

Corporate Governance Report

Hoist Finance AB (publ) (the “Company” or “Hoist Finance”) is a Swedish public limited liability company with corporate identification number 556012-8489. The Company has its registered office and headquarters in Stockholm, Sweden.

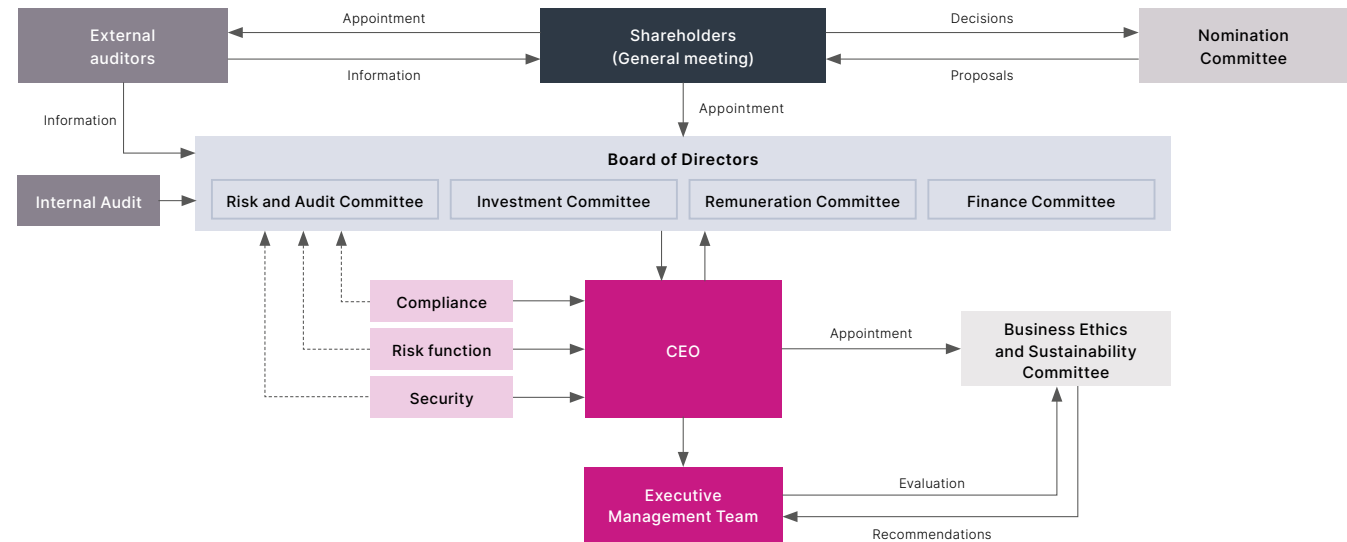
Good corporate governance aims to create favourable conditions for active shareholder engagement. This is achieved through a well-defined and well-balanced assignment of responsibilities between the company’s executive and shareholder functions, which ensures that accurate information is being presented to the market.

The aim of corporate governance is to ensure that the company is run as efficiently and effectively as possible in the interest of its shareholders, and that Hoist Finance complies with corporate governance and other rules prescribed by regulatory and supervisory authorities. Corporate governance also aims to create order and a systematic approach for the board of Hoist Finance (the “Board”) and for management. With a clear structure and well-defined rules and procedures, the Board can ensure that management and employees are focused on developing the business and, accordingly, on creating shareholder value.

Application of the Swedish Corporate Governance Code

All companies with shares listed on Nasdaq Stockholm, regardless of market capitalisation, have been required since 1 July 2008 to apply the Swedish Corporate Governance Code. The currently applicable Code is available on the website of the Swedish Corporate Governance Board. A printed copy of the Code can also be ordered on the website. The Code is based on the “comply or explain” principle, meaning that a company’s deviation from the Code’s provisions is not deemed a breach thereof if the company explains its reason for the deviation. Hoist Finance in 2023 complied with all provisions of the Code. This Corporate Governance Report is part of the Company’s Administration Report and is reviewed by the Company’s auditors.

Governance structure



Corporate governance within the Company

Hoist Finance is subject to external and internal control systems.

The external control systems, which serve as the framework for Hoist Finance’s corporate governance, are the Swedish Companies Act, Annual Accounts Act, Banking and Financing Business Act, regulations and general guidelines by the Swedish Financial Supervisory Authority as well as the European Banking Association, Nasdaq Stockholm’s Rule Book for Issuers, other relevant laws and regulations, and the Swedish Corporate Governance Code. Governance, management and control are, pursuant to Swedish corporate law, the Swedish Corporate Governance Code, and the Articles of Association, allocated between the shareholders at the Annual General Meeting (AGM), the Board and the CEO.

The internal control systems include the Hoist Finance Articles of Association adopted by the AGM. The Board has also adopted policies and instructions that clarify the division of responsibilities within the Group.

The following are of particular importance in this context:

- » Rules of procedure for the Board
- » Instruction for the CEO
- » Policy for internal governance and control
- » Instructions for the Risk and Audit Committee
- » Instructions for the Remuneration Committee
- » Instructions for the Investment Committee
- » Instructions for the Finance Committee and
- » Order of Authorisation

Articles of Association

The Articles of Association are adopted by the Annual General Meeting and contain basic compulsory information about the Company.

The Articles of Association specify the type of business activities the Company will carry out, limits on share capital and the number of shares and the number of Board members allowed. The Articles of Association include no special provisions for amendments thereto or for the appointment or dismissal of Board members. The Articles of Association are available in their entirety at www.hoistfinance.com.

Shareholders

As of 31 December 2023, the total number of shares was 89,303,000 and the share capital was SEK 29,767,666.66. Each share carries one vote. The Company has 6,302 shareholders at year-end. The 15 largest shareholders held an aggregate of approx. 75 per cent of the total share capital at the end of 2023. Read more about the Company's largest shareholders at www.hoistfinance.com.

Annual General Meeting

The Annual General Meeting (AGM) is the Hoist Finance Group's highest decision-making body. All shareholders have an opportunity at the AGM to influence the Company by exercising their voting rights. The Companies Act and Hoist Finance's Articles of Association include rules that govern general meetings and their agenda.

Hoist Finance's financial year runs from 1 January to 31 December. Pursuant to the Companies Act, notice must be given no earlier than six weeks prior to, and no later than four weeks prior to, the AGM. The AGM resolves on adoption of the year's balance sheet and income statement, appropriation of profits, election of Board members and auditors, remuneration to Board members and auditors and other business matters as prescribed by the Companies Act and the Articles of Association. All shareholders listed in the shareholders' register six banking days prior to the AGM who have provided notification of their participation during the prescribed

timeframe are entitled to participate in the AGM, either in person or by proxy, and to vote in relation to their holdings.

Every shareholder is entitled to request that a matter is addressed by the AGM. A shareholder who wishes to do so must submit a written request to the Board no later than one week before the earliest date on which notice of the meeting may be published (i.e. the request must be received no later than seven weeks prior to the AGM). Pursuant to Chapter 7, Section 32 of the Companies Act, all shareholders are entitled to ask the Board and CEO questions about matters addressed during the AGM and about the financial situation of the Company and the Group.

2023 Annual General Meeting

The most recent AGM was held on 10 May 2023 in Stockholm. 31 shareholders, representing 22.68 per cent of the shares and votes in the Company, were present at the AGM.

In accordance with recommendations from the Board and the Nomination Committee, the AGM resolved, among other things:

- » To adopt the balance sheet and income statements
- » To not distribute dividend
- » To approve the Board's remuneration report
- » To discharge Board members and the CEO from liability
- » To re-elect Board members Bengt Edholm, Camilla Philipson Watz, Christopher Rees, Rickard Westlund, Lars Wollung and Peter Zonabend. The AGM elected Lars Wollung as Chairman of the Board.
- » On remuneration for the Chairman of the Board and other Board members
- » To re-elect EY, represented by Daniel Eriksson, as auditor for the period until the close of the next AGM and to pay auditor's fees based on approved invoices
- » To adopt the guidelines for remuneration to senior executives
- » To authorise the Board to issue shares
- » To authorise the Board to acquire own shares

The minutes from the 2023 AGM are available at www.hoistfinance.com.

Nomination committee

The Nomination Committee is composed of representatives of the three largest shareholders, based on shareholder statistics from Euroclear Sweden AB, as per the last banking day in August the year before the Annual General Meeting and on all other reliable ownership information that has been provided to the Company at this point of time, together with the Chairman of the Board. The Chairman of the Board is responsible for convening the Committee's first meeting. If a shareholder who is offered to become a member of the Nomination Committee declines, the offer shall instead be made to next shareholder in order of size of holding. The Committee's composition may be changed to reflect changes to the shareholder structure.

The Nomination Committee submits proposals for the election of the AGM Chairman; the Board members and Chairman of the Board; remuneration to Board members; and proposals for the election of and remuneration to auditors. The Committee conducts its work in the interest of all shareholders. Instructions for the Nomination Committee and information on the options for submitting proposals to the Committee are available on the Company's website, www.hoistfinance.com.

The Nomination Committee is composed of the following members: Per Arwidsson (representing Arwidssro) Chairman of the Nomination Committee, Erik Selin (representing Erik Selin Fastigheter AB), Carl Rydin (representing Jofam) and Lars Wollung (Chairman of the Board of Hoist Finance). The Committee has held [one] minuted meeting ahead of the 2024 AGM and maintained regular contact between meetings.

The Nomination Committee's proposals, its report on Committee work performed in preparation for the 2024 AGM, proposed Board members and auditors are published in connection with the AGM notice]

Board of Directors

Pursuant to the Articles of Association, Hoist Finance's Board shall be composed of at least three and no more than nine members. Members of the Board are appointed by the AGM for a one-year term. The 2023 AGM resolved to re-elect Bengt Edholm, Camilla Philipson Watz, Christopher Rees, Rickard Westlund, Lars Wollung and Peter Zonabend as Board members. The 2023 AGM appointed Lars Wollung as Chairman of the Board.

At the end of the financial year, the Board had one female and five male members. All Board members were independent in relation to the Company's major shareholders (as defined in item 4.4 of the Swedish Corporate Governance Code), except for Peter Zonabend who is not independent in relation to Arwidsro, the Company's largest shareholder. All Board members were independent in relation to the Company and the Executive Management Team in 2023, except for Lars Wollung, CEO of the Company from 15 March until 31 December 2022 and provider of consultancy services during the financial year, and Christopher Rees who provided the Company with consultancy services from 1 April until 30 September 2023. For further information on the Board members, see the section on the Company's Board of Directors and Executive Management Team on the Company's website, www.hoistfinance.com.

See Note 9 "Personnel expenses" for details on the remuneration to the Board of Directors.

Diversity policy

The Company's Board as a whole shall have the appropriate collective expertise, experience and background in the Company's business operations to enable identification and understanding of the risks such operations entail. The objective is to have a Board composed of members with complementary experience and expertise and of varying ages, genders, geographic origins, and educational and professional backgrounds that, taken together, contribute to independent and critical reflection.

The Company's Board has adopted a Diversity Policy applicable to the Board. To achieve a diverse Board, in preparing its proposal

to the AGM, the Nomination Committee takes into consideration item 4.1 of the Swedish Corporate Governance Code, the Board's Diversity Policy and the European Banking Authority's guidelines on eligibility assessments for Board members. The Company continuously evaluates the composition of the Board and believes that its composition was satisfactory in 2023.

Work of the Board

The primary task of the Board is to serve the interests of the shareholders and the Company. The Board is responsible for the Company's organisation and the management of the Company's business, and for ensuring that the Group is suitably structured to enable the Company to optimally exercise its ownership responsibilities with respect to the Group subsidiaries. The Board is responsible for ensuring that the Company complies with applicable laws and regulations, the Articles of Association and the Swedish Corporate Governance Code. The Board is obliged to regularly assess the Company and the Group's financial situation and ensure that the Company's organisation is structured to enable satisfactory monitoring of its accounting, management of assets, and general financial situation.

The Board adopts financial targets for the Company, decides on the Company's strategy and business plans and ensures good internal control and risk management.

The Board's duties and working methods are regulated by the Companies Act, the Articles of Association and the Swedish Corporate Governance Code. The Banking and Financing Business Act also regulates the duties and work of the Board.

The Board has adopted written rules of procedure and instructions on internal reporting for the Board that deal with:

1. The Board's duties and responsibilities
2. Members of the Board
3. Chairman of the Board
4. Board meetings; and
5. Board Committees

Board meetings in 2023

A total of 35 minuted Board meetings were held in 2023, eight ordinary meetings, two statutory meetings and 25 extraordinary meetings. All Board members attended these meetings, except for the meetings on 17 May and 16 June when Christopher Rees did not participate, and the meetings on 4 and 17 July when Camilla Philipson Watz did not participate. The CEO, the CFO (during certain parts of several of the Board meetings) and the Board's secretary participated in the Board meetings. A number of Company employees also participated in some of the Board meetings to report on specific issues.

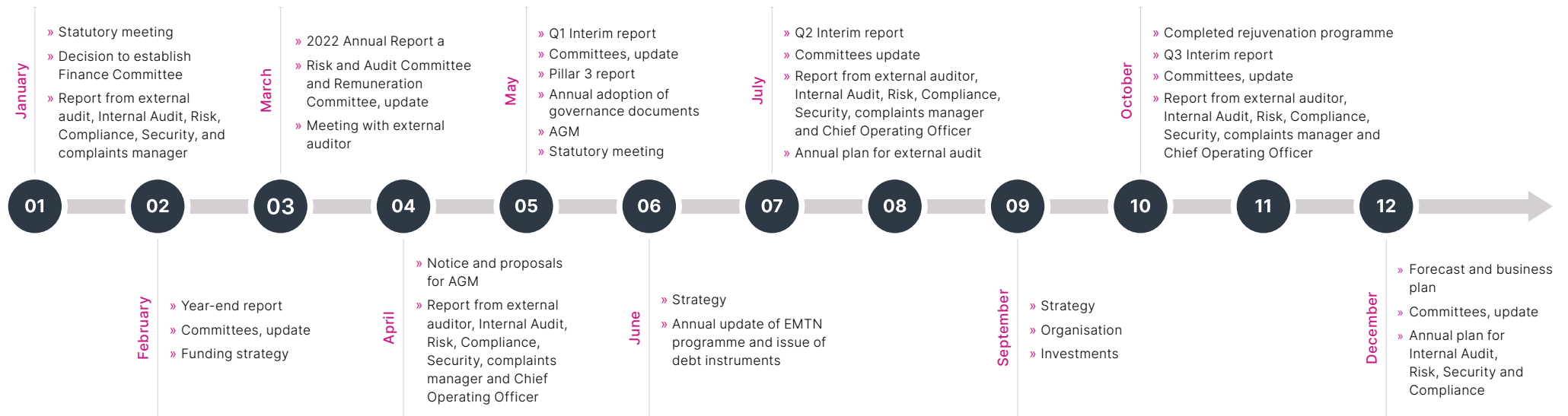
The Board's work is carried out in accordance with an annual plan. This may be adjusted depending on the year's events and projects. The majority of ordinary Board meetings are held in conjunction with the Company's reporting; the annual accounts were addressed in February, the Annual Report and issues related to the AGM in March, the interim accounts in May, July and October, strategy in June and September and the budget and business plan for the coming year in December. As a rule, governance documentation and instructions are adopted yearly, or if needed more frequently, at Board meetings. At ordinary meetings the Board receives regular reports from its Committees and the control functions.

The matters addressed by the Board in 2023 included, among other things, organisation, strategy, rejuvenation, and investments. The Board also held a meeting with the external auditors without the Executive Management Team in attendance.

Board training

The Board received training in various subjects during 2023, including insider rules, data protection rules, information security, cyber security, transfer pricing and anti-money laundering.

Work of the Board in 2023



Board Committees

Risk and Audit Committee

The Risk and Audit Committee serves in an advisory capacity and prepares issues for consideration and decision by Hoist Finance's Board. The Risk and Audit Committee has a mandate to make decisions in matters regarding the procurement of non-audit-related services from the Company's external auditors. The Committee is responsible for monitoring and ensuring the quality of financial reporting, the effectiveness of the Company's internal control and the tasks performed by the Internal Audit, Risk Control, Compliance and Security functions. The Committee also discusses valuation issues and other assessments pertaining to the annual accounts. From 2024 and onwards, the Committee will also be responsible for monitoring and ensuring the quality of the Company's sustainability reporting. In matters relating to external audit, the Risk and Audit Committee is, notwithstanding the Board's responsibilities and duties, to regularly meet with and review reports from the Company's external auditors to remain informed about the focus and

scope of the audit and to discuss the coordination of the external and internal audit with the external auditor. The Risk and Audit Committee is to inform the Board about audit results, the manner in which the audit contributed to the reliability of financial reporting, and the role played by the Committee in the process. The Committee is also to remain informed about the Swedish Inspectorate of Auditors' quality control of the Company's external auditors and is responsible for the auditors' independence and impartiality and the selection procedure ahead of the choice of auditor.

The Risk and Audit Committee has at least three members appointed by the Board on an annual basis. Committee members may not be employed by the Company. One member is elected Committee Chairman. The Chairman may not be the Chairman of the Board of Hoist Finance. The Committee is required to meet at least four times per financial year. In connection with the 2023 AGM3 it was resolved to re-elect Christopher Rees (Chair), Camilla Philipson Watz, and Bengt Edholm as members. The CEO, CFO and the Com-

pany's external auditors (during certain parts of the Committee meetings) also attend the Committee's meetings. The Company's employees may be summoned to Committee meetings to provide details on specific reports or issues. Committee meeting minutes are kept and made available to all Board members. The Committee Chairman reports to the Board at all Board meetings concerning the issues discussed and proposed at Committee meetings. The Committee held six meetings in 2023, with all members in attendance at these meetings, except for the meeting on 12 December when Bengt Edholm did not participate.

Remuneration Committee

The Remuneration Committee's primary task is to prepare the Board's decisions on remuneration policies, remuneration and other terms of employment for Executive Management Team members and employees responsible for control functions. The Committee is to monitor and evaluate variable remuneration programmes for the Executive Management Team (both ongoing and those completed

during the year), as well as the application of the remuneration guidelines for senior executives resolved by the AGM and the Group's remuneration structure and remuneration levels.

The Remuneration Committee is to have at least two members appointed by the Board on an annual basis. All members must be independent in relation to the Company and the Company's management. The Remuneration Committee meets at least twice per financial year. Bengt Edholm (Chairman) and Peter Zonabend were re-elected and Camilla Philipson Watz was elected as members in connection with the 2023 AGM. The CEO and Chief People Officer also attend the Committee meetings. Company employees may be summoned to Committee meetings to provide details on specific reports or issues. Remuneration Committee meeting minutes are kept and made available to Board members. The Committee Chairman reports to the Board concerning the issues discussed and proposed at Committee meetings. The Committee held seven meetings in 2023, with all members in attendance at these meetings.

Investment Committee

The Investment Committee is both a preparatory and a decision-making committee. Its responsibilities include evaluating and approving standard portfolio acquisitions valued at EUR 50m or more, portfolio acquisitions not considered to be standard and valued at EUR 25m or more and investments that require the approval of the Swedish Financial Supervisory Authority. The Investment Committee is also involved in the process of potential revaluations of credit portfolios. The Investment Committee is to have at least three members appointed by the Board on an annual basis. The Committee meets at least four times per financial year and whenever a Committee decision or recommendation is required as per the Company's Investment Policy or Revaluation Policy. Christopher Rees (Chairman), Lars Wollung and Rickard Westlund were elected as member in connection with the 2023 AGM.

Company employees may be summoned to Committee meetings to provide details on investment data. Committee meeting minutes are kept and are available to all Board members. The Committee Chairman reports to the Board at all Board meetings concerning

the issues discussed, proposed, and decided on at Committee meetings. The Committee held 15 meetings in 2023 with all members in attendance at these meetings.

For standard investments valued at less than EUR 50m, and non-standard investments valued at less than EUR 25m, the Investment Committee may delegate decision-making authority to the Company's Management Investment Committee. This applies provided that such investments do not require the Swedish Financial Supervisory Authority's approval. The Management Investment Committee is composed of employed executives.

Finance Committee

The Board resolved to establish the Board Finance Committee in January 2023. The Finance Committee's primary task is to assist the Board in its work related to finance matters and to prepare the Board's finance decisions. Such matters include inter alia regular reviews of capital allocation, composition of the liability side of the balance sheet, regulatory capital optimization, co-investments and other finance partnerships.

The Finance Committee is to have at least three members appointed by the Board on an annual basis. One member is elected Committee Chairman. The Finance Committee meets at least six times per financial year. Bengt Edholm (Chairman), Christopher Rees and Lars Wollung was elected as members in connection with the 2023 AGM. The Company's employees may be summoned to Committee meetings to provide details on specific reports or issues.

Committee meeting minutes are kept and are available to all Board members. The Committee Chairman reports to the Board at Board meetings concerning the issues discussed and proposed at Committee meetings. The Committee held six meetings in 2023 with all members in attendance at these meetings, except for the meeting on 11 December 2023 when Bengt Edholm did not participate.

Chairman of the Board

Lars Wollung is Chairman of the Board since 1 January 2023 (interim Chairman 1 January until 10 May 2023). Bengt Edholm resigned as Chairman of the Board with effect from 1 January 2023, whereby

the Board resolved to appoint Lars Wollung as interim Chairman of the Board.

The Chairman of the Board leads the Board's work and oversees the fulfilment of its duties and has a specific responsibility for ensuring that the Board's work is well-organised, efficiently run and aligned with operational developments. The Chairman of the Board verifies that Board decisions are effectively executed, ensures that the Board's work is evaluated annually and that the Nomination Committee is informed of the evaluation results.

The Chairman's particular duties are to:

- » In consultation with the CEO, decide the matters to be considered by the Board, prepare meeting agendas and issue meeting notices when needed
- » Organise and lead the Board's work, while overseeing that the Board addresses those matters that rest with the Board pursuant to law, the Articles of Association and the Swedish Corporate Governance Code
- » Serve as the Board's spokesperson towards Hoist Finance's shareholders; and
- » Ensure that the CEO provides sufficient information for Board decisions and oversee that Board decisions are executed.

Board evaluation

In accordance with the Board's rules of procedure, the Chairman of the Board initiates an evaluation of the Board's performance once per year. For the 2023 evaluation, all Board members were able to give their views via a digital evaluation platform, on issues including working methods, Board meetings, work performed by the Board and management during the year, and Board and management structure. The purpose of the evaluation is to gain an understanding of the Board members' views on the Board's performance and the measures that can be taken to make the Board's work more efficient. The purpose is also to gain an understanding of the type of issues the Board believes should be given more attention and the areas that may require additional Board expertise. The result of the evaluation was shared with the Board members and the Nomination Committee.

CEO and Executive Management Team

The CEO is appointed by the Board and runs the business in accordance with instructions adopted by the Board. The CEO is responsible for the Company and the Group's day-to-day administration pursuant to the Companies Act. The CEO also works with the Chairman of the Board to decide on matters that will be addressed at each Board meeting. The Board adopts instructions for the CEO each year and evaluates the CEO's duties on a regular basis.

Harry Vranjes is the Company's CEO since 1 January 2023. Lars Wollung was the Company's CEO from 15 March until 31 December 2022. For additional information on the CEO and the CEO's shareholding, see the section on the Company's Board and Executive Management Team on the Company's website, www.hoistfinance.com.

For the purpose of managing the operations, the CEO consults with the Executive Management Team on matters of major importance or of importance as to principles. The Executive Management Team meets regularly and under the structure set by the CEO. In addition to the CEO, the Executive Management Team is composed of members appointed by the CEO. The Executive Management Team's role is among other things to prepare and implement strategies, manage matters related to corporate governance, the organisation and sustainability, and monitor the Company's financial performance.

The Asset and Liability Committee ("ALCO") is also at the CEO's disposal for the purpose of managing the operations. The Committee is composed of the CFO (Chair), CEO, Head of Investment and Head of Treasury. Head of Group Accounting, Head of Tax and Chief Risk Officer are non-voting members. ALCO is inter alia responsible for deciding on the conditions including interest rate levels for all funding, deciding on hedging strategies for market and financial risks, deciding the duration, size and liquidity of the liquidity portfolio and deciding on prerequisites, terms and conditions that are expected to have a material impact on the group's (i) funding structure, costs and risk metrics, (ii) liquidity risk metrics, and (iii) rating in relation to establishing new securitisation transactions and secured funding transactions.

The CEO is responsible for ensuring that Board members receive information and essential decision-making material, and for presenting reports and proposals at Board meetings on issues dealt with by the Company. The CEO keeps the Board and Chairman updated on the Company and the Group's financial position and performance. The CEO's work is evaluated by the Board on a continuous basis.

The CEO's main duties include:

- » Assuming responsibility for the financial reporting by ensuring that it is carried out in accordance with applicable law and that assets are managed prudently
- » Managing and coordinating Group companies in accordance with the Board's guidelines and instructions; and
- » Ensuring that Board resolutions are executed and keeping the Board updated on the performance of the Company and the Group's operations, earnings and financial position.

Executive Management Team

For information on the Executive Management Team, see the section on the Company's Board and Executive Management Team and the Company's website, www.hoistfinance.com.

See Note 9 "Personnel expenses" for details on the remuneration of the CEO and Executive Management Team.

Important guidelines

The Company has set up a Business Ethics and Sustainability Committee composed of the CEO, Chief Operating Officer, Chief Investment Officer, Sustainability Manager and certain other Company managers that the CEO nominates. The Company's Sustainability policy is applied throughout the Group, and in the day-to-day operations, measures are taken to achieve both Group wide and local goals. The sustainability governance structure is composed of a framework for internal governance and control that includes a functional organisational structure with a clear division of responsibilities between management, operations and control functions, as well as principles, policies and processes. To further support policy application and relevance, each policy is assigned to a "document

owner" – often the person responsible for the policy's specific area. The CEO is responsible for the Sustainability strategy with support from the Operational Management Team. Day-to-day responsibility for the achievement of individual targets rests with each respective manager.

The Company's ethical guidelines, composed of an umbrella document and several ancillary documents, are designed to be applied by both employees and business partners. The umbrella document specifies fundamental values and principles and provides information on some of the ancillary documents. All employees receive continuous training on ethical issues, and training statistics are monitored monthly.

The Company has a programme aimed at preventing money laundering and terrorist financing in place. The programme is continuously updated and includes inter alia ways of working, IT systems, policies, education and reporting routines.

Auditors

The 2023 AGM re-elected registered public accounting firm EY AB as the Company's auditor for the period until the close of the next AGM. Authorised Public Accountant Daniel Eriksson is Auditor in Charge.

Financial reporting

The Board is responsible for ensuring that the Company's organisation is structured in a way that enables its financial situation to be satisfactorily monitored, and that financial statements, such as interim reports and annual accounts, are prepared in accordance with applicable law, accounting standards and other requirements. Interim reports are initially handled by the Risk and Audit Committee and are then approved by the Board as a whole. The Board of Directors ensures the quality of financial reporting through its Risk and Audit Committee. The Board and the Risk and Audit Committee address not only the Group's financial statements and material accounting issues, but also issues concerning internal control, compliance, significant uncertainty in carrying amounts, events after the balance sheet date, changes in estimates and assessments, and other conditions affecting the quality of the financial

statements. The CEO is responsible for ensuring that the Company's accounting is prepared in compliance with applicable law and that assets are managed prudently. The Company and the Group prepare accounts each month. The Board and the Executive Management Team continuously receive information on the Company's and the Group's financial situation.

To safeguard financial reporting within the Group, monthly reports are issued directly to a joint intergroup accounting system that includes quality controls. Detailed analyses and reconciliations are performed in connection with the periodic reporting. The consolidation process also includes a number of specific reconciliation controls. Hoist Finance has developed internal accounting and reporting guidelines, the Hoist Finance Financial Framework.

Internal reports

The Board monitors the Group's financial performance, ensures the quality of financial reporting and internal control, and follows up and evaluates the operations on a regular basis. Internal reports, such as consolidated financial statements, are regularly prepared and submitted to the Board. An income statement, balance sheet and investment budget are prepared for each financial year and are adopted at the ordinary Board meeting held in December.

Guidelines for remuneration to senior executives, etc.

Guidelines for remuneration to senior executives were adopted by the 2023 AGM. Remuneration to senior executives shall be on market terms and may consist of the following components; fixed cash salary, variable cash remuneration, pension benefits and other benefits. The remuneration in Hoist Finance shall encourage senior executives to promote the Company's business strategy, long-term interests and sustainability and a behaviour in line with the Company's ethical Code of conduct and values. The remuneration shall also be structured to enable Hoist Finance to attract, retain and motivate employees who have the requisite skills. The remuneration shall encourage good performance, prudent behaviour and risk-taking aligned with customer and shareholder expectations. Hoist Finance's business strategy, long-term interests and sustainability work are described on the Company's webpage, www.hoistfinance.com.

Variable cash remuneration for senior executives shall not exceed 100 per cent of the fixed annual cash salary. Variable remuneration is based on various financial and non-financial criteria, and is linked to the performance of the Hoist Finance Group and the relevant business unit respectively, and to individual targets. It is hence distinctly linked to the business strategy and thereby to the Company's long-term value creation, including its sustainability.

Variable remuneration takes into account the risks involved in the Company's operations and is proportional to the Group's earning capacity, capital requirements, profit/loss and financial position. The payment of variable remuneration must not undermine the Group's long-term interests and is contingent upon the recipient's compliance with internal rules and procedures. Variable remuneration is not paid to a senior executive who has participated in or been responsible for any action resulting in significant financial loss for the Group or the relevant business unit.

For senior executives, payment of 51 per cent of the variable remuneration is deferred for a period of at least three years. Variable remuneration, including deferred remuneration, is only paid to the extent warranted by the Group's financial situation and the performance of the Group and the relevant business unit, and the senior executive's achievements.

Pension and insurance are offered pursuant to national laws, regulations and market practices and are structured as collective agreements, company-specific plans or a combination of the two. Hoist Finance has defined-contribution pension plans. The Remuneration guidelines are presented in their entirety in [Note 9] "Personnel expenses". Information on salaries and other remuneration to senior executives is presented in Note 9 "Personnel expenses".

Internal control over financial reporting

Internal governance and control

The internal governance and control process is governed by law and regulations and is supervised by the Board. In Sweden, where the Company has its registered office, internal governance and control are regulated primarily by the Companies Act, Banking and Financing Business Act, the Swedish Financial Supervisory Author-

ity's regulations and guidelines, the Corporate Governance Code, and stock exchange regulations.

Hoist Finance has an internal governance and control framework aimed at creating the environment necessary to enable the entire organisation to promote effective, high quality corporate governance by providing clear definitions, assignments of roles and responsibilities and Group-wide tools and procedures. Hoist Finance applies the COSO model for internal control over financial reporting.

COSO focuses on developing a framework that can be used directly by a Company's management team to evaluate and improve risk management in three inter-related areas; enterprise risk management (ERM), internal control and fraud deterrence.

Roles and responsibilities

The Board is ultimately responsible for limiting and overseeing Hoist Finance's risk exposure. The Board and the Risk and Audit Committee are responsible for establishing the main rules and guidelines for internal control.

The Risk and Audit Committee assists the Board by continuously monitoring the risks that may affect financial reporting and by adopting manuals, policies and accounting policies. The Risk and Audit Committee interacts directly with the external auditors. The CEO is responsible for the effective design and implementation of internal control within the Group. Local management is responsible for the design, implementation and correct application at a local level.

Hoist Finance's roles and responsibilities with respect to internal control and risk management are structured in three lines of defence. These three lines of defence jointly form the internal control framework, which is designed to develop and maintain systems that ensure:

- » Effective and efficient business operations
- » Satisfactory risk control
- » Business management

- » Reliable reporting of financial and non-financial information (internally and externally); and
- » Compliance with laws, regulations, supervisory authority requirements and internal policies and procedures.

Areas of responsibility

Risk Control function

The Risk Control function is responsible for providing relevant and independent analyses, advice and expert opinions on the Company's risks. It is also responsible for the ongoing evaluation and development of the Company's risk management framework to ensure its functionality. This involves:

- » Verifying that all material risks that the Company is exposed to are identified, analysed and managed by the appropriate functions.
- » Identifying and reporting on risks arising from deficiencies in the Company's risk management. Providing recommendations for correcting deficiencies and thereby avoiding or minimising these risks in the future.
- » Providing information, analyses and advice on the Company's risks to the Board and CEO on a regular basis.
- » Providing all relevant information that may constitute decision-making material when the Company develops or changes its risk strategy and risk appetite, as well as evaluating proposed risk strategies and providing recommendations before decisions are made.
- » Evaluating whether company proposals or decisions that may give rise to a significant increase in risk are compatible with the Company's risk appetite.
- » Identifying, verifying and reporting risks of error in the Company's estimates and assumptions that form the basis of the financial statements.
- » Evaluating risks prior to company decisions on new or substantially changed products, services, markets, processes or IT systems and in the event of major changes to the Company's operations and organisation, and evaluating the anticipated impact on the Company's aggregate risk.

Compliance function

The Compliance function is responsible for supporting the Company's compliance with all legal, regulatory and other requirements for its licensed operations. This involves:

- » Identifying risks of the Company failing to comply with its legal, regulatory and other duties with respect to its licensed operations, and monitoring and verifying that these risks are managed by the relevant functions.
- » Overseeing and monitoring compliance with laws, regulations and other rules, as well as with relevant internal regulations.
- » Reviewing and evaluating the functionality and effectiveness of the Company's procedures on a regular basis.
- » Providing recommendations to relevant persons based on the function's findings.
- » Providing advice and support to the Company's personnel, CEO and Board regarding the laws, regulations and other rules applicable to the licensed operations, and regarding internal regulations.
- » Informing and training relevant persons regarding new or amended regulations.
- » Verifying that new or substantial changes to products, services, markets, processes and IT systems and major changes to the Company's operations and organisation comply with legal, regulatory and other requirements applicable to the Company's licensed operations (for example via the New Product Approval Process or the Change management process).
- » Advising and reporting to the CEO and the Board on a regular basis.

Security function

The Company's Security function is organised as a control function. The Chief Information Security Officer is responsible for ensuring that security and ICT risks are identified, monitored, managed and reported.

The Security function is supporting the entire Group in managing security and ICT risks and is continuously reporting to the CEO, the Board and the Risk and Audit Committee.

Internal Audit function

The Internal Audit function is responsible for ensuring the independent review and supervision of work performed by the first and second lines of defence. Accordingly, the Internal Audit function follows an updated, risk-based audit plan adopted by the Board, under which it reviews and regularly evaluates:

- » Whether the Company's organisation, governance processes, IT systems, models and procedures are appropriate and effective.
- » Whether the Company's internal control is appropriate and effective and whether the operations are conducted in accordance with the Company's internal regulations.
- » Whether the Company's internal regulations are adequate and consistent with laws, regulations and other rules.
- » The reliability of the Company's financial reporting, including off-balance sheet commitments.
- » The reliability and quality of the work performed within the Company's various control functions.
- » The Company's risk management based on the adopted risk strategy and risk appetite.

The Internal Audit function also provides recommendations to relevant persons based on the function's findings, monitors whether the measures are subsequently implemented, and reports to the Board on a regular basis.

Three lines of defence for risk management and internal control

1st line of defence

The first line of defence is comprised of the business organisation, which is responsible for conducting operations in accordance with the adopted risk exposure, internal control framework and the rules and regulations applicable to Hoist Finance. The first line of defence has a well-functioning governance structure and effective processes to identify, measure, assess, monitor, minimise and report risks.

2nd line of defence

The second line of defence is comprised of the Risk Control function, the Compliance function and the Security function, independent units that monitor and control Hoist Finance's risks and report independently of each other to the CEO and the Board.

3rd line of defence

The third line of defence is the Internal Audit function that conducts independent audits and reviews and provides the Board with evaluations of Hoist Finance's internal control and risk management processes. The Internal Audit function reports to the Board.

Internal control process

The Board of Directors has ultimate responsibility for ensuring that internal control operates efficiently. The internal control and risk management systems for financial reporting are designed to achieve reasonable assurance regarding the reliability of external financial reporting and to ensure that the financial statements are prepared in compliance with generally accepted accounting policies, applicable laws and regulations and other requirements for listed companies.

Hoist Finance's internal control process follows the COSO model, which is based on the following components

- » Control environment
- » Risk assessment
- » Control activities
- » Information & Communication; and
- » Monitoring

The control environment is the foundation of the Company's system for internal control of financial reporting. The control environment is primarily based on the corporate culture and the values that have been established by the Board of Directors and the Executive Management Team, as well as the organisational structure with distinct authorities and responsibilities. Policies and instructions are documented and evaluated continuously. These steering documents, and well-conceived process descriptions, are made available to the relevant personnel.

The risk assessment includes processes for identifying, analysing and evaluating risks arising in financial reporting. This component assesses and prioritises the areas that each business area believes to be the most relevant in the Company, based on a risk analysis. This risk analysis takes into account both the probability and consequence of a risk materialising. The risk analysis is conducted regularly at Group level to identify and create an understanding of the risks arising in the Group, in terms of both materiality and complexity. The risk analysis is then used as the starting point for determining the areas that are to be assigned priority and how the risks in these areas are to be limited and managed.

Control activities are the activities designed to limit the risks and ensure the reliability of the Company's organisation. The main purpose of the control activities, which can be of both a manual and automated character, is to uncover and prevent errors and thereby assure the quality of financial reporting. Examples of control activities include authorisation manuals, payment instructions, payment vouchers, reconciliations, business performance reviews, general IT controls and division of responsibilities. Control activities exist at both subsidiary and Group level.

Information & Communication is both an internal tool to strengthen the internal control environment and a process to ensure that correct information is identified, collected and communicated in a manner and within a time-frame that allows the organisation to carry out its duties. Policies and instructions have been adopted and the Company's financial manual, Hoist Finance Financial Framework, includes instructions and guidance for accounting and financial reporting. The policies, instructions and financial manual are updated continuously and are available to the entire organisation. Regular meetings are also held with accounting staff and local Heads of Finance to provide information on new or updated rules and regulations applicable to Hoist Finance, and on internal control responsibility. The Group's intranet is another important communication channel. The Board also receives information regarding risk management, internal controls and financial reporting from the control functions and the Risk and Audit Committee. A Communication Policy has been established to ensure that the information disclosed externally is correct and complete. The Company has

further established a Disclosure Committee which makes decisions regarding disclosure of information to the capital market.

Monitoring occurs at all levels in the Group. The Company regularly evaluates the internal control of financial reporting. Work on the internal control is reported to the Board of Directors and the Risk and Audit Committee. This reporting forms the foundation for the Board's evaluation and assessment of the efficiency of the internal control of financial reporting and also constitutes a basis for decisions about potential improvement measures. The Company has an incident reporting procedure in place, under which incidents are reported and analysed and actions taken to reduce risks as far as is economically justifiable. The Company also has an internal whistleblowing procedure through which employees can report suspicions of improprieties in the organisation. Such reporting can be done anonymously.

Financial reporting competencies

The quality of financial reporting is largely controlled by the organisation's expertise in accounting matters and the way in which the Finance, Accounting and Treasury functions are staffed and organised. The CEO and the Finance function are continuously involved in ongoing financial reporting and therefore have insight into the preparation of financial information. The Finance function is organised and staffed based on the need to ensure that the Group maintains high accounting standards and complies with accounting laws, regulations and standards. The CEO and the Finance function work actively to ensure that the Group has employees with the necessary expertise in all key positions and that there are procedures in place to ensure that employees have the requisite knowledge and skills.

Board of Directors



Lars Wollung

Chair of the board, Board member since Feb 2022

Born: 1961

Education

Civil engineer at KTH Royal Institute of Technology and Master of Science in Economics at Stockholm School of Economics.

Internal assignments

Chair of the Board
Investment Committee, member
Remuneration Committee, chair
Finance Committee, member

Other significant external assignments

Chair of the Board of Implema.

Previous experience (selection)

Senior advisor to EQT and Litorina, board member and CEO of Intrum, CEO of Acando, consultant at McKinsey, board member of Nordea, TF Bank, Blue-step Bank, Tieto, Sigma and Connecta and chair of the board for IFS and RaySearch Laboratories.

Shareholding: 744,601 shares. Bonds with a purchase price of SEK 20,931,594.

Not independent in relation to the Company and management.



Bengt Edholm

Board member since February 2022

Born: 1956

Education

Master of Science in Economics, Uppsala University.

Internal assignments

Board member
Risk and Audit Committee, member
Remuneration Committee, member
Finance Committee, chair

Other significant external assignments

Board member of Norion Bank and Chair of the Risk and Compliance Committee.

Previous experience (selection)

Head of Group Treasury at Handelsbanken, Head of Treasury at Stadshypotek, Bond Trader/Portfolio Manager at Nordea and Danske Bank.

Shareholding: 18,341 shares.

Independent in relation to the company and management and to major shareholders.



Camilla Philipson Watz

Board member since February 2022

Born: 1975

Education

Master of Laws, Stockholm University.

Internal assignments

Board member
Risk and Audit Committee, member
Remuneration Committee, member

Other significant external assignments:

Chief Legal Officer at Borgo

Previous experience (selection)

Legal Counsel at Nordnet Bank and Handelsbanken, Legal Counsellor at the Swedish Financial Supervisory Authority, Senior Legal Adviser at The Swedish Post and Telecom Authority and Legal Officer at the Swedish Government Offices.

Shareholding: 0 shares.

Independent in relation to the company and management and to major shareholders



Christopher Rees

Board member since February 2022

Born: 1972

Education

Master of Science in Accounting and Finance and Bachelors of Science in Economics at London School of Economics.

Internal assignments

Board member
Investment Committee, chair
Risk and Audit Committee, chair
Finance Committee, member

Other significant external assignments

Board member of Bluestep Bank, Director of Kalix Capital and Managing Director Seerave Enterprises.

Previous experience (selection)

Previous experience includes Nordea Bank - incl. Group CFO and Head of Finance and Treasury and Deputy Head of Wholesale Banking and Head of Markets, Barclays Bank - incl. Managing Director & Co-head of Debt Capital Markets and Risk Solutions Group for EMEA, board member of Greenery International Ltd, Morgan Stanley - incl. Executive Director & Head of European Liability Management and Restructuring, Merrill Lynch - within the Strategic Solutions Group.

Shareholding: 74,000 shares.

Independent in relation to the company and management and to major shareholders.



Rickard Westlund

Board member since February 2022

Born: 1966

Education

Master of Science in Economics, Örebro University.

Internal assignments

Board member
Investment Committee, member

Other significant external assignments

Advisor for Ropo Capital

Previous experience (selection)

CEO of Ropo Capital (2023), CEO of Ludvig & Co, Regional Managing Director at Intrum, Head of Capital at Lindorff, CEO of Aktiv Kapital Sverige, and Swed-bank in different positions, latest Head of Private and Corporate Market.

Shareholding: 19,794 shares.

Independent in relation to the company and management and to major shareholders.



Peter Zonabend

Board member since 2021

Born: 1980

Education

: LL.M at Stockholm University, EMLE at Université Paul Cézanne Aix-Marseille III, bachelor's degree in Business and Economics at Stockholm University and DU EAED at Université Paul Cézanne Aix-Marseille III.

Internal assignments

Board member
Remuneration Committee, member

Other significant external assignments

CEO of Arwidsro Fastighets AB and chair of the board for Vivesto AB.

Previous experience (selection)

CEO of Victoria Investments Holding Ltd, Fylgia law firm and Björn Rosengren law firm. Board assignments within Hövding Sverige AB, HQ AB, TCER AB and CBD Solutions AB.

Shareholding: 61,000 shares.

Not Independent in relation to major shareholders.

Executive Management Team

Harry Vranjes

Chief Executive Officer
Hoist Finance employee since 2023

Education

Studies in Computer Science and Business at Lund's University (Sweden)

Previous experience

Over 20 years of experience from the credit management industry and IT in various roles at Intrum, i.a. Chief Operating Officer, Regional Managing Director Western Europe and Chief Technology Officer. Consultant at WM-Data (now part of CGI) and Meteorit (now part of Sigma).

Shareholding: 199,366 shares.

Enok Hanssen

Regional Manager, Growth Markets
Hoist Finance employee since 2023

Education

Bachelor's degree in Business Administration, School of Business, Economics and Law at the University of Gothenburg; Executive MBA from Copenhagen Business School; Studies in Political Science at the University of Gothenburg

Previous experience

Chief Commercial Officer at Morrow Bank, Oslo, Norway Managing Director Intrum Italy, Milan, Italy COO Buckaroo, Utrecht, the Netherlands Group IT Director Western Europe at Intrum, Stockholm, Sweden Business Development Manager CEU, Zürich, Switzerland

Shareholding: 0 shares.

Christian Wallentin

Chief Financial Officer And Deputy CEO
Hoist Finance employee since 2021

Education

MSc Economics and Business Administration, Stockholm School of Economics (Sweden), CEMS Master, International Management, ESADE

Previous experience

More than 20 years of financial services industry experience in various strategic and leadership roles, i.a. CFO (including responsibility of operations) at Luminor Group (the merged Baltic banking operations of Nordea and DNB), Head of Group Corporate Development at Nordea, Investment Manager at Permira and Corporate Finance Advisor at Goldman Sachs.

Shareholding: 90,000 shares.

Simona Sankauskaite

Chief Risk Officer
Hoist Finance employee since 2018

Education

MSc Finance and Business administration, Stockholm University (Sweden)

Previous experience:

Previous position in Hoist Finance as Senior Risk and Capital Analyst, experience from credit management industry as investment analyst at Intrum, over 10 years banking experience from various roles in Swedbank.

Shareholding: 3,400 shares.

Fabien Klecha

Chief Investment Officer
Hoist Finance employee since 2012

Education

Bachelor's degree in Business Administration, Università Commerciale L. Bocconi (Italy), Master's degree in Management (Entrepreneurs major), HEC Paris (France)

Previous experience

Previous positions in Hoist Finance as Head of Secured Assets Business Line, Chief Sales Officer, Country Manager in France and Investment Manager. Experience in M&A at Rothschild & Co (Paris) and Lazard Frères (Milan), as well as entrepreneurship in AgroGeneration (part of the Private Equity fund Gravitation).

Shareholding: 105,000 shares.

Cecilia Stråle

Chief Compliance Officer
Hoist Finance employee since 2020

Education

Master of Laws, University of Uppsala

Previous experience

Close to 20 years experience in various legal and compliance roles; Nordic Head of Compliance at American Express, Senior Associate at Mannheimer Swartling law firm (member of the Swedish Bar Association), legal counsel Ericsson.

Shareholding: 1,601 shares.

Katarina Meyer

Chief People Officer
Hoist Finance employee since 2016

Education

Studies in Communication and Media at independent community college. Human Resources Management through various studies such as Labour Law, Talent Acquisition, Leadership Development and Communication.

Previous experience

30+ years of experience from a broad spectrum of sectors, with competencies such as Talent Management, Employer Branding, Culture and GDPR for HR. Previously in various HR roles including Hoist Finance Head of People Sweden, HR Consultant at Boardtalk and Senior HR Business Partner at SunGard.

Shareholding: 4,300 shares.

Mihails Mihailovs

Chief Operating Officer
Hoist Finance employee since 2023

Education

Bachelor of Computer Science, Transport and Telecommunications Institute, Riga, Latvia

Previous experience

20 years of experience in technology and credit management in various roles within Exigen Group, Accenture and Intrum where he held Regional IT Director and IT Transformation Director positions.

Shareholding: 8,000 shares.

Makram Chebli

Country Manager France
Hoist Finance employee since 2012

Education

Bachelor's degree in economics, Université Saint Joseph (Lebanon), master's degree in management, HEC Paris (France)

Previous experience

More than 17 years of financial services industry experience, including Head of Acquisitions for Hoist Finance France, Consultant at Stanwell Consulting and Exton Consulting (Paris) as well as M&A in the FIG team at Lehman Brothers (London).

Shareholding: 17,600 shares.

Miguel Sotomayor

Country Manager Spain
Hoist Finance employee since 2019

Education

Industrial Engineer at Universidad Pontificia Comillas ICAI (Madrid, Spain), MBA at Kellogg School of Business, Northwestern University (Evanston, IL)

Previous experience

More than 20 years of experiences across a wide spectrum of industries and functions. Engagement Manager at McKinsey&Co specialising in M&A, Purchasing at Banco Santander, General Management at Optize, Bancassurance Manager and Director of Online Distribution at Aegon Insurance, Director of Strategy and Director of Operations at Haya Real Estate

Shareholding: 0 shares.

Sarah Salmona

Country Manager Greece
Hoist Finance employee since 2016

Education

BSc in Business Administration, Athens University of Economics and Business (Greece), MSc in Strategic Human Resources Management, ALBA Graduate Business School (Greece)

Previous experience

Previous position in Hoist Finance as Deputy Country Manager Greece. Over 20 years of experience in financial services, i.a Transaction Services Senior Manager at EY Greece, CFO at a Real Estate Fund Manager in South eastern Europe, internal auditor at Steel company listed on the Athens Stock Market, as well as auditor in PwC, Greece.

Shareholding: 0 shares.

Andrea Giovanelli

Country Manager Italy
Hoist Finance employee since 2023

Education

Graduation in Economy and Management, University of Turin, Chartered Accountant, University of Turin, Diplome d'Etudes Approfondis in Financial Strategy, Ecole Supérieure De Commerce De Lyon.

Previous experience

In doValue since June 2018, after a remarkable experience both in Corporate Finance and in Restructuring, which started in Mediobanca, HSBC e Capitalia, and consolidated in Unicredit as Head of Restructuring since 2008. Founder and CEO of Pillarstone and Head of Restructuring & Debt Advisory Services di Deloitte Italy.

Shareholding: 20,000 shares.

Mateusz Poznański

Country Manager Poland
Hoist Finance employee since 2020

Education

MSc of Digital Management, Kozminski University Warsaw (Poland), BSc of Marketing and Management Economic School Poznan (Poland), Management education, Economic University of Wroclaw (Poland) / INSEAD (France)

Previous experience

More than 25 years of experience from the financial sector in Poland in various strategic and leadership roles, including the position of Vice President of the Management Board at Alior Bank S.A., Executive Director at ING Bank Poland, Vice-Chairman Supervisory Board at the Polish Payment Standard (BLIK) and Visa Executive Committee Poland, as well as Director of the Sales Department at Credit Agricole Poland.

Shareholding: 0 shares.

Changes in the Executive Management Team

Sofia Buhlin, Interim Chief Communications officer, was part of the Group Executive Management between June 1 2023 and February 8 2024.

Johan Wigh, Interim Chief Legal Officer, left Hoist Finance on Jan 28 2024 and was succeeded by Pontus Ericson as Chief Legal Officer on Jan 29 2024. Pontus Ericson is a member of the Executive Management Team.