

ELECTRA GRUPPEN AB (publ) orgnr. 556065-4054

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Electra Gruppen and Elon Group merge to form the Nordic region's leading voluntary specialist retail chain for home products

Electra Gruppen AB (publ) ("Electra"), listed on Nasdaq Stockholm, and Elon Group Holding AB (publ) ("Elon Group Holding") have today entered into an agreement under which Electra and Elon Group AB ("Elon") merge. The merger will be completed through an exchange of shares, whereby Elon's parent company, Elon Group Holding exchanges all shares in Elon for shares in Electra through an issue in kind (the "Transaction"). Following the Transaction, Elon Group Holding will be the largest shareholder in the combined group and own 65 per cent of the shares and votes. The combined group will have net sales in excess of SEK 6 billion and offer products and services through more than 900 stores owned by voluntary specialist retailers and entrepreneurs in the Nordic region. The Transaction is, inter alia, subject to approval by the relevant authorities, implies a so-called substantial change of operations according to Nasdaq Stockholm's rulebook and completion is expected during the first half of 2022.

- The merger creates the leading voluntary specialist retail chain in the Nordic region for home products with a focus on kitchens, appliances, consumer electronics, lighting and interior design, offered to consumers and businesses.
- It is proposed that the combined company changes its company name to Elon AB (publ).
- Due to Electra's and Elon's size and diversification combined, the combined group will become an even stronger player with significantly enhanced opportunities to offer its customers competitive products, services and solutions.
- The merger enables a stronger customer proposition and a broader product offering including, inter alia, consumer electronics to customers throughout the Nordic region, available in more than 900 stores owned by voluntary specialist retailers who offer service, support and deliveries locally.
- The merger is expected to create significant shareholder value as a result of synergies, partly through revenue synergies in terms of Electra and Elon being able to offer the combined product range to their customers and partly through synergies in terms of a lower cost base for the combined group that is preliminary expected to decrease by SEK 50 million, which is expected to be achieved gradually over the next five years.

Anneli Sjöstedt, President and CEO of Electra, comments:

"Electra's collaboration with Elon since 2019 regarding retail chain branding has turned out very well. A merger of both companies will generate an even stronger market position. Both companies aim to grow in the Nordic region, to operate leading retail chains and generate growth by offering attractive products and logistics services. The joint forces will enhance our ability to achieve our goals."

Om Electra Gruppen (publ) orgnr. 556065-4054

Electra Gruppen utvecklar och driver koncept för butikskedjor med fristående entreprenörer och är en flexibel logistikpartner som erbjuder avancerade IT- och logistiklösningar. Electra Gruppen grundades 1949 av familjen Lissinger som ett handelsföretag inom radiobranschen. Företaget har sitt huvudkontor och huvuddelen av sin verksamhet i Kalmar. Bolagets aktie (ELEC) är noterad på Stockholmsbörsen Nasdaq OMX, Small Cap.

Denna information är sådan som Electra Gruppen AB är skyldig att offentliggöra enligt EU:s marknadsmissbruksförordning. Informationen lämnades, genom nedanstående kontaktpersons försorg, för offentliggörande den 7 december 2021 kl. 08.30.

Stefan Lebrot, President and CEO of Elon, comments:

"By forming a joint company with the Nordic region as our market, we merge two complementing and well-functioning companies into one group to reach new heights. Our goal is to become the leading retail chain in the Nordics where we can offer our customers all products for the home. The combined group is well-positioned to achieve this goal."

Peter Elving, Chairman of the board of directors of Electra, comments:

"By merging we can provide a stronger service offering to our customers at the same time as revenue synergies and cost savings make us more competitive in the market."

Fredrik Johansson, Chairman of the board of directors of Elon, comments:

"Two units as strong as Elon and Electra can achieve fantastic success together. Through local presence in the Nordic region and solid knowledge of the various markets, our offering will attract customers and generate good opportunities for our shareholders. We secure our position as a strong and knowledgeable specialist retailer in the Nordic region with a competitive setup."

Transaction structure:

- The merger will be completed by Electra acquiring all shares in Elon in exchange for 9,659,223 newly issued Electra shares through an issue in kind. Based on the closing price of Electra's share on 6 December 2021 of SEK 65.0 per share, the value of the Electra shares issued amounts to approximately SEK 628 million.
- Electra's board of directors will propose that a general meeting in Electra resolves on the issue in kind and Elon Group Holding's board of directors will propose that Elon Group Holding's general meeting resolves on the Transaction.
- The Transaction is subject to approval by Electra's and Elon Group Holding's general meetings, approval from the relevant competition authority and the SFSA's¹ approval of the prospectus that will be prepared by Electra due to the admission to trading of the shares issued in the issue in kind.
- The Transaction entails that Electra undergoes a so-called substantial change of operations according to Nasdaq Stockholm's regulations, meaning that Nasdaq Stockholm will conduct a review of Electra in order to ensure that Electra meets applicable listing requirements. This review will be conducted before the completion of the Transaction. During the review, Nasdaq Stockholm will according to Nasdaq Stockholm's regulations resolve on an observation status of Electra's share.
- Following completion of the Transaction, Electra's shareholders will hold 35 per cent of the shares and votes in the combined group after full dilution and Elon Group Holding 65 per cent of the shares and votes. As a result of the issue in kind, Elon Group Holding will become the largest shareholder in the combined group. Elon Group Holding has been granted an exemption from the mandatory bid obligation from the Swedish Securities Council.
- The largest shareholder in the combined group, Elon Group Holding, is controlled by a broad base of owners consisting of more than 250 Elon retailers, of which no single retailer will own more than 2.5 per cent of Elon Group Holding. Elon Group Holding will retain a majority of the capital and votes in the combined group, expected in the range 51-55 per cent. The excess share up to 65 per cent will, no later than 13 months from the Transaction completion be distributed without restrictions in ownership rights to shareholders of Elon Group Holding.

- In order to adjust the capital structure prior to the Transaction completion, Electra's board of directors will propose that a general meeting in Electra resolves on an extra dividend of SEK 15.6 million to Electra's shareholders.
- Electra's board of directors intends to propose that a general meeting in Electra resolves on an incentive program for key employees in the combined group.
- The combined group's management team will include, inter alia, Stefan Lebrot (president and CEO), Anneli Sjöstedt (deputy CEO) and Peter Brodén (CFO).
- The deal is supported by the respective board of directors in Electra and Elon Group Holding.

Background and rationale for the Transaction

The merger creates a strong player with significant size and diversification and thereby better positioned to offer customers competitive products and services. The customer proposition is enhanced through Electra's and Elon's broad presence in the market with products and services offered in more than 900 stores owned by voluntary specialist retailers and entrepreneurs, spread across the five Nordic countries as well as an advanced IT and logistics solutions offering.

Electra and Elon operate in a competitive market where numerous products have global price transparency. In an industry experiencing substantial change, both management teams and the board of directors of Electra and Elon believe that the merger creates good potential for increased growth, competitiveness and profitability.

Overview of the combined group

Elon's ownership structure

Elon's current parent company is Elon Group Holding, whose board of directors and shareholders largely consist of retailers operating their own stores within Elon's concept. The shareholders of Elon Group Holding are therefore indirect shareholders of Elon before the Transaction. As a result of the issue in kind, Elon Group Holding will become the largest shareholder of the combined group with 65 per cent of the shares and votes. None of the approximately 250 Elon retailers will own more than 2.5 per cent of Elon Group Holding. Elon Group Holding has a long-term intention with its ownership and intends to retain a majority in the range 51-55 per cent in the combined group. The excess share up to 65 per cent will be distributed without restrictions in ownership rights to shareholders of Elon Group Holding. The mentioned distribution of shares will take place no later than 13 months from Transaction completion in light of financial consequences and taking into account current tax regulations.

The combined group's operations

The combined company will operate under the company name Elon AB (publ) following the Transaction completion, and the combined group will have headquarters in Stockholm as well as operations in Örebro and Kalmar. The combined net sales and earnings before interest, taxes, depreciation and amortisation (EBITDA) for the twelve-month period ended on 30 September 2021, are estimated at SEK 6,198 million and SEK 200 million, respectively. Products and services will be offered in more than 900 stores spread across the five Nordic countries as well as an advanced IT and logistics solutions offering. The combined group will have a leading position in the Swedish market for major appliances and a market share of just over 5 per cent in various categories in the Swedish market for consumer electronics.²

The combined group's management

Stefan Lebrot will be the president and CEO, Anneli Sjöstedt will be the deputy CEO and Peter Brodén will be the CFO of the combined group.

The combined group's board of directors

Provided that Electra's general meeting approves the issue in kind, Electra's nomination committee has proposed that Peter Engell, Anette Fransson, Fredrik Johansson, Håkan Lissinger, Pierre Mayr, Alexander Oker-Blom and Jacob Wall are elected as new board members in the combined group. In addition, the nomination committee has proposed that Fredrik Johansson is elected chairman of the board of directors. Further information on the proposed board members will be available in the notice convening Electra's general meeting, which will be announced separately.

Incentive program

Provided that Electra's general meeting approves the issue in kind, Electra's board of directors intends to propose that a general meeting resolves on an incentive program to key employees in the combined group. The purpose of the incentive program is to align key employees' remuneration to the combined group's long-term value creation and to retain key employees by ensuring a balance between variable and fixed remuneration as well as between long-term and short-term incentives. The incentive program will consist of warrants where full subscription would result in a dilution of approximately 4 per cent based on the new number of shares in the combined group after Transaction completion.

Financial information

The financial information presented below refers to information retrieved from each company's internal accounting system and is prepared in accordance with IFRS. The combined financial information constitutes a preliminary aggregate amount of the financial information from each company. The information has been prepared for illustrative purposes and should not be viewed as pro forma information. Unrealised gains and losses related to financial hedging instruments are recognised in the net financials. Future synergy effects have not been considered. The financial information has not been audited or otherwise reviewed by the companies' auditors.

Rolling twelve-month period, 1 Oct 2020 - 30 Sep 2021

SEK million	Electra	Elon	The combined group
Net sales	1,960	4,238	6,198
EBITDA	58	142	200
EBITDA margin	2.9%	3.3%	3.2%

The combined group's indebtedness (net debt in relation to EBITDA) is not expected to be significantly affected as a result of the merger.

Pro forma information will be included in the prospectus that will be prepared by Electra due to the admission to trading of the shares issued in the issue in kind.

Synergies and integration

In total, Electra and Elon Group Holding estimate that the cost base for the combined group will decrease by approximately SEK 50 million. The reduced cost base is expected to be achieved gradually over the next five years and is mainly attributable to overlapping functions. In addition, there are significant revenue synergies in the form of Electra and Elon being able to offer the combined product range to their customers in all of the combined group's geographical markets.

Integration costs and other one-offs to achieve a reduced cost base have been preliminarily estimated at approximately SEK 25 million, which are expected to affect the result in the first two financial years following Transaction completion.

The combined group's ownership structure

The table below shows a summary of the ownership structure in the combined group following Transaction completion.

Shareholders³	% of capital and votes
Elon Group Holding ⁴	65.0%
Håkan Lissinger and family ⁵	10.6%
Originat AB	3.6%
Alexander Oker-Blom	1.7%
Spiltan Fonder	1.6%
Avanza Pension ⁶	1.5%
Other shareholders	16.0%
Total	100%
Shareholders of Electra	35%
Shareholders of Elon Group Holding	65%

Additional information about the Transaction

On 7 December 2021, Electra and Elon Group Holding entered into an agreement to merge Electra and Elon. The agreement stipulates that Electra will acquire all shares in Elon in exchange for newly issued Electra shares. A total of 9,659,223 shares in Electra will be issued to Elon Group Holding in connection with Transaction completion. Shareholders in Electra will own 35 per cent of the shares in the combined group and Elon Group Holding's shareholders the remaining 65 per cent. Based on the closing price of Electra's share on Nasdaq Stockholm on 6 December 2021, the purchase price for all shares in Elon corresponds to approximately SEK 628 million.

Prior to entering the agreement to merge, the parties conducted a limited, customary due diligence review of certain business, financial and legal information regarding Electra and Elon, respectively. No information that was not previously public nor information that could have significant impact on Electra's share price have been exchanged during this process.

Until the Transaction has been completed, Electra and Elon will continue to operate as separate companies, led by their respective current management teams.

Conditions for the Transaction completion

As stated above, the Transaction is conditional on, among other things, approval from the relevant competition authority and that the general meetings of Electra and Elon Group Holding, respectively, resolve to approve the Transaction.

Electra's and Elon Group Holding's general meetings will be held during the first half of 2022. Notices to the general meetings of Electra and Elon Group Holding will be announced separately.

The Transaction is conditional on the SFSA's approval of the prospectus that will be prepared by Electra in connection with the admission to trading of the shares issued in the issue in kind.

The Transaction entails a so-called substantial change of operations according to Nasdaq Stockholm's rulebook. For this reason, Nasdaq Stockholm will conduct a review of Electra in order to ensure that Electra meets applicable listing requirements. This review will be conducted before the Transaction completion.

Indicative time table

First half of 2022	Elon Group Holding's general meeting resolves on the Transaction.
First half of 2022	Expected approval from relevant competition authority.
First half of 2022	Electra's general meeting resolves on the issue in kind and other decisions attributable to the Transaction.
First half of 2022	Prospectus publication.
First half of 2022	Estimated Transaction completion and issuance of Electra's shares to Elon Group Holding.

Advisors

In connection with the Transaction, Nordea Bank Abp, filial i Sverige is financial advisor and Advokatfirman Vinge KB is legal advisor to Electra and Advokatfirman Lindahl KB is legal advisor to Elon.

This information is such that Electra Gruppen AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of Anneli Sjöstedt, for publication at 08.30 CET on 7 December 2021.

About Electra

Electra develops and operates concepts for retail chains with independent entrepreneurs, especially within consumer electronics, and is a flexible logistics partner that offers advanced IT and logistics solutions. Electra was founded in 1949 by the Lissinger family as a trading company in the radio industry. The company has its headquarters and most of its operations in Kalmar. The company's share (ELEC) is listed on Nasdaq Stockholm. Electra's operations are divided into two segments and for the twelve-month period ended 30 September 2021, approximately 68 per cent of net sales was attributable to Electra Retail and approximately 32 per cent to Electra Logistics & IT. As of 30 September 2021, Electra has 135⁷ employees within the central organisation.

About Elon

Elon is a leading voluntary specialist retail chain for home products with representation in Sweden, Norway, Denmark, Finland and Iceland. In Sweden, there are approximately 286 Elon stores. The Elon stores offer primarily major appliances, lighting, kitchens and indoor climate products with the ambition to make the customer's everyday life easier. Local, driven entrepreneurs with a strong brand and central

functions such as logistics, IT and marketing make Elon a leading player. Elon's offering is targeted at both consumers and businesses, and for the twelve-month period ended 30 September 2021, approximately 81 per cent of net sales was attributable to consumers and approximately 19 per cent to businesses. As of 30 September 2021, Elon has 170⁸ employees within the central organisation.

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¹ Sweden's financial supervisory authority (Finansinspektionen).

² Source: GfK and Elektronikbranschen.

³ Source: Euroclear as per 29 October 2021.

⁴ Refers to Elon Group Holding's shareholding immediately after the Transaction completion and before the distribution of shares in the combined group that Elon Group Holding plans to complete no later than 13 months after the Transaction completion.

⁵ Includes Håkan Lissinger (1,088,000 shares), Johanna Lissinger Peitz (240,000 shares) and Malin Lissinger Browall (240,000 shares).

⁶ Avanza Pension's holdings exclude Alexander Oker-Blom's holdings via Avanza Pension, which amount to 152,000 shares.

⁷ The number of employees refers to Electra's central organisation and excludes store employees.

⁸ The number of employees refers to Elon's central organisation and excludes store employees.