current receivables	351
Other current assets	94
Cash & cash equivalents	
Total current assets	445
Total Assets	2,051
Current liabilities	
Trade payables	433
Other short-term liabilities	361
Total current liabilities	794
Total Net assets	1,257
Net sales 2017 (full year)	9,176
Profit 2017 (full year)	2,874
Net sales 2017 for Axactor period	8,917
Profit 2017 for Axactor period	2,867

Financial year 2018

Quarterly Report - Q1 03.05.2018

Quarterly Report - Q2 25.07.2018

Quarterly Report - Q3 30.10.2018

Annual General meeting 04.05.2018

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

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

Cautionary Statement: *Statements and assumptions made in this document with respect to Axactor AB's ("Axactor") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Axactor. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", strategy, "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where Axactor operates; (ii) changes relating to the statistic information available in respect of the various debt collection projects undertaken; (iii) Axactor's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential partners, ventures and alliances, if any; (v) currency exchange rate fluctuations between the Euro and the currencies in other countries where Axactor or its subsidiaries operate. In the light of the risks and uncertainties involved in the debt collection business, the actual results could differ materially from those presented and forecast in this document. Axactor assumes no unconditional obligation to immediately update any such statements and/or forecasts.*

