

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Hoist Finance AB (publ) (the “**Company**”), adopted by the annual general meeting 2021, were implemented in 2022. The report also provides information on remuneration to the CEO and a summary of the Company’s outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 9 (Employee expenses) in the annual report 2022. Information on the work of the Remuneration Committee in 2022 is set out in the corporate governance report available in the annual report 2022.

Remuneration to the board of directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 9 in the annual report 2022.

Key developments 2022

The CEO summarized the Company’s overall performance in his statement in the annual report 2022.

The Company’s remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the Company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. To this end, the Company must offer competitive remuneration. The Company’s remuneration guidelines enable the Company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the Company’s business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive’s long-term development.

The guidelines are found in the annual report 2022. The remuneration guidelines, adopted by the Annual General Meeting 2021, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor’s report regarding the Company’s compliance with the guidelines is available on <https://www.hoistfinance.com/Investors/corporate-governance/general-meetings/2023-agm/>. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the Company have resolved to implement long-term share-based incentive plans in the form of deferred bonus plans.

Total CEO and Deputy CEO remuneration in 2020, 2021 and 2022 (SEK)

Name of director (position)	Financial Year	1		2		3	4	5	6
		Fixed remuneration		Variable remuneration					
		Gross base salary	Other benefits	One-year variable	Multi-year variable				
Lars Wollung (CEO)	2022	21 203 571***	0	0	0	0	0	21 203 571	100/0
Christian Wallentin (Deputy CEO)	2022	1 819 680	3 051	0	1 606 500	0	543 238	3 972 469	100/100
Per Anders Fasth (leaving CEO)	2022	3 070 000*	0	0	0	0	10 000	3 080 000	100/0
Per Anders Fasth (CEO)	2021	5 523 000*	2 000	0	0	0	7 000	5 532 000	100/0
Klaus-Anders Nysteen (leaving CEO)	2021	7 616 000	3 000	0	0	0	2 231 000	9 850 000	100/0
Klaus-Anders Nysteen (CEO)	2020	5 333 000	3 000	0	0	0	2 138 449	7 474 449	100/0

Klaus-Anders Nysteen's employment ended on 30 May 2021. Per Anders Fasth was employed from 31 May 2021 until 31 March 2022, and his remuneration for 2022 was paid for the period 1 January – 31 March 2022. Lars Wollung's remuneration was paid for the period 15 March – 31 December 2022. Christian Wallentin, CFO, was appointed as deputy CEO from 1 June 2022, and only his remuneration for the period 1 June 2022 – 31 December 2022 is therefore included in the table above.

* Gross base salary includes agreed pension premium paid as salary.

** Pension expense (column 4), which in its entirety relates to base salary and is premium defined, has been counted entirely as fixed remuneration.

*** Consultant fees, including VAT amount of approx. SEK 4,240,700. No pension, social costs or other such costs were paid in relation to the consultancy assignment. Since February 2022, Lars Wollung is a board member of the Company. He was appointed as interim CEO on a consultancy basis since there was a need to appoint a CEO with short notice until a permanent CEO was found. According to the Company's guidelines for remuneration, remuneration to board members for services outside of their board duties shall be paid at market terms and approved by the board. Lars Wollung's CEO remuneration was approved by the board and was assessed to be on market terms, considering inter alia his experience of the industry and knowledge about the Company.

Share-based remuneration

Outstanding share-based incentive plans

The Company has implemented four share-based remuneration programmes (2019-2022) for the management team, senior executives and a number of key employees (the "**Deferred Bonus Plans**"). Under the Deferred Bonus Plans, 60 percent of the variable remuneration to senior executives included in the Deferred Bonus Plans, which shall be deferred over three years, is paid out as ordinary shares in the Company. The performance targets for the Deferred Bonus Plans are based on the improvement of results and aim to strengthen the group's long-term profitability. The performance targets include financial performance targets that are based on the Return of Equity (RoE). Payment of deferred remuneration by transfer of bonus shares is conditional upon the participant still being employed in the Company. The Deferred Bonus Plans for 2019-2022 can be found on the Company's webpage under the section for the Annual General Meetings for the relevant year; <https://www.hoistfinance.com/about-us/corporate-governance/general-meetings/>. Variable pay will be paid out under Deferred Bonus Plan 2022. No variable pay has however been paid out under the Deferred Bonus Plans 2019-2021, for 2019 because of the Covid-19 pandemic, and for 2020 and 2021 because the financial targets were not met.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the Company's strategy and to encourage behavior which is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2022 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the Company's values.

Comparative information on the change of remuneration and Company performance

Change of remuneration and Company performance over the last four reported financial years (RFY) (SEK)

	2019	2020	2021	2022
	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 2022
Fixed remuneration including pension, CEO	0	0	5 341 807	21 203 571
Fixed remuneration including pension, leaving CEO	8 604 080* (5,8%)	9 108 782 (1,3%)	9 231 000	3 080 000
Metric A EBT (MSEK)**	RFY-2: 82 vs RFY-3: 748 (89%)	RFY -1: (-39) vs RFY-2: 82 (-148%)	RFY: 870 Vs RFY -1 (-39): > 100%.	870 MSEK (801 MSEK net), from continued and discontinued operations
Metric B RoE (%)	RFY-2: (-1) vs RFY-3: 13 (107%)	RFY -1: (-5) vs RFY-2: 1 (-400%)	RFY: 17 vs RFY -1: (-5) >100%	17
Average remuneration on a full time equivalent basis of employees of the Group***	443 809 (-4%)****	426 732****	341 568****	374 941****

* 2019 Excluding cancelled bonus of SEK 2,653,000 due to Covid-19.

** We have chosen to use EBT as a metric to measure profitability.

*** Excluding members of the Executive Management Team.

**** 20221231 FTE's 1304, 20211231 FTE's 1544, 20201231 FTE's 1631, 20191231 FTE's 1575.