

Proposal of the Board of Directors for approval of the Board of Directors' resolution on deferred variable remuneration in the form of shares in accordance with the Deferred Bonus Plan 2020

The Annual General Meeting 2019 in Hoist Finance AB (publ) ("**Hoist Finance**") resolved on a restructured performance- and share based remuneration program for 2019, comprising the management team, senior executives and key employees, called *Hoist Finance Global Executive Deferred Bonus Plan* (the "**Deferred Bonus Plan 2019**").

It is the opinion of the Board of Directors that the Deferred Bonus Plan 2019 has been appropriate and has encouraged increased shareholder value while attracting and retaining senior executives and key employees considered essential for Hoist Finance's long-term success, as well as aligning the interests of participants with those of the company's shareholders.

The Board hence proposes that the Annual General Meeting 2020 resolves on a new Deferred Bonus Plan 2020 (the "**Deferred Bonus Plan**"), on terms that essentially correspond to the terms of the Deferred Bonus Plan 2019. The proposal mainly means that 60 per cent of the variable remuneration to senior executives included in the Deferred Bonus Plan, which shall be deferred over three years, is paid out as ordinary shares in Hoist Finance.

It is the Board of Directors' intention that share based deferred bonus plans shall be annual and that the Board of Directors, after evaluation, intend to return with a corresponding proposal for forthcoming financial years.

A *Proposal for approval of the Board of Directors' resolution on deferred variable pay in the form of shares according to the Deferred Bonus Plan*

1. Terms and conditions for the Deferred Bonus Plan

The Board of Directors proposes that the Annual General Meeting resolves on deferred variable remuneration in the form of shares pursuant to the Deferred Bonus Plan in accordance with the below.

- i. The Deferred Bonus Plan shall comprise approximately 15 to 25 employees, comprising senior executives, executive management and a number of key employees within the Hoist Finance group.
- ii. The performance targets for the Deferred Bonus Plan are based on the improvement of results and have been determined according to the local business activities and aim

to strengthen the group's long-term profitability. The performance targets vary depending on which part of the business that the participant is working in and also include a financial performance target that is based on the return on equity for Hoist Finance. The performance improvement compared to last year's result, which is required to achieve a maximum bonus, varies for different entities throughout the group.

- iii. Provided that applicable performance criteria are met, the annual bonus outcome will be determined in the beginning of 2021 and be payable as follows.
 - a) 40 per cent of the bonus will be paid in cash after the Annual General Meeting's approval of the annual report for 2020; and
 - b) 60 per cent of the bonus will be paid in ordinary shares in Hoist Finance ("**Bonus Shares**"), by one third each for the following three years. The number of Bonus Shares each participant receives shall be determined based on the volume-weighted average price paid for the company's shares during the period of five trading days immediately after publication of the 2020 year-end report, but as a minimum SEK 20.
- iv. Payment of the deferred remuneration by transfer of Bonus Shares as described above is conditional upon the participant still being employed in Hoist Finance at the time of the transfer of Bonus Shares, except where the employee has left his/her employment due to retirement, death, long-term illness, or other common exceptions, in which case the employee shall have a continued right to receive Bonus Shares.
- v. Prior to payment of deferred remuneration by transfer of Bonus Shares as described above, the employee will not be granted any rights (e.g. voting rights or right to dividend) connected to the Bonus Shares. At transfer of the Bonus Shares to the participant in accordance with the above, the participant shall, however, be entitled to a cash consideration for the possible ordinary dividend paid per earned Bonus Share during the period from a resolution on bonus has been made until the Bonus Shares have been transferred to the participant.
- vi. The number of Bonus Shares to be obtained and the price set out in section 1(iii)(b) above may be subject to re-calculation due to new share issues, split, reverse share split and similar measures.
- vii. Participation in the Deferred Bonus Plan should normally include a requirement that participants during their employment in the Hoist Finance group shall retain Bonus

Shares received net of tax until the holding equals at least 50 per cent of the fixed annual salary (net of tax). The Board of Directors may decide on exceptions from this requirement if deemed necessary or otherwise appropriate for legal, administrative or similar reasons.

- viii. The Board of Directors shall be entitled to resolve on a reduction of the allotment of Bonus Shares if allotment in accordance with the above conditions – considering Hoist Finance’s result and financial position, other circumstances regarding the group’s development and the conditions on the stock market – would be clearly unreasonable. In addition, the Board of Directors may decide that the Bonus Shares will instead be replaced by a cash amount corresponding to the value of the Bonus Shares if deemed necessary or otherwise appropriate for legal, administrative or similar reasons.
- ix. Participation in the Deferred Bonus Plan presumes that such participation is lawful and that such participation in Hoist Finance’s opinion can take place with reasonable administrative costs and economic efforts.
- x. The Board of Directors shall be responsible for the particulars and the handling of the Deferred Bonus Plan within the frame of the above principal guidelines and shall also be entitled to make such minor adjustments which may prove necessary due to legal or administrative circumstances. The Board of Directors shall have the right to delegate its task to the Remuneration Committee.

2. Scope and dilution

The maximum number of Bonus Shares that may be allotted to the participants under the Deferred Bonus Plan amounts to 1,000,000 shares which corresponds to 1.1 per cent of the share capital and votes in the company as of 26 March 2020.¹ The intention of the Board is to hedge the delivery of the shares via a so-called share swap, and no dilution will hence occur.

3. Estimated costs and effects on key ratios

The total costs for the Deferred Bonus Plan, of which 40 per cent relate to cash awards and 60 per cent to Bonus Share awards, are together estimated to approximately SEK 39,000,000, provided that the performance conditions are fully met. Of these costs, approximately

¹ The number of Bonus Shares and minimum price set out in section 1(iii)(b) under the Deferred Bonus Plan shall, however, according to further conditions resolved by the Board of Directors, be subject to recalculation if Hoist Finance carries out a new share issue, split of shares, consolidation of shares or similar actions, taking into account general practice for an equivalent incentive program.

SEK 9,000,000 relate to other costs, in particular social security contributions, including those relating to Bonus Share awards hedged through the share swap agreement.

Given the full-year result of 2019, the costs for the Deferred Bonus Plan would have resulted in a reduction of earnings per share of SEK 0.44. However, the Board of Directors believes that the expected positive effects on Hoist Finance's financial results of meeting all the performance conditions of the Deferred Bonus Plan will outweigh the costs of the program.

4. Preparation of the proposal

The above proposal for the Deferred Bonus Plan has been prepared and processed by the Board of Directors and the Remuneration Committee in consultation with major shareholders.

5. Other incentive programs in Hoist Finance

At present, Hoist Finance has no existing share based incentive programs other than the Deferred Bonus Plan 2019. The number of Bonus Shares that have been earned under the Deferred Bonus Plan 2019 is a maximum of 118 242 shares which corresponds to 0.13 per cent of the total amount of outstanding shares and votes in the company. However, due to the current uncertainty caused by Covid-19, the company has decided that no variable pay for 2019 is paid out to the members of the executive management team and the country managers (the Group Management Team) in 2020.

B Costs of the Deferred Bonus Plan and hedging activity based on the entering into of a share swap agreement

Beyond what is stated below on the share swap agreement, the fact that parts of the bonus is share related will not add any material costs other than the costs, such as salary costs and social expenses, that would have been added even if the Deferred Bonus Plan had been carried out as a cash bonus program.

The delivery of Bonus shares and the financial exposure of the Deferred Bonus Plan is proposed to be hedged by Hoist Finance entering into a share swap agreement with a third party, according to which the third party under its own name acquires and transfers shares in the company to employees who are participating in the program. The cost of entering into the share swap agreement is estimated to approximately SEK 100,000.

Stockholm, March 2020
Hoist Finance AB (publ)
The Board of Directors