



Avida Holding AB and Avida Finans AB (publ) resolves to merge, conditional on closing deal with KKR, to reduce administration costs – de-listing of Avida Holding's shares as a consequence

26 June 2020: The board of directors of Avida Holding AB ("**Holding**") and Avida Finans AB (publ) ("**Finans**"), jointly referred to as the "**Companies**" and the boards of the Companies are jointly referred to as the "**Boards**", hereby announce that the Boards have adopted a merger plan (the "**Merger Plan**") in order to carry out a downstream merger of Holding into Finans (the "**Merger**"). The Merger is, *inter alia*, conditional upon approval from extraordinary general meeting in Holding. The Merger will be carried out by way of absorption whereby Finans will be the transferee company (surviving entity) and Holding will be the transferring company. All 61,485,450 shares in Holding are covered by the Merger, including any additional shares issued by Holding after the date of this press release. The Merger is expected to be completed in November, at the earliest. The Merger Plan is available on the Companies' website, www.avidafinance.com.

Background and reasons

Holding does not carry out any other activities other than to own all shares in and manage Finans and the Norwegian subsidiary Avida Inkasso AS with reg. no. 913 778 367 ("**Inkasso**"). The Boards have concluded that this structure only entails an unnecessarily burdensome administration in the highly regulated niche bank segment and have thus concluded that the Merger would lead to a significant reduction of administration costs as well as a simplified and a more accessible group structure.

Finans, as a credit-market company, is authorized to conduct financing operations and is under supervision by the Swedish Financial Supervisory Authority (the "**SFSA**"). Thereby, the SFSA shall also approve the Merger Plan.

Merger consideration

Due to the fact that Finans is a wholly owned subsidiary of Holding and that the value of all shares in Finans will reflect the value of the shares in Holding before the completion of the Merger, the merger consideration shall exclusively be in the form of existing shares in Finans and has been established so that one (1) share in Holding entitles the holder to receive one (1) share in Finans (the "**Merger Consideration**"). Accordingly, no new shares shall be issued as merger consideration and no cash consideration is payable.

The shares in Finans that are paid as Merger Consideration will not be traded at any stock exchange or other market place in connection with the distribution of the Merger Consideration.

Settlement of Merger Consideration

Entitled to receive Merger Consideration will be the shareholders that are included in the share register of Holding on the record date for the Merger, which is expected to occur on 26 November 2020 when the Merger is registered with the Swedish Companies Registration Office ("**SCRO**").

The Merger Consideration will be settled following the registration through Euroclear Sweden AB ("**Euroclear**") registering the number of shares in Finans attributable to the entitled shareholder on the shareholder's VP account. Concurrently therewith, the shareholder's shares in Holding will be deregistered from the same account, if not having occurred earlier, and no action is thus required by the shareholders of Holding. The shares in Finans that are paid as Merger Consideration entitle the holder to the rights that shareholders are entitled to from and including the day of registration of the holder as shareholder in the share register of Finans that is administered by Euroclear.

If the shares in Holding are pledged at the time of settlement of the Merger Consideration, settlement will be made to the pledgee. If the shares in Holding are registered with a trustee, settlement will be made to the trustee.

Undertakings prior to the Merger

Holding and Finans undertake, during the period until the completion of the Merger, to take all necessary steps to implement the Merger on the terms set out in the Merger Plan and to continue to conduct its respective operations as usual. Furthermore, Holding and Finans undertake not to, without the prior written consent of the other company:

- a) issue shares or other share related securities, or share split or combination of shares, unless the other company participating in the Merger carries out a corresponding issue, share split or combination of shares, so that the relationship of the shares in Holding and Finans is 1:1 in connection to the completion of the Merger; or
- b) conduct measures not already described in the Merger Plan, which result in, or alter existing, review by any competent authority and which are essential to be completed in order to carry out the Merger, such as the ownership assessment of Inkasso with exception from the ownership assessment specified as a condition for the Merger in paragraph (c) under the heading "Terms and conditions of the Merger" or change of the articles of association, with the exception of the amendments to be resolved by the extraordinary general meeting of Finans in relation to the Merger and as described in the Merger Plan.

Rights of holders of securities conveying special rights

There are no outstanding warrants, convertibles or other securities with special rights in Holding at the time of this announcement. Further, there are no share related incentive programs for management or other employees in any of the Companies.

Terms and conditions of the Merger

Completion of the Merger is conditional upon the following conditions:

- a) that the extraordinary general meeting in Holding resolves to approve the Merger Plan;
- b) that the extraordinary general meeting in Finans resolves on the combination of shares and share split, and approves the amendments of the articles of association necessary to carry out the Merger;
- c) that receipt of requisite approvals from the SFSA are granted of amendments of Finans' articles of association in accordance with subsection b) above;
- d) that the receipt of requisite permissions or approvals from Norwegian Financial Supervisory Authority are granted for Finans to become the new owner of Inkasso;
- e) that Eckern Finans Holding AB and FSK Eckern Finans Holding AB ("**KKR**") subscribes for shares in Holding in accordance with subscription commitment dated on 26 May 2020;
- f) that the completion of the Merger not wholly or partially is made impossible or is substantially hampered by laws, court decisions, government rulings or alike; and
- g) that neither Holding nor Finans has breached the undertakings set out under the heading "Undertakings prior to the Merger" prior to the day when the Merger is registered in the Register of Companies with the SCRO in such a manner that would result in a material adverse effect for the Merger or the new group after the completion of the Merger.

If the conditions are not satisfied and if completion of the Merger has not occurred at the latest on 31 December 2020, the Merger will not be completed and the Merger Plan shall cease to be valid, however, that the Merger shall only be terminated and the Merger Plan cease to be valid to the extent this is permissible pursuant to applicable law, if the non-satisfaction is of material interest for the Merger. The Boards retain the right, by way of joint decision, in part or in full, to waive the above conditions.

The Boards have, to the extent permissible according to applicable law, the right, by way of joint decision, to decide to postpone the latest date for satisfaction of the conditions above from 31 December 2020 to a later date.

Board of directors and executive management

There are no planned changes of the board of directors or executive management in Finans following completion of the Merger. However, new board members may be appointed following subscription of shares in Holding by KKR.

In addition, there are currently no decisions on significant changes to Holding's or Finans' employees or to the current organization and operations, including the terms of employment and the geographical areas where the Companies operate.

Shareholding by Finans in Holding

Finans does not own or control any shares in Holding, or other financial instruments, which give Finans a financial exposure equivalent to a holding in Holding.

Financing

The completion of the Merger is not dependent on any financing, as the Merger Consideration consists exclusively of existing shares in Finans.

Scheduled date for dissolution of Holding

Holding shall be dissolved and its assets and liabilities assumed by Finans as soon as the SCRO has registered the completed Merger in the Register of Companies, which is anticipated to occur within approximately six months from today's date. This is expected to occur no earlier than in November 2020. Holding and Finans will later announce on which day the SCRO will register the Merger.

Last day of trading in Holding's shares and de-listing

Subject on approval by extraordinary general meeting of Holding, the shares of Holding will be de-listed in connection with the completion of the Merger and will thus no longer be traded at NOTC. The shares of Holding will thereafter cease to exist. For shareholders in Holding, the Merger does not entail any actual change in the net worth.

The last day of trading in Holding's share on NOTC is expected to be on 18 November 2020. Holding will later announce which day that will be the last day of trading in Holding's share.

Ownership assessments by competent authorities

The Merger triggers the requirement to carry out ownership assessments of the shareholders of Holding being the new ultimate direct owners of Finans and indirect owners of Inkasso, and the branches Avida Finans AB NUF and Avida Finans AB FIF after completion of the Merger. Such ownership assessment shall be made by the competent authorities in Sweden, Norway and Finland.

Extraordinary general meetings

The Boards will summon the shareholders in Finans and Holding respectively to extraordinary general meetings by separate resolutions. The notices of such extraordinary general meetings will be announced via separate press releases by the Companies.

Preliminary timetable and announcement of documents

All dates below are preliminary and may be subject to change.

6 July 2020	Summon to extraordinary general meetings in Finans and Holding is published in the Swedish Official Gazette
3 August 2020	Extraordinary general meeting in Finans and Holding
28 September 2020	Assessment of ownership by the Norwegian Financial Supervisory Authority of Inkasso is approved
6 October 2020	SFSA approves the Merger Plan
18 November 2020	Last day of trading in Holding's shares
26 November 2020	Record day to participate in the Merger; the SCRO registers the Merger; Holding is dissolved; and de-listing of Holding's shares

Tax issues

The Boards have concluded that the Merger will not have any tax consequences with respect to shareholders of Holding being tax residents in Sweden or Finland. However, the Merger will be treated as taxable and thus lead to a taxable event for taxable individuals and entities Norway. The Boards urge all shareholders of Holding to carry out their own assessment of the potential implications of the Merger on their respective individual tax situation. Please refer to the Merger Plan for additional information.

Laws and disputes

The Merger is regulated by and shall be interpreted in accordance with Swedish law. Disputes concerning, or arising in connection with, the Merger shall be settled exclusively by the Swedish court, with Stockholm District Court as the first instance.

Advisers

Advokatfirma DLA Piper Sweden KB is acting as legal adviser to the Companies in connection with the Merger.

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This is information that Avida Holding AB and Avida Finans AB (publ) are required to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for publication, by the above contact persons, on 26 June, 2020, at 09:15 CET.

About Avida:

Avida is a credit market company that since the start in 1983 has focused on offering loans to individuals and corporates. We are currently about 120 employees, with headquarters in Stockholm and offices in Oslo and Helsinki. We are building a high growth and high-quality business that will not tail off in growth and we have a growth target of SEK10bn loan book by 2020. At Avida we are not like everybody else in this business, we will always go that extra mile to help our customers turn their plans into reality and we promise that we always give our customer the proper attention and the chance to get the financing they need.

Avida is under the supervision of the Swedish Financial Supervisory Authority and our share is listed on NOTC, Oslo stock exchange and like all Swedish banks and credit market companies, we are covered by the state deposit insurance.