ANNUAL REPORT **2024**

ANNUAL REPORT
FOR AVIDA FINANS AB
(PUBL) 556230-9004

AVIDA

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STATEMENT BY THE CEO

A YEAR OF TRANSFORMATION, ACQUISITION, AND FOCUS ON STRENGTHENING THE BALANCE SHEET

2024 was an eventful year for Avida, characterized by transformation, strategic acquisitions, and efficiency improvements. During the last quarter of the year, we have placed a strong focus on reducing costs, reducing credit losses, and strengthening the balance sheet to turn the business towards profitability.

During the third quarter, Avida acquired Santander Consumer Bank's credit card and sales financing operations in Norway and Sweden. The acquisition was closed at the end of December, adding approximately SEK 3.6 billion in loan volume and 450,000 new private customers. Our top priority moving forward is to ensure a smooth integration of the acquired operations, further develop our customer offering, and maximize synergies to create a stable and profitable business.

NEW MANAGEMENT TO RESTORE PROFITABILITY

On September 30, Avida's Board of Directors appointed me as the new CEO. Together with the Board, I initiated a comprehensive assessment of the business and our future strategy. Our shared conclusion is that we need to implement decisive actions and changes to restore profitability.

To achieve this, we need to transform and improve the way we work. Therefore, I have chosen to reorganize and strengthen our management team. Each new leadership team member brings solid experience to drive our ongoing transformation efforts. Lisbeth Alainentalo has been appointed as Chief Risk Officer, Johan Segerstedt as Chief Information Officer, Martin Ahlberg as Chief Credit Officer, and Christina Örn as Head of Business to Consumer. Collectively, they bring expertise and experience from banking, finance, consumer loans, credit cards, payments, and e-commerce, strengthening our ability to successfully execute our transformation. All have assumed their roles during the first quarter of 2025.

CREDIT CARDS AND SALES FINANCING – BROADENED CUSTOMER OFFERING THROUGH ACQUISITION

During the year, Avida broadened the customer offering through the acquisition of Santander's credit card and sales financing operations in Norway and Sweden, providing us with a platform for future expansion. With a base of credit card customers and established partnerships with market leaders Elkjøp in Norway and Elgiganten in Sweden, we have the opportunity to expand within credit cards and sales financing in the future. The focus for 2025 is to develop systems and processes to integrate the acquired operations; once completed, we will have the foundation to return to growth.

GROWTH POTENTIAL IN THE CORPORATE MARKET

For our Business to Consumer segment, 2025 will be a year dedicated to completing the changes initiated in the fourth quarter of 2024. In the corporate segment, we see growth opportunities. With a strong position in factoring and tailored financial solutions for companies in the Nordic region, we are well-positioned for expansion. Our technical platform, migrated in 2024, enhances our ability to expand within both existing and new niches, strengthening our offering to corporate customers.

CONSUMER LOAN PORTFOLIO – STRATEGIC REVIEW AND STRENGTHENED CAPITAL STRUCTURE

In the fourth quarter of 2024, we decided to strengthen our balance sheet and conducted a comprehensive review of our consumer loan portfolio. The provisioning rate increased through a write-down of SEK 298.2 million, and non-performing loans were sold to strengthen our capital structure. These measures have resulted in a more robust and sustainable balance sheet.

FINANCIAL STABILITY AND CAPITAL INJECTION

At the end of the year, shareholders decided to support Avida's transformation plan through a capital injection of SEK 866 million. This enabled the completion of the acquisition of Santander's credit card and sales financing operations in Norway and Sweden and further strengthened the balance sheet. As of year-end, Avida's capital position amounted to a CET1 ratio of 12.63% and a total capital ratio of 16.43%. The capital requirement at the end of 2024 was CET1 9.40%, providing a buffer of 3.23%. This capital situation gives us a solid foundation for the future.

EFFICIENCY PROGRAM AND ORGANIZATIONAL CHANGES

To create a sustainable long-term financial structure, we have initiated a comprehensive efficiency program with the goal of reducing costs by SEK 200 million. As part of this, we have identified the need to reduce our workforce by approximately 30%. Therefore, negotiations regarding organizational changes were initiated at the beginning of 2025. These measures will be crucial for our return to profitability. We are now building an efficient organization tailored to the size of our operations and business.

FUTURE OPPORTUNITIES WITHIN REACH

We have initiated and will execute decisive actions to turn Avida's development around. With a stronger financial position, as well as an organization and cost structure aligned with our business, we are taking significant steps toward turning the company's negative trend around. In 2025, our focus will be on transforming the business to achieve profitability and developing systems and processes to integrate the acquired credit card and sales financing operations. In the corporate segment, we see opportunities to return to growth and increase our market share during 2025.

Despite a challenging financial situation we are, together with our strong owners and dedicated employees, taking steps in the right direction to restore profitability. 2025 will be a year of transformation—we have a clear plan, we are taking the necessary actions, and based on this, we are optimistic about the future.

Stockholm, April 29, 2025

Mikael Johansson
CEO

FIVE-YEAR REVIEW

INCOME STATEMENT

SEK million	2024	2023	2022	2021	2020
Net interest income	712,1	863.5	831.7	761.3	711.1
Total operating income	746,6	901.9	861.4	776.4	715.7
Total operating expenses	-501,4	-370.0	-344.5	-292.8	-278.4
Credit losses, net	-931,1	-513.1	-431.7	-402.8	-436.2
Profit/loss before tax	-685,9	18.8	85.2	80.9	1.1
Net profit or loss for the period	-684,6	14.1	63.3	59.8	-1.1

BALANCE SHEET

SEK million	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Loans to the public	12,283.5	10,515.9	12,373.4	11,073.2	9,977.8
Deposits from the public	10,945.1	10,930.3	13,928.0	11,892.6	10,159.9
Equity	1,730.3	1,586.9	1,399.9	1,3156.9	1,315.9
Total assets	16,382.9	12,956.4	15,710.8	13,675.8	11,830.0

KEY RATIOS

SEK million	2024	2023	2022	2021	2020
Net interest margin (%)	7,34%	7.55%	7.09%	7.23%	7.76%
C/I ratio	0,61	0.41	0.40	0.38	0.39
Return on equity (%)	NEG	0.95%	4.59%	4.48%	-0.09%
Return on assets (%)	NEG	0.1%	0.40%	0.44%	-0.01%
CET1 ratio (%)	12,63%	13.14%	10.72%	10.66%	13.01%
Loss ratio (%)	-9,4%	4.48%	3.68%	3.83%	4.76%
Average number of full time employees	162	146	135	127	117

For more information on key ratios, see Definitions.

MANAGEMENT REPORT

The Board of Directors and CEO of Avida Finans AB (publ), org. no. 556230-9004, hereby submit the annual report for the financial year 01/01/2024 – 31/12/2024.

The stated amounts in the text below are in SEK million unless otherwise stated. Amounts in brackets in narrative text refer to the same period last year.

BUSINESS CONCEPT AND STRATEGY

Avida Finans AB (publ) is a credit market company that has since 1983 focused on offering loans to private individuals and companies. Avida's ambition is to be the complementary first choice for companies and private individuals looking for loans and financing for their large or small challenges.

INFORMATION ABOUT THE BUSINESS

The business consists of financing services for companies, lending to consumers, and deposits from the public.

During the fourth quarter, Avida decided to rename the company's business areas to better reflect its operations. Consumer Finance has been renamed Business to Consumer, and Business Finance has been renamed Business to Business.

As of the end of December, Avida completed the acquisition of Santander's consumer credit card and sales financing portfolio issued in Norway and Sweden. The acquisition includes performing outstanding customer receivables as of the end of December, along with the associated customers and personnel initially assessed to be linked to the customer offerings. The acquisition was structured as an asset purchase. The credit cards and point-of-sale financing will be commercially included in the Business to Consumer business area. The impact of the acquisition on the income statement is limited to the initial credit loss provision of SEK 44.1 million, recorded as of the end of December. Furthermore, the balance sheet has increased due to the acquired performing receivables, other assets, and intangible receivables related to customer relationships. The acquisition was carried out by Avida Finans AB (publ), and all acquired assets will therefore be part of the Swedish operations, note 29.

The Business to Consumer business area includes lending to and deposits from private customers. In addition, from January 1, 2025, the business area will offer credit cards and sales financing in Norway and Sweden. The company offers unsecured loans, which are typically used to finance larger purchases or to refinance more expensive credit from other lenders. Avida also provides deposits to private individuals with competitive terms. These deposits are covered by a government deposit guarantee and are offered in Norway (NOK), Sweden (SEK), and Germany (EUR). Deposits in Germany are offered through the German deposit platform Raisin.

The Business to Business business area provides corporate financing solutions such as invoice purchasing, invoice discounting, and loans.

In addition to its operations in the Swedish market, Avida Finans AB (publ) has branches in Norway and Finland. The Norwegian branch, Avida Finans AB NUF (organization number: 990 728 488), provides financial services to both individuals and businesses in the Norwegian market. Private customers are offered savings and loan products, while corporate customers have access to financing solutions, including secured and unsecured loans as well as factoring services such as invoice purchasing and invoice discounting. The Finnish branch, Avida Finans AB (publ), filial i Finland (organization number: 2541768-9), provides financial services to individuals and businesses in the Finnish market. Private customers are offered a loan product, while corporate customers have access to financing solutions, including secured and unsecured loans as well as factoring services such as invoice purchasing and invoice discounting.

Bransches

Avida Finans AB (publ) filial i Finland is a credit market company. (MSEK)

	2024	2023
Revenue	358,1	363,8
Average number of employees	12	12
Profit before tax	143,2	205,7
Tax on profit	-0,3	2,7
Government subsidies	N/A	N/A

Avida Finans AB (publ) NUF is a credit market company. (MSEK)

	2024	2023
Revenue	117,8	135,0
Average number of employees	19	14
Profit before tax	-5,9	77
Tax on profit	-0,9	-0,6
Government subsidies	N/A	N/A

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

As a consequence of ongoing conflicts and other geopolitical events around the world, global uncertainty has increased, directly affecting the countries where Avida operates. The rise in inflation has leveled off, and we have seen a decrease in inflation primarily in Finland and Sweden. Market interest rates have declined, and central banks have generally adjusted rates downward.

Overall, funding costs increased during the year, with a rise of approximately SEK 45 million in the first half of the year and a decrease of around SEK 15 million in the second half. Unemployment has increased, primarily in Sweden and to some extent in Finland. Given the prevailing global uncertainty and the increase in unemployment partially offset by falling interest rates Avida has increased credit provisions during 2024. On November 29, 2024, Avida's Board of Directors resolved to propose that an Extraordinary General Meeting approve an issue of 57,717,218 warrants entitling the holders to subscribe for 57,717,218 new shares at a subscription price of approximately SEK 0.18 per share ("the Warrants" and "the Warrant Issue," respectively).

In the fourth quarter, an impairment of assets amounting to SEK 298.2 million was recognized within the Business to Consumer segment. The impairment was based on updated cash flow curves for non-performing receivables. These updated cash flow projections are based on assumptions drawn from both historical recovery rates and the estimated impact of factors such as the reduced tax deduction in Sweden.

The majority of the impairment is attributable to the Swedish market, though to some extent also to Norway. The impairment includes performing, underperforming, as well as non-performing receivables.

FSK Eckern Finans Holding AB, Eckern Finans Holding AB, Andenes Investments S.L. and Midelfart Capital AS entered into a subscription undertaking with Avida in connection with the Warrant Issue. According to the subscription undertaking, Eckern Finans Holding AB and FSK Eckern Finans Holding AB undertook to subscribe for a total of 53,717,218 Warrants and pay a total amount of SEK 805,758,270 for the Warrants, while Andenes Investments S.L. and Midelfart Capital AS have undertaken to subscribe for 2,000,000 Warrants each at an amount of SEK 30,000,000 each.

On 16 December 2024, the extraordinary general meeting of Avida resolved to approve the Warrant Issue. Through the subscription, payment and allocation of all 57,717,218 Warrants in the Warrant Issue, Avida received a total amount of SEK 865,758,270. As of the end of December, Avida completed the acquisition of Santander's consumer credit card and sales financing portfolio issued in Norway and Sweden. The acquisition includes performing outstanding customer receivables as of the end of December, along with the associated customers and personnel initially assessed to be linked to the customer offerings. The acquisition was carried out as an asset purchase.

On 24 August 2023, the partnership agreement between Avida and the loyalty company started by Norweigan Air Shuttle and Strawberry Group was presented. The purpose was for Avida to become the exclusive provider of financial services to the loyalty scheme's approximately 5 million members. Discussions are still ongoing with the parties, but no agreement has yet been concluded. Avida has therefore chosen to impair approximately SEK 31.9 million of the capitalised investment during the fourth quarter.

During the fourth quarter, Avida divested two portfolios of Non-Performing Loans (NPLs) relating to Norwegian and Swedish receivables. In the third quarter of 2024, Avida issued a new Additional Tier 1 instrument (AT1) totalling SEK 200 million. In connection with this, the company redeemed previously issued AT1 bonds. In 2024, Avida has continued to take new steps in digitisation, especially in the factoring process by changing the factoring system. The system will further improve the product and create economies of scale. With the change, Avida is creating completely new modern conditions for a customer-oriented and efficient system for daily business operations.

PROFITABILITY BEFORE GROWTH

The macroeconomic situation has been affected by the election of a new president of the United States as well as the ongoing conflicts in Ukraine and Gaza this year. Policy rates have been reduced in Sweden and the Eurozone, while the inflation rate has continued to decline. Avida has a strong capital and liquidity position, and all deposits are also covered by the government deposit guarantee, which creates a stable funding base. Funding costs have not decreased for the full year despite lower market interest rates.

The company believes that this is partly due to the Swedish Financial Supervisory Authority's legal position regarding digital deposit platforms. Norges Bank has been cautious and the financing cost in NOK has increased slightly as Avida has needed to increase deposits from the public to finance part of the acquisition of Santander Consumer Bank's Norwegian portfolio. Borrowing costs for EUR have decreased slightly as a result of falling market interest rates, which have led to lower deposit rates.

BUSINESS AREA CORPORATE - BUSINESS TO BUSINESS

The strategic adjustment that Avida has made in the corporate segment has continued with a deeper focus on factoring services with corporate loans as a support product, a strategy the company calls factoring-first. As a result, Avida has actively worked to reduce loan exposures related to acquisition credits, so-called LBO financing. The business area has had increased credit losses in the second half of 2024 related mainly to two commitments. In the current uncertain macroeconomic environment, Avida's strategy of being restrictive and selective in certain industries has been favourable and will continue to be applied. The net interest margin has been stable during the year. During the year, Avida has implemented a new factoring system and continued to develop and streamline the onboarding process for new customers. This will further enhance the product and create economies of scale.

Business to Business has a clear focus on building long-term relationships with business customers, and the view on the working capital financing offering is that it is relevant in the SME market in the Nordic region and Avida is well positioned for growth. The company continues to have a clear focus on profitable growth in the segment.

BUSINESS AREA CONSUMER - BUSINESS TO CONSUMER

In the private segment, the focus remains on assisting customers who want to consolidate their loans to reduce their borrowing costs. From January 1, 2025, credit cards and sales financing will also be offered, based on the acquisition of Santander's consumer credit card and sales financing portfolios and customers in Norway and Sweden, which was completed as of December 31.

Based on the uncertain macroeconomic environment, Avida has chosen to be conservative in lending, which is reflected in lower origination in all markets compared to last year. To ensure sound new lending despite the prevailing market, Avida has implemented increased controls in connection with the disbursement of new loans. This is done by using Open Banking/PSD2 to collect the customer's transaction data and verify the customer's bank account. In this way, risk behaviours can be identified, such as gambling abuse, and fraud attempts. As Avida has chosen to be cautious in recruiting new customers, the importance of retaining existing customers has increased. A prerequisite for doing this is to offer a customer experience that meets and exceeds customer expectations. In 2023, Avida launched new digital solutions and services to meet customer needs in a fast, flexible and cost-effective way, while placing great emphasis on also being able to offer a personalised service via telephone. These efforts have resulted druing 2024 in a CSAT (Customer Satisfaction score) of 89.1 (88.7) % and a TrustScore on Trustpilot of 4.7.

Market interest rates have decreased during the year, however, competition in the deposit market has increased and deposit rates have not been compliant. In the last quarter, after several cuts for EUR and SEK, deposit rates have decreased. For NOK, we have had a slightly higher borrowing cost as we increased the deposit rate on NOK to attract liquidity prior to carrying out the acquisition of the credit card portfolio from Santander. In the area of Non-Performing Loans (NPLs), during the year Avida has divested a Norwegian NPL portfolio corresponding to equivalent nominal amount of NOK 114.9 million, and in Sweden sold Non-Performing Loans corresponding to SEK 341.6 million. The net loss on the divestment of these two portfolios amounted to SEK 21.6 million. Further sales may take place during 2025.

The partnership with Norwegian Air Shuttle and the hotel chain Strawberry Group's new loyalty company, presented in 2023, has not materialised as expected. Avida has therefore, chosen to impair capitalised costs for this collaboration by SEK 31.9 million in the fourth quarter of 2024.

DEPOSITS FROM THE PUBLIC

Deposits from the public have decreased during the year but increased in the last quarter due to, on one hand, the Swedish Financial Supervisory Authority's legal stance regarding digital deposit platforms (to ensure compliance with LCR and NSFR requirements), and on the other hand, the need for increased liquidity to complete the acquisition from Santander. Competitive offerings to our deposit customers and an efficient deposit system have ensured the deposit volume. Deposits are and will continue to be an important source of funding for the company.

Avida began taking deposits in Norway in 2017. Since the spring of 2019, Avida has also been able to offer deposits in euros through a collaboration with the European deposit platform Raisin. In 2024, the partnership with Deposit Solutions was terminated. Through deposits via Raisin, Avida gains natural hedging of its lending in Finland, thereby reducing currency risk in its operations within the euro area.

REVENUE

Net interest income for the year amounted to SEK 1,174.7 million (1,287.1), a decrease of 9.4%, while interest expenses increased by 7.2% to SEK 462.3 million (423.6), primarily due to increased funding costs in the first half of 2024, amounting to SEK 45.4 million, and a decrease of SEK 15.1 million in the second half. The net interest income decreased by 17.5% compared to the previous year. The decrease is attributable to all segments, with Business to Consumer down by SEK 120.6 million, factoring by SEK 0.7 million, and corporate loans by SEK 38.6 million. The decline in net interest income for Business to Consumer is a result of the planned reduction in loans granted and the reduction in average loan volumes. The decrease in Corporate Loans is due to a strategic decision to reduce the volume in this segment.

Despite a decrease in financed volume, Factoring has maintained its net interest income compared to 2023. Changes in the composition of the loan book, in terms of the distribution between performing and non-performing loans, have also had a negative impact on revenues, primarily within Business to Consumer.

Net provision income amounted to SEK 20.8 million (22.0), with a decrease largely attributable to the reduction in lending to the public in Business to Consumer.

Total operating income amounted to SEK 746.6 million (901.9).

COST

Costs increased by 28.2% in 2024 compared to 2023 to SEK 462.8 million. Most of the increase was driven by additional IT costs of SEK 13.5 million and additional staff and consultancy costs of SEK 54.1 million. The increase in IT costs is attributable to the implementation, updating and development of production and support systems. The increase in staff and consultancy costs is partly attributable to a change of CEO of approximately SEK 11 million, terminated staff during the fourth quarter of SEK 3.4 million as well as increased consultancy costs to supplement the business of SEK 21.1 million. Furthermore, the impairment of capitalised costs for the planned partnership with NAS and Strawberry has been impaired by SEK 31.7 million. Total costs for 2024 amounted to SEK 501.4 million (370.0).

CREDIT LOSSES

Credit losses increased by 81.5% compared to 2023 and total net credit losses in 2024 amounted to SEK 931.1 (513.1) million, see Note 13. Of the credit losses for 2024, SEK 298.2 million represents an impairment of outstanding receivables in the fourth quarter regarding the Business to Consumer business area.

Credit losses in Business to Business amounted to SEK 33.4 million for 2024 compared to SEK 7.2 million in 2023 (of which SEK 8.6 million related to recoveries). The losses are largely attributable to a few specific engagements.

For the Business to Consumer segment, credit losses totalled SEK 853.3 million. Of this, SEK 298.2 million relates to an impairment of assets in the fourth quarter. The credit losses in Business to Consumer reflect the challenging macroeconomic environment, particularly in Sweden, with factors such as increased unemployment. The background to the impairment in the fourth quarter of 2024 is due to updated cash flow curves for non-performing receivables. These updated cash flow curves are derived from historical recovery rates, the reduction in tax deductions in Sweden and a declining repayment capacity during the last quarter. Most of the impairment relates to the Swedish market, but to some extent, it also involves Norway. The impairment covers performing, underperforming, as well as non-performing receivables.

Business to Consumer has had a conservative credit risk appetite during 2024, which has led to reduced volumes. During the fourth quarter, two portfolios in NOK respectively SEK were sold with a combined loss of SEK 21.6 million.

RESULT

Avida reports a loss before tax of SEK 685.9 million for 2024 compared to a profit of SEK 18.8 million for 2023.

LIQUIDITY AND CAPITAL

As of 31/12/2024, Avida Finans AB (publ) had a capital base of SEK 1,955.8 million compared to SEK 1,819.4 million as of 31/12/2023. Avida's total capital adequacy, defined as total capital base divided by total risk exposure, amounted to 16.49 (17.44) %. This means that Avida has fulfilled the requirements for capital ratios and buffers as stated in Note 25 on Capital Adequacy.

The company's deposits from the public increased by SEK 15 million compared to 2023 and amounts to SEK 10,945 (10,930) million. Avida's liquidity consists mainly of balances with central banks, mortgageable government bonds and lending to credit institutions and totals SEK 3,769 (2,051) million. The increase is mainly related to the Swedish Financial Supervisory Authority's legal position on digital deposit platforms and the requirement for NSFR compliance and the financing of the acquisition from Santander. The SFSA's legal position on digital platforms means that the proportion of deposits from digital platforms carries less weight in the calculation of stable deposits, which is why the company needs to increase its total deposits to counteract this weighting. Avida finances its operations primarily through deposits from the public, capital instrument (AT1) SEK 200 million (refinanced 2024) and hybrid capital instrument (T2) 250 million. The acquisition from Santander has been financed through the new share issue of approximately SEK 866 million, as well as through a loan from Santander Corporate Bank, London branch. As of December 31, the external financing amounts to NOK 2,167 million and SEK 1,124 million. The loan facility is revolving and has a term of two years.

STAFF AND MANAGEMENT

The number of employees within the company increased during the year and the average number of employees was 162 (146), of whom 75 (69) were women and 87 (77) men. During 2024, changes were made to the company's management team. Lennart Erlandson took over as CFO in March, Andreas Weidenhayn, Head of Consumer Finance, left the company in August, Tine Wollebekk left the role of CEO and was replaced by Mikael Johansson at the end of September, Per Westerberg, Chief of Staff, left the company in October and Lars Backman, Chief Credit Officer, left the company in November. Lars Backman was replaced by Martin Ahlberg in December.

In connection with the completion of the acquisition of Santander's credit card and sales financing portfolios, an additional 48 employees joined as of December 31, distributed equally between 24 women and 24 men. The average number of employees is only marginally affected by this addition of staff.

SUSTAINABILITY

Avida's business model is focused on providing competitive financing services for both private individuals and companies in Sweden, Norway and Finland. To ensure long-term sustainability for these financing services, Avida integrates sustainability aspects into the company's business strategy and takes continuous measures to minimise negative impact on the environment, people and society.

By promoting responsible credit lending and prioritising sustainable business principles, Avida aims to contribute to long-term and sustainable growth. This means that the company not only considers the daily financial health of its customers but also takes into account long-term sustainability consequences in all relationships and decisions. In its sustainability work, Avida ensures that the company always meets the binding requirements that our stakeholders place on the business, as well as all laws, regulations and other relevant regulations.

MATERIAL RISKS AND UNCERTAINTIES

Avida is exposed to a number of different risks through its operations. Avida's greatest risk is credit risk as a result of its business model, which involves lending to the public and to companies. Lending also gives rise to liquidity risk, interest rate risk, currency risk and operational risk. Avida's risk management is designed through the company's risk policy with associated policies and instructions and through a number of processes. Policies and instructions set the framework and boundaries within which Avida can conduct its business through, for example, limits. The processes are designed to manage day-to-day risks in an efficient manner, thereby effectively limiting negative consequences on the company's financial performance.

RISK MANAGEMENT

Avida's risk framework includes processes for identifying, assessing, analysing, managing and reporting the risks inherent in the business. The framework includes the establishment of applicable limits and systems of controls and other mitigating measures to ensure that risks are consistently kept within the risk appetite determined by the Board. The risk framework, including the risk policy, risk appetite and risk management system, is reviewed regularly to ensure that it is relevant to the business model and the latest business plan. Within the company, there is a function for risk control that is led by the Chief Risk Officer, who is directly subordinate to the CEO and Board, whose task is to compile, analyse and report all the company's risks.

OWNERSHIP STRUCTURE

Avida Finans AB (publ) has been majority-owned since 2020 by KKR, which has the controlling influence over Avida Finans AB (publ). The shares in Avida Finans AB (publ) are otherwise owned both by private individuals and institutions. The table below shows the largest shareholders as of 30 December 2024.

The table below shows the largest shareholders as of 30 December 2024.

Owner	Shares	Ownership, %
Eckern Finans Holding AB	34 315 683	42,58
FSK Eckern Finans Holding AB	17 411 303	21,60
Andenes Investment S.L.	12 672 140	15,72
Midelfart Capital AS	7 357 372	9,01
Ubon Partners Holding AS	5 972 814	7,41
Loe Equity AS	1 060 606	1,32
UBS Switzserland	740 042	0,92
Dencker Invest AS	600 000	0,74
Vimar AS	150 000	0,19
Skandinaviska Enskilda Banken	86 000	0,15

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The ongoing transformation of Avida, initiated during the autumn of 2024, resulted in several members of the executive management team leaving the company during the fourth quarter of the year. During the first quarter of 2025, these individuals were replaced by Lisbeth Alainentalo as Chief Risk Officer, Martin Ahlberg (who served in an interim capacity during part of the fourth quarter of 2024) as Chief Credit Officer, and Christina Örn as Head of Business to Consumer.

On 13 February 2025, Avida announced a cost reduction programme aimed at improving operational efficiency. The programme includes, among other measures, staff reductions, a review of consultant engagements, and an assessment of existing operational agreements. Costs related to the implementation of this programme will be recognised in the financial statements for 2025.

In March 2025, Avida divested written-down assets related to its Finnish consumer lending portfolio. The transaction amounted to approximately SEK 438 million, corresponding to the carrying value of the assets.

The ongoing discussions in global trade concerning tariffs and customs duties, primarily driven by the United States and resulting in declining stock market values, have not yet had a direct impact on Avida or its customers. However, continued uncertainty and rising costs are expected to affect Avida's customers going forward. The company is closely monitoring developments and stands ready to act as needed.

FUTURE DEVELOPMENT

During the year, profitability development for Business to Consumer has been very negative. This is primarily related to the increase in credit losses, which significantly rose with an impairment of SEK 298.2 million in the fourth quarter. The business has been restrictive in issuing new loans, mainly in the Swedish market. Measures implemented for new lending through newly developed model frameworks have not materialized to the extent expected. Work continues further developing the risk framework to ensure a better alignment between risk and pricing.

The credit card and sales financing portfolios acquired from Santander are expected to significantly increase revenues and serve as an important tool, alongside the cost reduction program, to create a long-term profitable Avida. Total lending to the public as of December 31, 2024, has increased by more than SEK 3.6 billion and 450,000 customers. In 2025, the focus will be on migrating all customers to Avida. During the transition period of migrating customers and volume to Avida, an agreement for support and service from Santander has been made.

For Avida, profitability and good credit quality will always come before volume growth. The company will therefore continue to focus on lending money to companies and private individuals with a customercentric approach, with an efficient and resultsoriented organisation.

For Avida, continued automation of the company's processes is essential, while at the same time being careful that development is in step with the changing needs of the customers. This applies to both the private and corporate markets, where the focus is on being able to offer the right products and services in all of the company's markets. As of the end of the fourth quarter, the company has also modernised the platform for factoring. The implemented system update will provide Avida with good scalability in its business, ensuring high quality and profitability within the corporate segment. In accordance with the cost-saving program announced by Avida in February, the focus on the company's costs and efficiency will be guiding, with the goal of reducing operational expenses from the current level.

The current geopolitical situation due to Russia's war of aggression in Ukraine and the ongoing conflict in Gaza makes the macroeconomic outlook continue to be difficult to assess. The interest rate cuts by central banks during 2024 have contributed to lower market interest rates and a declining inflation rate. The financial development in the Nordic countries, with relatively high unemployment, is expected to remain challenging, particularly in Sweden. The effect on the deposit market, where Avida receives most of its funding, was not fully felt during the year, and it was not until the fourth quarter that the company experienced a falling interest rate path for its deposit products in SEK and EUR as well. As a result, the cost of the company's funding has not fallen to the extent that central banks have lowered their interest rates.

Avida remains very humble in the face of the challenging macroenvironment and will continue to focus on improving credit quality and profitability through a clearer focus on cost reduction measures.

The Board of Directors of Avida considers that the company fulfils the going concern requierment, supported by available liquidity and a capital position, including buffers, sufficient to manage unforeseen events.

PROPOSED ALLOCATION OF PROFITS

The following profits are available to the general meeting:

	SEK
Other contributed capital	193 549 169
Retained earnings	2 088 029 420
Net profit/loss	-684 623 993
Total available profits for allocation	**1 596 954 596**
The Board and the CEO propose that the profits be allocated so that the following SEK is carried forward:	
Carried forward to the new account	**1 596 954 596**

CORPORATE GOVERNANCE REPORT

Avida Finans AB (publ) (”Avida”) Avida has prepared this report in accordance with the Annual Accounts Act (1995:1554).

ABOUT AVIDA

Avida carries out financing activities and is subject to the supervision of the Swedish Financial Supervisory Authority. Avida complies with a number of laws and regulations for good corporate governance and control of operations, such as the Companies Act (2005:551), the Annual Accounts Act (1995:1554), Nasdaq Stockholm's Regulations for Issuers, the Act (2004:297) on Banking and Financing Activities and the International Financial Reporting Standards. In addition, Avida is required to comply with a number of regulations and general guidelines issued by the Swedish Financial Supervisory Authority and other regulators, such as the European Banking Authority (EBA).

Avida has issued tradable securities that are admitted for trading on Nasdaq Stockholm.

In accordance with the basic rules on the governance and organisation of a limited company, Avida is governed by the general meeting, the Board elected by the shareholders at the general meeting including the Board's Risk, Compliance and Audit Committee, the Board's Remuneration Committee, the Board's Credit Committee, the CEO appointed by the Board and the Board's control of Avida's management. The auditor appointed by the general meeting submits an audit report of his audit of the company's Annual Report and Consolidated Financial Statements, the appropriation of the profit and the Board's and the CEO's management of the company and its operations.

1. SHAREHOLDINGS, VOTES AND BOARD APPOINTMENT

At the end of 2024, Avida had about 45 shareholders according to the shareholder register held by Euroclear Sweden. Avida's largest shareholder is Kravis & Roberts (KKR) through Eckern Finans Holding AB and FSK Eckern Finans Holding AB, which jointly own slightly more than 64% of the share capital and votes. Andenes Investments S.L, Avida's third largest shareholder, holds slightly more than 16% of the share capital and votes. The five largest shareholders represented the equivalent of around 97% of the share capital and votes.

1.1 Limitations on how many votes each shareholder may cast at the general meeting.

The share capital consists of two classes of shares, series A and series B. Shares of series A carry one (1) vote per share and shares of series B carry one tenth (1/10) vote per share.

1.2 Provisions of the Articles of Association on the appointment and dismissal of Board members and changes to the Articles of Association.

There are no provisions in the Articles of Association governing the appointment or dismissal of Board members, with the exception of a provision on the minimum and maximum number of Board members. The notice convening an extraordinary general meeting where a matter of amendment of the Articles of Association will be discussed will be issued no earlier than six weeks and no later than four weeks before the meeting. The current Articles of Association of Avida were adopted at the extraordinary general meeting on 30 December 2024. The general meeting is authorised by the Board to decide whether the company should issue new shares or acquire its own shares.

An Extraordinary General Meeting held on December 16 approved an issue of 57,717,218 warrants, entitling the holders to subscribe for 57,717,218 new shares at a subscription price of approximately SEK 0.18 per share. Furthermore, on December 30, an Extraordinary General Meeting resolved to introduce two share classes.

Shares in Avida may be issued in two classes: Class A and Class B. Class A shares carry one (1) vote per share, while Class B shares carry one-tenth (1/10) of a vote per share. The number of shares of each class may correspond to the total number of shares in the company. As of the end of 2024, only Class A shares have been issued.

The number of shares in the company shall be not less than 60,000,000 and not more than 240,000,000.

On December 16, the Board of Directors resolved to allocate a total of 4,000,000 warrants, of which 2,000,000 were allocated to Midelfart Capital AS and 2,000,000 to Andenes Investments S.L. None of the warrants had been exercised as of the end of 2024.

2. INTERNAL CONTROL AND RISK MANAGEMENT

Assessment and recommendations of control functions govern the evolution of risk management. Avida has established independent control functions for risk management and regulatory compliance in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control in credit institutions (FFFS 2014:1) and the European Banking Authority's guidelines on internal governance (EBA/GL/2021/05). The functions report directly to the Board, the Board's Audit, Risk and Compliance Committee and the CEO. Avida's internal audit function is appointed by and is directly subordinate to the Board through the Audit, Risk and Compliance Committee. The internal audit has been outsourced to an external party with the purpose of ensuring quality and independence in evaluation and review. The internal audit was carried out by Grant Thornton Sweden during the period.

Internal control is built around the six cornerstones of internal control presented below: control environment, risk management, control activities, information and communication, follow-up and assessment and statement regarding internal audit.

To ensure the proper functioning of internal governance, risk management and control, Avida has established a governance framework consisting of organisation, internal rules and processes. The goal of internal governance is to have an effective control system for the business and the risks it is exposed to. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritise and implement controls and other measures, as well

as report and monitor financial and non-financial risks.
Strategic, operational or tactical decisions must always take into account the consequences of external and internal rules and risks. The following principles provide guidance to ensure these requirements:

- The organisation should be appropriate with clearly defined and documented areas of responsibility;
- Interest and awareness of rules and risks in the organisation should be encouraged on a regular basis;
- Avida should have clear and documented decision-making processes;
- Avida should have clear and documented reporting channels; and
- Avida should have policies adopted by the Board and certain overall instructions for how the business should be conducted.

Examples of policies and instructions include the Board's rules of procedure, the CEO instruction, Policy for the Risk Management Function and for the Compliance Function, and Policy for the Internal Audit Function. Governing documents are assessed on an ongoing basis, but at least annually, and are updated when necessary due to new or changed regulations and/or internal changes in the business.

The Board has the ultimate responsibility for ensuring that Avida has an effective control environment. To manage risks satisfactorily, it is important that there be a well-established and clear internal governance and control structure in the organisation. To achieve a strong control environment, Avida therefore applies the so-called three lines of defence principle, where the different lines of defence have different responsibilities but a common responsibility for achieving the necessary internal governance and control. In this regard, the entire Avida organisation is involved.

The three lines of defence principle is described below alongside the organisational division of responsibilities.

2. 1 FIRST LINE OF DEFENCE

The first line of defence consists of all Avida's operations and all its employees except those belonging to the control functions (second and third lines of defence). The first line of defence is led by the CEO and consists of the business and support functions.

The first line of defence thus consists of the operations and operational support and must therefore manage daily risks that arise and at the same time comply with both internal and external regulations.

2.2 SECOND LINE OF DEFENCE

This is where the risk control and compliance functions are located. The compliance function is to provide support to the Board, the CEO and the operational activities in order to ensure the company's compliance with the authorisation requirements.

The independence of the functions is ensured by the fact that the functions themselves do not carry out the activities that they are to review, which means that the functions are not involved in business operations.

The second line of defence is responsible for the supervision and control of the first line of defence based on internal and external regulations. The functions follow up, analyse and report their work to the Board and CEO.

The second line of defence also supports the first line of defence in terms of internal governance, risk management and control and works proactively to create an effective control environment in Avida. Avida's Data Protection Officer ("DPO") function and CISO are also included in the second line of defence.

2.3 THIRD LINE OF DEFENCE

The third line of defence consists of the Internal Audit function, which is a function independent of both the first and second lines of defence. The internal audit is responsible for, among other things, reviewing the work carried out by the first and second lines of defence and reporting directly to the Board.
All control functions should have the resources required to be able to perform their tasks and be independent. In order for internal control functions to be considered independent, the following conditions should be met:

The personnel in the control functions never perform operational tasks in the context of the activities that the internal control functions are intended to monitor and control. The control functions are organisationally separate from the activities they are responsible for monitoring and controlling;

Apart from the Board and the overall responsibility of the CEO, the managers of the Risk Management Function, the Compliance Function and the Internal Audit Function are not subordinate to any person responsible for managing activities that these functions monitor and control. The remuneration to the personnel in the internal control functions is not linked to the performance of the activities that these control functions monitor and control. Nor may their objectivity and independence be jeopardised in any other way.

The work of the control functions is regulated in internal governance documents, which are established by the Board. Each control function prepares a draft annual control plan which is presented to the ARC and subsequently approved by the Board. The control functions' personnel are continuously trained to keep their knowledge up-to-date, and that the control functions have appropriate IT systems and support at their disposal. The control functions report on material weaknesses and risks identified to the Board and the CEO on an ongoing and regular basis, at least quarterly.

For the purpose of ensuring adequate risk management and compliance with laws, regulations and internal governance documents, Avida's risk management and internal control environment focus on assessment, controls and training programmes. Avida applies available techniques and methods of risk management in a cost-effective manner. Risk management is an integral part of our business operations.

The reports include, in particular, assessments of the business with respect to risk management and regulatory compliance and include the entire organisation. The company's information and communication channels are continuously monitored by the management team and the Board to ensure that they are appropriate for financial reporting.

The role of the internal audit is regulated in the policy for the internal audit function and the work of the function is based on a risk-based audit plan, which is approved annually by the Board. The plan is based on a risk analysis carried out by Internal Audit. The work of internal audit includes, in particular, reviewing and assessing whether systems, internal control mechanisms and procedures are appropriate and efficient and to provide recommendations to Avida based on the comments made in the review and following up previously submitted recommendations. The results will be reported to the Board and CEO at least once a year.

3. INTERNAL CONTROL AND RISK MANAGEMNET SYSTEMS REGARDING FINANCIAL REPORTING

Internal control of financial reporting is a process by which it is ensured that established principles for internal control and financial reporting are complied with and that the company's financial reporting has been prepared in accordance with the law, regulations, applicable accounting standards and good accounting practices, as well as other requirements for companies whose tradable securities are admitted to trading on a regulated market.

3.1 CONTROL ENVIRONMENT FOR THE FINANCIAL REPORTING

The control environment, including a clear and transparent organisational structure, clear division of authority and responsibility and governing documents such as internal policies, instructions and manuals, is fundamental to Avida's internal control of financial reporting. This also includes the ethical guidelines that are communicated to all employees and are a basic precondition for a good control environment.

A further part of the control environment consists of risk assessment, i.e. the identification and management of the risks that could affect financial reporting as well as the control activities aimed at preventing, detecting and correcting errors and deviations.

3.2 CONTROL ACTIVITIES

Various control activities are built into the process of financial reporting. The control activities include both general and detailed checks intended to prevent, detect and correct errors, deviations and any irregularities that may have a significant impact on financial reporting. The control activities are prepared and documented at a reasonable level relative to the risk of errors and the effect of such errors. Each department manager is primarily responsible for managing the risks associated with their own department's operations and financial reporting processes. Furthermore, a high level of IT security is a precondition for good internal control of financial reporting. Therefore, there are rules and guidelines to ensure the availability, accuracy, confidentiality and traceability of information in the business systems.

3.3 INFORMATION AND COMMUNICATION

The company has information and communication channels that aim to promote completeness and accuracy in the financial reporting. Avida's Financial Policy is a governing document with the purpose of clarifying how financial operations should be conducted and how financial risks should be managed. The policy also includes the responsibility for both internal and external financial reporting and the relationship with the external auditor. The policy, together with relevant process descriptions and manuals, has been made available and known to affected staff on the Avida intranet and shared discs on the internal network. With ongoing information, dialogue, training programmes and controls, staff are able to access and understand the internal regulations. The internal regulations with policies, instructions and manuals, supplemented with procedure and process descriptions, constitute the most important tool for providing information to ensure financial reporting.

The external communication aims to provide a true and fair picture of Avida, and this is stated in the Information Policy.

3.4 THE BOARD'S MEASURES TO MONITOR THE INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's measures to monitor internal control of financial reporting are implemented through the Board's ongoing tracking of the company's finances and results, key ratios, costs, capital and liquidity situation in relation to budget and forecast, as well as through the Board's review and tracking of the external and internal auditors' review reports. The Board receives monthly financial reports and at each Board meeting the company's financial situation is discussed. The Board also reviews the quarterly financial reporting and annual accounts before the material is officially published and reviews the comments and conclusions of the external and internal auditors.

Avida further compiles and reports ongoing financial and operational figures and analyses to heads of function, management and the Board. The company works actively with continuous monitoring of the operating income as well as costs in relation to the budget and forecast. The work is performed in close collaboration with the management team. The Board receives ongoing reports from the external audit. The reports include, among other things, evaluations of the business with regard to the financial reporting.

The external auditor is appointed once a year by the general meeting and works independently of the business, reporting his observations directly to the Board on the financial reporting and its reliability.

SUSTAINABILITY REPORT

The year 2024 has brought major changes for Avida. During the year, a major acquisition of Santander's credit card business in Norway and Sweden was carried out, as well as sales financing services conducted in collaboration with Elkøp in Norway and Elgiganten in Sweden. The acquisition multiplied the number of private customers and added 48 new employees to the organisation. In tandem with the regular operations, several strategic projects and streamlining of the organisation were carried out, as well as a change of CEO and changes in the Management Team and Board. All of this meant that sustainability work had to take a back seat during the year, but Avida's clear goal remains firm and in 2025, work will resume on preparing the Company for reporting under the CSRD regulations that will affect Avida in the 2026 financial year.

AVIDA AND SUSTAINABILITY

We are aware that we can influence the world around us and contribute to a sustainable environment and society through our operations and internal governance. With sound governance of our operations, and an active approach to sustainability in decision-making processes in our lending, purchasing and employeeship, we aim to achieve measurable change.

BUSINESS MODEL

Avida's business model is focused on providing competitive financing services for both private individuals and companies in Sweden, Norway and Finland. To ensure the long-term sustainability of these financial services, we carefully integrate sustainability aspects into our business strategy and take continuous measures to minimise negative impacts on the environment, people and society.

By promoting responsible lending and prioritising sustainable business principles, we aim to contribute to long-term sustainable development. This means that we not only consider the day-to-day financial health of our customers but also take long-term sustainability consequences into account in all our relationships and decisions.

Avida is actively working to integrate social and financial responsibility into the business operations. By including social considerations in the credit process, we strive to ensure inclusive and sustainable business operations. Through processes, systems and customer-oriented decision-making, Avida acts as a conscious player with the ambition to be a positive force in society. With careful review and adaptation of the business operations, we consciously take sustainability aspects into account in a way that goes beyond our purely financial considerations.

BACKGROUND AND MOMENTUM

In 2023, the foundation was laid for Avida's sustainability work for the coming years. The double materiality analysis that was developed then is the basis for focused sustainability work where we will move step by step towards our set goals. To achieve a high level of transparency and clarity, we have chosen to link our activities and objectives to the UN's Global Goals for Sustainable Development. The link between our activities and the global goals is the framework that creates a long-term perspective and goal orientation. Something that creates a sustainable future both for us as a company and for society as a whole.

The ongoing work on the Company's sustainability issues was paused in 2024, but the aim is to set a sustainability strategy that we will report on in line with the upcoming reporting requirements of the Corporate Sustainability Reporting Directive (CSRD) for the 2026 financial year. This means that we continuously review our sustainability efforts and work to ensure that our reporting meets the highest standards of transparency and accountability.

The work on developing a long-term sustainability plan will be intensified in 2025, but during the year it took a back seat to the company's more business-critical activities. The thorough double materiality analysis carried out in 2023 with clearly defined long-term targets and associated activities provides us with a solid foundation to build on for our sustainability work.

THE METHOD FOR DEVELOPING OUR DOUBLE MATERIALITY ANALYSIS

We identified, assessed and validated the material topics based on our impact on the environment, people and society (impact perspective), as well as on the financial risks and opportunities that these issues pose to our business. The material topics were identified and assessed using:

- Analysis of existing work and reporting
- Review of reporting documentation from owners
- Business environment analysis
- Employee survey
- Interviews with relevant employees at Avida
- Risk analysis

The Senior executive team then validated the material topics.

WE TAKE THE RESULTS OF OUR DOUBLE MATERIALITY ANALYSIS FURTHER

Following the double materiality analysis, a number of ESG-related impact factors, risks and opportunities were identified. These are key risk factors that set the long-term conditions as we prepare the company to meet the upcoming legal requirements for sustainability reporting. In the environmental area, the material topics are our own energy use and the emissions and negative impact we may have on the climate. We have identified a number of material topics related to compliance, how we prevent and detect corruption, bribery, money laundering and terrorist financing. These issues, together with the issue of human rights, both in our own company and with our suppliers, have been brought together in the area of corporate culture.

The core of Avida's business is to offer individuals and companies various forms of financing solutions. In our materiality analysis, we have placed great emphasis on the responsibility that comes with offering loans and credit as well as our role as an employer. For these reasons, we have specifically highlighted our goals and ambitions in focus areas we call responsible credit lending, financial inclusion, corporate culture and internal governance.

The risks identified in each area, and how they are assessed and managed, are summarised under each area in this sustainability report for 2024.

ENVIROMENT

In the environmental area, Avida's focus is on reducing emissions and minimising negative impact on the climate and limiting our own energy use. As a result of the materiality analysis performed, we have identified several environmental focus areas and reported the results for the year. Before setting emission targets under the current regulatory framework, we will carry out climate calculations for Scopes 1, 2 and 3, which we promised to do in 2024 but which have been postponed to 2025 for prioritisation reasons. These calculations will form the basis for reporting emissions targets for the financial year 2026.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Limiting climate change at the supplier level	There is a potential risk that purchases made without full consideration of Avida's purchasing process could mean that we contribute to negative climate change. Such a risk could lead to a loss of confidence in Avida and ultimately also have financial consequences for us as a company.	The climate-impacting risks are evaluated in the purchasing process that all potential suppliers to Avida go through. As part of the assessment, sustainability parameters are weighed in.	Suppliers who do not meet the sustainability requirements set in our purchasing process cannot be suppliers to Avida.
Limitation of climate change in own operations	By conducting business in a way that leads to a negative impact on the climate and drives climate change.	Avida aims to minimise and prevent the negative climate impact of our office operations, in particular by minimising the environmental impact of our passenger transport and reducing our energy and use of resources.	We continuously monitor that travel is carried out in accordance with the applicable policy and that we aim to reduce our climate-impacting travel.
Energy use in own operations	Increasing energy use and the use of non-renewable energy harms the company and the world around us. Increased energy use will also entail risks of increasing costs for the business.	We monitor the company's energy use in our offices annually.	We make active sustainable choices of energy sources and make demands on our lessors regarding their choice of energy sources. We want to keep our consumption as low and sustainable as possible.

This is what Scopes 1, 2 and 3 mean:
Scope 1: Direct greenhouse gas emissions from sources under the direct control of the organisation.

Scope 2: Indirect emissions from the electricity, heat or steam purchased by the organisation from external sources.

Scope 3: Additional indirect emissions from activities related to the organisation but outside its direct control, including supply chain and employee travel.

By measuring and managing these scopes, organisations can get a complete picture of their emissions and take action to reduce their climate impact.

OUR BUSINESS TRIPS AFFECT THE CLIMATE.

We estimate that business travel emissions are the most impactful in Scope 3. This is why we prioritise minimising air travel to gradually reduce our climate impact over time. The majority of Avida's company cars are electric or hybrid vehicles.

Travel between our offices, especially to and from the headquarters in Stockholm where the majority of employees work, is carefully considered in terms of its scale to minimise the overall environmental impact. Although air travel is the most common choice for transport between Avida offices, rail is the mode of transport most people choose to and from the airports.

2024 target: Reduce distance travelled per employee by 10% per year compared to 2023 base year

2024 results: The target of reducing travel was not achieved during the year. The trend was in the opposite direction, as the number of staff residing in one country but whose job required an increased presence elsewhere increased during the year. For 2025, there is a clear plan for reversing this trend and reducing travel.

2025 Target: A maximum of one trip per month per employee as a baseline. Additionally, total travel, measured as distance traveled per employee, should decrease by 10% per year compared to 2024.

Result 2024:

Travels with climate impact	2024	2023*
Number of employees	162	146
Number of travellers	63	47
Distance traveled by air (Thousands of kilometers)	237,4	210,0
Carbon dioxide emissions CO2e (tons)	62,3	56,2
Distance traveled by train (thousands of kilometers)	9,2	8,8
Carbon dioxide emissions CO2e (tons)	0,1	0,1
Total distance traveled (thousands of km)	246,9	218,8
Distance traveled per employee (thousands of km)	**1,52 (+1,3 %)**	**1,50**

*Revised figures for 2023 (there is a difference with the figures reported in Avida's Annual Report for 2023)

MAXIMIZE SUSTAINABLE ENERGY USE.

We have offices in three locations: Stockholm, Oslo and Helsinki. Our offices are located in environmentally certified buildings. The electricity, heating and cooling we use is predominantly green and fossil-free (district cooling is 100% fossil-free), which is a step towards reducing our climate impact and promoting a sustainable energy supply.

2024 target: Reduce total emissions and consumption by 10% per year compared to 2023.

2024 results: Total CO2e emissions decreased by 3.5% while energy consumption during the year increased by 2.7%.

2025 target: Reduce total emissions and total consumption by 10% per year compared to 2024.

Energy consumption and CO2e emissions below refer to Avida's Stockholm office (area 1,282 sq.m). Other offices currently lack separate energy and consumption data reports as this is not provided by the local property owners.

Other offices currently lack separate accounts of energy and consumption data as this is not provided by the local property owners.

Energy consumption and emissions	2024	2023*	2022*	Change, %
District heating, consumption (kWh)	32,249	37,907	29,265	- 14.9**
District cooling, consumption (kWh)	31,589	20,810	28,446	51.8*
Electricity, consumption (kWh)	122,862	122,975	112,526	0
Total energy consumption (kWh)	186,670	181,692	170,237	2.7
Consumption per square meter of office space (kWh)	145.6	141.7	114.8	2.7
District heating, CO2e emissions (tons)	1.64	1.70	1.24	-3.5

**) Revised figures for 2022 and 2023 compared to the figures presented in the 2023 and 2023 Annual Report.The reason for the updated information is that the previous information was preliminary and the property owner has updated the information to the company*

***) Both heating and cooling are reported as Avida's share of the property's total purchased heat based on office space. Despite being cold in January and February when the heat increased, the property owner managed to keep heat usage at a good level for the full year.*

District cooling, on the other hand, increased in 2024 as the property's base-load heat pumps did not work as intended on various occasions, and district cooling usage then increases when the property owner cannot produce cooling on their own. In addition to this, it has also been a warm year in general, which has also led to increased use of cooling.

COMPANY CULTURE

Since Avida's inception in 1983, we have specialised in financing for private individuals and companies. Since then, we have strived to be at the forefront of customised financing solutions. Entrepreneurship and agility have always been Avida's hallmarks and delivering customer-oriented services in digital channels our focus. These cornerstones are the foundation of our corporate culture that shapes us as a company.

For us, corporate culture is key, and it summarises how we view leadership, employeeship, values, a good work environment and the company's internal governance. A well-established corporate culture is important to us and it affects job satisfaction, productivity and ultimately the success of the organisation.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Company culture	For us, company culture is important; it can influence job satisfaction, productivity and ultimately the success of the organisation. Our corporate culture is shaped by: our history, leadership, internal governance, work environment and employees. The potential risk if we fail to maintain a healthy corporate culture at the top level is that it could negatively impact business operations, resulting in financial consequences.	The risks related to Avida's corporate culture are continuously assessed through internal employee surveys, evaluation of staff turnover and sick leave rates. The work environment is evaluated through workplace representatives, work environment efforts and incidents reported in, for example, our whistleblowing process.	Risks that materialise will be handled by the company's HR function if they are staff-related risks, and by the risk and compliance function if they concern deficiencies in internal governance and control. In cases related to health and safety issues, in addition to the HR function, the local trade union may also be involved.
Governance and regulations	The goal of governance is an effective control system of the business and the risks it is exposed to. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritise and implement controls and other measures and report and follow up financial and non-financial risks, including Avida's sustainability-related risks. Risks that materialise in the area of internal governance could mean that Avida risks its right to continue operating if the licensing authority finds that we do not have full control over how the business is governed.	To ensure the proper-functioning internal governance, risk management and control, Avida has established a governance framework consisting of organisation, internal rules and processes. The company's internal governance is based on the company's Policy for Internal Governance. The policy covers the entire company's organisation, all our employees, contractors and relationships with customers, suppliers and other partners. The policy describes Avida's overall framework for internal governance, risk management and control.	Governance and regulatory risks that materialise will be detected and managed in different ways depending on the nature of the event. Through the whistleblowing function, employees can report deficiencies in the organisation, the risk and compliance functions can bring incidents to the attention of the Board for action, and customers can point out irregularities in the management of business operations through the complaints handling system.

COMPANY CULTURE

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Working conditions and human rights in own business	We ensure that all our employees enjoy a work environment and employment characterised by fair conditions and security. If we, as an employer, do not meet the demands that employees and the outside world place on us, we risk losing the trust of employees and society. In the worst case, we as a company risk violating laws and regulations, which in turn would have extensive consequences for Avida's ability to conduct our business.	The risks relating to human rights and working conditions in our own business are managed, e.g., as employees in Sweden are covered by collective agreements via Unionen. An agreement that ensures contractual conditions. All employees are insured in the event of an accident, and everyone has contractual salaries and receive regular pension contributions. In Finland, we follow the collective agreement for the Financial Industry, and in Norway we comply with the agreement of the Finance Sector Union of Norway and will always be in line with, or better than, that agreement regarding employees' local conditions.	Through the collective agreement in Sweden, we will ensure both contractual employment conditions in terms of salary, leave, insurance and pension contributions. We also have safety representatives and a work environment committee that regularly assesses risks in the physical and psychosocial work environment. In Finland and Norway, employees are covered by a similar safety net in terms of employment conditions and work environment.
Working conditions and human rights at supplier level.	At Avida, we always strive to create responsible partnerships with our suppliers and customers where human rights and environmental requirements are a high priority. If it turns out that we, as a company, would in any way contribute to violating the human rights and working conditions at our suppliers, it could seriously harm our business operations with financial and reputational consequences.	All new suppliers are screened in accordance with internal procedures, and the results of the screening are taken into account in Avida's supplier selection decision. If deficiencies are identified, existing supplier relationships are terminated in accordance with Avida's Policy for Handling Ethical Issues.	We will not enter into contracts with potential suppliers who are not considered to fulfil the requirements of sustainable business. If deficiencies are identified with existing suppliers, the partnership is terminated in accordance with Avida's Policy for Handling Ethical Issues.

LEADERSHIP

Avida's leadership is one of the keys to achieving our ambitious goals. At Avida, it is our managers who, based on the company's overall strategies and goals, guide their employees. In practice, this means taking responsibility for making decisions, motivating and inspiring employees.

Our leadership is characterised by the feedback system we have at Avida. Each manager and employee have ongoing follow-up on their individual goals and work together to achieve them. The results of this work are measured continuously with Avida's Leadership Index, which is based on employees' responses in the regular employee survey.

KPI's	2024	2023	2022
Leadership index (Longterm goal 8)	8,0	7,9	8,5

We are also confident that common principles in the company lead to a better work environment, more efficient work and better financial performance. We have chosen to summarise this as five principles that will guide us together in the right direction.

Strive for the highest quality.
We want all employees to be able to achieve the highest quality in their work regardless of role. To guide and motivate staff to achieve this, regular, structured feedback sessions are held where staff and managers jointly evaluate performance and the agreed goals.

Integrity and transparency.
We want our culture and internal cooperation to be characterised by our approach to individual integrity, honesty, openness and transparent decision-making. To this end, staff are encouraged to share their views and any concerns they may have in their daily work. By acting in the best interests of the individual and the organisation, we will increase our chances of getting where we want to go.

Respectful workplace free from discrimination
For us, diversity and equality are key to achieving our business goals. Having a diverse workplace is important and something we measure and follow up on a regular basis. All our employees, regardless of their role, gender, background, religious beliefs or sexual orientation, should be respected and should never be subjected to discrimination, harassment or other forms of bullying in the workplace. We will therefore always ensure an inclusive and diverse environment where everyone feels valued and needed.

Annual salary mapping
At Avida, we do not want there to be unreasonable differences in pay for equal work. For this reason, an annual salary survey is carried out in order to detect any differences and, where appropriate, rectify them. The salary survey is applied in accordance with the Anti-Discrimination Act (2008:567), which requires the identification and rectification of unreasonable salary differences that cannot be explained on objective grounds. The salary survey includes an analysis of regulations and practices regarding salaries and other terms of employment applied at Avida, as well as any salary differences between women and men who perform equivalent work. Where a difference in pay cannot be explained, an action plan for salary adjustments must be drawn up, whereby adjustments must be made as soon as possible and at the latest within 3 years.

The salary surveys of the last three years have not revealed any differences in pay that could be attributed to gender.

Gender distribution %	2024		2023		2022	
	Men	Women	Men	Women	Men	Women
Board	67	33	67	33	70	30
Senior Executive Team	70	30	67	33	82	18
Managers	63	37	67	33	71	29
Total	**53**	**47**	**53**	**47**	**51**	**49**

KPI's	2024	2023	2022
Total number of employees	162	146	137
Staff turnover % (Long-term target max 20%)	28,7	17	20,9
Sickness absence %, total. (Long-term target maximum 3%)	2,64	1,26	1,75
Sickness absence (long-term) %, total (Long-term target maximum 2%)	1,27	1,20	2,05
eNPS, average (Long-term target minimum 25)	-22	3	14

** No comparable survey was conducted in 2021.*

Comment on 2024 results: We can conclude that staff turnover is well above the target and that employee satisfaction measured in eNPS is well below our long-term target. The reason for this is that 2024 has meant major changes for Avida, as during the year we completed a large acquisition of Santander's credit card business in Norway and Sweden and sales financing services conducted in collaboration with Elkøp in Norway and Elgiganten in Sweden. In tandem with the regular operations, several strategic projects and streamlining of the organisation were carried out, as well as a change of CEO and changes in the Management Team and Board. In 2025, the transformation of Avida will continue, so we foresee that the results will be some way off our long-term targets in the coming year as well. As of December 31, 48 employees have been taken over in connection with the acquisition from Santander. These are not included in the above summary.

Responsible employee conduct.
Leadership and employeeship are closely linked at Avida. We want all our staff to take a great deal of individual responsibility for managing and developing their own area of responsibility. A well-functioning collaboration between employees and managers is a prerequisite for success.

In 2023, a new process for feedback between managers and employees was introduced, with monthly reviews between employees and managers. During the review, individual goals are followed up and activities carried out are evaluated. The process is a complement to the annual Avida Engagement and Evaluation Dialogue (AEED), which is a more comprehensive review of follow-up and goals. This review also forms the basis for the regular salary review. In this way, we create a clearer link between performance and salary. The process also gives employees the opportunity to influence both the company and their own development.

The 2024 target: 100% of employees should have feedback sessions every month and the annual AEED implemented and documented.

2024 results: The target for employees' monthly feedback meetings was not met, as the company had to prioritize the transition towards the end of the year. The annual AEED meeting has been conducted and documented for 100% of employees in 2024.

2025 target: 100% of employees should have feedback sessions every month and the annual AEED implemented and documented.

INTERNAL GOVERNANCE AND CONTROL

At Avida, well-functioning internal governance and control is key to the business to ensure high confidence among Avida's stakeholders. A system of internal governance and control has been established to ensure that the business is run and managed in a sustainable and long-term manner. It consists of values, corporate culture and decision-making forums together with internal rules that are documented in policy documents and instructions. The Policy for Internal Governance covers the company's entire organisation, all employees, suppliers and other partners. The policy describes Avida's overall framework for internal governance, risk management and control and is an overall governance document that together with other policies, such as the Risk Policy, Credit Policy, the Policy on Measures Against Money Laundering and Terrorist Financing, the Work Environment Policy, the Remuneration Policy and the Outsourcing Policy constitute an extensive governance framework. The governance documents cover the areas required by the Annual Accounts Act, i.e. environment, social sustainability, staff, anti-corruption and human rights.

The Board of Directors decides on the governance documents in order to establish a sound internal, risk and control culture as well as the overall framework for internal rules that are adapted to the business conducted in the company. Avida has also established three control functions to ensure compliance with the internal governance and control framework through the risk control function, the compliance function and the internal audit function.

The goal of this internal governance structure is an effective system of control over the business and the risks to which it is exposed. The framework therefore includes requirements for the company's ability to identify, measure and assess, prioritise and implement controls and other measures, and report and monitor both financial and non-financial risks.

WORKING ENVIRONMENT

Avida's goal is to provide a satisfactory work environment that takes into account the nature of the work and the business conducted within the company. We also work to promote a good work environment by preventing the risk of ill health due to organisational and social conditions in the work environment.

Our proactive work on the work environment aims to prevent work-related injuries, reduce work-related absences and plan early rehabilitation programmes. A key principle for Avida's work to promote health covers several different aspects, including wellness allowances, hybrid work and flexible working hours. As part of these efforts, Avida ensures that all employees are insured during working hours. Work environment issues are an integral part of daily operations and responsibility for the work environment is primarily decentralised within the organization. The respective offices therefore have a safety representative and a work environment committee where the members represent both employers and employees. In support of this work, an annual plan is established to ensure that an annual so-called work environment round is conducted at the workplace. Any deficiencies are noted here and, if necessary, an action plan is drawn up for the deficiencies to be rectified.

In 2024, no serious incidents were reported in the business. In connection with the annual work environment round, two deficiencies were noted in the Swedish office that needed to be addressed: lighting in parts of the office area needs to be improved and additional First Aid training needs to be carried out. These two points remain to be addressed after the end of 2024. At the office in Norway, there was no work environment round during the year as there was no local safety representative and at the end of 2024 it was decided that the business would move to new premises, which was carried out in January 2025. In Finland, there was also no work environment round in 2024 both because there are no requirements for annual rounds and because at the last round, in 2023, there were no deficiencies that had to be addressed and thus followed up in 2024.

EMPLOYEES

Our employees are extremely important for Avida's continued success. Therefore, we want to provide all employees the best possible conditions to achieve the company's goals together under something we call employeeship. It refers to how individuals within an organisation contribute to pursuing the common vision and reaching common goals together with managers and co-workers. In our approach to employeeship, we emphasise the importance of talking about the individual's responsibility, initiative, and collaborative skills.

Employees who are healthy and happy at work are crucial for the company's ability to succeed. The results are measured and monitored via staff turnover, where the target is to have a maximum of 15% in staff turnover per year. Furthermore, we also measure employee satisfaction on an ongoing basis and summarise the results in the Employee Net Promoter Score (eNPS). To create a pleasant, results-oriented work environment and increase employee engagement, we have a long-term target of 25 in eNPS, on a scale between -100 and +100.

2024 target: 25 in eNPS, and a short-term sick leave rate, which should not exceed 3% and long-term sick leave rate which should not exceed 2%. Staff turnover should not exceed 20%.

2024 results: The results for short-term sick leave 2.64% and long-term sick leave 1.27% do not exceed the long-term targets. Unfortunately, the eNPS -22 and employee turnover 28.7% were far from the set targets. The reason for this is that the company underwent significant changes related to organizational restructuring and the implementation of several high-priority projects, such as the acquisition of Santander Consumer Bank's Norwegian and Swedish credit card and sales finance operations, as well as major technical platform transitions. Taken together, these factors have led to higher employee turnover and lower employee satisfaction compared to previous years.

2025 target: 25 in eNPS and a short-term sick leave rate, which should not exceed 3%, and long-term sick leave rate, which should not exceed 2%. Staff turnover should not exceed 20%.
During the year, we will work actively to stabilise the business by increasing continuity both in terms of senior management and day-to-day busi-

ness operations. Our stated ambition is to reverse the trend and move back towards our set targets.

Human Rights

We expect every employee to understand the principles and guidelines that apply to safeguarding human rights. At Avida, we will always promote an inclusive environment where human rights are respected. Discrimination, harassment, forced labour, child labour and other human rights violations may not take place in our business.

Human rights for Avida employees

At Avida, we ensure that all our employees have a work environment and employment with fair conditions and security. Therefore, we are careful to ensure that all our employees are covered by contractual conditions. In Sweden, we have signed collective agreements through Unionen. All employees are also insured in the event of an accident during working hours. All employees also have contractual salaries and receive regular pension contributions.

2024 target: Conduct workplace safety inspections and ensure that Avida complies with employment agreements in the countries where the company operates.

2024 results: Avida has complied with applicable agreements in all the countries where the company operates. Workplace safety inspections were carried out as planned, with one exception—the Norwegian operations. No inspection was conducted there during the year due to the absence of a local safety representative. Additionally, at the end of 2024, a decision was made to relocate the Norwegian operations to new premises, which was completed in January 2025.

2025 target: Conduct workplace safety inspections and ensure that Avida complies with agreements regarding employment conditions in the countries where the company operates, as well as enter into a collective agreement with the Finansforbundet in Norway.

Human rights and clear environmental requirements in the supply chain

Our aim is to always create responsible relationships with our suppliers and customers where human rights and environmental requirements are a high priority. In 2024, we introduced a structured process linked to when Avida initiates collaboration with new suppliers, as well as for ongoing follow-up of suppliers. All new suppliers are screened in accordance with internal procedures, and the results of the screening are taken into account in Avida's supplier selection decision. If deficiencies are identified, existing supplier relationships are terminated in accordance with Avida's Policy for Handling Ethical Issues. These procedure updates ensure that we make demands on our suppliers in a structured and clear way and follow up annually at supplier level.

2024 results: No regulatory violations were identified in 2024.

2025 target: No regulatory violations identified.

Whistle blowing

Acting ethically and taking steps to prevent irregularities in our business are important parts of Avida's corporate culture. That is why we have a specific whistleblowing policy adopted by the Avida Board of Directors. The purpose of the policy is to encourage and facilitate employees to report possible violations or misconduct in Avida's business operations. Employees who discover serious abuses or violations of internal and/or external rules related to Avida's commercial activities and have reasons that prevent them from raising the issue with their supervisor, are encouraged to make a report.

Anyone wishing to report violations or misconduct should feel confident in submitting a report in accordance with the applicable procedures. Reports are handled confidentially by the company's compliance function. The person making the report will remain anonymous to the extent possible. The person may never be subjected to any retaliation from the company for whistleblowing made in good faith.

2024 results: No Whistleblowing reports were made in 2024.

Local Norwegian legislation regarding human rights

In Norway, a new Act came into force in 2023, known as the Transparency Act. The main purpose of this Act is to promote companies' respect for fundamental human rights and decent working conditions in the production of goods and provision of services. In 2023, Avida published its first report in accordance with the Transparency Act. In 2024, Avida again carried out due diligence with an accompanying report in which Avida's purchase of products, collaboration with partners and contracts for customers were evaluated in the light of the legal requirements. The report is published on Avida's external website. Those who have questions related to human rights and Avida's role and responsibilities in this area can contact the company via email to Compliance, which handles incoming questions.

2024 results: In 2024, no questions have been received, nor have any incidents been reported or noted.

RESPONSIBLE LENDING TO CORPORATES

Avida finance SME growth plans. Through business loans or factoring where accounts receivable are converted into liquidity at the customer company. Corporate financing accounts for approximately 17% of Avida's total lending, and for Avida it is central to having a long-term sustainability perspective on our corporate business. Therefore, the company works on several levels to ensure that the granting of credit is responsible both towards the customers and the society in which Avida operates.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Avoid negative impact from loaned funds to business customers and contribute to sustainable development.	Financing for companies is an important part of our business and it is central to have a long-term sustainability perspective on that business. A business relationship that is not sustainable brings with it an increased financial risk for us and therefore we work on several levels to ensure that the granting of credit is responsible both towards the customers and the society in which we operate. We are therefore careful and selective when it comes to which industries and sectors we choose to finance.	In our business operations, systems and processes are in place to evaluate potential customers from a sustainability perspective in connection with credit decisions being made. This is done as a natural part of the process as more traditional key figures and risk undertakings are also evaluated.	Potential risks in lending to companies are handled in Avida's robust credit process. This is made possible with the support of systems and employees who are in regular contact with business customers.

Systems and processes for evaluation

In Avida's business operations, there are systems and processes for evaluating potential customers from a sustainability perspective. In order to clarify our position in this area, the credit process was supplemented in 2024 with a list of which industries we avoid doing business with. During the year, we also evaluated the possibility of using an external party to make an independent assessment of companies from an ESG perspective.

2024 target: Introduce a list of industries we avoid doing business with from an ESG perspective.

Evaluate conducting an independent assessment of business customers from an ESG perspective with external help.

2024 results: A list of industries we avoid doing business with has been incorporated into the credit process.

The evaluation of the initiative to assess business customers from an ESG perspective with external independent help led to the decision not to go ahead and implement the assessment during the year.

Continuous evaluation

Customer companies and industries are constantly evolving, so we consider it important to continuously evaluate our existing customer relationships from a sustainability perspective. Therefore, in 2024, we started to regularly assess our customers from an ESG perspective.

With robust processes for assessing potential customers and an ongoing evaluation of existing customers from a sustainability perspective, we aim to have no business customers in the sectors we have excluded.

2024 target: Evaluate introducing a separate evaluation process for existing customers' management of sustainability risks.

2024 results: During the year, a separate evaluation process was introduced for the management of sustainability risks by major customer companies. Results are compared annually with previous years' results in order to easily compare previous assessments and follow the progress of our customer companies.

The evaluation of one of our existing customers led to the termination of the relationship during the year. The decision was based on the sustainability parameters that are part of the ongoing evaluation process for our business customers.

2025 target: To terminate the customer relationships that we consider violating our established sustainability criteria in the company's regular evaluation of existing business customers.

Future business opportunities

For Avida, sustainability also means new business opportunities. We continuously evaluate which sectors and companies can be potential customers given the new conditions that the change to sustainability entails, and we are also active in developing new products and services that in the best way enable us to drive development forward in the sustainability issue, both for us as company but also for society at large.

RESPONSIBLE LENDING AND FINANCIAL INCLUSION FOR PRIVATE CUSTOMERS

Private customers account for approximately 83% of Avida's total lending and are naturally very important for the company's sustainable development. That's why our private customers should always feel that we will take responsibility for them all the way from application to final payment of the debt. No one benefits from someone taking on debt they cannot manage, neither the customer nor we. That's why we take seriously the idea of having an individual credit assessment, of always extending a helping hand if problems arise with paying the monthly invoice. In addition, it is important that customers understand what it means to take out a loan or other banking services.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Financial and social inclusion for consumers and/or end users	If a consumer who takes out a loan or credit with Avida either does not fully understand the product they have purchased or if the person receives a loan or credit that does not fit into their own finances, it poses a risk to the consumer, to Avida as a company and to society.	We take our individual credit assessment very seriously. This process is how we ensure that those who should not borrow do not have their application approved. The risk that our customers do not feel socially included is managed through the efforts we make to inform and educate customers about our products and services and how the individual's personal finances will be affected.	We always help customers who have problems paying their invoices. With individualised solutions, we always do our utmost to ensure that the customer does not go on to debt collection or recovery. How well we succeed is measured on an ongoing basis when we monitor which customers have payment problems, how many go on to debt collection and how our credit losses develop over time.

1 Individual credit assessment

When someone applies for a loan or credit with us, we always carry out a thorough credit assessment based on their entire financial situation. We make a so-called 'Left-to-live-on' calculation' (LTLO - Sw. KALP), which is based on the Swedish Consumer Agency's calculations of household costs where all income and expenses are weighed together. It is based both on information provided to us by the individual themselves and data we always collect from the individual's bank using PSD2 data. Using the external data to verify income data and other financial information that affects the credit assessment is something we started to do in 2023 in Sweden and Finland. With this material, we get a more complete picture of how the customer's income and expenses are distributed. Although our processes are highly digitised, they only support decision-making. We review almost all applications manually to make a professional overall assessment of the customer's ability to pay before deciding whether or not to grant the application.

Target: 100% of all new loan and credit applications must be checked with external PSD2 data.
100% of all new loan and credit applications must be manually checked before a final decision is communicated to the applicant.

2024 results: In total, 74.1% of all new loan and credit applications have been checked with external PSD2 data. For Sweden the result is 89.7% and in Finland 62%. In Norway, there is currently no equivalent check.

100% of all new loan and credit applications have been manually checked before the final decision is communicated to the applicant.

2 We do not want to contribute to unhealthy gambling.

Unfortunately, we see that a large proportion of applicants for consumer credit at Avida have gambling behaviour that can lead to, or already is, a gambling addiction. We do not want to participate in financing harmful gambling behaviour and therefore have limits on what we consider an acceptable level.

2024 results: 11% of applications received have been rejected due to excessive gambling.

2025 target: We will evaluate the 2024 results and decide what is a reasonable and relevant target going forward.

3 We take responsibility for not increasing over-indebtedness.

We do not want to contribute to an increase in over-indebtedness in society. Our active contribution to this is that, when a person applies for a consolidation loan with us to settle other credit and loans, we ensure that the new loan is used to settle old credit and loans as far as possible. Together, we make sure that the customer keeps his or her personal finances in order and does not become over-indebted.

As a responsible lender, it is crucial for us to use as much relevant data as possible to gain insight into our customers' financial situation. To achieve this, we have integrated new data sources, implemented income validation in all countries and improved our repayment capacity model through the use of the 'Left-to-live-on' calculation' (LTLO), which is based on the Swedish Consumer Agency's calculations of household costs, weighing all income and expenditures together.

Furthermore, we are committed to continuous improvement by regularly updating our credit scoring criteria to reflect changes in the economic environment. We also endeavour to communicate clearly with our customers, so that they understand the terms of their loans.
To reach the 100% target, we will further improve our data-driven decision-making processes to increase the accuracy of credit assessments.

2025 target: 100% of past credit and loans are resolved when the customer receives a consolidation loan from us.

4 We help customers get back on track.

When customers run into payment difficulties, it's important to extend a helping hand early on. That's what we do. If a customer repeatedly has problems paying their monthly invoice, we always contact them to talk through the situation and find an individual solution. Both we and the customer benefit from solving the problems before the debt is passed on to debt collection and recovery. We make an average of 180 calls a day to customers in Finland, Norway and Sweden who we recognise may need support and help. Our goal is to talk to as many as possible and by Q2 2024 we will be able to formulate an even clearer target based on the insights we are starting to draw from data collected through our Call Client system. Of the customers we make calls to, we reached 13% in 2024, which is a slight increase from the previous year.

In 2024, we reviewed our contact strategy and in the autumn, we increased digital contacts, including via text messages, and focused calls around the invoice due date.

IIf, despite our joint efforts, it is not possible to resolve the payment problems together with the customer and the debt is passed on to debt collection, we will continue to take responsibility for the customer relationship by setting requirements for our debt collection service providers.

2025 target: Increase the number of customers we reach by 30%.

5 Financial inclusion.

We take financial inclusion seriously and want everyone to have the opportunity to take out a temporary loan or credit for the needs that arise in everyday life. Sometimes a small unsecured loan is a much better option than mortgaging your home, for example.

Many individuals find banking services complicated and difficult to understand, which is why we recognise the need for information and training on personal finance issues. Today, our knowledgeable customer service staff take great responsibility in explaining to customers how our financial services work, and we also offer digital help via the customer's own 'My Pages' in our online service. We inform all new customers via a digital newsletter, giving them more facts about the product they have taken out with us. The greater the number of people who understand how loans and other banking services work, the better. We want everyone to understand what they are signing up for when they become our customers.

Target: 100% of new private customers should receive clear and easy-to-understand information about the product or service they have purchased when they become our customers.

2024 results: 100% of our new private customers receive a digital letter describing the product or service they have signed up for with Avida in their local language.

PREVENTION AND DETECTION OF CORRUPTION, BRIBERY, MONEY LAUNDERING AND TERRORIST FINANCING.

FOCUS AREA	Identified risk	Evalutation of risk	Mitigation of risk
Protection for whistleblowers in their own business	Acting ethically and taking measures to prevent irregularities in the business are important parts of Avida's corporate culture. If the company cannot detect irregularities and act on them in time, there is an obvious risk that the company and its business will be damaged both in terms of trust and financially.	Avida has adopted a specific policy for whistleblowing. The purpose of the policy is to encourage and facilitate employees to report any violations or misconduct that occur in the company's business operations.	Anyone wishing to report violations or misconduct should feel confident in submitting a report in accordance with the applicable procedures. Reports are handled confidentially by the company's compliance function.
Prevention of corruption and bribery; employees, customers, suppliers and financiers	As an operator in the financial sector, we must ensure that all decisions are made with high ethical standards to maintain the trust of customers, shareholders, employees, business relationships and society at large. Should the risk of corruption and bribery materialise, it will damage the company's reputation and trust, with financial consequences.	In order to monitor and evaluate risks related to bribery and corruption risks, all employees must report to Avida's legal department if they have either accepted gifts in any business context or if they themselves plan to give customers any type of gift.	To manage the risks of bribery and corruption in our own operations, we introduced new policies in 2022 and 2023, which all employees have been made aware of via both oral information meetings and digitally via the intranet.
Prevent money laundering and terrorist financing	The UN has estimated that between EUR 715 billion and EUR 1.87 trillion is laundered globally each year, of which approximately SEK 130 billion is laundered each year in the Swedish financial system. In terms of fraud, almost 240,000 fraud offences were reported in 2023, an increase of 22% compared to 2022. There is a natural risk that we, as a financial operator, could be used as a tool in crime. A risk that, if materialised, would harm both the company and society.	We ensure that we have effective controls and processes in place to prevent and detect corruption, bribery, money laundering and terrorist financing in all our business areas.	Avida manages the risks of money laundering and terrorist financing by annually updating our risk assessment, continuously evaluating the robustness of our transaction monitoring and our customer due diligence process. With system support and trained staff, we monitor transactions and report suspicious behaviour to the Swedish Financial Intelligence Unit.

CORRUPTION AND BRIBERY

We ensure that we have effective controls and processes in place to prevent and detect corruption, bribery, money laundering and terrorist financing in all our business areas.

All Avida employees are required to undergo annual e-training on how to detect and manage suspected money laundering or other attempted financial crime (in 2024, 66% of employees completed the training). Avida has a dedicated unit of analysts who work with the entire company to prevent anyone from using our products and services for criminal activities. This work is governed and monitored by policies and instructions adopted by the Avida Board of Directors.

As an operator in the financial sector, Avida must ensure that all decisions are made with high ethical standards to maintain the trust of customers, owners, employees, business relationships and society at large. To manage the risks of bribery and corruption in our own business, Avida has policies of which all employees have been made aware through both live, face-to-face information meetings and digitally via the intranet. All members of the Avida management team have undergone training on the risks that exist regarding bribery and corruption and the policy documents to be followed. In 2024, a mandatory e-learning programme to increase knowledge of risks associated with bribery and corruption was introduced for all employees to take part in.

In order to monitor risks related to the risk of bribery and corruption, all employees must report to the Avida Compliance Department if they have either received gifts in any business context or if they themselves plan to give customers any type of gift.

2024 Results: In 2024, two cases were reported in the conflict-of-interest register. No cases were deemed unmanageable. One case was reported to the Avida register for gifts; this case was deemed to be within the internal rules at Avida.

Target: The long-term target that Avida has set is that 100% of all gifts given or received will be reported in accordance with the applicable procedure and that no regulatory violations will materialise.

PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND FRAUD

Contributing to the efforts of society to counter and prevent money laundering, financing of terrorism and fraud is one of the most important jobs for Avida. We do this by taking a clear stand in our policies and governance documents, which are then implemented in our daily work through processes and procedures.

HOW WE MANAGE THE RISKS

Some of the things Avida does to manage the risks of money laundering and financing of terrorism to which our business is exposed are that on an annual basis, we update our risk assessment, continuously evaluate the robustness of our transaction monitoring and our customer due diligence process. We regularly train our staff through both digital and live, face-to-face training programmes.

THE SANCTIONS LISTS WE FOLLOW

As part of our anti-money laundering work and efforts to counter the financing of terrorism, we ensure that none of our customers are sanctioned by the UN, EU or OFAC.

2024 Results: In 2024, we had a lower percentage of fraud cases compared to previous years. We have carefully reviewed each case and concluded that Avida has not been deficient in the handling of any of the cases.

INCOME STATEMENT

SEK million	Note	2024	2023
Interest income		1 174.7	1,287.1
Interest expenses		-462.6	-423.6
Net interest income	5	**712.1**	**863.5**
Net commission income	6	20.8	22.0
Net result from financial transactions	7	9.2	3.3
Other operating income		4.4	13.1
Total operating income		**746.6**	**901.9**
General administrative expenses	8, 9	-462.8	-360.9
Depreciation and amortisation of tangible and intangible assets	14,15	-38.6	-9.1
Total expenses before credit losses		**-501.4**	**-370.0**
Profit/loss before credit losses		**245.2**	**532.0**
Credit losses, net	10	-931.1	-513.1
Operating profit/loss		**-685.9**	**18.8**
Profit/loss before tax		**-685.9**	**18.8**
Tax on profit or loss for the period	11	1.3	-4.7
Profit or loss for the period		**-684.6**	**14.1**

STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2024	2023
Profit or loss for the period		**-684.6**	**14.1**
Currency rate differences when translating foreign operations		0.8	-0.5
Sum of items that may be subsequently reclassified to the income statement		**0.8**	**-0.5**
Total profit or loss for the period		**-683.8**	**13.6**

STATEMENT OF FINANCIAL POSITION

SEK million	Note	2024	2023
ASSETS			
Cash and balances with central banks		80.3	77.6
Treasury bills eligible for repayment	12	1,091.6	837.0
Loans to credit institutions		2,689.6	1,136.4
Loans to the public	13	12,283.5	10,515.9
Intangible fixed assets	14	96.9	56.4
Tangible assets	15	4.6	5.0
Current tax asset	11	35.6	28.6
Other assets	17	83.2	276.9
Prepaid expenses and accrued income	18	17.6	22.6
TOTAL ASSETS		**16,382.9**	**12,956.4**
LIABILITIES AND EQUITY			
Deposits from the public	3	10,945.1	10,930.3
Other liabilities	19	130.5	133.1
Debt to credit institutions	29	3,226.0	0.0
Accrued expenses and prepaid income	20	104.4	52.3
Other provisions	21	2.1	4.1
Subordinated debt	22	244.6	249.7
TOTAL LIABILITIES		**14,652.7**	**11,369.5**
EQUITY	23		
Share capital		14.6	14.6
Other contributed capital		1,119.5	1,119.5
Other reserves		46.3	46.0
Retained earnings		1,234.4	392.6
Profit for the year		-684.6	14.1
TOTAL EQUITY		**1,730.3**	**1,586.9**
TOTAL LIABILITIES AND EQUITY		**16,382.9**	**12,956.4**

STATEMENT OF CHANGES IN EQUITY

	Restricted equity				Unrestricted equity					
SEK million	Share capital	Statutory reserve	Development expenditure fund	Additional Tier 1 capital	Premium reserve	Other contributed capital	Translation reserve	Retained earnings	Profit for the year	Total
Opening balance 1 Jan 2024	**14.6**	**1.8**	**56.4**	**199.4**	**1,119.5**		**-12.2**	**193.2**	**14.1**	**1,586.9**
Transfer of previous year's net profit/loss								14.1	-14.1	
Profit/loss for the year									-684.6	-684.6
Other comprehensive income							0.8			0.8
Total comprehensive income							0.8		-684.6	**903.1**
Reclassification within equity			8.6					-8.6		
New share issue, net of transaction costs						865,8				865,8
Redemption of AT1 capital instruments				-200						-200
Issuance of AT1 capital instruments				200						200
Correction previous year				0.6				-0.6		
Transaction costs related to AT1 instruments								-5.8		-5.8
Paid dividend on AT1 capital instruments								-32.8		-32.8
Closing balance 31 Dec 2024	**14.6**	**1.8**	**65.0**	**200.0**	**1 119.5**	**865.8**	**-11.4**	**159.5**	**-684.6**	**1 730.3**

	Restricted equity				Unrestricted equity				
SEK million	Share capital	Statutory reserve	Development expenditure fund	Additional Tier 1 capital	Premium reserve	Translation reserve	Retained earnings	Profit for the year	Total
Opening balance 1 Jan 2023	**12.8**	**1.8**	**43.2**	**198.0**	**921.6**	**-11.6**	**170.8**	**63.3**	**1,399.9**
Transfer of previous year's net profit/ loss							63.3	-63.3	
Profit/loss for the year								14.1	14.1
Other comprehensive income						-0.5			-0.5
Total comprehensive income						-0.5		14.1	**13.6**
Transfer between restricted and non-restricted equity			13.1				-13.1		
Share issue, net of transaction costs	1.8				197.9				199.7
Transaction costs on Additional Tier 1 capital				1.3					1.3
Interest paid on Additional Tier 1 capital							-27.7		-27.7
Closing balance 31 Dec 2023	**14.6**	**1.8**	**56.4**	**199.4**	**1,119.5**	**-12.2**	**193.2**	**14.1**	**1,586.9**

CASH FLOW STATEMENT

SEK million	2024	2023
Operating activities		
Operating profit/loss	-685.9	18.8
of which interest income received	1,151.4	1,287,1
of which interest expenses paid	-521,2	-423,6
of which recovered credit losses	-2,0	434,2
Adjustment for items not included in cash flow		
Depreciation and amortisation of tangible and intangible assets	40.8	9,1
Provisions for credit losses	933.1	513.1
Unrealized exchange rate loss	44.4	0.0
Unrealized exchange rate gain	-41.7	-3.3
Write-down of shares in subsidiary upon liquidation	0.0	-2.0
Gain on liquidation of shares in subsidiary	0.0	-6.7
Other non-cash items	4.3	-3.2
Income tax paid	-36.6	-2.3
Cash flow from operating activities before changes in operating assets and liabilities	**258.4**	**523.5**
Increase (-)/decrease (+) in loans to the public	-2,698.8	1,344.4
Increase (-)/decrease (+) in other assets	198.7	-220.9
Increase (+)/decrease (-) in deposits from the public	14.9	-2,997.8
Increase (+)/decrease (-) in other liabilities	41.4	33.9
Cash flow from operating activities	**-2,185.6**	**-1,241.6**
Investing activities		
Investments in bonds and other securities	-769,6	-222,4
Disposals of bonds and other securities	518,2	51,2
Acquisition of property, plant and equipment	-1,6	-1,5
Acquisition of intangible assets	-79.3	0,0
Gain/loss on liquidation of subsidiaries	0,0	8,5
Cash flow from investing activities	**-332.2**	**-164,2**
Financing activities		
New share issue	0.0	199,7
Settlement for warrants	865.8	0.0
Debt financing	3,226.0	0.0
Debt securities issued AT1	200.0	0,0
Debt securities issued T2	0.0	250.0
Repurchase and repayment of debt securities issued AT1	-200.0	0.0
Repurchase and repayment of debt securities issued T2	0,0	-250.0
Paid dividend on Additional Tier 1 capital instruments	-24.6	-27.7
Cash flow from financing activities	**4,067.2**	**172.0**
Cash and cash equivalents at beginning of the period	**1,214.0**	**2,523.1**
Cash flow for the period	**1,549.3**	**1,233.8**
Cash flow for the period	**6.6**	**0.0**
Cash and cash equivalents at end of the period 1)	**2,769.9**	**1,214.0**

1) CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Cash and balances with central banks	80.3	77.6
Loans to credit institutions	2 689.6	1,136.4
Total cash and cash equivalents in the cash flow statement	**2,769.9**	**1,214.0**

NOTES

The amounts indicated in the text below are in SEK million unless otherwise stated. Amounts in brackets in narrative text refer to the same period last year.

NOTE 1 GENERAL INFORMATION

Avida Finans AB (publ), organisation number 556230-9004 has been licensed by the Swedish Financial Supervisory Authority as a credit market company since 2000. Avida conducts business in deposits and lending to private individuals and companies in Sweden and through branches in Norway and Finland: Avida Finans AB NUF Org. no. 990 728 488 and Avida Finans AB (publ), Finnish Branch Org. no. 2541768-9. The Company has its registered office in Stockholm, Sweden. Head office address is Magnus Ladulåsgatan 65, Stockholm. Company operations are described in more detail in the Management Report.

NOTE 2 ACCOUNTING PRINCIPLES

1 LEGAL AND REGULATORY COMPLIANCE

Avida has prepared its annual report in accordance with the Act (1995:1559) on annual accounts in credit institutions and securities companies, the Regulations and General Guidelines on Annual Accounts in Credit Institutions and Securities Companies (FFFS 2008:25) of the Swedish Financial Supervisory Authority and RFR2 Recommendation for Accounting for legal entities of the Swedish Financial Reporting Board.

RFR 2 means that the annual report of the legal entity is prepared on the basis of all International Financial Reporting Standards ("IFRS") approved by the EU and statements, as far as possible within the framework of the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation.

The accounting principles indicated below have been applied consistently to all periods presented in the financial statements, unless otherwise stated. The acquisition from Santander regarding the credit card and sales financing portfolios has not led to any change of applied accounting principles.

An ongoing assessment is made that the company meets the requirements for the going concern principle regarding available liquidity and capital situation, including buffers to cope with unforeseen events.

2 NEW AND CHANGED ACCOUNTING PRINCIPLES

2.1 New and changed standards introduced

There are no changes to IFRS or IFRIC that have come into effect in 2024 that have had any significant impact on the financial statements or capital adequacy of the Company.

2.2 New and amended standards not yet in place

There are no new or changed standards, interpretations or changes to Swedish regulations that have not yet entered into effect that are expected to have any significant impact on the financial statements or capital adequacy of the Company when applied for the first time.

The Company continuously monitors developments in accounting standards including interpretations or changes in Swedish regulations. Without conducting in-depth analysis, the Company estimates that changes in the classification and valuation of financial instruments based on IFRS7 and IFRS 9 may partly affect the accounting in connection with the application from January 2026. Furthermore, the Company estimates that IFRS18 (Design of primary financial statements and notes) will affect the design and presentation of future reports in connection with the introduction as of 2027. Analysis is currently underway to fully understand the meaning.

3 SIGNIFICANT ASSESSMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with legally restricted IFRS requires Company management to make assessments and estimates, as well as make assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under the prevailing conditions. The result of these estimates and assumptions is used to assess the reported values of assets and liabilities that are not otherwise clear from other sources.

Actual outcomes may deviate from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made, if the change only affects this period or in the period in which the change is made and future periods if the change affects both the current period and future periods.

The assessments and estimates made by Company management in the application of IFRS that have a significant impact on the financial statements and estimates made, that may lead to significant changes to year-end financial statements in future years are as follows.

3.1 Valuation of expected credit losses

The calculation of expected credit losses is based on forward-looking credit risk models that predict the probability of a claim defaulting, the expected loss given default and the estimated exposure at the time of default. The models are intended to estimate losses that have not yet occurred, which makes them inherently uncertain. The calculation includes a number of elements with a high degree of assessment, from the consideration of historical information to current conditions and macroeconomic forecasts. In addition to the forward-looking credit risk models, management can also make expert assessments to consider effects not captured by the existing models.

When assessing the need for impairment of loan receivables, the most critical assessment is estimating the loss given default (LGD).

Avida's assessment basis for LGD is described in more detail in Section 6.3 Impairment of financial assets. A sensitivity analysis of the component can be found in Note 13 Lending to the public.

3.2 Valuation of intellectual property rights

The valuation of the book value of intellectual property rights is based on the completed acquisition analysis of the acquisition of credit cards and sales financing portfolios from Santander. The valuation is based on the future value these customers will bring to Avida based on the acquisition calculation that forms the basis for the acquisition. This calculation is based on historical outcomes and assumptions about the future. When assessing this value, the customers' activity is what is most considered to affect any impairment needs. The depreciation period is estimated at five years.

3.3 Assessment of Tier 1 capital injections

The capital injection carried out during the fourth quarter of 2024 relating to a warrant issue has been deemed by management to be a Tier 1 capital contribution based on the fact that it fulfils the requirement for a residual right in a company's assets after deduction of all its liabilities.

4 TRANSLATION OF FOREIGN CURRENCY

4.1 Functional currency and reporting currency

The financial statements are presented in Swedish kronor, which is the reporting currency and accounting currency for Avida Finans AB (publ).

4.2 Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates that apply on the transaction date. Receivables and liabilities are valued at the balance sheet date rate. Exchange gains and losses arising from the payment of transactions and from the translation of assets and liabilities in foreign currencies are recognised in the profit and loss statement under "Net profit/loss of financial transactions".

To minimise the effect of exchange rate differences, Avida has underwritten currency derivatives. These are reported at fair value and are listed under Net profit/loss of financial transactions.

4.3 Translation of foreign operations

Avida Finans AB conducts business through branches in Norway and Finland. Profit/loss and financial position of the foreign branches that have a functional currency other than the reporting currency are translated to the reporting currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the balance sheet date rate.
- Revenues and expenses for each of the profit and loss accounts are translated at the average exchange rate.
- Exchange rates arising from translation are recognised in other comprehensive income and accumulated as a separate part of a separate chapter.

5 SEGMENT ACCOUNTING

In accordance with IFRS 8, segment reporting is presented based on how the top executive management, - Company management - follows up on the business in Avida. The segments reported are Business to Consumer and Business to Business that includes Factoring and Corporate Loans.

See Note 4 Operating segments for further description of the division and presentation of the operating segments.

6 FINANCIAL INSTRUMENTS

Financial assets recognised on the balance sheet include cash and balances with central banks, mortgageable government bonds, loans to credit institutions, loans to the public and derivatives with positive market values. Financial liabilities include deposits and borrowings from the public, derivatives with negative market values and subordinated liabilities.

6.1 Balance sheet recognition and derecognition

A financial asset or financial liability is recognised on the balance sheet when the Company becomes a party according to the contractual terms of the instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset cease or when a transfer of the financial asset where the company also transfers substantially all the risks and benefits associated with ownership of the financial asset. A financial liability is derecognised when the obligation in the agreement is fulfilled or otherwise extinguished. Acquisition and divestment of financial assets is reported on the trade date, which is the date on which the company agrees to acquire or divest the asset. A financial asset and a financial liability are only set off and reported with a net amount in the balance sheet when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or at the same time realise the asset and settle the debt.

6.2 Classification and measurement

A financial asset is classified at initial recognition based on the purpose for which the instrument was acquired according to the company's business model for the management of financial assets, and if the instrument's contractual cash flows only contain payments of principal and interest. Financial liabilities are classified as a general rule at amortised cost, with the exception of financial liabilities that are required to be classified at fair value through profit or loss.

Financial assets or liabilities are initially reported at the fair value of the instrument with the addition of transaction costs. The exception is derivatives and instruments that are recognised at fair value through the income statement, which at initial recognition are recognised at fair value excluding transaction costs.

Financial assets and liabilities recognised at amortised cost

The financial assets recognised at amortised cost are "Cash and balances with central banks", "Mortgageable government bonds" (except for a money market fund recognised at fair value through profit or loss in accordance with the section below), "Loans to credit institutions" and "Loans to the public". These assets are held within the framework of a business model whose purpose is to hold the receivables to collect contractual cash flows containing only payments of principal and interest.

All financial liabilities are recognised at amortised cost, except for derivative liabilities which are required to be recognised at fair value through profit or loss as described in the section below.

Financial assets and liabilities assessed at fair value through profit or loss
A financial asset is measured at fair value through the profit and loss statement if the conditions for accounting at amortised cost or at fair value through other comprehensive income are not met. Financial assets and liabilities that are managed and evaluated based on fair values are reported here. The financial assets and liabilities recognised at fair value through profit or loss are derivatives, a money market fund in Norway included in the item “Mortgageable government bonds”, as well as endowment insurance included in the item “Other assets”. All changes in the value of these items are recognised directly in the profit and loss statement under “Net profit/loss of financial transactions”. Transaction costs are recognised directly in the profit and loss statement at the time of acquisition.

6.3 Impairment of financial assets
Avida recognises a provision for expected credit losses for financial assets measured at amortised cost. The recognised credit losses reduce the carrying amount of an asset in the balance sheet. The initial provision is calculated at initial recognition and then adjusted over the life of the asset.

The expected credit loss model is based on a three-step categorisation of financial assets:

- Stage 1 consists of new assets and assets for which there has been no significant increase in credit risk since initial recognition. In this step, a credit loss provision is recognised equal to the expected credit loss on loans that default over the next 12 months.
- Stage 2 consists of assets that have shown a significant increase in credit risk since the initial recognition, but that are not credit impaired. In this step, a credit loss provision is recognised corresponding to the expected loss over the remaining maturity of the asset.
- Stage 3 consists of assets that are considered credit-impaired. In this step, a credit loss provision is recognised corresponding to the expected loss over the remaining maturity of the asset.

Assessment of significant increase in credit risk (Stage 2)
Change in credit risk is assessed through a combination of individual and collective information and will reflect the increase in credit risk at contract level, as far as possible. The calculated credit risk at individual level consists partially of historical information such as payment history, as well as forward-looking information where macroeconomic factors are taken into account.

In order to determine whether a significant increase in credit risk exists, a comparison is made of the probability of default at the time of reporting compared to the initial recognition. The change in credit risk is analysed in both relative and absolute terms.

Other indicators will also be taken into account, for example when the borrower has overdue unpaid amounts older than 30 days or in some cases has been granted a deferral. An agreement is no longer considered to be subject to a significantly increased credit risk when none of the indicators are met.

Credit-impaired asset (Stage 3)
A credit-impaired asset is a receivable for which where payment has not been received for more than 90 days or where there are other indications that repayment of the receivable is unlikely. Such indications are for example, that the borrower has been declared bankrupt, is under reorganisation or debt restructuring, or that the debt has been sent for collection measures.

For loans sent for debt collection, there is no possibility of recovery but they remain in Stage 3. For loans that have not been sent for debt collection, these can only be recovered at lower steps after a quarantine period of three months provided that full payment of unpaid claims has taken place.

Generally, credit categorisation models are used as credit-impaired (Stage 3). In some cases, Avida may become aware of future payment problems that are not captured by models, such as an identified fraud or insolvency situation in a parent company, which is assessed as affecting the repayment capacity of the customer. Manual decisions on categorisation as credit-impaired are made by the Company reservation committee.

Calculation of expected credit losses
A credit-impaired asset is a receivable for which where payment has not been received for more than 90 days or where there are other indications that repayment of the receivable is unlikely. Such indications are for example, that the borrower has been declared bankrupt, is under reorganisation or debt restructuring, or that the debt has been sent for collection measures.

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Probability of default (PD)
The PD for 12 months and the PD for remaining maturity correspond to the probability of default over the next 12 months and over the remaining maturity of the claim respectively. The PD is calculated by analysing the historical development of defaults for similar assets. The calculated risk of default can also be affected by the assumption of future macro development through the macro weights assigned to different developments.

For receivables from companies, Avida uses data from external sources that reflect the risk of default of similar businesses.

For receivables from consumers, internal information about the customer’s internal historical payment patterns is primarily used to calculate the risk of future default.
Avida classifies a defaulted credit as:

- A payment that is more than 90 days past due
- A forbearance measure has been granted that materially affects the present value of future repayments
- The borrower has filed for bankruptcy or restructuring
- Other information has emerged indicating that full repayment is unlikely

Loss given default (LGD).
LGD is the expected credit loss with respect to future recoveries and realisation of collateral. LGD is calculated from a discounted expected cash flow of collected past due receivables, based on the performance of the respective portfolio, historical information of loss data for homogeneous groups and sales history. The discounted cash flow is calculated over 15 years. When calculating LGD in Business Finance, the type of collateral held and the value of the collateral are also taken into account. The collateral that Avida has used consists primarily of credit insurance in factoring and the valuation of these complies with the terms of the credit insurance and the insured share of outstanding exposure. See the section Forward-looking Information.

Exposure at default (EAD).
EAD is the expected credit exposure at a future default date, taking into account changes in credit exposure as a result of capital and interest repayments. For revolving credit facilities and off-balance sheet commitments, the expected utilisation rate is used in the determination of the EAD.

Collateral.
For lending to companies, Avida takes collateral for the receivable. Collateral may consist of:

- Company mortgages
- Properties
- Personal guarantee
- Shares
- Guarantees

For Factoring receivables, insurance of the receivable is normally used as collateral.
Measurement of collateral is done in accordance with credit instructions from Avida and is normally paid for an estimated value of the collateral less any depreciation. For collateral in properties, an external independent valuation is always obtained from an authorised appraiser.

Forward-looking information
The calculation of expected credit losses also takes forward-looking information into account in the form of macroeconomic scenarios. The macro variables used are unemployment and interest rate changes in the countries where Avida operates. These variables are expected to have a strong correlation and financial significance for credit losses in the consumer segment in particular. Three macro scenarios are used: a baseline scenario and two scenarios representing more positive and more negative outcomes. The weighting of the three scenarios is 80% for the baseline scenario and 10% each for the other two scenarios. Macro variables are updated at least annually and affect the PD.

The forward-looking assessment is currently associated with great uncertainty. Geopolitical developments, threats of trade wars and continued uncertain macro factors have a negative impact, while the lower interest rate situation and an expected improvement in consumption and investment have a positive impact. The weighting of macro scenarios therefore remains at the same level as last year.

Impairment of low credit risk financial assets
The items Cash and balances with central banks, Loans to credit institutions and Mortgageable government bonds consist of receivables from states, municipalities and other credit institutions. These items are deemed to have very low credit risk as all counterparties have an external rating corresponding to investment grade. Avida has chosen to use the simplification option for assets with low credit risk in accordance with IFRS 9 and to assume that no significant increase in credit risk has occurred on these assets since initial recognition. This assessment is evaluated on an ongoing basis. The ECL is therefore calculated for the next 12 months. The PD and LGD are based on information from external sources regarding equivalent counterparties and assets and the EAD is the accrued acquisition value as of the reporting date.

6.4 Write-offs
A claim classified as credit-impaired is written off the balance sheet when (i) the loan claim is sold in accordance with the applicable agreement, (ii) the loan claim is deemed to be established, which is when the bankruptcy trustee has provided an estimate of the bankruptcy dividend, debt restructuring has been established, a debt settlement proposal has been adopted, the claim has been otherwise waived or when the Swedish Enforcement Authority or the company's agent (debt collection company) announces that there are no enforceable assets. After write-off, the asset is no longer recognised in the company's balance sheet. Expected credit losses linked to the claim are reported as a reduction in expected credit losses. Payments on written-off receivables are reported as recoveries in the income statement.

6.5 Modifications
Modifications to loans in the form of extended maturity can take place either as part of the regular credit process or as a relief for clients with financial difficulties. In the latter case, the claim may be categorised as elevated risk or past maturity and may first be categorised as performing after a fixed quarantine period. Modifications where the loan is terminated and a new agreement is concluded are rare.

A loan is considered modified when the terms and conditions governing cash flows change compared to the original agreement, for example due to easing of loan terms, changes in market conditions, measures to retain the customer and other factors unrelated to a borrower's impaired creditworthiness. Modified loans are derecognised, and a new loan is recognised either when the existing loan is terminated and a new agreement is concluded with significantly different terms or if the terms of an existing agreement are significantly modified. Mere modifications due to financial difficulties of the borrower, including the granting of relief in loan terms, are not considered material on their own. The change is considered significant when the renegotiated terms mean that the discounted present value of cash flows differs by more than ten per cent from the present value under the original loan agreement.

7 INTANGIBLE FIXED ASSETS

Avida's intangible assets consist of capitalised development costs and acquired software, as well as intellectual property rights.

The acquisition cost of acquired software licences is the direct cost incurred when the software in question is acquired and deployed. These capitalised costs are amortised during the estimated useful life of five years.

Expenses for IT development of identifiable assets over which Avida has a controlling influence, and which have an expected future economic value, are capitalised and reported as intangible assets. If the work relates to a cloud-based solution, a so-called SaaS (Software as a Service), an assessment is made as to what extent these expenses are considered to be an independent intangible asset or if they should be recognised as a cost when the service is performed. Development costs recognised as an asset are amortised on a straight-line basis over the estimated useful life of the asset, which is between five and ten years. Maintenance expenses are expensed when they arise.

Intangible non-current assets arising from the acquisition of Santander's credit card and sales finance portfolios relate to intellectual property rights. The value of these intellectual property rights has been determined based on an acquisition analysis carried out. The depreciation period is estimated at five years.

7.1 Impairment testing

Finished intangible assets are tested for impairment when there is an indication of impairment. For unfinished intangible assets, an impairment test is carried out annually or when there is an indication of impairment. Impairment testing is carried out in accordance with IAS 36 by comparing the asset's recoverable amount with its carrying amount. Any impairment losses are recognised in the income statement.

8 LEASE CONTRACTS

Avida has concluded leases on office premises. The company has chosen to apply the exceptions in RFR 2 in the accounts, which means that IFRS 16 Leases does not affect the accounts. Expenditure on leases is recognised as an expense on an ongoing basis.

9 REVENUE AND COSTS

9.1 Net interest income

Net interest income is a key income statement item for Avida's operations. It consists of interest income from loans to the public, loans to credit institutions and mortgageable government bonds, less interest expenses for financing in the form of deposits and borrowings from the public and subordinated liabilities.

Interest income and interest expense are calculated and recognised using the effective interest method on financial assets and liabilities measured at amortised cost. The effective interest rate is the rate that makes the present value of all expected future cash receipts and payments during the life of the instrument equal to its carrying amount. The calculation of the effective interest rate also includes accrued amounts of fees such as transaction costs, paid or received in connection with the origination of the loan that are considered part of the loan.

In addition to interest income and interest expense, government fees such as the deposit guarantee and the resolution fee are also included in net interest income.

9.2 Net commission income

Net commission income includes commission income and commission expenses related to insurance policies sold to consumers. These are reported in accordance with IFRS15 and income carrying thus takes place in line with the fulfilment of performance commitments.

9.3 Net profit/loss of financial transactions

The item "Net profit/loss of financial transactions" contains realised and unrealised changes in value attributable to financial transactions within the framework of Avida operations. This item consists mainly of the following:

- Realised and unrealised changes in value of derivative instruments,
- Gains and losses on financial assets at fair value through profit or loss
- Exchange rate changes.

10 TAX

Income taxes consist of current tax and deferred tax. Income taxes are recognised in the income statement, except when the underlying transactions are recognised directly in equity. The tax effect is then also recognised against equity.
Current tax comprises tax payable or receivable in respect of the current year, and adjustments to current tax in prior periods.

Deferred tax relates to temporary differences between reported and tax values of assets and liabilities. Deferred tax assets are only reported to the extent that Avida considers it probable that these will be usable in the future.

11 EMPLOYEE BENEFITS

The Avida board of directors has established a remuneration policy that has been published on the Avida website (www.avida.se). The remuneration policy is based on the Financial Supervisory Authority's regulations FFFS 2011:1.

The remuneration system is designed with almost exclusively fixed remuneration. Variable remuneration can only be paid to a few employees and only this year's result for an entire business area can generate variable remuneration. No individual products can generate variable remuneration. No products for which profits arise only during the later financial year can affect the current year's variable remuneration. Commission-based remuneration can be paid to the sales personnel.

11.1 Salaries and remuneration

Staff costs such as salary and national insurance contributions are reported in the profit and loss statement in the period in which the employees performed a service for Avida. Staff costs and required information are provided in Note 8 Staff costs.

11.2 Pension obligations

Avida only has defined contribution pension plans, i.e. pension plans

NOTE 3 RISK MANAGEMENT

3.1 FINANCIAL RISKS AND RISK MANAGEMENT

Avida's risk strategy is directly linked to the business strategy and business model, which means primarily taking on credit risk to generate revenue and desired return on equity. Avida's operations generate different types of financial risk such as credit risks, market risks and liquidity risks, as well as other risks such as strategic risks and operational risks. For the purpose of limiting and controlling risk-taking in the business, the Board of Directors for the Company, which is ultimately responsible for the internal controls in the Company, has established policies and instructions for lending and other financial activities.

Risk management aims to identify and analyse, measure, monitor and manage and report the risks that exist in the business and to set appropriate limits for these risks and ensure that there are controls in place for managing the risk in the Company.

Risk policies, risk appetite, risk management systems and the risk framework are reviewed regularly, at least on an annual basis. The risk framework is continuously reassessed to cover all risks to which Avida chooses to expose itself. Within the risk appetite there are established risk limits for all relevant risks. Avida works with external and internal limits, as well as target levels. External limits correspond to regulatory requirements, while internal limits are limits determined by the Board. The target levels signal early warnings for management to act before a risk limits are breached. Any indications of an elevated risk or actual limit breach will be handled as incidents and promptly addressed.

Avida endeavours to maintain a high level of risk awareness and to only take necessary and calculated risks to achieve its business goals. Avida conducts an internal capital and liquidity assessment (ICLAAP) on at least an annual basis that describes which capital and liquidity are required to cover the risks of the business in different scenarios. The ICLAAP integrates with the business and risk strategy and is used as a guide in day-to-day operations. In addition, the Board has adopted a risk appetite and risk policy for methods, overall limits and reporting arrangements with regard to risk. The risk policy describes the risk strategy and general requirements for risk management. Within the ICLAAP framework, stress tests are conducted for all relevant risk exposures to ensure that Avida continuously has sufficient capital and liquidity to be resistant to different unforeseen scenarios. The stress test methods established in the ICLAAP are carried out regularly, at least on an annual basis to monitor the development of selected risk exposures.

Reporting of the outcome of risk limits takes place in accordance with established policies and instructions. The CRO and first line report quarterly to the Board and management. The minimum quarterly reporting includes capital, liquidity, counterparty, concentration, market and operational risk and other risks. The first line also reports liquidity risk at least weekly to management.

Credit risk is directly linked to the Avida business model and is thus classified as desirable risks. Other risks are seen as necessary to meet the business model and should be kept at a low level.

Risk category	Desired/ Necessary	Risk appetite	Limit utilisation
Credit risk related to business activities	Desired	Must be included but checked	Medium/ High
Concentration risk related to the business of provision of credit by the company	Necessary	Must be minimised as long as it is economically justifiable	Low
Counterparty risk related to financial operations	Necessary	Must be minimised as long as it is financially justifiable	Low
Liquidity and financing risk	Necessary	Must be minimised as long as it is financially justifiable	Low
Market and interest rate risk	Necessary	Must be minimised as long as it is financially justifiable	Low
Operational risks	Necessary	Must be minimised as long as it is financially justifiable	Low
Other risks	Necessary	Must be minimised as long as it is financially justifiable	Low

Avida has a risk control function that is led by the Chief Risk Officer, who is directly subordinate to the CEO and board. The task of the risk function is to compile, analyse and report all the company's risks. The risk control function monitors and controls the Company's risk management performed in the business. Avida also has a compliance function, Compliance, led by the Chief Compliance Officer, who is also directly subordinate to the CEO and the board. The Compliance function is responsible for evaluating statutory and regulatory compliance of the business, as well as compliance with other relevant rules. Finally, Avida's internal auditors are responsible for reviewing and evaluating that Avida's internal controls are appropriate and effective. The function is outsourced to Grant Thornton and reports directly to the Board.

3.2 CREDIT RISK

Credit risk is the risk of loss as a result of a counterparty being unable to fulfil its payment obligations to Avida. Credit risk also includes counterparty risk and concentration risk.

Credit risk and concentration risk are directly linked to Avida's business model and are thus classified as natural risks arising from Avida's business model. The board has decided that Avida should have a low to medium appetite for credit risk. Avida's credit risk arises primarily through lending to the public. The lending portfolio can be divided into the following areas:

Private lending	Corporate lending
Unsecured loans	Factoring
Revolving credit facilities	Corporate loans
Credit card	
Sales financing	Revolving credit facilities

Avida always assesses the creditworthiness of all credit and loan promises provided and only grants money to customers who have a documented repayment ability, as well as an expected high level of willingness to pay.

Avida's procedures for monitoring of credit exposures are adequate and focus on taking measures for primarily overdue payments and unregulated receivables. This is for the purpose of minimising credit losses at an early stage through the early detection of payment problems for borrowers and the subsequent rapid processing of any claim cases.

3.2.1 PRIVATE LENDING

Private loans are unsecured loans with annuity payments to individuals in Sweden, Norway, and Finland, with a maximum amount of SEK 125,000 / NOK 125,000 / EUR 12,500 and maturities ranging from 1 to 15 years. Revolving credit is a loan where the borrower is granted a limit that can be reused after repayment. Credit cards are revolving credit with a limit that the cardholder can use up to the granted limit. Sales financing is a credit granted in connection with a purchase in-store or online, and the credit is usually linked to a credit card.

Avida primarily uses automated processes in its lending decisions. This includes assessing repayment ability, willingness to pay, and appropriate customer due diligence processes. The automated processes are tailored specifically for each country. The credit assessment takes place in several steps, where available information is processed. Available information refers to data from the loan application, credit report, including information on outstanding credits, and for existing customers, internal behavioral data.

In the first step, applications that do not meet Avida's minimum requirements, such as age, income, or payment defaults, are filtered out. In the next step, the application is evaluated against Avida's scorecard, which consists of statistically developed models to assess the likelihood that a credit cannot be repaid. If the risk is deemed too high, the credit will not be granted. Next, a calculation of the customer's ”Remaining-Disposable-Income” is performed, which indicates whether the customer's financial situation allows for the expenses associated with the requested loan. If the disposable income is too low, the credit will not be granted. Finally, a check is always made to ensure the income information provided is correct.

Credit decisions are made automatically based on rules set by Avida's Credit and Pricing Committee within the framework of the Board's credit policy. Decisions that cannot be made according to these rules are referred to a credit officer who makes a decision in accordance with instructions and mandate. Decisions are continuously monitored and analyzed by Avida's credit department, which regularly provides recommendations for improvements.

All receivables are managed internally until Avida either disposes of overdue receivables, thereby realizing a credit loss, or retains overdue receivables as a fully or partially reserved receivable.

3.2.2 CORPORATE LENDING

The portfolio for business lending consists of the factoring, business loans and revolving credit products. Factoring refers to purchase or mortgaging of invoices both with and without right of recourse. The maturity is usually short, with an average maturity of 30 days. From a longer historical perspective, Avida has a good history of low credit losses in factoring as a result of careful monitoring of payment flows and management of credit risk and counterparty exposures.

Corporate loans and revolving credit are customer-specific credits within the Avida risk capital framework. Loans can always be given against collateral, such as company mortgages or mortgages in real estate. The loans can be given with or without amortisation and normally have a maturity of 1-5 years.

Lending in the business segment is always preceded by individual analysis of the purpose of credit, repayment ability, market risk, as well as an analysis of the business including sensitivity tests, security documentation, company and ownership structure. Credit decisions are made by the Credit Committee. Upon lending to businesses, Avida will obtain collateral that can manage and minimise the loss in the event of non-payment. The collateral is the largest proportion of credit insurance in factoring and business mortgages in lending to companies.

Avida has good diversification with respect to lending to sectors. The largest sector is Retailers of goods, which represent about 14%

Sector	Factoring (%)
Wholesale trade (Excluding motor vehicles)	13.60
Retail (Excluding motor vehicles)	9.70
Public administration and defence	9.60
Waste management and recycling	6.70
Insurance, reinsurance and pension	6.60
Construction industry	4.80
Manufacture of machinery and equipment	4.60
Manufacture of base metals	4.50
Manufacture of paper and paper products	3.50
Specialised construction activities	2.90
Storage and transport	2.50
Energy sales	2.20
Facility technology	1.80
Property management	1.80
Other	25.20

3.2.3 OTHER FINANCIAL ASSETS

Other financial assets consist of bank accounts with credit institutions, receivables from central banks, and bonds with very high credit ratings, primarily government and municipal bonds. These assets contribute a small portion of Avida's return but constitute a necessary part of the operations in terms of managing liquidity risk and market risk.

Other financial receivables are valued at accrued acquisition cost, except for a money market fund in Norway, which is valued at fair value. The fair value directly impacts the result due to changes in market credit risk appetite, i.e., credit spread risk. Avida can only influence this risk by adjusting its exposure to these assets. Therefore, Avida capitalizes for credit spread risk under Pillar 2 according to standard regulations. Counterparty risk also arises within this area. Avida has entered into ISDA agreements with a CSA appendix for daily collateral adjustments to eliminate this counterparty risk. Avida's assessment is that the credit risk in the other assets is very low and in line with the risk appetite for these assets.

Counterparty risk in derivative transactions is reduced by the company entering into ISDA agreements along with associated CSA agreements for collateral exchange. The ISDA agreements allow for netting of all derivative transactions with a specific counterparty in the event of a credit event, which limits the total exposure. The CSA agreements further reduce exposure by requiring or providing cash

INFORMATION ON NETTING

The table below contains financial assets and liabilities that are covered by a legally binding framework agreement on netting or similar agreements, but which are not netted in the balance sheet. Avida has ISDA agreements with all derivative counterparties. The framework agreement on netting allows the parties to settle their exposures on a net basis (i.e., receivables can be offset against liabilities) in the event of a significant credit event.

Financial Assets and Liabilities

31 dec 2024	Gross amount	Offset in the balance sheet	Net	Framework agreement on netting	Collateral received/pledged + related amounts that cannot be netted	Net amount
Assets						
Derivates	4,098,632	-	4,098,632	-2,398,632	**-1,700,000**	**0**
Liabilities						
Derivates	-3,109,948	-	-3,109,948	2,398,632	0	**-711,316**
Total	**988,684**		**988,684**	**0**	**-1,700,000**	**-711,316**

collateral daily in accordance with changes in net exposure.

3.2.4 COLLATERAL

Collateral limits credit risk by reducing exposure to Avida in the event of a borrower's default.

In business lending, collateral is obtained for both business loans and factoring. Collateral in business lending and revolving credit may consist of for example, unlisted shares, company mortgages and mortgages in property. In factoring, credit insurance is used to limit the effects of a default. For receivables that are credit insured, the remaining excess is 5-10% of the amount of the invoice purchased.

During the year, Avida has not taken over any collateral/pledges to be valued on the balance sheet.

All lending to private individuals is unsecured.

3.2.5 CONCENTRATION RISK

Avida continuously monitors exposures to larger individual counterparties. To manage concentration risk against individual counterparties, Avida has limits on the size of exposures that are permitted. While the concentration is low within private lending and the factoring portfolio, there are a few larger counterparty concentrations within business lending. However, these are all within the limits that Avida has established. In terms of regions and industries, the concentration risk is low.

3.3 LIQUIDITY RISK

Liquidity risk is the risk that Avida may have difficulties fulfilling its payment obligations at maturity without a significantly increased cost.

Avida has a low risk appetite for liquidity risk. The greatest liquidity risk is expected to arise if many deposit customers simultaneously choose to withdraw their savings. Other liquidity risks that have been identified are; unexpected liquidity outflows from unused limits, approved but not yet paid out loan promises and unexpected liquidity outflows from Avida's counterparty risk management of currency derivatives. To manage a situation of increased liquidity pressures, Avida can adjust deposit rates to attract inflows from the public, reduce the rate of lending or issue bonds or equity instruments.

Avida has a contingency plan to handle any disruptions that may affect liquidity. Avida's board of directors has resolved that a certain proportion of deposits from the public should be available in a special buffer of liquid assets, the so-called liquidity reserve. Avida imposes special requirements on assets in the liquidity reserve for example, that these can only consist of directly available funds that are not used as collateral. The liquidity reserve consists of bank funds provided that such balances are available on the next banking day, bonds against states and municipalities and balances with central banks.

Avida's liquidity reserve is presented in the table below.

LIQUIDITY RESERVE	31 Dec 2024	31 Dec 2023
Cash and balance at central bank	80.3	77.6
Loans to credit institutions	2,689.6	1,136.4
Securities issued by state and municipality	1,091.6	837.0
Total	**3,861.5**	**2,051.1**

Management, planning and monitoring of liquidity is centralised to the Avida Treasury function. Liquidity is monitored and reported on a daily basis, including by calculating the liquidity coverage ratio.

Avida's financing base mainly consists of deposits from the public in SEK, NOK and EUR, as well as a smaller part of bonds and equity. In principle, all deposits from the public are covered by the government deposit guarantee.

The table below shows Avida's financing base.

SOURCES OF FUNDING	31 Dec 2024	31 Dec 2023
Deposits and borrowings from the public	10,945.1	10,930.3
Subordinated liabilities	250.0	249.7
Tier 1 capital, contributions	193.5	199.4
Other equity	1,544.9	1,387.5
Debt to credit institutions	3,226.0	
Total	**16,159.6**	**12,766.9**

Avida is covered as a credit institution by regulations and legislation regarding liquidity requirements. Short-term payment readiness is measured by the Liquidity Coverage Ratio (LCR), in which the liquidity reserve is set in relation to stressed liquidity outflows over 30 days. As of 31 December 2024, the LCR measure was 203.4% (313.7), compared to the regulatory requirement of 100%. The long-term financing capacity is reflected by the stable net financing ratio (NSFR) where available stable financing is placed in relation to the need for stable financing in a stressed scenario. As of 31 December 2024, NSFR amounted to 113.7% (128.6), compared to the regulatory requirement of 100%.

Avida's survival horizon is also stress tested on at least an annual basis in the process of internal capital and liquidity assessment (ICLAAP).

MAXIMUM EXPOSURE TO CREDIT RISK

The table below presents Avida's maximum exposure to credit risk and the value of collateral for financial assets.

31 Dec 2024	Credit risk exposure, gross	Provision for credit losses	Carrying value	Value of collateral	Credit risk exposure, net
Cash and balances with central banks	80.3		80.3		**80.3**
Treasury bills eligible for repayment	1,091.6		1,091.6		**1,091.6**
Loans to credit institutions	2,689.6		2,689.6		**2,689.6**
Loans to the public	13,775.0	-1.491.5	12,283.5	1,009.5	**13,293.0**
Total	**16,145.0**	**-1,491.5**	**16,145.0**	**1,009.5**	**17,145.5**

31 Dec 2023	Credit risk exposure, gross	Provision for credit losses	Carrying value	Value of collateral	Credit risk exposure, net
Cash and balances with central banks	77.6		77.6		**77.6**
Treasury bills eligible for repayment	837.0		837.0		**837.0**
Loans to credit institutions	1,136.6	-0.1	1,136.6		**1,136.4**
Loans to the public	11,444.4	-928.5	10,515.9	1,273.8	**11,789.7**
Total	**13,495.6**	**-928.6**	**12,566.9**	**1,273.8**	**12,450.2**

REPORTED GROSS VALUE PER CREDIT RISK RATING

The table presents Avida's credit portfolio divided into low, medium and high risk. Credit risk ratings are too low, medium and high credit risk are divided according to the category the lending belongs to based on the probability of default.

Avida has made the assessment regarding cash and balances with central banks, national debt and lending to credit institutions to belong to the category of low risk corresponding to investment grade or similar according to Standard and Poor's or Moody's counterparty risk scale.
The credit risk rating for lending to companies is based on the risk class the counterparty has according to Avida's risk class for companies and credit ratings from Dun and Bradstreet. The risk classes and credit ratings from Dun and Bradstreet are directly linked to the probability of default.

Lending to the public includes Avida's lending to private individuals. The risk categorisation is divided taking into account the probability of failure in accordance with the Avida risk scale. Low risk has a PD below 5% and high risk has a PD above 15%.

31 Dec 2024	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central banks				
Low risk	80.3			**80.3**
Total	**80.3**			**80.3**
Treasury bills eligible for repayment				
Low risk	1,091.6			**1,091.6**
Total	**1 091,6**			**1,0844.4**
Loans to credit institutions				
Low risk	2,689.7			**2,689.7**
Total	**2,689.7**			**2,689.7**
Lending to Companies				
Low risk	908.1	7.6		**915.1**
Medium Risk	1,153.6	16.1		**1,169.7**
High risk	49.7	2.2		**51.9**
Defaulted Receivables			41.1	**41.1**
Total	**2,111.4**	**26.0**	**41.1**	**2,178.4**
Loans to the public				
Low risk	8,316.2	48.9		**8,365.1**
Medium Risk	398.1	89.0		**487.1**
High risk	50.2	173.8		**224.1**
Defaulted Receivables			2,520.3	**2,520.3**
Total	**8,764.5**	**311.7**	**2,520.3**	**11,596.5**

31 Dec 2023	Stage 1	Stage 2	Stage 3	Total
Cash and balances with central banks				
Low risk	77.6			**77.6**
Total	**77.6**			**77.6**
Mortgageable Government Bonds				
Low risk	837.0			**837.0**
Total	**837.0**			**837.0**
Loans to Credit Institutions				
Low risk	1,136.6			**1,136.6**
Total	**1,136.6**			**1,136.6**

31 Dec 2023	Stage 1	Stage 2	Stage 3	Total
Lending to Companies				
Low risk	1,352.0	13.5		**1,365.5**
Medium risk	1,589.4	15.9		**1,605.2**
High risk	11.9	77.7		**89.6**
Defaulted Receivables			62.9	**62.9**
Total	**2,953.2**	**107.1**	**62.9**	**3,123.2**
Loans to the Public				
Low risk	5,090.8	20.0		**5,110.9**
Medium risk	746.6	111.5		**858.2**
High risk	168.4	385.7		**554.0**
Defaulted Receivables			1,798.2	**1,798.2**
Total	**6,005.8**	**517.2**	**1,798.2**	**8,321.2**

FINANCIAL ASSETS AND LIABILITIES

The table shows discounted values of the Company's financial assets and liabilities divided on the basis of the time that remains on the balance sheet date until the first contractual maturity date.

31 Dec 2024	PAID ON DEMAND	<3 momths	3-12 months	1-5 years	>5 years	Total
Assets						
Cash and balances with central banks	80.3					**80.3**
Treasury bills eligible for repayment	162.0	635.5	248.9	45.2		**1,091.6**
Loans to credit institutions	2,689.6					**2,689.6**
Loans to the public	3,032.2	2,050.0	2,399.4	3,238.2	1,563.6	**12,283.5**
Other assets		36.9				**36.9**
Total assets	**5,964.2**	**2,722.4**	**2,648.3**	**3,283.4**	**1,563.6**	**16,181.9**
Liabilities	10,876.3	8.1	60.7			**10,945.1**
Borrowing and Credit from the Public					250.0	**250.0**
Subordinated Debt						
Other Financial Liabilities			55.0	3,226.0		**3,281.0**
Total Financial Liabilities	**10,876.3**	**8.1**	**115.7**	**3,226.0**	**250.0**	**14,476.1**

31 Dec 2023	PAID ON DEMAND	<3 months	3-12 months	1-5 years	>5 years	Total
Assets						
Cash and Balances with Central Banks	77.6					**77.6**
Treasury bills eligible for repayment	157.4	101.7		577.9		**837.0**
Loans to Credit Institutions	1,136.4					**1,136.4**
Loans to the Public	325.4	2,077.1	1,156.3	3,661.5	3,295.9	**10,515.9**
Other Assets		397.5				**397.5**
Total Financial Assets	**2,851.5**	**2,033.5**	**1,074.6**	**3,980.9**	**3,063.2**	**13,003.8**
Liabilities						
Borrowing and Credit from the Public	9,589.8	56.7	1,281.0	2.7		**10,930.3**
Subordinated Debt		189.7	7.8			**197.5**
Other Financial Liabilities					249.7	**249.7**
Total Financial liabilities	**9,589.8**	**246.5**	**1,288.8**	**2.7**	**249.7**	**11,377.6**

3.4 MARKET RISK

Market risk is the risk of losses as a result of changes in exchange rates, interest rates or other rate-related instruments. Avida exposes itself to exchange rate risk and interest rate risk in the business. The risk appetite for market risk is very low and is a natural consequence of Avida's operations. Market risk is managed by the Treasury function led by Avida's CFO. Market risks are measured monthly and quarterly in internal and external reporting.

3.4.1 EXCHANGE RATE RISK

Exchange rate risk is the risk that Avida suffers losses due to exchange rate changes. Exchange rate risks arise primarily through the existence of an imbalance between assets and liabilities in different currencies, which creates a translation risk. The Company has financing in SEK, NOK and EUR and an asset base in SEK, NOK, EUR, DKK, GBP, USD, PLN and CHF. When revaluing the balance sheet items, there is a risk of negative exchange rate effects that affect the profit and loss statement.

Avida manages exchange rate risk through currency futures and by trying to create a natural matching of exchange rate exposures on the balance sheet.

3.4.2 INTEREST RATE RISK

Interest rate risk is the risk that Avida's net interest rate will deteriorate due to changes in market interest rates. Interest rate risk arises when there is no matching of interest rate fixing time between financing and assets. For the most part, Avida has both financing and assets with short interest rate fixing periods, which reduces the interest rate risk. Avida is exposed to the Swedish, Norwegian and European interest markets, which results in diversification that the company strategically endeavours to achieve.

Avida works actively to monitor interest rate risk, control exposure to interest rate risk and pricing interest rate risk when it arises. Avida's interest rate risk is primarily driven from the business loans with fixed interest rates and government bonds, as that type of asset lacks fixed interest rate matching financing. Avida's strategy is to have limited exposure to interest rate risk.

CURRENCY EXPOSURE PER CURRENCY

The table illustrates the effect on the key figures of a percentage change in exchange rates

	31 Dec 2024			31 Dec 2023		
Total currency distribution on the balance sheet date	**EUR**	**NOK**	**Other**	**EUR**	**NOK**	**Other**
Assets	4,477.9	1,929.1	391.9	4,121.4	1,815.10	313.2
Liabilities	-4,920.3	-1,268.2	0.0	-5,245.4	-1,035.9	0.0
Total	**-442.4**	**661.0**	**391.9**	**-1,124.0**	**779.2**	**313.2**
Foreign Exchange Forwards	484.3	**-678.8**	**-384.4**	1,075.7	**-789.7**	**-309.7**
Net Position in Currency	**44.0**	**-17.8**	**7.4**	**-48.2**	**-10.5**	**3.5**

EXCHANGE RATE RISK

The table illustrates the eff ect on the key fi gures of a percentage change in exchange rates

	Finacial measure	Change	31 Dec 2024	31 Dec 2023
Change in exchange rate SEK-EUR	Profi t/loss before tax	+/- 10 per cent	-0.6	7.5
	Change in equity	+/- 10 per cent	-0.5	6,0
Change in exchange rate SEK-EUR	Profi t/loss before tax	+/- 10 per cent	14.3	20.2
	Change in equity	+/- 10 per cent	11.3	16.0

MARKET AND INTEREST RATE RISK FOR LOANS AND DEPOSITS

The table below illustrates the estimated effects on key ratios as a result of changes in interest rate conditions.

	Financial Measure	Change	31 Dec 2024	31 Dec 2023
Risks in Deposits from the Public				
Change in Deposit Interest Rate	Profit/loss before Tax	+/- 1 per cent	108.1	120.8
	Change in equity	+/- 1 per cent	85.8	95.9
Risks in Loans to Credit Institutions				
Change in Lending Interest Rate	Profit/loss before Tax	+/- 1 per cent	107.7	116.5
	Change in equity	+/- 1 per cent	85.5	92.5
Risks in Loans to Credit Institutions				
Change in Lending Interest Rate	Profit/loss before Tax	+/- 1 per cent	16.3	11.6
	Eget kapital	+/- 1 procent	12.9	10,8

3.5 OPERATIONAL RISKS

Operational risk is the risk of direct or indirect losses due to incorrect or inappropriate internal procedures or processes. The risk also includes human error, system error and external irregularities. The area of operational risk also includes legal risks, regulatory compliance risk, as well as the risk of money laundering or other types of sanctions.

Avida's risk appetite for operational risks is low, but a certain level of risk needs to be tolerated as there are not realistic opportunities to completely eliminate the risks. It follows from this that operational risks should be reduced as far as cost-effectively possible.

Avida defines its essential processes with process owners who carry out risk identifications at least once a year. These describe the operational risks that Avida sees within each process. Each identified risk is then identified with its inherent risk (before risk management), risk management and residual risk (after risk management). Avida defines and validates risk management using risk controls that are also assessed based on their efficiency - how frequently the control is carried out and design - how well the control manages the risk.

The overall picture creates a framework for Avida's risk management of operational risks, where the risks that exceed specific threshold values are handled separately or areas with high risk values are focused on with risk management initiatives that deal with the specific risk.

NOTE 4 OPERATING SEGMENTS

Segment reporting is prepared based on how the top executive management - company management - follows up on the business in Avida. During the fourth quarter, the segments changed their names, from Business Finance to Business to Business and Consumer Finance changed its name to Business to Consumer. The background to the name change is that this is considered to provide a more accurate description of the segments. The acquisition of the credit card and sales finance portfolios from Santander is part of the Business to Consumer segment. For 2024, initial credit loss reserve and acquired volume are included in the Business to Consumer segment.

The profit measure that is followed up at segment level is the profit before tax. For the balance sheet, follow-up is only made of lending volume. The profit and loss statement for the segments follows the legal arrangement format for Operating income, except for the item Total risk-adjusted operating income relating to total revenue for the segment net including credit losses. Each segment bears a portion of total interest expenses based on lending volume and estimated lending financing cost. Within the net interest income, some items are classified as interest income in the legal arrangement while in the reporting to management they are reported among interest expenses. The interest rate is unchanged.

No individual customer within our various segments makes up more than 10% of total revenue.

2024	Business to Consumer	Factoring	Corporate Loans	Total
Interest income	857.4	231.0	86.3	1,174.7
Interest expenses	-356.6	-71.9	-34.1	-462,6
Net interest income	500.8	164.0	47.3	712.1
Net commission income	20.8	0.0	0.0	20.8
Net result from financial transactions	9.8	2.7	1.1	13.6
Total operating income	530.7	166.8	48.4	746.6
Credit losses, net	-885.2	-31.2	-14.7	-931.1
Total risk-adjusted net operating income	-354.5	135.6	33.7	-184.5
Operating expenses	-352.3	-127.6	-21.6	-501.4
Profit before tax	-706.7	8.0	12.2	-685.9
Loans to the public	10,183.5	1,591.8	508.3	12,283.5

2023	Business to Consumer	Factoring	Corporate Loans	Total
Interest income	915.1	244.6	127.5	1,287.1
Interest expenses	-299.8	-82.0	-41.8	-423.6
Net interest income	615.2	162.6	85.7	863.5
Net commission income	22.0	0.0	0.0	22.0
Net result from financial transactions	16.4	0.0	0.0	16.4
Total operating income	653.6	162.6	85.7	901.9
Credit losses, net	-505.9	8.6	-15.8	-513.1
Total risk-adjusted net operating income	147.7	171.2	69.9	388.8
Operating expenses	-238.0	-101.4	-30.6	-370.0
Profit before tax	-90.3	69.8	39.3	18.8
Loans to the public	7,485.6	2,144.4	885.9	10,515.9

GEOGRAPHICAL INFORMATION	2024				2023			
	Sweden	Norway	Finland	Total	Sweden	Norway	Finland	Total
Total operating income	270.4	118.0	358.1	746.3	403.1	135.1	363.8	901.9
Loans to the public	8,105.3	1,230.0	2,948.2	12,283.5	6,019.0	1,653.5	2,843.4	10,515.9

NOTE 5 NET INTEREST INCOME

	2024	2023
Loans to credit institutions and cash and balances with central banks	37.8	34.8
Bonds and other interest-bearing securities	13.1	15.4
Loans to the public	1,113.8	1,235.7
Other interest income	10.0	1.2
Total interest income	**1 174.4**	**1,287.1**
Liabilities to credit institutions	-12.8	-11.2
Deposits from the public	-389.4	-381.6
Deposit guarantee	-23.0	-30.8
Subordinated debt	-33.0	-27.0
Other interest expenses	-4.1	-3.8
Total interest expenses	**-462,5**	**-423.6**
Net interest income	**712.1**	**863.5**

In the above note, the Company has specified the breakdown of interest income, as well as interest costs.
Within total interest income, additional information regarding Lending to credit institutions and cash and balances with central banks has been reported separately. This was previously reported under, Other. Within total interest expenses, Liabilities to credit institutions and Subordinated liabilities have been

NOTE 6 NET COMMISSION INCOME

	2024	2023
Commission income from brokered insurance	20.8	22,0
Total commission income	**20.8**	**22.0**
Net commission income	**20.8**	**22,0**

NOTE 7 NET RESULT FROM FINANCIAL TRANSACTIONS

	2024	2023
Change in value of foreign exchange forward contracts	-24.3	-74.7
Exchange rate differences, net	26.1	72.0
Net profit/loss from financial assets valued at fair value through the profit and loss statement through the profit and loss statement	7.4	6,1
Total	**9.2**	**3.3**

NOTE 8 GENERAL ADMINISTRATIVE EXPENSES, CONT

SALARIES AND REMUNERATION	2024	2023
Salaries and remuneration		
Board and CEO	5.6	5,4
Other employees	125.9	101,7
Total salaries and remuneration	**131.5**	**107.2**
Employees taxes	37.0	32.3
Pensions costs		
Board and CEO	0.7	0.6
Other employees	18.3	15.8
Total pensions cost	**19.0**	**16.4**
Other staff costs	17.3	14.0
Total staff costs	**204.8**	**169.9**

AVERAGE NUMBER OF EMPLOYEES	2024	2023
Sweden	131	120
Norway	19	14
Finland	12	12
Total number	**162**	**146**

GENDER DISTRIBUTION BOARD AND EXECUTIVES	2024			2023		
	Female	Male	Total	Female	Male	Total
Senior executives	4	6	**10**	3	5	**8**
Board	2	4	**6**	2	4	**6**

REMUNERATION TO SENIOR EXECUTIVES 2024	Basic salary/fees	Variable compensation	Other benefits	Pension costs	Total
Mikael Johansson (CEO from 2024-09-30)	1.2	-	-	0.2	**1.4**
Tine Wollebekk (CEO until 2024-09-30)	3.6	-	-	0.5	**4.1**
Celina Midelfart (Board member)	-	-	-	-	**-**
Geir Olsen (Board member)	-	-	-	-	**-**
Magnus Lindquist (Chairman of the Board from 2024-06-27)	-	-	-	-	**-**
Varun Khanna (Chairman of the Board until 2024-06-27)	-	-	-	-	
John Stein (Board member)	-	-	-	-	**-**
Vaibhav Piplapure (Board member)	-	-	-	-	**-**
Teresa Robson-Capps (Board member)	0.8	-	-	-	**0.8**
Total	**5.6**	**-**	**-**	**0.7**	**6.3**

The costs associated with the CEO change amount to SEK 11 million.

REMUNERATION TO SENIOR EXECUTIVES 2023	Basic salary/fees	Variable compensation	Other benefits	Pension costs	Total
Tine Wollebeck (CEO)	4.6	-	-	0.6	**5.2**
Celina Midelfart (Board member)	-	-	-	-	**-**
Geir Olsen (Board member)	-	-	-	-	**-**
Varun Khanna (Chairman of the Board)	-	-	-	-	**-**
Daniel Knottenbelt (Board member)	-	-	-	-	**-**
Vaibhav Piplapure (Board member)	-	-	-	-	**-**
Teresa Robson-Capps (Board member)	0,8	-	-	-	**0,8**
Total	**5,4**	**-**	**-**	**0,6**	**6,0**

Variable remuneration

The additional variable remuneration is paid in relation to individual target fulfilment of the revenue and earnings targets set for the year. The targets are set annually by the Board. Information about the Company's remuneration policy in accordance with the disclosure requirements in FFFS 2011:1 is available on the Company website www.avida.se.

Pensions

All employees' pensions are secured through defined contribution plans, which means that the financial year's cost of pensions corresponds in its entirety to pensionable benefits.

Termination periods and severance pay

The CEO is employed by Avida Finans AB (publ). According to the agreement between Avida Finans AB (publ) and the CEO, the notice period is six months. There is an agreement on severance pay for the CEO corresponding to 12 months' salary after the notice period.

Loans to senior executives

There are no loans to senior executives.

NOTE 9 GENERAL ADMINISTRATIVE EXPENSES

	2024	2023
Personnel costs	204.8	169.9
Cost for premises	14.3	12.7
IT/data	60.4	46.8
Consulting fees and other external services	140.5	99,6
Audit Fees	5.3	4.1
Marketing costs	2.6	3.8
Other administrative expenses	34.8	24.0
Total other costs	**462.8**	**360.9**

Consulting fees and other external services have been adjusted to 99.6 (75.4) in 2023. The total amount is correct.

REMUNERATION TO AUDITORS	2024	2023
Deloitte		
Audit assignment	5.3	4.1
Audit activities in addition to the audit assignment	-	-
Tax advice	-	-
Other services	-	-
Total	**5.3**	**4.1**

NOTE 10 CREDIT LOSSES, NET

	2024	2023
Loans to the public		
Provisions - Stage 1	-83.7	33.3
Provisions - Stage 2	23.2	39.8
Provisions - Stage 3	-502.4	266.2
Total provisions	**-559.9**	**339.3**
Write-offs	307.2	-1,287.1
Recovered fi nancial assets	2.0	434.2
Total credit losses from loans to the public	**-931.1**	**-513.5**
Loans to credit institutions		
Provisions - Stage 1	0.0	0.4
Total credit losses from loans to credit institution	**0.0**	**0.4**
Total credit losses. net	**-931.1**	**-513.1**

The financial year has been characterized by increased provisions within performing (Stage 1) and non-performing (Stage 3) assets. Stage 2 has seen decreased provisions compared to 2023, mainly due to a reduction in volume. Credit losses by business area are presented in Note 4.

In general, inflows to non-performing assets have remained at a relatively high level, resulting in increased provisions. The main reason for the differences between 2023 and 2024 regarding provisions across Stages 1 to 3 is primarily due to the release of macro adjustments made during 2023, as well as the impairment recognized in the fourth quarter of 2024. Refer to Note 13 for detailed information on changes in the credit loss reserve, both in aggregate and by business area.

The amounts reported under impairments and recoveries relate to non-performing portfolios that were retained or disposed of during the respective

NOTE 11 TAX ON ANNUAL PROFIT/LOSST

	2024	2023
Current tax on annual profi t/loss	0.0	-7.9
Adjustment of tax relating to previous year	1.1	0.8
Deferred tax revenue	0.2	0.2
Tax on annual profi t/loss	**1.3**	**-6.9**
Eff ective tax reconciliation		
Reported earnings before tax	-685.9	18.8
Tax according to current tax rate	141.3	-3.9
Diff erence in Foreign Tax Rates	-0.1	0.8
Tax eff ect of non-deductible costs	-7.4	-3.1
Tax eff ect of non-taxable revenue	1.7	-
Tax eff ect not valued defi cit deduction	-109,0	-
Tax eff ect of loss carry forwards	2.2	-
Tax eff ect on earnings for previous years	-27.6	-0.9
Deferred tax	0.2	0.2
Tax on annual profi t/loss according	**1.3**	**-6.9**
Tax reported in the balance sheet		
Current tax asset	36.1	37.1
Deferred tax liability	-	-

NOTE 12 TREASURY BILLS ELIGIBLE FOR REPAYMENT

	31 dec 2024	31 dec 2023
Loanable municipal bonds	279.9	224.6
Other loanable bonds	811.7	612.5
Total	**1,091.6**	**837.0**

NOTE 13 LOANS TO THE PUBLIC

	31 dec 2024	31 dec 2023
Loans to the public, gross	13,775.0	**11,444.4**
of which are Stage 1	10,875.9	8,959.1
of which are Stage 2	337.7	624.2
of which are Stage 3	2,561.3	1,861.1
Total provisions	**-1,491.5**	**-928.5**
of which are Stage 1	-158.3	-74.6
of which are Stage 2	-40.6	-63.8
of which are Stage 3	-1,292.5	-790.1
Loans to the public, net	**12,283.5**	**10,515.9**

DEVELOPMENT OF EXPOSURES AND RESERVES DURING THE YEAR

The reserve development for Business to Consumer regarding stage 1 has increased by SEK 62.6 million compared to 2023. Part of the increase relates to the acquisition of the credit card and sales financing portfolios from Santander, SEK 44.1 million and part of the increase relates to the revaluation made during the fourth quarter. The change in step two is mainly driven by the volume reduction in stage 2. The development for stage 3 relates partly to increased volume in stage 3 and the impairment completed in the fourth quarter. The impairments made during the fourth quarter are attributable to updated cash flow curves for all geographies in which Business to Consumer is active and the general macro situation, primarily in Sweden with rising unemployment, etc. A total impairment of SEK 298.2 million was made in the fourth quarter, the majority of which is attributable to Swedish receivables, although to some extent also to Norwegian receivables.

For strategic reasons and partly because of the changed external world, Avida has chosen to reduce new lending in Business to Consumer during 2024 and work to improve the quality of the credit risk models. The measures have been initiated during the year, but the effect of these has had a marginal effect for 2024. Business to Business has increased the reserves in stage 1 within Factoring based on a general perception of the market situation, as well as reduced the reserves within both stages 2 and 3. The decrease is mainly attributable to reduced volumes within Corporate loans for stage 2 and for stage 3 Factoring.

Within the area of Non-Performing Loans (NPLs), Avida has during the year disposed of a Norwegian NPL portfolio with a nominal amount of NOK 114.9 million, and in Sweden, it sold overdue receivables amounting to SEK 341.6 million. The disposal of these two portfolios means that Avida will not be exposed to the backstop regulation in 2025.

The net loss on the disposal of these two portfolios amounted to SEK 21.6 million. Further sales may occur during 2025.

CHANGES IN VOLUME AND PROVISIONS BY BUSINESS AREA BETWEEN 2024 AND 2023.

	Business to Business	Business to Consumer	Avida total
Loan to the public	**-980.2**	**3,310.8**	**2,330.6**
where of stage 1	-867.5	2,784.3	1,916.8
where of stage 2	-81.3	-202.2	-286.5
where of stage 3	-31.6	731.8	700.2
Provisions	**6.7**	**-569.7**	**-562.9**
where of stage 1	-21.1	-62.6	**-83.7**
where of stage 2	1.8	21.4	**23.2**
where of stage 3	26.0	-528.4	**-502.4**

CHANGE IN REPORTED GROSS VALUE AND LOSS RESERVES IN 2023

SEK million	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount, 1 Jan 2024	**8,959.1**	**624.2**	**1,861.1**	**11,444.4**
New financial assets	6,651.2	100.4	102.9	**6,854.6**
Derecognised financial assets	-2,927.4	-75.1	-540.6	**-3,543.1**
From stage 1 to stage 2	-206.5	193.3		**-13.2**
From stage 1 to stage 3	-849.7		822.5	**-27.2**
From stage 2 to stage 1	52.3	-58.3		**-6.0**
From stage 2 to stage 3		-368.1	356.9	**-11.2**
From stage 3 to stage 1	0.8		-4.1	**-3.3**
From stage 3 to stage 2		1.7	-1.8	**-0.1**
Changes due to expert assessments (individual assessments, manual adjustments*	-871.7	-86.5	-37.4	**-995.6**
Exchange-rate differences	67.8	6.1	1.8	**75.7**
Gross carrying amount, 31 December 2024	**10,875.9**	**337.7**	**2,561.3**	**13,775.0**

*Loans that have remained in the same stage over the period, and have either been paid off or changed for other reservation reasons.

SEK million	Stage 1	Stage 2	Stage 3	Total
Provision for credit losses, 1 Jan 2024	**74.6**	**63.8**	**790.1**	**928.5**
New financial assets	80.0	7.1	47.9	**135.1**
Derecognised financial assets	-11.8	-6.0	-286.2	**-304.0**
From stage 1 to stage 2	-4.3	24.7		**20.4**
From stage 1 to stage 3	-27.8		353.2	**325.4**
From stage 2 to stage 1	1.2	-6.6		**-5.3**
From stage 2 to stage 3		-62.8	154.9	**92.1**
From stage 3 to stage 1			-2.0	**-2.0**
From stage 3 to stage 2				
Changes in risk factors (PD, EAD, LGD)*	-11.7	-3.3	39.5	**24.5**
Changes due to expert assessments (individual assessments, manual adjustments) **	57.3	22.8	193.0	**273.1**
Exchange-rate differences	0.8	0.7	2.5	**4.0**
Provision for credit losses, 31 Dec 2024	**158.3**	**40.6**	**1,292.5**	**1,491.5**

* Refers to changed assumptions and then mainly PD and EAD
**Expert adjustments are made to the model for provisions for both Business to Business and Business to Consumer, which were created for statutory reporting purposes to comply with the accounting principles of IFRS 9. The change made in 2024 relates to the impairment based on a mix of updated cash flow curves, as well as the reversal of the macro adjustments made in 2023 that are no longer considered relevant. The write-downs made at the end of the year are due to macroeconomic developments in the countries in which Avida operates, with increased unemployment and a deteriorating economy.

CHANGE IN GROSS CARRYING AMOUNT AND PROVISIONS

SEK million	Stage 1	Stage 2	Stage 3	Amount
Gross carrying amount, 1 Jan 2023	**10,576.8**	**844.4**	**2,227.5**	**13,648.7**
New financial assets	3,757.9	116.5	136.9	**4,011.3**
Derecognised financial assets	-3,624.1	-251.6	-1,350.2	**-5,225.9**
From stage 1 to stage 2	-364.2	343.2		**-21.0**
From stage 1 to stage 3	-662.6		646.2	**-16.3**
From stage 2 to stage 1	101.5	-115.2		**-13.7**
From stage 2 to stage 3		-276.3	267.6	**-8.7**
From stage 3 to stage 1	1.2		-2.2	**-1.0**
From stage 3 to stage 2		0.9	-4.3	**-3.5**
Changes due to expert assessments (individual assessments, manual adjustments*)	-764.2	-25.9	-37.8	**-827.9**
Exchange-rate differences	-63.2	-11.6	-22.7	**-97.6**
Gross carrying amount, 31 Dec 2023	**8,959.1**	**624.2**	**1,861.1**	**11,444.4**

*Loans that have remained in the same stage over the period, and have either been paid off or changed for other reservation reasons.

SEK million	Stage 1	Stage 2	Stage 3	Amount
Provision for credit losses, 1 Jan 2023	**100.9**	**103.6**	**1,070.8**	**1,275.3**
New financial assets	34.9	13.5	74.9	**123.3**
Derecognised financial assets	-25.2	-23.8	-709.7	**-758.7**
From stage 1 to stage 2	-8.8	55.2		**46.4**
From stage 1 to stage 3	-20.5		258.0	**237.4**
From stage 2 to stage 1	3.2	-14.3		**-11.1**
From stage 2 to stage 3		-48.1	111.1	**63.0**
From stage 3 to stage 1	0.0		-0.5	**-0.5**
From stage 3 to stage 2		0.1	-3.5	**-3.5**
Changes in risk factors (PD, EAD, LGD)	-9.0	-2.6	8.7	**-2.9**
Changes due to expert assessments (individual assessments, manual adjustments) *	0.0	-19.2	-12.0	**-31.2**
Exchange-rate differences	-0.9	-0.5	-7.7	**-9.2**
Provision for credit losses, 31 Dec 2023	**74.6**	**63.8**	**790.1**	**928.5**

FORWARD LOOKING INFORMATION

Avida's macro model consists of 80% of a baseline scenario based on forecasts from external institutions regarding unemployment and policy interest rates. In addition, an optimistic scenario is modelled where unemployment and policy interest rates are lower than for the base scenario over a period and a pessimistic scenario, where unemployment and policy interest rates are higher than the baseline scenario. After the period, the curves converge back to the baseline scenario.

The weighting between scenarios has not changed during the year, as the baseline scenario also contains a forward-looking forecast based on macroeconomic factors and has also been updated with the new forecasts. Forecasts for input parameters are updated on an annual basis.

The plan was for the update of the baseline scenario to be carried out in 2024 along with an update of the PD and LGD models. The update of these models is unfortunately delayed and is expected to be completed in the first half of 2025 - in connection with this the update of the baseline scenario will take place.

SCENARIOS	Pessimistic			**Baseline scenario**			Optimistic		
	2025	2026	2027	**2025**	**2026**	**2027**	2025	2026	2027
Sweden									
Unemployment	9,56%	9,16%	9,16%	8,43%	8,03%	8,03%	7,30%	6,90%	6,90%
Interest rate	3,49%	3,49%	3,24%	2,25%	2,25%	2,00%	1,01%	1,01%	0,76%
Norway									
Unemployment	4,27%	3,88%	3,72%	3,57%	3,18%	3,02%	2,87%	2,48%	2,32%
Interest rate	5,05%	4,72%	4,66%	3,75%	3,42%	3,42%	2,45%	2,12%	2,12%
Finland									
Unemployment	10,02%	9,42%	9,42%	8,70%	8,10%	8,10%	8,65%	8,05%	8,05%
Interest rate	2,48%	2,48%	2,48%	1,50%	1,50%	1,50%	0,52%	0,52%	0,52%

SENSITIVITY ANALYSIS LGD

When assessing the need for impairment of loan receivables, the most critical assessment is estimating the loss given a default ("LGD").

LGD is the expected credit loss with respect to future recoveries and realisation of collateral. The table below illustrates the effect on key ratios of a per cent change in LGD of five per cent on overdue receivables in step 3. Avida conducts sensitivity analysis for stage 3 only when from an monetary perspective, it has the greatest impact.

	Financial measure	**Change**	**31 Dec 2024**	**31 Dec 2023**
Change in LGD	Profit/loss before tax	+/- 5 per cent	108.1	89.8
	Equity	+/- 5 per cent	85.9	71.3

NOTE 14 INTANGIBLE ASSETS

	31 dec 2024	31 dec 2023
Opening acquisition value	114.9	95.3
This year's investments	79.3	20.2
This year's decommissioned	-30.9	-0.6
intangible assets	**165.3**	**114.9**
Opening acquisition value	-58.5	-52
Depreciation for the year	-7,9	-7.2
Recovery of depreciation on	0.0	0,6
decommissioned intangible assets	**66.4**	**-58.5**
Closing carrying amount	**96.9**	**56.4**

Intangible assets consist of capitalised development costs and acquired software.

NOTE 15 TANGIBLE ASSETS

	31 dec 2024	31 dec 2023
Opening acquisition value	23.4	21.8
This year's investments	1.6	1.5
This year's sales	-	-
Anskaffningsvärde	**24.9**	**23.4**
Opening acquisition value	-18.4	-16.6
Depreciation for the year	-2.0	-1.8
This year's sales	-	-
Closing depreciation	**-20.3**	**-18.4**
Closing carrying amount	**4.6**	**5.0**

Tangible assets consist of computers and office furniture.

NOTE 16 LEASING

Avida Finans AB (publ) has chosen to apply the exemptions in RFR 2 in the accounts. IFRS 16 Lease contracts do not affect the Company.

All lease contracts are reported in accordance with the rules on operational leasing. Costs for lease contracts are reported on an ongoing basis when they arise. Avida's lease contracts consists of rental of office premises.

Avida's obligations regarding lease contracts are presented below.

MATURITY ANALYSIS LEASE LIABILITIES	31 dec 2024	31 dec 2023
Year 1-5	27,349	18,076
Year 5 and beyond	0.0	0.0
Total	**27,349**	**18,076**

NOTE 17 OTHER ASSETS

	31 dec 2024	31 dec 2023
Tax account	13.2	16.5
Fund liquid receivable	30.7	22.9
Endowment insurance	2.1	1.3
Purchase price for portfolio sold	0.0	210.7
Other receivables	37.2	25.5
Total	**83.2**	**276.9**

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	31 dec 2024	31 dec 2023
Prepaid rent	2.4	2.3
Prepaid other costs	12.5	19.0
Accrued income	2.7	1.3
Total	**17.6**	**22.6**

NOTE 19 OTHER LIABILITIES

	31 dec 2024	31 dec 2023
Accounts payable	20.6	23.4
Fund liquid liability	14.5	9.5
Derivative debt	3.1	22.9
Withholding tax on savings account	49.2	42.3
Debts to employees	15.6	10.8
Other liabilities	27.5	24.1
Total	**130.5**	**133.1**

In the above note, the company has specified the division of the debts. Other liabilities have been broken down into Liabilities to employees and Other liabilities.

NOTE 20 ACCRUED EXPENSES AND PREPAID INCOME

	31 dec 2024	31 dec 2023
Accrued personnel costs	22.4	19.4
Other accrued costs	64.9	19.1
Prepaid income	17.1	13.9
Total	**104.4**	**52.3**

NOTE 21 PROVISIONS

	31 dec 2024			31 dec 2023
	Provisions for pensions	Other provisions	Total	Total provisions for pensions
Opening balance	1.3	2.8	4.1	0,7
Provisions	0.7	0.0	0.0	3.4
Value changes	0.0	-2.8	-2.8	0.0
Total	**2.1**	**0.0**	**2.1**	**4.1**

NOTE 22 SUBORDINATED DEBT

Instrument	ISIN	Cur-rency	Date of issue	Due date	Interest rate %	Nominal value	2024	2023
Avida Finans AB 23/34 FRN C SUB	SE0020539765	SEK	2023-10-27	2034-01-27	STIBOR 3m +9,25	250,0	244.6	249.7
Total							**244.6**	**249.7**

In 2023, Avida issued subordinated bonds of a nominal amount of SEK 250 million. In connection with the issue, previously outstanding subordinated bonds of the same amount were repurchased. The first option for redemption of the outstanding bonds is in January 2034. Bondholders may require early repayment if certain predefined covenants are broken. Avida will repay the nominal amount including any accrued interest at maturity.

In 2024, costs for subordinated liabilities amounted to SEK 33.0 million (SEK 27.0 million in 2023).

NOTE 23 EQUITY CAPITAL

Share capital. Number of shares in Avida Finans AB (publ) as of 31 december 2023 amounts to 80,658,696 with a quota value per share of 0.18.

NUMBER OF SHARES	2024	2023
Opening balance	80 658 696	70 576 359
Rights issue	-	10 082 337
Closing balance	**80 658 696**	**80 658 696**

An extraordinary general meeting held on December 16 resolved to approve an issue of 57,717,218 warrants entitling the holder to subscribe for 57,717,218 new shares at a subscription price of approximately SEK 0.18 per share, and on December 30, an extraordinary general meeting resolved to introduce two classes of shares.

Shares in Avida may be issued in two classes, Class A and Class B. Class A shares carry one (1) vote per share, while Class B shares carry one-tenth (1/10) of a vote per share. The number of shares of each class may correspond to up to the total number of shares in the company. As of the end of 2024, only Class A shares have been issued.

The number of shares in the company shall be not less than 60,000,000 and not more than 240,000,000.

On December 16, the Board of Directors resolved to allocate a total of 4,000,000 warrants, of which 2,000,000 were allocated to Midelfart Capital AS and 2,000,000 to Andenes Investments S.L. None of the warrants had been exercised as of the end of 2024

A primary capital instrument is defined as an equity instrument if it represents a residual right to a company's assets after deducting all its liabilities, in accordance with paragraph 11 of IAS 32.

Furthermore, the conditions under points a and b in paragraph 16 of IAS 32 must be met.

The primary capital instrument issued by Avida meets the classification of a primary capital instrument according to the CRR.

Instrument	ISIN	Currency	Issue date	Term	Rate %	Nominal amount	2024	2023
Avida Finans AB 19/PERP FRN C HYBRID	SE0012729085	SEK	2019-06-26	Perpetual	3m STIBOR+9,5	200,0		199,4
Avida Finans AB 19/PERP FRN C HYBRID	SE0022241477	SEK	2024-07-08	Perpetual	3m STIBOR+13,0	200,0	200,0	
Total							**200,0**	**199,4**

NOTE 24 CLASSIFIACTION OF FINANCIAL ASSETS AND LIABILITIES

31 dec 2024	Financial assets&liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Total Carrying amount	Total fair value
Cash and balances with central banks		80.3	80.3	80.3
Loanable goverment bonds	162.0	929.6	1,091.6	1,114.7
Loans to credit institutions		2,689.6	2,689.6	2,689.6
Loans to the oublic		12,283.5	12,283.5	12,283.5
Derivatives	4.1		4.1	4.1
Other assets	2.1	30.7	32.8	32.8
Total assets	**168.2**	**16,013.7**	**16,181.9**	**16,205.0**
Deposits from the public		10,945.1	10,945.1	10,945.1
Derivatives	3.1		3.1	3.1
Subordinated debt		250.0	250.0	250.0
Other liabilities		55.0	55.0	55.0
Total financial liabilities	**3.1**	**11,250.2**	**11,253.3**	**11,253.3**

The carrying amount does not deviate significantly from the fair value as Avida has no fixed-rate agreements.

31 dec 2023	Financial assets & liabilities valued at fair value through income statement	Financial assets valued at fair value through other comprehensive income	Total Carrying amount	Total fair value
Cash and balances with central banks		77.6	77.6	77.6
Loanable goverment bonds	157.4	679.6	837.0	837.0
Loans to credit institutions		1,136.4	1,136.4	1,136.4
Loans to the oublic		10,515.9	10,515.9	10,515.9
Other assets	1.3	22.9	24.2	24.2
Total assets	**158.8**	**12,432.4**	**12,591.1**	**12,591.1**
Deposits from the public		10,930.3	10,930.3	10,930.3
Derivatives	1.3		1.3	1.3
Subordinated debt		249.7	249.7	249.7
Other liabilities		51.6	51.6	51.6
Total financial liabilities	**1.3**	**11,231.6**	**11,232.9**	**11,232.9**

DISCLOSURES ON VALUATION AT FAIR VALUE

Avida measures certain financial instruments at fair value. Below is information on fair value measurement per level according to the valuation hierarchy in IFRS 13.

Level 1) Listed prices (unadjusted) on active markets for identical assets or liabilities
Level 2) Observable data for the asset or liability other than listed prices included in level 1, either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes).
Level 3) Data for the asset or liability that is not based on observable market data.

The assets measured at fair value relate to currency derivatives, endowment insurance and a money market fund containing high-quality assets.

The valuation of the money market fund is obtained from quoted prices in active markets for identical assets or liabilities, i.e. level 1. The valuation of derivatives and endowment insurance is based on observable data for the asset or liability, i.e. level 2.

No transfers were made between the different levels during the period.

For financial instruments that are listed on an active market, fair value is determined on the basis of the asset's quoted purchase price on the balance sheet date, without the addition of transaction costs at the time of acquisition. A financial instrument is considered to be listed on an active market if quoted prices are readily available on a stock exchange, from a trader, broker, bank, etc. and these prices represent actual and regularly occurring market transactions on commercial terms.

Fair values for derivative instruments in the form of foreign exchange futures are based on input data from an external commercial bank. The fair value of the fund is based on input data on prices in the underlying assets from an external commercial bank. For valuation of financial assets and liabilities in foreign currency, exchange rates are obtained from an external commercial bank.

31 Dec 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgageable Government Bonds	162.0			**162.0**
Derivative instruments		4.1		**4.1**
Other financial assets		2.1		**2.1**
Total assets	**162.0**	**6.2**		**168.2**
Financial liabilities				
Derivatives		3.1		**3.1**
Total liabilities		**3.1**		**3.1**

31 dec 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mortgageable Government Bonds	157.4			**157.4**
Other financial assets		1.3		**1.3**
Total assets	**157.4**	**1.3**		**158.8**
Financial liabilities				
Derivatives		1.3		**1.3**
Total liabilities		**1.3**		**1.3**

NOTE 25 CAPITAL ADEQUACY

The information in this note refers to such information to be provided in accordance with FFFS 2008:25, including all applicable amendment regulations, on annual accounts in credit institutions and securities companies and in accordance with FFFS 2014:12, including all applicable amendment regulations, on prudential requirements and capital buffers. Other disclosures required under FFFS 2014:12 and Regulation (EU) No 575/2013 are reported in the Avida Pillar 3 Report, which is published on www.avida.se.

The effect of CRR III is initially assessed to impact the calculation of operational risk, resulting in a reduced exposure amount. Otherwise, the update is not expected to have a material impact on capital ratios or capital requirements.

INFORMATION ON OWN FUNDS AND CAPITAL REQUIREMENT

For the determination of Avida's statutory capital requirements, the primarily applicable regulations are Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Act on capital buffers (2014:966). The purpose of the rules is to ensure that Avida manages its risks and protects customers.Own funds must cover the capital requirement including the minimum capital requirement according to Pillar 1 for credit risk, market risk and operational risks, the special own funds requirement and the total buffer requirement.

CAPITAL RATIO AND CAPITAL BUFFERS

Avida's strategy for capital management is to hold capital that exceeds the minimum level by a sufficient margin, including total buffer requirements. Regulation (EU) No 575/2013 of the European Parliament and of the Council requires credit institutions to maintain at least 4.5 per cent Common Equity Tier 1 capital, 6 per cent Tier 1 capital and 8 per cent Total capital in relation to the risk-weighted exposure amount. Credit institutions are also required to maintain certain capital buffers.

Avida currently has an obligation to maintain a capital conservation buffer of 2.5 per cent and a countercyclical buffer of 1.66 per cent of the total risk-weighted exposure amount. In Avida's biggest markets, the countercyclical buffer requirement was 2 per cent in Sweden, 2.5 per cent in Norway and 0 per cent in Finland as of 31 December 2024.

INTERNALLY ASSESSED CAPITAL REQUIREMENT

The internal capital and liquidity assessment (ICLAAP) is carried out at least on an annual basis. As of 31 December 2024, the internally assessed capital requirement amounted to MSEK 151.1 (120.9). The internal capital requirement in Pillar 2 is considered to consist of credit concentration risk, interest rate risk in the bank book and business risk, including credit spread risk. The Swedish Financial Supervisory Authority has not informed Avida of guidelines for Pillar 2.

LIQUIDITY NEEDS

As a credit market company, Avida is subject to regulations and legislation with regard to liquidity requirements. Avida complies with the rules of the Swedish Financial Supervisory Authority for managing liquidity risk in accordance with regulations (FFFS 2010:7) on managing liquidity risks. Avida has an obligation to maintain a separate reserve of high-quality assets that can be used to secure the short-term ability to pay in the event that funding sources are no longer available. The assets in the liquidity reserve consist of deposits with central banks, bonds issued by states and municipalities and short-term lending to banks. In accordance with the supervisory Regulation (EU) No 575/2013 and the European Commission Delegated Regulation (EU) 2015/61, Avida Finans AB (publ) reports the liquidity coverage ratio (LCR) monthly and stable net financing (NSFR) quarterly.At year-end, the short-term liquidity coverage ratio (LCR) was 298.81%, compared to the regulatory ratio of 100%. The stable net financing ratio (NSFR) was 113.68%, compared to the regulatory ratio of 100%.

LEVERAGE RATIO

The leverage ratio is a non-risk sensitive capital requirement that specifies the size of equity in relation to the company's total assets, including off-balance sheet items. Avida has a regulatory minimum requirement that the leverage ratio requirement exceed three per cent and reports the leverage ratio quarterly to the Swedish Financial Supervisory Authority.

	31 dec 2024	31 dec 2023
CAPITAL RATIOS AND CAPITAL BUFFERS, %		
Common Equity Tier 1 capital ratio	12.63%	13.14%
Primary capital ratio	14.32%	15.05%
Total capital ratio	16.43%	17.44%
Total Tier 1 capital requirement including buffer requirement	8.66%	8.57%
of which: requirement for capital conservation buffer	2,50%	2,50%
of which: requirement for countercyclical buffer	1.66%	1.57%
Tier 1 capital available to use as a buffer	8.13%	8.64%

	31 dec 2024	31 dec 2023
SPECIFIKATION OF CAPITAL BASE		
Capital instruments and associated share premium reserve	1,999.9	1,134.1
Retained earnings and reserves	-469.9	239.1
Regulatory adjustments:		
Intangible assets	31.9	28.2
Deferred tax assets	0.5	0.3
Insufficient provision for defaulting exposures	0.0	0.0
Reversal under transitional rules to IFRS 9	0.0	25.6
Total common equity tier 1 capital	**1,497.6**	**1,370.3**
Perpetual subordinated loans	200.0	199.4
Total other Tier 1 capital	**200.0**	**199.4**
Total primary capital	**1,1697.6**	**1,569.7**
Capital instruments and associated premium funds: Time bound subordinated loans	250.0	249.7
Total supplementary capital	**250.0**	**249.7**
Total own funds	**1,947.6**	**1,819.4**
SPECIFICATION OF RISK EXPOSURE AMOUNT (REA)		
Exposures to central banks and local authorities	9.1	6.1
Institution exposures	558.6	243.7
Corporate exposures	1,352.3	2,073.3
Retail exposures	7,063.2	5,248.5
Exposures in default	1,127.0	972.2
Equity exposures	0.0	0.0
Other items	116.6	266.4
Total risk exposure amount and capital requirements	**10,226.8**	**8,810.2**
Foreign exchange rate risk	61.0	34.3
Basic indicator approach	1,568.7	1,587.4
Risk-weighted exposure amount for credit worthiness adjustment (CVA) risk	0.2	0.1
Total risk-weighted exposure amount	**11,856.7**	**10,432.0**
SPECIFICATION OF CAPITAL REQUIREMENTS (8 % OF REA)		
Exposures to central banks and local authorities	0.7	0.5
Institution exposures	44.7	19.5
Corporate exposures	108.2	165.9
Retail exposures	565.1	419.9
Exposures in default	90.2	77.8
Equity exposures	0.0	0.0
Other items	9.3	21.3
Total risk exposure amount and capital requirements	**818.7**	**704.8**
Foreign exchange rate risk	4.9	2.7
Operational risk (basic indicator approach)	125.5	127.0
Capital requirements for credit rating adjustment (CVA) risk	0.0	0.1
Total capital requirement - Pillar 1	**948.5**	**834.5**

	31 dec 2024	31 dec 2023
Credit concentration risk	110.3	86.5
Interest rate risk in banking book	42.9	29.4
Other additional capital requirements	1.8	5.0
Total additional capital requirements Pillar 2	**155.0**	**120.9**
Capital conservation buffer	296.6	260.8
Countercyclical buffer	197.4	164.3
Total capital requirements - Capital buffers	**493.7**	**425.1**
Total capital requirement	**1,597.2**	**1,380.5**
CAPITAL BASE REQUIREMENT AS A PERCENTAGE OF RISK WEIGHT EXPOSURE AMOUNT		
Pillar 1	8.00%	8,00%
Pillar 2	1.31%	1,16%
Capital conservation buffer	2.50%	2,50%
Institute-specific countercyclical buffer	1.66%	1.57%
Total capital base requirement	**13,47%**	**13.23%**
GROSS SOLVENCY		
Exposure measures for calculation of leverage ratio	17,614.6	13,133.9
Tier 1 capital	1,697.6	1,569.7
Leverage ratio, %	**9.64%**	**11.95%**
Leverage ratio requirement	528.4	394.0
Leverage ratio requirements, percentage	3%	3%

TEMPLATE EU KM1 - KEY METRICS		31 dec 2024	30 jun 2024	31 dec 2023
Available own funds (amount)				
1	Common Equity Tier 1 (Tier 1)	1,497.6	1,212.2	1,370.3
1	Tier 1 capital	1,697.6	1,412.1	1,569.7
3	Total Capital	1,947.6	1,661.4	1,819.4
Risk exposure amount				
4	Risk exposure amount	11,856.7	10,359.3	10,439.9
Capital relations (as a percentage of the risk-weighted exposure amount)				
5	Common Equity Tier 1 capital ratio (%)	12,63%	11.70%	13,13%
6	Tier 1 capital ratio (in %)	14,32%	13.63%	15.04%
7	Total capital ratio (%)	16,43%	16.04%	17.43%
Additional own funds requirements to manage risks other than the risk of excessively low leverage ratio (as a percentage of the risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to manage risks other than the risk of excessively low leverage ratio in %	0,%	0,%	0,%
EU 7b	of which: shall consist of Common Equity Tier 1 capital (in percentage points) r)	0,%	0,%	0,%
EU 7c	of which: shall consist of Tier 1 capital (in percentage points)	0,%	0,%	0,%
EU 7d	Total own funds requirements for the review (in %)	8%	8%	8%
Combined buff er requirement and aggregate capital requirement (as a percentage of the risk-weighted exposure amount)				
8	Capital conservation buff er (in %)	2,50%	2,50%	2,50%
EU 8a	Conservation buff er due to macroprudential or systemic risks identifi ed at Member State level			
9	Institution specific countercyclical capital buffer (%)	1,66%	1,49%	1.57%
EU 9a	Systemic risk buffer (%)			
10	Global Systemically Important Institution buffer (%			
EU 10a	Other Systemically Important Institution buffer (%)			
11	Combined buffer requirement (%	4,16%	3.99%	4.07%
EU 11a	Overall capital requirements (%)	12,16%	11.99%	12.07%
12	CET1 available after meeting the total SREP own funds requirements (%)	8,13%	7,20%	8.63%
Leverage ratio				
13	Total exposure measure	17,614.6	13,401.1	13,160.5
14	Leverage ratio (%)	9,64%	10.54%	11.93%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)			
EU 14b	of which: to be made up of CET1 capital (percentage points)			
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)			
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%
Liquidity coverage ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,131.1	822.6	864.6
16	Total high-quality liquid assets (HQLA) (Weighted value - average)	556.2	344.6	275.3
17	Liquidity coverage ratio	203.38%	238.71%	314.06%
Stabil nettofinansieringskvot				
18	Total available stable funding	13,333.8	12,466.4	12,132.0
19	Total required stable funding	11,728.9	9,565.6	9,401.2
20	NSFR ratio (%)	113.68%	130.33%	129.05%

NOTE 26 CONTINGENT LIABILITIES AND COMMITMENTS

	31 dec 2024	31 dec 2023
Contingent liabilities		
Pledges and other comparable securities provided for own liabilities and for obligations recognized as provisions.		
Other pledged collateral and comparable securities (1)	1,3	0,3
Contingent Liabilities		
Guarantees and similar commitments		
Other Commitments (2)	11 284,2	1 157,2
Total contingent liabilities	**11,284.2**	**1 157,5**

1) Rental Deposit

2) Commitments as of the balance sheet date refer to unused loan commitments to customers.

NOTE 27 RELATED PARTY TRANSACTIONS

At the extraordinary general meeting on December 16, 2024, a resolution was passed, among other things, regarding a directed issue of subscription warrants to Andenes Investments S.L. and Midelfart Capital AS, both of which are considered to be part of the related party circle. After the subscription was completed and a payment of SEK 30,000,000 from each party was received for the subscribed subscription warrants, the Board of Directors decided on the same day to allocate 2,000,000 subscription warrants to both Andenes Investments S.L. and Midelfart Capital AS. As of the end of 2024, none of these subscription warrants had been exercised. All transactions between Avida Finans AB (publ) and its subsidiaries have been conducted on market terms. All intra-group transactions, receivables, and liabilities are eliminated in the accounts.

Information on remuneration for senior executives is available in Note 8 Staff costs.

No transactions with related parties have otherwise taken place during the year.

NOTE 28 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Avida announced a cost-saving program on February 13, which includes, among other things, staff reductions. The program reflects a clear focus on cost-efficiency measures such as reviewing staffing levels and the use of consultants, as well as evaluating existing operational agreements, etc. Parts of the cost-saving program were initiated in 2024, with several positions being altered or removed. Costs related to terminated employees amount to approximately SEK 3.8 million and have been recognized in 2024. Any additional costs related to the program will impact operations in 2025.

New appointments in the coming quarters include Lisbeth Alainentalo as Chief Risk Officer, Martin Ahlberg as Chief Credit Officer, and Christina Örn as Head of Business to Consumer.

In addition, during March, Avida divested written-down assets related to Finnish consumer lending totaling approximately SEK 438 million, corresponding to the book value.

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NOTE 29 ACQUISITION OF CREDIT CARD AND SALES FINANCING PORTFOLIOS FROM SANTANDER

On December 31, 2024, Avida completed the previously announced acquisition of Santander's credit card and sales financing portfolios in Norway and Sweden. The acquisition enables Avida to expand its customer offering within credit cards and sales financing. The portfolios consist solely of performing loans and constitute an asset acquisition.

As a result of the acquisition, Avida gains approximately SEK 3.6 billion in lending to the public and around 450,000 customers. The lending to the public is distributed as approximately NOK 2.4 billion and SEK 1.3 billion. In addition to the performing loan portfolios, Avida has also taken over 48 employees from Santander.

In the acquisition analysis, intellectual property rights have been valued at NOK 13.4 million and SEK 18.9 million, representing intangible assets on the balance sheet. The amortization period forintellectual property rights has been estimated at five years.

The acquisition has been financed partly through existing cash reserves and partly through loans from Santander Corporate Bank London Branch. As of the end of December, the external financing amounts to NOK 2,167 million and SEK 1,124 million. The loan facility is revolving and has a term of one plus one year.

In connection with the acquisition, an initial provision of SEK 44.1 million was made for expected credit losses, which has been recorded under credit losses.

NOTE 30 APPROPRIATION OF PROFITS

According to the balance sheet, the following unappropriated earnings are at the disposal of the Annual General Meeting:	**SEK**
Other contributed capital	193 549 169
Retained earnings	2 088 029 420
Profit/loss for the year	-684 623 993
Total available profits for allocation	**1 596 954 596**
The Board of Directors proposes that unappropriated earnings be distributed as follows:	
To be carried forward	**1 596 954 596**

DEFINITIONS

Alternative Performance Measures (APM) are financial measures of historical or future earnings development, financial position or cash flow that are not defined in the applicable accounting regulations (IFRS) or in the Fourth Capital Requirements Directive (CRD IV) or in the EU Capital Requirements Regulation No. 575/2013 (CRR). Avida uses alternative performance measures when relevant to follow up and describe the Company´s financial situation and increase comparability between periods. These do not have to be comparable with similar key figures presented by other companies lternativa nyckeltal (Alternative Performance Measures, APM).

ALTERNATIVE PERFORMANCE MEASURES

RETURN ON EQUITY

Adjusted reported profit/loss divided by average adjusted equity. The purpose of the key ratio is to calculate the company's profitability in relation to equity.

RETURN ON TOTAL ASSETS

Operating profit divided by total assets. The metric is used to give the reader a picture of how effectively the company uses its assets to generate profit.

C/I RATIO

Total operating expenses divided by total operating income, excluding credit losses. The purpose of the metric is to show the cost efficiency of the business in relation to operating income.

TIER 1 CAPITAL RATIO

Tier 1 capital divided by the total risk-weighted exposure amount. The purpose of the metric is to show the company's Tier 1 capital in relation to its risk-weighted assets.

PROVISION RATIO

Reserve made at the end of the period for future credit losses in relation to loans to the public (gross) at the end of the period.

RETURN ON EQUITYRISK EXPOSURE AMOUNTRISK EXPOSURE AMOUNT

Reserve made at the end of the period for future credit losses in relation to loans to the public (gross) at the end of the period.

CALCULATION RISK EXPOSURE AMOUNT

Risk-weighted exposures refer to the assigned value of an exposure on and off balance sheet.

NET INTEREST INCOME CALCULATION

SOLVENCY

Adjusted equity at the end of the period divided by total assets at the end of the period. The key ratio monitors the proportion of assets that are financed with equity.

TOTAL CAPITAL RATIO

The own funds divided by the total risk-weighted exposure amount.

TOTAL PROFIT/LOSS AFTER TAX

Total result including components that have or may come to be reclassified to the income statement.

PROFIT MARGIN

Profit before allocations and tax divided by operating income

SIGNATURE OF THE BOARD AND CEO

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting practices in Sweden. The Annual Report gives a true and fair view of the company's position and results. It is further assured that the Management Report for the Parent Company and the Group respectively provide a fair overview of the development of the Parent Company's and the Group's operations, position and earnings and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

STOCKHOLM, APRIL 29 2025

Magnus Lindquist, Chairman of the Board

Mikael Johansson, CEO

Geir Olsen, Member

Celina Midelfart, Member

Vaibhav Piplapure, Member

Teresa Robson-Capps, Member

John Stein, Member

Our auditor's report was submittes on April 29,2025
Deloitte AB

Patrick Honeth, Authorised public accoutant

AUDITOR'S REPORT

To the general meeting of the shareholders of Avida Finans AB (publ) corporate identity number 556230-9004

REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Avida Finans AB (publ) for the financial year 2024. The annual accounts of the company are included on pages 5-9 and 24-63 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Avida Finans AB (publ) as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance.

Our opinions in this report on the the annual accounts are consistent with the content of the additional report that has been submitted to the parent company's board of directors in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Avida Finans AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual, but we do not provide a separate opinion on these matters.

Valuation of loan receivables

Recognition and measurement of loan receivables is an area with significant impact on Avida Finans's business and financial reporting. IFRS 9 is a complex accounting standard that requires significant judgement to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in Avida Finas´s expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors.

At December 31, 2024, loans to the public amounted to SEK 12 284 million, with loan loss provisions of SEK 1 492 million. Given the significance of loans to the public, the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this a key audit matter for our audit.

Refer to critical judgments and estimates in note 2, disclosures of credit risk in note 3 and lending to the public in note 13.

Our audit procedures included, but were not limited to:

- We evaluated key controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year; including process for approval of significant reserves for expected credit losses.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9. We assessed the sufficiency the underlying models developed for loan loss provisions.
- We have audited a selection of loans with identifiable worsened credit to evaluate the reasonableness in the Company's judgement of the loan loss provision for these loans.
- We assessed the completeness and accuracy of the disclosures relating to loan loss provision to assess compliance with disclosure requirements included in IFRS.

During the financial year, Avida has completed an acquisition of Santander's credit card and sales financing portfolios in Norway and Sweden. The acquisition has been deemed to be an asset acquisition. Recognition of acquisitions requires material estimates and assessments by management to assess the type of acquisition, as well as to identify and separately account for the identifiable acquired assets and determine their fair value at the time of acquisition.

See Note 29 on the acquisition, Note 2, section 3.2 regarding intellectual property rights for information on acquired intangible non-current assets and related information on the acquisition in the Board of Directors' Report.

Our audit activities have included, but are not limited to:

• Evaluation of the applicability of the chosen accounting method according to IFRS 3.
• Evaluation of identified acquired assets and accounting method.
• Review of the distribution and accounting of the purchase price.
• Review of the valuation and accounting of the acquired portfolios under IFRS 9.
• Review of whether the required information has been provided in the annual report.

IT-systems that support complete and accurate financial reporting.

Avida Finans relies on IT systems to ensure completeness and accuracy of financial transactions and to support the overall internal control framework. The financial reporting is dependent on several systems. Many of Avida Finans's internal controls over financial reporting are dependent on automated system controls with regard to completeness and integrity in reports generated by IT systems. Given the high dependence on IT, we consider this a key audit in our audit.

Following risks are identified:

• Incorrect and unauthorised changes in the IT-environment
• Lack of operating- and monitoring routines of the IT-environment
• Incorrect and insufficient configurations of information security

Our audit procedures have included but not been limited to:

• We have reviewed management's change controls in the IT-environment.
• We have reviewed the process for IT system monitoring.
• We have reviewed the identity and access rights process, including assigning, changing and removing permissions.
• We have evaluated the processes and tools to ensure accessibility to information based on user needs and business requirements, including back-up of information and that read-back routines are appropriately designed.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and is found on 1-4 and 10-23. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibilities for the audit of the annual accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Avida Finans AB (publ) for the financial year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Avida Finans AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

• in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed auditor of Avida Finans AB (publ) by the general meeting of the shareholders on the on June 2, 2024 and has been the company's auditor since May 31, 2019.

Stockholm April 29, 2025
Deloitte AB
Signature on Swedish original. This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Patrick Honeth
Authorised public accountant

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