



Axis Auto Finance Signs Definitive Agreement to Acquire Cars On Credit Financial

- The transaction will more than double Axis' portfolio to nearly \$60 million
- Purchase price of \$11 million to be funded from the proceeds of a concurrent \$15 million private placement of subscription receipts
- The transaction is expected to be immediately accretive to Axis' Adjusted Earnings and on a Price-to-Book basis

TORONTO, December 21, 2017 – Axis Auto Finance Inc. (TSXV:AXIS) (“Axis” or “the Company”), Canada’s fastest growing publicly-traded automotive finance company, today announced that it has entered into a share purchase agreement with Cars on Credit Financial Inc. (“Cars on Credit”) for total cash consideration of approximately \$11 million (the “Transaction”). Axis plans to fund the Transaction through a private placement of approximately \$15 million worth of subscription receipts (the “Subscription Receipts”), co-led by Canaccord Genuity Corp. and INFOR Financial Inc. and including PI Financial Corporation and Raymond James Ltd. (the “Agents”).

The Transaction

Axis will acquire Cars on Credit for approximately \$11 million in cash, subject to possible downward adjustments with respect to book value on closing of the Transaction and losses on the 2017 vintage of receivables.

Cars on Credit is an independent, sub-prime automotive finance company headquartered in Newmarket, Ontario and was founded in 2006. Since inception, it has originated over \$120 million in loans and leases and has over 400 active used car dealers in its network. As of September 30, 2017, Cars on Credit had finance receivables totalling approximately \$32 million, with a geographic focus in Ontario and the Maritimes. As part of the Transaction, two securitization facilities with Canadian Schedule 1 banks will be assumed, increasing and diversifying Axis’ funding capabilities.

“Cars on Credit embraces all the values important to Axis: disciplined underwriting, great customer service as well as fiscal responsibility and we are excited to combine the two businesses into the largest publicly traded sub-prime auto lender in Canada”, said Ilja Troitschanski, Founder, President and CEO of Axis. “This acquisition represents the first step in the execution of our growth-by-acquisition strategy in the Canadian sub-prime auto lending market”, he added.

“Nordic Capital Corp., as the sole stakeholder in Cars On Credit, is very pleased to work with the professional team at Axis on what we feel is an exciting and positive direction for our business. We understand and support Axis’ pursuit of consolidation within the sub-prime automotive sector in Canada and are excited to be part of it,” said Kris Jeppesen, President & CEO of Cars On Credit.

The Transaction is subject to customary closing conditions including regulatory approval and expected to close on or about January 31, 2018.

INFOR Financial Inc. acted as financial advisor to Axis in connection with the Transaction. Dentons Canada LLP acted as legal counsel to Axis.

Subscription Receipts

Concurrent with the announcing of the Transaction, Axis announces that it plans to sell an aggregate of 21,428,600 Subscription Receipts at a price of \$0.70 per Subscription Receipt for gross proceeds of approximately \$15 million (the “Subscription Receipt Offering”).

In addition, the Agents have been granted an option, exercisable in whole or in part at the offer price not later than the earlier of 48 hours prior to closing of the Subscription Receipt Offering, to purchase up to an additional 3,214,300 Subscription Receipts at a price of \$0.70 per Subscription Receipt for additional gross proceeds of up to approximately \$2.25 million. The Subscription Receipt Offering is subject to customary closing conditions including the receipt of regulatory approval and is scheduled to close on or about January 16, 2018. The Company will use the net proceeds of the Subscription Receipt Offering to finance the Transaction.

Each Subscription Receipt will entitle the holder thereof to receive one Unit which consists of one common share of the Company (the “Common Shares”) and one-half of one common share purchase warrant (each a “Warrant”). Each whole Warrant will entitle the holder thereof to purchase a Common Share of the Company at any time after the closing of the Transaction at an exercise price of \$0.90 for a period of 36 months following the closing date of the Subscription Receipt Offering.

The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the “Subscription Receipt Agreement”). Pursuant to the Subscription Receipt Agreement, the proceeds of the Subscription Receipt Offering, net of 50% of the Agents’ fee payable and expenses in connection therewith, will be held in escrow pending delivery of notice of fulfillment of all conditions for the closing of the Transaction, save for payment of the purchase price. If: (i) the Transaction closing does not occur prior to 5:00 p.m. (Toronto time) on the date that is 120 days from the closing of the Subscription Receipt Offering; (ii) the share purchase agreement relating to the Transaction is terminated at an earlier time; or (iii) Axis advises Canaccord Genuity Corp. and INFOR Financial Inc. or announces to the public that it does not intend to proceed with the Transaction, holders of Subscription Receipts will be returned an amount per Subscription Receipt equal to the offering price plus a pro rata share of the interest earned on the escrowed funds, net of any applicable withholding taxes.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Axis Auto Finance

Axis provides non-standard financing options targeting roughly 30% of Canadians (Source: Equifax) that do not qualify for traditional bank-type financing for their used vehicle purchase. Through personalized service and a commitment to building strong, long-lasting relationships with dealer partners, Axis continues to be one of Canada's fastest-growing auto-financing companies.

Further information on the Company can be found at www.axisautofinance.ca.

The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

Certain information in this press release may constitute forward-looking information. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in the Company's filings with the Canadian securities regulators, available at www.sedar.com.

SOURCE Axis Auto Finance Inc.

For further information: Axis Auto Finance Inc., Ilja Troitschanski, CEO, (416) 633-5626, info@axisautofinance.ca

CO: Axis Auto Finance Inc.