

# Year-end report 2022

## Key events

- » Fourth quarter wraps up first out of two rejuvenation years
- » Large investment volumes with sizable secured deals in Spain
- » Stable collection performance
- » Material positive and negative one-off items during the quarter, most notably the UK unsecured divestment
- » Rejuvenation activities during year resulted in significantly improved financial and risk position overall
- » Harry Vranjes started as CEO on 1 January 2023
- » The board of directors proposes not to pay out dividend for 2022 to enable continued growth

**SEK 2,767 m**

Acquired loan portfolios<sup>3)</sup>

**20%**

Return on equity<sup>2)</sup>

**SEK 0.19**

Earnings per share  
continuing operations

**15.85%**

CET1 ratio<sup>2)</sup>

External revenue and expenses from operations in the UK that have been sold are reported as earnings/loss from discontinued operations. Information provided in the interim report pertains to continuing operations, unless otherwise specified.

## Key ratios<sup>1)</sup>

SEK m	Quarter 4 2022	Quarter 4 2021	Change, %	Full-year 2022	Full-year 2021	Change, %
Total operating income	652	580	12	2,613	1,903	37
Profit/loss before tax from continuing operations	5	68	-93	490	-30	>100
Net profit/loss	255	77	>100	801	-117	>100
Cash EBITDA <sup>2)</sup>	1,420	1,296	10	6,106	4,767	28
Return on equity, % <sup>2)</sup>	20	6	14 pp	17	-5	22 pp
Portfolio acquisitions <sup>3)</sup>	2,767	723	>100	6,928	3,558	95
Basic and diluted earnings per share from continuing operations, SEK	0.19	0.67	-72	3.55	-2.85	>100

SEK m	31 Dec 2022	31 Dec 2021	Change, %
Gross 180-month ERC <sup>3)</sup>	32,946	32,900	0
Acquired loan portfolios <sup>3)</sup>	21,624	21,337	1
CET1 ratio, % <sup>2)</sup>	15.85	9.56	6.29 pp

1) See Definitions.

2) Including discontinued operations.

3) 2022 adjusted for discontinued operations and comparative periods including discontinued operations.

# CEO Comments

## Dear shareholders,

The fourth quarter wraps up the first out of two rejuvenation years for Hoist Finance. The structural rejuvenation efforts completed thus far have left Hoist Finance in a materially better financial and risk position going into 2023. Our operational improvement journey is well underway impacting all parts of our business and we look forward to concluding our rejuvenation program and moving into continuous improvement of our business towards the end of 2023.

Financially, the 17 per cent 2022 return on equity beat our target. Net profit for the year ended at SEK 801m. As part of our Rejuvenation program, the fourth quarter was impacted with material positive and negative one-off items, including the divestment of the UK unsecured operations and a release of a tax provision. The largest positive one-off impact was the closing of the divestment of the UK unsecured operations.

### Investments

The fourth quarter is generally a period with high activity in the NPL market. Portfolio investments reached SEK 2.8bn in the quarter (0.7) and SEK 6.9bn (3.6) for the full year 2022. The total portfolio of acquired loans increased to SEK 21.6bn at year-end 2022. In comparison the total portfolio at year-end 2021 amounted to SEK 21.3bn and SEK 17.2bn including and excluding the divested UK portfolio respectively. The key drivers are a focused sourcing and investment strategy yielding larger investments, a higher number of bilateral investments, and a higher share of secured portfolios. Secured assets has grown to 29 per cent of the total portfolio, compared to 21 per cent at year-end 2021.

### Collection performance

Our portfolios continued to perform well in the quarter. The collection performance exceeded expectations and did not show any significant impact from the high inflation or increased cost of living for our customers. However, we continue to closely monitor the macroeconomic development, especially unemployment, to recognise any potential effects on our collections. Despite positive collection performance in the fourth quarter, as part of our active management of the book, we took action to address issues in individual underperforming, mainly unsecured, portfolios. These impairments were however not related to the current macroeconomic environment.

### Capital & Funding

Our funding costs increased towards the end of the year due to higher interest rates and volumes in our deposit accounts. However, our deposit-based funding model remains a very attractive source of funding in an environment with increasing interest rates.

The volume of NPLs affected by the prudential back-stop rules is still limited, although we expect the numbers to gradually increase. We continue to develop existing and new solutions to deal with this regulation. In the quarter, the Swedish FSA commenced its Pillar II guidance review.

### Going forward

When presenting this report, I have been the CEO of Hoist Finance for one month. I am taking over in a very exciting period filled with opportunities but also with uncertainty in the world around us. I will continue to execute on the strategy that the board and management have drawn up. Much has been achieved during 2022, and more initiatives have been started to improve the business to secure a solid and sustainable profitability. There is still more to do, and the rejuvenation activities will carry on also in 2023.

I am really looking forward to lead Hoist Finance's continued journey towards becoming the leading European NPL asset manager, together with our team, clients, customers and shareholders.

Best regards,

**Harry Vranjes**  
CEO



# Developments during the quarter, Group

Comparative figures for developments during fourth quarter 2022 pertain to fourth quarter 2021.

## Operating income

Operating income from continuing operations increased during the fourth quarter to SEK 652m (580). Net interest income totalled SEK 586m (461). Interest expense increased to SEK -167m (-139). The increase is mainly attributable to rising interest rates and deposit volumes.

Impairment gains and losses totalled SEK -65m (48). The change represents the positive effect of the period's realised collections against active forecast, somewhat offset by negative forward-looking portfolio revaluations. Collections against projections totalled SEK 71m (132). Portfolio revaluations conducted during the quarter amounted to SEK -136m (-84). The revaluations are attributable to a few specific mainly unsecured portfolios, that are uncorrelated to the current macroeconomic development.

Net result from financial transactions totalled SEK 105m (46) during the fourth quarter. Hoist Finance manages interest rate risk by continuously hedging the Group's interest rate exposure. Hoist Finance currently has several outstanding interest rate hedging contracts denominated in GBP, PLN and EUR under which Hoist pays fixed interest and receives floating interest. The greater part of net result from transactions during the quarter is attributable to the closure of interest rate hedging instruments in connection with sale of the UK operations. The market value of securities in the liquidity portfolio had a positive impact, as did the valuation of hedging instruments due to strengthening of the Euro against the Swedish krona.

SEK m	Quarter 4 2022	Quarter 4 2021
Interest income acquired loan portfolios	720	600
Other interest income	33	0
Interest expense	-167	-139
<b>Net interest income</b>	<b>586</b>	<b>461</b>
Impairment gains and losses	-65	48
<i>of which, realised collections against active forecast</i>	71	132
<i>of which, portfolio revaluations</i>	-136	-84
Fee and commission income	17	18
Net result from financial transactions	105	46
Other operating income	9	8
<b>Total operating income</b>	<b>652</b>	<b>580</b>

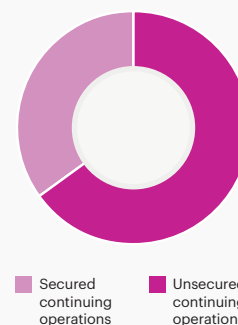
## Operating expenses

Operating expenses from continuing operations totalled SEK -676m (-527). Personnel expenses increased to SEK -221m (-176). The increase is due to variable remuneration costs (of which no material amount was paid in 2021) and to payroll expenses related to Group functions that were charged to the discontinued UK operations during last year's comparative period.

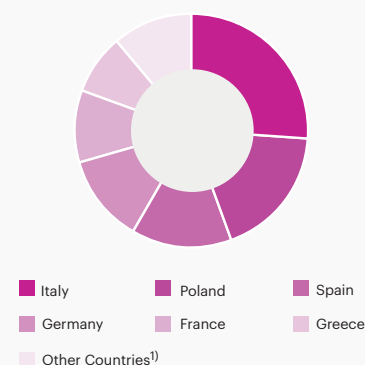
The increase in portfolio volumes led to a general increase in collection costs, which increased to SEK -234m (-184) during the quarter. Legal collection costs increased to SEK -88m (-75) due to the increased volumes and to the continued return of courts to normal activities following Covid-related restrictions imposed during last year's comparative period. In addition, cost of SEK 21 million (0) attributable to exceptional legal provisions in a portfolio was incurred.

Administrative expenses increased to SEK -191m (-135). The change is due to impairment of a major IT project in Poland, higher IT costs, and for professional services related to the rejuvenation programme.

## Breakdown, Secured/Unsecured acquired loan portfolios, continuing operations



## Breakdown, total carrying amount of acquired loan portfolios, continuing operations



<sup>1)</sup> Other countries is United Kingdom, Netherlands, Belgium and Cyprus

### Net profit/loss for the quarter

Net profit/loss from continuing operations totalled SEK 18m (60) for the quarter. Income tax expense for the quarter amounted to SEK 13m (-8). Tax reserves of SEK 78m were released during the quarter following a positive decision from the Swedish Tax Agency in a tax audit case concerning cross-border allocation of profits.

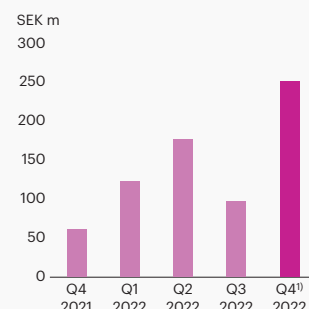
Net profit for the period from shares and participations in joint ventures totalled SEK 29m (12). The increase is attributable to a positive revaluation of Hoist Finance's joint venture in Poland following an improved earnings trend.

SEK m	Quarter 4 2022	Quarter 4 2021
Personnel expenses	-221	-176
Collection costs	-234	-184
Other administrative expenses	-191	-135
Depreciation and amortisation	-30	-29
<b>Total operating expenses</b>	<b>-676</b>	<b>-524</b>
Share of profit from joint ventures	29	12
<b>Profit/loss before tax</b>	<b>5</b>	<b>68</b>
Income tax expense	13	-8
Net profit for the quarter from discontinued operations	237	17
<b>Net profit/loss for the quarter</b>	<b>255</b>	<b>77</b>

### Discontinued operations

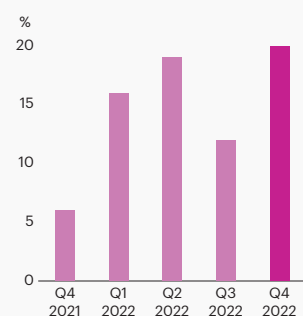
Earnings/loss from discontinued operations totalled SEK 237m (17) during the quarter. Earnings/loss for discontinued operations is comprised of capital gain from the sale of operations in the UK, SEK 240m, and an adjustment to previous years' taxes in divested subsidiaries, SEK -3m. The increase over the previously communicated expected amount of approximately SEK 200m is due to a positive currency effect and tax effect. Additional details on discontinued operations are presented in Note 9.

### Profit/loss after tax from continuing operations



1) Fourth quarter 2022 include capital gains result from divested operations.

### Return on equity



# Developments during the full year 2022

Comparative figures for developments during the full-year 2022 pertain to full-year 2021.

## Operating income

Operating income totalled SEK 2,613m (1,903) during the period. Net interest income totalled SEK 2,166m (1,812). The increase is mainly attributable to higher interest income due to increased portfolio volumes. Interest expense decreased to SEK –562m (–573).

Impairment gains and losses totalled SEK 53m (–69). Collections against projections totalled SEK 543m (320). Portfolio revaluations conducted during the period totalled SEK –490m (–387), of which SEK 276m (213) is attributable to timing effects. Other effects are primarily attributable to revaluations of Italian and Spanish portfolios.

Net result from financial transactions totalled SEK 309m (83). The change is attributable to an increase in the market value of outstanding interest rate hedging contracts. Hoist Finance manages interest rate risk by continuously hedging the Group's interest rate exposure. During the period Hoist Finance has had several outstanding interest rate hedging contracts denominated in GBP, PLN and EUR under which Hoist pays fixed interest. There were significant upward shifts in GBP and PLN swap curves during the period. To address the impact of interest rate hedging contracts, Hoist Finance implemented hedge accounting for unsecured loan portfolios during the third quarter as a means to reduce the volatility of net result from financial transactions.

SEK m	Full-Year 2022	Full-Year 2021
Interest income acquired loan portfolios	2,678	2,387
Other interest income	50	–2
Interest expense	–562	–573
<b>Net interest income</b>	<b>2,166</b>	<b>1,812</b>
Impairment gains and losses	53	–69
<i>of which, realised collections against active forecast</i>	543	319
<i>of which, portfolio revaluations</i>	–490	–387
Fee and commission income	66	62
Net result from financial transactions	309	83
Other operating income	20	15
<b>Total operating income</b>	<b>2,613</b>	<b>1,903</b>

## Operating expenses

Operating expenses from continuing operations totalled SEK –2,214m (–1,994). The increase is attributable to higher collection costs, which totalled SEK –764m (–640), of which legal collection costs totalled SEK –322m (–279). Covid-19-related restrictions were lifted in several markets during the period, resulting in increased legal collection costs. Collections related to these activities are expected to contribute positively to earnings in coming quarters.

SEK m	Full-Year 2022	Full-Year 2021
Personnel expenses	–766	–717
Collection costs	–764	–640
Other administrative expenses	–575	–519
Depreciation and amortisation	–109	–118
<b>Total operating expenses</b>	<b>–2,214</b>	<b>–1,994</b>
Share of profit from joint ventures	91	61
<b>Profit/loss before tax</b>	<b>490</b>	<b>–30</b>
Income tax expense	–79	–134
Net profit/loss for the period from discontinued operations	389	47
<b>Net profit/loss for the period</b>	<b>801</b>	<b>–117</b>

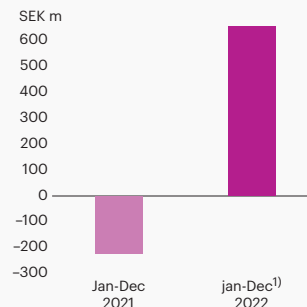
**Net profit/loss for the period**

Net profit/loss from continuing operations totalled SEK 412m (-164) for the period. Income tax expense for the period amounted to SEK -79m (-134). The tax rate is primarily a result of the way in which companies within the Group are structured in various jurisdictions. A tax reservation was made during the period for ongoing tax audits, partly for Germany and partly for Polish assets.

**Discontinued operations**

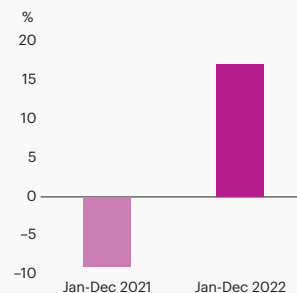
Earnings/loss from discontinued operations totalled SEK 389m (47) for the period. Earnings/loss for discontinued operations is comprised of revenue and expenses from operations in the UK for the nine months through divestment on 1 October, SEK 149m, and capital gain from sale of the operations, SEK 240m. Additional details on discontinued operations are presented in Note 9.

**Profit/loss after tax from continuing operations**



1) 2022 include capital gains result from divested operations.

**Return on equity**



# Other information

## Balance sheet

Comparative figures for the balance sheet pertain to 31 December 2021.

Total assets increased SEK 2 127m as compared with 31 December 2021 and totalled SEK 32,499m (30,372). The change is primarily attributable to a SEK 1,683 m increase in cash and interest-bearing securities. The carrying amount of acquired loan portfolios increased to SEK 21,624m (21,337). Other assets increased SEK 148m.

SEK m	31 Dec 2022	31 Dec 2021	Change, %
Cash and interest-bearing securities	9,241	7,558	22
Acquired loan portfolios	21,624	21,337	1
Value change of interest-hedged items in portfolio hedging	9	-	100
Other assets <sup>1)</sup>	1,625	1,477	10
<b>Total assets</b>	<b>32,499</b>	<b>30,372</b>	<b>7</b>
Deposits from the public	18,581	18,169	2
Debt securities issued	5,545	5,059	10
Subordinated debt	903	837	8
<b>Total interest-bearing liabilities</b>	<b>25,029</b>	<b>24,065</b>	<b>4</b>
Other liabilities <sup>1)</sup>	1,726	1,366	26
Equity	5,744	4,941	16
<b>Total liabilities and equity</b>	<b>32,499</b>	<b>30,372</b>	<b>7</b>

<sup>1)</sup> This item does not correspond to an item of the same designation in the balance sheet, but to several corresponding items.

Total interest-bearing debt amounted to SEK 25,029m (24,065). In Sweden, deposits from the public amounted to SEK 6,687m (8,541), of which SEK 2,771m (3,775) is attributable to fixed term deposits of one-, two- and three-year duration. Deposits from the public in Germany totalled SEK 10,854m (9,564), of which SEK 7,926m (7,201) is attributable to fixed term deposits of one- to five-year duration.

At 31 December 2022, the outstanding bond debt totalled SEK 6,448m (5,896), of which SEK 5,545m (5,059) was comprised of senior unsecured liabilities. The increase is mainly attributable to exchange rate effects and accrued interest, as well as to bonds issued in the securitisation structure.

Other liabilities totalled SEK 1,726m (1,366). Equity totalled SEK 5,744m (4,941), attributable to net profit for the period and to payment of interest on Additional Tier 1 capital contributions.

## Cash flow

Comparative figures for cash flow pertain to the period Jan – Dec 2021

SEK m	Full-Year 2022	Full-Year 2021	Change, %
Cash flow from operating activities	3,844	3,481	10
Cash flow from investing activities	-7,129	-2,996	-138
Cash flow from financing activities	4,330	-1,448	399
<b>Cash flow for the period</b>	<b>1,045</b>	<b>-963</b>	<b>209</b>

Cash flow from operating activities totalled SEK 3,844m for full-year 2022, as compared with SEK 3,481m during the 2021 comparative period. Amortisation of acquired loan portfolios increased to SEK 4,588m (3,685).

Cash flow from investing activities totalled SEK -7,129m (-2,996), with portfolio acquisition activity totalling SEK -6,928m (-3,558). Disposal of operations in the UK increased cash flow by SEK 500m. For additional details on discontinued operations, see Note 9.

Cash flow from financing activities totalled SEK 4,330m (-1,448), of which SEK 4,965m is attributable to disposal of UK operations as regards previous net lending. Net outflow from deposits from the public totalled SEK -452m (117).

Total cash flow for the period amounted to SEK 1,045m, as compared with SEK -963m for the 2021 comparative period.

## Capital adequacy

Comparative figures for capital adequacy pertain to 31 December 2021.

At the close of the year the CET1 ratio was 15.85 per cent (9.56) for the Hoist Finance consolidated situation. CET1 capital totalled SEK 4,172m (3,317). The risk-weighted exposure amount has decreased to SEK 26,313m (34,710) since the previous year.

The CET1 ratio has increased significantly since the beginning of last year, for three main reasons. The year's positive result credited to own funds increased the CET1 ratio by 2.34%. The reduction in the risk weight, from 150% to 100%, contributed to a CET1 ratio increase of 2.67%. The third contributing factor is the sale of operations in the UK, which increased the CET1 ratio by 1.97%.

Collections on existing NPL portfolios also contributed to the higher ratio (1.20%), although new portfolio acquisitions reduced the ratio by -1.40%. Exchange rate revaluation for NPL portfolios reduced the ratio by -0.44%. The NPL backstop also impacted the CET1 ratio (-0.15%) due to own fund deductions.

All capital ratios meet regulatory requirements. No deduction for dividends was taken from net profit for the year. Consolidated profit for the year has therefore been credited to own funds in its entirety.

Total capital amounts to SEK 6,181m (5,260) and the total capital ratio is 23.49 per cent (15.15).

For Parent Company the CET1 ratio was 14.62 per cent (11.71).

### Parent Company

Comparative figures for the Parent Company pertain to fourth quarter 2021.

Net interest income for the Parent Company totalled SEK 261m (235) during the fourth quarter, attributable primarily to a higher volume of portfolio acquisitions combined with rising interest rates. Meanwhile intra-group interest income decreased due to fewer loans to subsidiaries.

Net result from financial transactions totalled SEK -166m (36). The increase is attributable primarily to a change in the market value of bonds as well as interest rate and currency hedging contracts.

Other operating income increased to SEK 126m (29) and is related to the result from the sale of operations in the UK. Operating expenses were somewhat higher and amounted to SEK -422m (-331), with the increase due primarily to higher IT costs and impairment of development projects pertaining to divested operations. Profit/loss before credit losses totalled SEK -201m (-30).

Impairment gains and losses totalled SEK -16m (41), the difference between projected and actual collections, portfolio revaluations, and credit reserves for performing loans. During the quarter there was no write-down requirement for shares in subsidiaries (0).

Profit/loss before tax totalled SEK -206m (25). Tax expense totalled SEK 107m (-2) during the fourth quarter. Following reversal of the tax allocation reserve and previous tax reserve, profit/loss for the quarter totalled SEK -39m (15).

### Risks and uncertainties

Hoist Finance's broad geographic presence diversifies credit exposure and reduces overall risk, but also involves a complex regulatory landscape. New and amended bank and credit market company regulations may affect Hoist Finance directly (e.g., via Basel IV capital and liquidity regulations) and indirectly through the impact of similar regulations on the market's supply of loan portfolios. Hoist Finance's cross-border operations entail consolidated tax issues relating to subsidiaries in several jurisdictions. The Group is therefore exposed to potential tax risks arising from varying interpretations and applications of existing laws, treaties, regulations and guidance.

#### Development of risks

As previously communicated, the European Commission's action plan for non-performing loans will serve to improve Hoist Finance's capital adequacy, as the Company will be able to equalise the discount in the purchase price with a write-down when calculating risk weight. In

brief, the action plan specifies that if the discount applicable to the acquisition of unsecured acquired loans exceeds 20 per cent, the risk weight for the loan will be 100 per cent rather than the previous 150 per cent. The change, which came into effect on 11 July 2022, will increase the CET1 ratio by approximately 260 bps.

Collection performance for credit portfolios was in line with forecasts during the quarter. In order to further diversify the Company's assets in a positive way from a risk perspective, Hoist Finance continues to assess new opportunities to acquire portfolios of non-performing secured loans.

Hoist Finance has entered into an agreement to sell its operation in the UK. The transaction has now been finalised and has received regulatory approval. Conclusion of the transaction improves Hoist Finance's capital position, as the operation is being sold above carrying amount and the risk exposure amount is reduced.

Credit risk and regulatory risk are also reduced. Regulatory risk is reduced due to the fact that the UK is a tightly regulated market with country-specific requirements, and also to the removal of uncertainties caused by Brexit.

In terms of the current geopolitical situation's impact on credit risk in Hoist Finance's NPL portfolios, the war in Ukraine has not had any significant impact to date on the credit risk in Hoist Finance's revenues from NPL portfolios. Although we do not operate in Russia or Ukraine, any negative impact on the economy over the long term may affect Hoist Finance along with society at large. Neither have rising electricity prices or the increasing rate of inflation along with higher interest rates had an impact on revenues from NPL portfolios during the quarter. We are closely monitoring developments to analyse how a weakened economy over a long period may affect risk in the NPL credit portfolios.

Credit risk in the liquidity portfolio remains low, as investments are made in government, municipal and covered bonds of high credit quality. Hoist Finance has an internal framework for follow-up and oversight of the Group's operational risks. The Group is committed to continuously improving the quality of its internal procedures to minimise operational risks. The level of operational risks is deemed to be unchanged from previous quarters.

Market risks remain low, as Hoist Finance continuously hedges interest rate and FX risks in the short and medium term. Additional information on developments during the quarter is provided in the Net Profit section. Liquidity risk is deemed to continue to be low. The securitisation of asset portfolios is an effective method of managing the regulatory changes introduced in December 2018 (the NPL prudential backstop regulation).



**Related-party transactions**

The nature and scope of related-party transactions remain unchanged from 31 December 2021 and are described in the Annual Report.

**Group structure**

Hoist Finance AB (publ), corporate identity number 556012-8489, is the Parent Company in the Hoist Finance Group. Hoist Finance is a Swedish publicly traded limited liability company headquartered in Stockholm, Sweden. Hoist Finance AB (publ) has been listed on NASDAQ Stockholm since March 2015.

Hoist Finance AB (publ) is a credit market company under the supervision of the Swedish FSA. The operating Parent Company, including its subgroup, acquires and holds loan portfolios, which are managed by the Group's subsidiaries or foreign branch offices. These units also provide commission-based administration services to third parties and services within the Hoist Finance Group.

**Other disclosures**

For a more detailed description of the Group's legal structure, please refer to the 2022 Annual Report.

**Proposed dividend**

To enable continued growth, the Board of Directors proposes that the 2023 AGM make an exception to the dividend policy and will be recommending that the AGM resolve not to distribute a dividend for 2022.

**Annual meeting**

The annual general meeting will be held in Stockholm on May 10, 2023.

**Subsequent events**

On 1 of January 2023, Harry Vranjes took over as CEO and Lars Wollung took office as Chairman of the Board.

**Review**

This interim report has not been reviewed by the company's auditors.

# Quarterly Review

## Condensed income statement

SEK m	Quarter 4 2022	Quarter 3 2022	Quarter 2 2022	Quarter 1 2022	Quarter 4 2021
Net interest income	586	560	530	490	461
Total operating income	652	595	734	635	580
Total operating expenses	-676	-522	-527	-489	-524
Net operating profit/loss	-24	73	207	146	56
Profit/loss before tax from continuing operations	5	116	218	155	68
Net profit/loss from discontinued operations	237	56	40	56	17
<b>Net profit/loss</b>	<b>255</b>	<b>153</b>	<b>217</b>	<b>179</b>	<b>77</b>

## Key ratios<sup>1)</sup>

SEK m	Quarter 4 2022	Quarter 3 2022	Quarter 2 2022	Quarter 1 2022	Quarter 4 2021
Cash EBITDA <sup>2)</sup>	1,420	1,528	1,683	1,475	1,296
C/I ratio, %	99	82	71	76	89
Return on equity, % <sup>2)</sup>	20	12	19	16	6
Portfolio acquisitions <sup>3)</sup>	2,767	342	2,508	1,311	723
Basic and diluted earnings per share from continuing operations, SEK	0.19	0.70	1.66	1	0.61
Items affecting comparability	-	-	-	-	-

SEK m	31 dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Gross 180-month ERC <sup>3)</sup>	32,946	28,846	29,615	26,904	32,900
Acquired loan portfolios <sup>3)</sup>	21,624	19,370	19,680	17,724	21,337
Total capital ratio, % <sup>2)</sup>	23.49	19.20	15.01	15.63	15.16
CET1 ratio, % <sup>2)</sup>	15.85	12.23	9.6	9.9	9.56
Number of employees (FTEs) <sup>2)</sup>	1,304	1,455	1,478	1,496	1,544

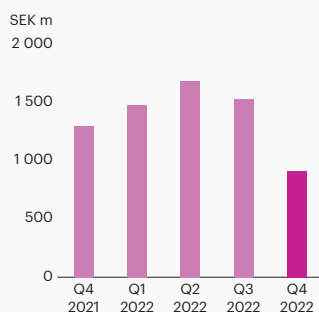
1) See Definitions and Note 9 for additional details.

2) Including discontinued operations.

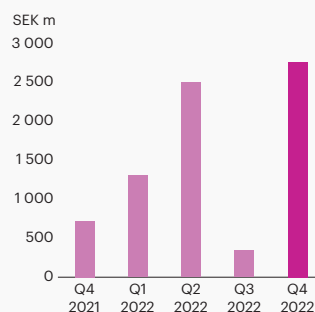
3) 2022 adjusted for discontinued operations and comparative figures including discontinued operations.

For details on items affecting comparability for previous quarters, please refer to the Financial Fact Book: <https://www.hoistfinance.com/investors/financial-information>.

### Cash EBITDA



### Portfolio acquisitions



# Financial statements

## Consolidated income statement

SEK m	Note	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Interest income acquired loan portfolios calculated using the effective interest rate method		720	600	2,678	2,387
Other interest income <sup>1)</sup>		33	0	50	-2
Interest expense		-167	-139	-562	-573
<b>Net interest income</b>		<b>586</b>	<b>461</b>	<b>2,166</b>	<b>1,812</b>
Impairment gains and losses	4	-65	48	53	-69
Fee and commission income		17	17	66	62
Net result from financial transactions		105	46	309	83
Other operating income		9	8	20	15
<b>Total operating income</b>	3	<b>652</b>	<b>580</b>	<b>2,613</b>	<b>1,903</b>
Personnel expenses		-221	-176	-766	-717
Collection costs		-234	-184	-764	-640
Other administrative expenses		-191	-135	-575	-519
Depreciation and amortisation of tangible and intangible assets		-30	-29	-109	-118
<b>Total operating expenses</b>	3	<b>-676</b>	<b>-524</b>	<b>-2,214</b>	<b>-1,994</b>
<b>Net operating profit/loss</b>		<b>-24</b>	<b>56</b>	<b>399</b>	<b>-91</b>
Share of profit from joint ventures	3	29	12	91	61
<b>Profit/loss before tax from continuing operations</b>	3	<b>5</b>	<b>68</b>	<b>490</b>	<b>-30</b>
Income tax expense		13	-8	-79	-134
Net profit from discontinued operations	9	237	17	389	47
<b>Net profit/loss</b>		<b>255</b>	<b>77</b>	<b>801</b>	<b>-117</b>
<i>Profit/loss attributable to:</i>					
Owners of Hoist Finance AB (publ)		255	77	706	-207
Additional Tier 1 capital holders		-	-	95	90
Basic and diluted earnings per share continuing operations, SEK		0.19	0.67	3.55	-2.85
Basic and diluted earnings per share discontinued operations, SEK		2.65	0.19	4.36	0.53
Basic and diluted earnings per share total, SEK		2.84	0.86	7.91	-2.32

<sup>1)</sup> Of which interest income calculated using the effective interest method amount to SEK 7.9m (0.5) during quarter 4, SEK 16m (-0.1) during full-year 2022.

## Condensed consolidated statement of comprehensive income

SEK m	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>255</b>	<b>77</b>	<b>801</b>	<b>-117</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of defined benefit pension plan	10	3	13	3
Tax attributable to items that will not be reclassified to profit or loss	-	-	-	-
<b>Total items that will not be reclassified to profit or loss</b>	<b>10</b>	<b>3</b>	<b>13</b>	<b>3</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation difference, foreign operations	230	12	247	17
Hedging of currency risk in foreign operations	-434	-29	-475	-42
Transferred to the income statement during the year <sup>1)</sup>	208	1	210	3
Tax attributable to items that may be reclassified to profit or loss	89	6	98	9
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>93</b>	<b>-10</b>	<b>80</b>	<b>-13</b>
<b>Other comprehensive income for the period</b>	<b>103</b>	<b>-7</b>	<b>93</b>	<b>-10</b>
<b>Total comprehensive income for the period</b>	<b>358</b>	<b>70</b>	<b>894</b>	<b>-127</b>
Profit/loss attributable to:				
Owners of Hoist Finance AB (publ)	358	70	799	-217
Additional Tier 1 capital holders	-	-	95	90

1) Due to discontinued operations SEK -206m has been transferred to the income statement during the period.

## Consolidated balance sheet

SEK m	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
Cash	0	0
Treasury bills and Treasury bonds	2,789	1,576
Lending to credit institutions	2,358	2,480
Lending to the public	1	3
Acquired loan portfolios	4 21,624	21,337
Value change of interest-hedged items in portfolio hedging	9	–
Bonds and other securities	4,094	3,502
Shares and participations in joint ventures	188	155
Intangible assets	297	360
Tangible assets	221	205
Other assets	694	490
Deferred tax assets	116	160
Prepayments and accrued income	108	104
<b>Total assets</b>	<b>32,499</b>	<b>30,372</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Deposits from the public	18,581	18,169
Debt securities issued	5,545	5,059
Tax liabilities	107	189
Other liabilities	1,158	797
Deferred tax liabilities	85	127
Accrued expenses and deferred income	329	194
Provisions	47	59
Subordinated debts	903	845
<b>Total liabilities</b>	<b>26,755</b>	<b>25,431</b>
<b>Equity</b>		
Additional Tier 1 capital holders	1,106	1,106
Share capital	30	30
Other contributed equity	2,275	2,275
Reserves	–314	–394
Retained earnings including profit/loss for the period	2,647	1,924
<b>Total equity</b>	<b>5,744</b>	<b>4,941</b>
<b>Total liabilities and equity</b>	<b>32,499</b>	<b>30,372</b>

## Consolidated statement of changes in equity

SEK m	Equity attributable to shareholders of Hoist Finance AB (publ)							Total	Additional Tier 1 capital holders	Total equity
	Share capital	Other contributed equity	Reserves		Retained earnings including profit/loss for the period	Total				
			Hedge reserve	Translation reserve						
<b>Opening balance 1 Jan 2022</b>	<b>30</b>	<b>2,275</b>	<b>-473</b>	<b>79</b>	<b>1,924</b>	<b>3,835</b>	<b>1,106</b>	<b>4,941</b>		
<b>Comprehensive income for the period</b>										
Profit/loss for the period <sup>1)</sup>					706	706	95	801		
Other comprehensive income			-214	294	13	93		93		
<b>Total comprehensive income for the period</b>			<b>-214</b>	<b>294</b>	<b>719</b>	<b>799</b>	<b>95</b>	<b>894</b>		
<b>Transactions reported directly in equity</b>										
Interest paid on Additional Tier 1 capital							-95	-95		
Share-based payments <sup>2)</sup>					4	4		4		
<b>Total transactions reported directly in equity</b>					<b>4</b>	<b>4</b>	<b>-95</b>	<b>-91</b>		
<b>Closing balance 31 Dec 2022</b>	<b>30</b>	<b>2,275</b>	<b>-687</b>	<b>373</b>	<b>2,647</b>	<b>4,638</b>	<b>1,106</b>	<b>5,744</b>		

1) Net profit for the period includes reclassifications of hedging reserves and historical exchange rate effects that were realised in profit/loss upon the sale of the disposal group of operations in the UK, amounting to SEK -206m net after tax.

2) For more information on share-based payments, see Hoist Finance Annual report 2021.

SEK m	Equity attributable to shareholders of Hoist Finance AB (publ)							Total	Additional Tier 1 capital holders	Total equity
	Share capital	Other contributed equity	Reserves		Retained earnings including profit/loss for the period	Total				
			Hedge reserve	Translation reserve						
<b>Opening balance 1 Jan 2021</b>	<b>30</b>	<b>2,275</b>	<b>-443</b>	<b>62</b>	<b>2,128</b>	<b>4,052</b>	<b>1,106</b>	<b>5,158</b>		
<b>Comprehensive income for the period</b>										
Profit/loss for the period					-207	-207	90	-117		
Other comprehensive income			-30	17	3	-10		-10		
<b>Total comprehensive income for the period</b>			<b>-30</b>	<b>17</b>	<b>-204</b>	<b>-217</b>	<b>90</b>	<b>-127</b>		
<b>Transactions reported directly in equity</b>										
Interest paid on Additional Tier 1 capital							-90	-90		
Share-based payments					0	0		0		
<b>Total transactions reported directly in equity</b>					<b>0</b>	<b>0</b>	<b>-90</b>	<b>-90</b>		
<b>Closing balance 31 Dec 2021</b>	<b>30</b>	<b>2,275</b>	<b>-473</b>	<b>79</b>	<b>1,924</b>	<b>3,835</b>	<b>1,106</b>	<b>4,941</b>		

## Condensed consolidated cash flow statement <sup>1)</sup>

SEK m	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
<b>Profit/loss before tax<sup>2)</sup></b>	<b>5</b>	<b>73</b>	<b>490</b>	<b>-39</b>
– of which, paid-in interest	345	749	2,727	3,002
– of which, interest paid	-247	-174	-562	-530
Adjustment for other items not included in cash flow	120	-240	30	262
Realised result from divestment of loan portfolios	–	-1	–	-1
Realised result from divestment of shares and participations in joint ventures	57	-14	3	-66
Net profit/loss for the period attributable to discontinued operations	3	–	164	–
Income tax paid/received	-54	-20	-113	-100
Amortisations on acquired loan portfolios	1,024	1,018	4,588	3,685
Increase/decrease in other assets and liabilities	-1,965	71	-1,318	-260
<b>Cash flow from operating activities</b>	<b>-810</b>	<b>887</b>	<b>3,844</b>	<b>3,481</b>
Acquired loan portfolios	-2,767	-723	6,928	-3,558
Investments in bonds and other securities	-754	-282	-1,878	-1,109
Divestments of bonds and other securities	0	154	1,254	1,691
Divested subsidiaries	500	–	500	–
Other cash flows from investing activities	-75	4	-77	-20
<b>Cash flow from investing activities</b>	<b>-3,096</b>	<b>-847</b>	<b>-7,129</b>	<b>-2,996</b>
Deposits from the public	161	986	-452	117
Net lending attributable to discontinued operations	4,965	–	4,965	–
Debt securities issued	15	19	880	94
Repurchase and repayment of Debt securities issued	-22	-1,466	-918	-1,517
Interest paid on Additional Tier 1 capital	–	–	-95	-90
Amortisation of lease liabilities	-12	-13	-50	-52
<b>Cash flow from financing activities</b>	<b>5,107</b>	<b>-474</b>	<b>4,330</b>	<b>-1,448</b>
<b>Cash flow for the period</b>	<b>1,201</b>	<b>-434</b>	<b>1,045</b>	<b>-963</b>
Cash at beginning of the period	3,563	4,092	3,625	4,576
Translation difference	45	-33	139	12
<b>Cash at end of the period<sup>3)</sup></b>	<b>4,809</b>	<b>3,625</b>	<b>4,809</b>	<b>3,625</b>

1) Comparative period Include discontinued operations.

2) In Q4 profit from divested subsidiaries are presented separately, compared to previous quarters.

### 3) Cash and cash equivalents in cash flow statement

SEK m	31 Dec 2022	31 Dec 2021
Cash	0	0
Treasury bills and Treasury bonds	2,789	1,576
Lending to credit institutions	2,358	2,480
excl. lending to credit institutions in securitisation vehicles	-338	-301
excl. pledged bank balances <sup>4)</sup>	–	-130
<b>Total cash and cash equivalents in cash flow statement</b>	<b>4,809</b>	<b>3,625</b>

4) Pledged bank balances are included in Cash and cash equivalents as per 31 of December 2022, no adjustments of comparative periods.

## Parent Company

### Parent Company condensed income statement

SEK m	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Interest income	413	358	1,661	1,528
Interest expense	-152	-123	-513	-518
<b>Net interest income</b>	<b>261</b>	<b>235</b>	<b>1,148</b>	<b>1,010</b>
Dividends received	-	-	-	-
Net result from financial transactions	-166	36	42	68
Other operating income	126	29	260	276
<b>Total operating income</b>	<b>221</b>	<b>301</b>	<b>1,450</b>	<b>1,354</b>
General administrative expenses	-409	-312	-1,307	-1,206
Depreciation and amortisation of tangible and intangible assets	-13	-19	-55	-68
<b>Total operating expenses</b>	<b>-422</b>	<b>-331</b>	<b>-1,362</b>	<b>-1,273</b>
<b>Profit before credit losses</b>	<b>-201</b>	<b>-30</b>	<b>88</b>	<b>81</b>
Impairment gains and losses on acquired loan portfolios	-16	41	54	7
Amortisation of other financial fixed assets	0	0	-36	-72
Share of profit from joint ventures	11	14	65	66
<b>Profit/loss before tax</b>	<b>-206</b>	<b>25</b>	<b>171</b>	<b>82</b>
Appropriations	60	-8	60	-8
Taxes	107	-2	14	-127
<b>Net profit/loss</b>	<b>-39</b>	<b>15</b>	<b>245</b>	<b>-53</b>

### Parent company condensed statement of comprehensive income

SEK m	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
<b>Net profit/loss</b>	<b>-39</b>	<b>15</b>	<b>245</b>	<b>-53</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation difference, foreign operations	0	0	0	1
Tax attributable to items that may be reclassified to profit or loss	-	-	-	0
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Total comprehensive income for the period</b>	<b>-39</b>	<b>15</b>	<b>245</b>	<b>-52</b>



## Parent Company condensed balance sheet

SEK m	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>		
Cash	4,236	3,043
Acquired loan portfolios	9,107	6,360
Receivables, Group companies	7,456	15,168
Bonds and other securities	4,094	3,502
Shares in subsidiaries and joint ventures	4,840	870
Tangible and intangible fixed assets	145	224
Other assets	692	380
<b>Total assets</b>	<b>30,570</b>	<b>29,547</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Deposits from the public	18,581	18,169
Debt securities issued	5,053	4,605
Other liabilities	1,030	1,029
Provisions	36	35
Subordinated debts	903	837
<b>Total liabilities and provisions</b>	<b>25,603</b>	<b>24,675</b>
<b>Untaxed reserves</b>	<b>225</b>	<b>285</b>
<b>Equity</b>		
Restricted equity	52	114
<b>Total restricted equity</b>	<b>52</b>	<b>114</b>
Non-restricted equity		
Additional Tier 1 capital holders	1,106	1,106
Non-restricted equity attributable to shareholders	3,584	3,367
<b>Total unrestricted equity</b>	<b>4,690</b>	<b>4,473</b>
<b>Total equity</b>	<b>4,742</b>	<b>4,587</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>30,570</b>	<b>29,547</b>

# Notes

## Note 1 Accounting principles

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations thereof as adopted by the European Union. The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company Hoist Finance AB (publ) prepares its interim reports in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulatory code issued by the Swedish Financial Supervisory Authority on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), including applicable amendments. The Swedish Financial Board's RFR 2, Accounting for Legal Entities, is also applied.

### Change in accounting principles 2022

No IFRS or IFRIC Interpretations that came into effect in 2022 had any significant impact on the Group's financial reports or capital adequacy. For group, hedge accounting has been extended from Q3 2022 to also be applied on the interest risk of NPL portfolios.

In all material respects, the Group's and Parent Company's accounting principles, bases for calculation and presentation remain unchanged from those applied in the 2021 annual report.

### Critical estimates and judgements

Hoist Finance continuously monitors the development of the Group's loan portfolios and markets and the ways in which these are impacted by macroeconomic factors.

As regards developments in Ukraine, Hoist Finance's assessment is that this does not currently affect our business, as no operations are conducted in Ukraine or Russia.

While other macroeconomic factors such as inflation and higher interest rates have not had any impact on Hoist Finance's estimates and assessments to date, developments are being closely monitored to evaluate whether such factors may result in a decrease of our customers' ability to amortise their debt in the future. This might then affect the valuation of our credit portfolios.

There have been no changes to the previous estimates, assumptions and assessments presented in the 2021 Annual Report.

### Discontinued operations

A discontinued operation is part of a company's operations that represents an independent business segment or a significant operation within a specific geographic area. An operation is classified as a discontinued operation when it is sold, or at an earlier point of time when the operation meets the criteria to be classified as held for sale.

Net profit/loss from discontinued operations is reported as a separate item in the consolidated statement of comprehensive income. When an operation is classified as discontinued, comparative figures for the previous year are adjusted to reflect discontinuation of the operation as from the beginning of the comparative year.

Pursuant to RFR 2, the discontinued operation is not accounted for separately in the Parent Company's financial statements; this information is presented in a note.

### Adjusted segment classification as of 2022

From 2022, Hoist Finance has merged the Secured and Performing segments to provide additional details on its operations based on the segments that Hoist Finance monitors internally. Operations are accordingly presented in two segments, Unsecured and Secured, as of the first quarter 2022. Comparative figures have been adjusted to facilitate understanding of the new classification. See Note 3 "Segment reporting" for additional information on the operating segments.

For Subsequent events according to IAS 34.16A, please see page 9.

## Note 2 Exchange rates

	Full-year 2022	Full-year 2021		Full-year 2022	Full-year 2021
<b>1 EUR = SEK</b>			<b>1 PLN = SEK</b>		
Income statement (average)	10.6232	10.1435	Income statement (average)	2.2684	2.2231
Balance sheet (at end of the period)	11.1283	10.2269	Balance sheet (at end of the period)	2.3741	2.2279
<b>1 GBP = SEK</b>			<b>1 RON = SEK</b>		
Income statement (average)	12.4639	11.7944	Income statement (average)	2.1541	2.0614
Balance sheet (at end of the period)	12.5811	12.1790	Balance sheet (at end of the period)	2.2484	2.0676

## Note 3 Segment reporting

### Operating segments

Segment reporting has been prepared based on the manner in which executive management monitors operations. From 1 January 2022, Hoist Finance has merged the Secured and Performing segments to more clearly present its operations based on the segments that Hoist Finance monitors internally. Comparative figures for 2021 have been restated for the adjusted business areas.

- » **Unsecured** has full responsibility for unsecured non-performing loans. Unsecured leads the transition from analogue to digital debt management and works with national markets and other business areas to ensure Hoist Finance's digital industry leadership. Unsecured is also responsible for customer relations services provided for unsecured NPLs.
- » **Secured** has full responsibility for secured non-performing loans, including recovery activities, call centre and collateral management. Non-credit impaired loan portfolios are included in this segment, as these also have collateral attached to the receivable.

The business lines' income statements follow the statutory account preparation for the Group's income statement for Total operating

income, with the exception of interest expense. Interest expense is included in Net interest income in Total operating income and is allocated to the business lines based on acquired loan portfolio assets in relation to a fixed internal monthly interest rate for each portfolio. The difference between the external interest expense and internal funding cost is reported in Group items.

Total operating expenses also follow the statutory account preparation for the Group's income statement, but are distributed between direct and indirect expenses. Direct expenses are expenses directly attributable to, while indirect expenses are expenses from central and support functions that are related to the business lines.

Group items pertains to revenue and expenses for the Group's corporate financial transactions, expenses for deposits from the public, and other operating expenses.

With respect to the balance sheet, only acquired loan portfolios are monitored. Other assets and liabilities are not monitored on a segment-by-segment basis.

### Income statement, Quarter 4, 2022

SEK m	Unsecured <sup>3)</sup>	Secured	Group items	Total continuing operations
<b>Total operating income</b>	<b>434</b>	<b>92</b>	<b>126</b>	<b>652</b>
of which, interest expense	-113	-33	-21	-167
<b>Operating expenses</b>				
Direct expenses <sup>1)</sup>	-343	-55	0	-398
Indirect expenses <sup>1)</sup>	-236	-39	-3	-278
<b>Total operating expenses</b>	<b>-579</b>	<b>-94</b>	<b>-3</b>	<b>-676</b>
Share of profit from joint ventures	29			29
<b>Profit/loss before tax</b>	<b>-116</b>	<b>-2</b>	<b>123</b>	<b>5</b>
<b>Key ratios<sup>2)</sup></b>				
Direct contribution	91	38	126	254
Acquired loan portfolios	15,286	6,338	-	21,624

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operations were sold during Q4 2022; see Note 9.

## Note 3 Segment reporting

### Income statement, full-year, 2022

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>2,201</b>	<b>398</b>	<b>352</b>	<b>458</b>	<b>2,613</b>
<i>of which, interest expense</i>	-529		-112	79	-562
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-1,240	-136	-166		-1,270
Indirect expenses <sup>1)</sup>	-900	-120	-150	-14	-944
<b>Total operating expenses</b>	<b>-2,140</b>	<b>-256</b>	<b>-316</b>	<b>-14</b>	<b>-2,214</b>
Share of profit from joint ventures	91				91
<b>Profit/loss before tax</b>	<b>152</b>	<b>142</b>	<b>36</b>	<b>444</b>	<b>490</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	961	262	186	458	1,343
Acquired loan portfolios <sup>5)</sup>	15,286	-	6,338	-	21,624

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK -169m. See Note 9.

4) Discontinued operation includes an amount of SEK -1.7m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

### Income statement, Quarter 4, 2021

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>530</b>	<b>89</b>	<b>73</b>	<b>66</b>	<b>580</b>
<i>of which, interest expense</i>	-130	-	-22	13	-139
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-291	-41	-36	0	-286
Indirect expenses <sup>1)</sup>	-232	-43	-39	-10	-238
<b>Total operating expenses</b>	<b>-523</b>	<b>-84</b>	<b>-75</b>	<b>-10</b>	<b>-524</b>
Share of profit from joint ventures	12				12
<b>Profit/loss before tax</b>	<b>19</b>	<b>5</b>	<b>-2</b>	<b>56</b>	<b>68</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	239	48	37	66	294
Acquired loan portfolios <sup>5)</sup>	16,802	-	4,535	-	21,337

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK 8m. See Note 9.

4) Discontinued operation includes an amount of SEK 0.4m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

## Note 3 Segment reporting

### Income statement, full-year, 2021

SEK m	Unsecured	Of which discontinued operations Unsecured <sup>3)</sup>	Secured <sup>4)</sup>	Group items	Total continuing operations
<b>Total operating income</b>	<b>1,762</b>	<b>352</b>	<b>359</b>	<b>134</b>	<b>1,903</b>
<i>of which, interest expense</i>	-527	-	-82	36	-573
<b>Operating expenses</b>					
Direct expenses <sup>1)</sup>	-1,099	-167	-130	0	-1,063
Indirect expenses <sup>1)</sup>	-944	-193	-159	-22	-931
<b>Total operating expenses</b>	<b>-2,043</b>	<b>-360</b>	<b>-289</b>	<b>-22</b>	<b>-1,994</b>
Share of profit from joint ventures	61				61
<b>Profit/loss before tax</b>	<b>-220</b>	<b>-8</b>	<b>70</b>	<b>112</b>	<b>-30</b>
<b>Key ratios<sup>2)</sup></b>					
Direct contribution	663	185	229	134	838
Acquired loan portfolios <sup>5)</sup>	16,802	-	4,535	-	21,337

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions.

2) See Definitions.

3) Discontinued operation excludes internal transactions, internal interest expense for discontinued operation is SEK -169m. See Note 9.

4) Discontinued operation includes an amount of SEK -1.7m attributable to Secured pertaining to direct costs that are not broken down in the segment, but are reported in "of which, discontinued operation Unsecured".

5) Acquired loan portfolios Unsecured includes portfolios attributable to assets held for sale.

## Note 4 Acquired loan portfolios

### Acquired loan portfolios, 31 Dec 2022

#### Acquired credit-impaired loan portfolios

MSEK	Gross carrying amount	Acquired loan portfolios related to the disposal group, Gross carrying amount	Loss allowance					Acquired loan portfolios related to the disposal group, POCI	Loss Allowance	Net carrying amount, continuing operations
			Stage 1 12MECL	Stage 2 LECL	Stage 3 LECL	POCI	POCI			
<b>Opening balance 1 Jan 2022</b>	<b>21,111</b>	<b>-4,587</b>				<b>-470</b>	<b>423</b>	<b>-46</b>	<b>16,477</b>	
Acquisitions	6,928								6,928	
Interest income	3,028	-413							2,615	
Gross collections	-7,520	945							-6,575	
Impairment gains and losses						37	16	53	53	
<i>of which, realised collections against active forecast</i>						524	19	543	543	
<i>of which, portfolio revaluations</i>						-487	-3	-490	-490	
Disposals <sup>1)</sup>	-4,163	4,163				447	-447	0	0	
Translation differences	1,605	-108				-13	8	-5	1,492	
<b>Closing balance 31 December 2022</b>	<b>20,989</b>	<b>0</b>				<b>1</b>	<b>0</b>	<b>1</b>	<b>20,990</b>	

#### Acquired performing loan portfolios

<b>Opening balance 1 Jan 2022</b>	<b>702</b>		<b>-1</b>	<b>-1</b>	<b>-4</b>			<b>-6</b>	<b>696</b>
Interest income	63								63
Amortisations and interest payments	-159								-159
Changes in loss allowance	-		0	0	0			0	0
Derecognitions	-1		-	-	-			-	-1
Translation differences	35		0	0	0			0	35
<b>Closing balance 31 December 2022</b>	<b>640</b>		<b>-1</b>	<b>-1</b>	<b>-4</b>			<b>-6</b>	<b>634</b>
<b>Total closing balance 31 December 2022</b>	<b>21,629</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>1</b>	<b>0</b>	<b>-5</b>	<b>21,624</b>

1) Disposal of Acquired credit-impaired loan portfolios refers to sold disposal group of operations in the UK. See Note 9

The performing loan portfolios follow the ECL model in accordance with IFRS 9 for write-downs based on changes in credit risk following first recognition under the 3-step model.

The non-performing loan portfolios are acquired at a price significantly below the nominal receivable and are classified from day one

as an acquired credit-impaired receivable. Accordingly, on day one the receivables are recognised at acquisition price with no additional ECL. Expected cash flow is continuously monitored pursuant to our revaluation policy and any new adjustments to cash flow that affect the value are booked against the accumulated reserve.

## Note 4 Acquired loan portfolios, cont.

### Acquired loan portfolios, 31 Dec 2021

#### Acquired credit-impaired loan portfolios

SEK m	Gross carrying amount	Loss allowance					Net carrying amount
		Stage 1 12MECL	Stage 2 LECL	Stage 3 LECL	POCI	Loss Allowance	
<b>Opening balance 1 Jan 2021</b>	<b>20,430</b>				<b>-108</b>	<b>-108</b>	<b>20,322</b>
Acquisitions	3,558						3,558
Interest income	2,956						2,956
Gross collections	-6,557						-6,557
Impairment gains and losses					-337	-337	-337
<i>of which, realised collections against active forecast</i>					298	298	298
<i>of which, portfolio revaluations</i>					-635	-635	-635
Disposals	-2				0	0	-2
Translation differences	726				-25	-25	701
<b>Closing balance 31 Dec 2021</b>	<b>21,111</b>				<b>-470</b>	<b>-470</b>	<b>20,641</b>

#### Acquired performing loan portfolios

<b>Opening balance 1 Jan 2021</b>	758	-1	0	-4		-5	753
Interest income	51	-	-	-		-	51
Amortisations and interest payments	-134	-	-	-		-	-134
Changes in loss allowance	-	0	-1	0		-1	-1
Derecognitions	-1	-	-	-		-	-1
Translation differences	28	0	0	0		0	28
<b>Closing balance 31 Dec 2021</b>	<b>702</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>		<b>-6</b>	<b>696</b>
<b>Total closing balance 31 Dec 2021</b>	<b>21,813</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>-470</b>	<b>-476</b>	<b>21,337</b>

## Note 5 Financial instruments

### Carrying amount and fair value of financial instruments, 31 Dec 2022

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instruments <sup>1)</sup>	Amortised cost	Total carrying amount	Fair value
	Fair value option	Mandatorily				
Cash	-	-	-	0	0	0
Treasury bills and treasury bonds	-	2,789	-	-	2,789	2,789
Lending to credit institutions	-	-	-	2,358	2,358	2,358
Lending to the public	-	-	-	1	1	1
Acquired loan portfolios	-	-	-	21,624	21,624	24,261
Bonds and other securities	-	4,094	-	-	4,094	4,094
Derivatives	-	32	134	-	165	165
Other financial assets	-	-	-	504	504	504
<b>Total</b>	-	<b>6,915</b>	<b>134</b>	<b>24,487</b>	<b>31,536</b>	<b>34,172</b>
Deposits from the public	-	-	-	18,581	18,581	18,332
Derivatives	-	23	151	-	174	174
Debt securities issued	-	-	-	5,545	5,545	5,372
Subordinated debt	-	-	-	903	903	845
Other financial debts	-	-	-	1,253	1,253	1,253
<b>Total</b>	-	<b>23</b>	<b>151</b>	<b>26,282</b>	<b>26,456</b>	<b>25,976</b>

1) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income to the extent that the hedge is effective.

### Carrying amount and fair value of financial instruments, 31 Dec 2021

SEK m	Assets/liabilities recognised at fair value through profit or loss		Hedging instruments <sup>2)</sup>	Amortised cost	Total carrying amount	Fair value
	Fair value option	Mandatorily				
Cash	-	-	-	0	0	0
Treasury bills and treasury bonds	-	1,576	-	-	1,576	1,576
Lending to credit institutions	-	-	-	2,480	2,480	2,480
Lending to the public	-	-	-	3	3	3
Acquired loan portfolios	-	-	-	21,337	21,337	21,769
Bonds and other securities	-	3,502	-	-	3,502	3,502
Derivatives	-	75	1	-	76	76
Other financial assets	-	-	-	380	380	380
<b>Total</b>	-	<b>5,153</b>	<b>1</b>	<b>24,200</b>	<b>29,354</b>	<b>29,786</b>
Deposits from the public	-	-	-	18,169	18,169	18,169
Derivatives	-	22	122	-	144	144
Debt securities issued	-	-	-	5,059	5,059	5,289
Subordinated debt	-	-	-	837	837	813
Other financial debts	-	-	-	808	808	808
<b>Total</b>	-	<b>22</b>	<b>122</b>	<b>24,873</b>	<b>25,017</b>	<b>25,223</b>

2) Derivatives recognised as hedging instruments is valued at fair value through other comprehensive income to the extent that the hedge is effective.



## Note 5 Financial instruments, cont

### Fair value measurement

#### Group

The Group uses observable data to the greatest possible extent when determining the fair value of an asset or liability. Fair values are categorised in different levels based on the input data used in the measurement approach, as per the following:

- Level 1)** Quoted prices (unadjusted) on active markets for identical instruments.
- Level 2)** Based on directly or indirectly observable market inputs not included in Level 1. This category includes instruments

valued based on quoted prices on active markets for similar instruments, quoted prices for identical or similar instruments traded on markets that are not active, or other valuation techniques in which all important input data is directly or indirectly observable in the market.

- Level 3)** According to inputs that are not based on observable market data. This category includes all instruments for which the valuation technique is based on data that is not observable and has a substantial impact on the valuation.

### Fair value measurements, 31 Dec 2022

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	2,789	-	-	2,789
Bonds and other securities	4,094	-	-	4,094
Derivatives	-	165	-	165
<b>Total assets</b>	<b>6,883</b>	<b>165</b>	<b>-</b>	<b>7,048</b>
Derivatives	-	174	-	174
<b>Total liabilities</b>	<b>-</b>	<b>174</b>	<b>-</b>	<b>174</b>

### Fair value measurements, 31 Dec 2021

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	1,576	-	-	1,576
Bonds and other securities	3,502	-	-	3,502
Derivatives	-	76	-	76
<b>Total assets</b>	<b>5,078</b>	<b>76</b>	<b>-</b>	<b>5,154</b>
Derivatives	-	144	-	144
<b>Total liabilities</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>144</b>

## Note 6 Capital adequacy

The information in this Note includes information that is required to be disclosed pursuant to FFFS 2008:25, including applicable amendments, regarding annual reports for credit institutions and FFFS 2014:12, including applicable amendments, concerning supervisory requirements and capital buffers. The information refers to the Hoist Finance AB (publ) consolidated situation.

The Company's statutory capital requirements are determined primarily by Regulation (EU) No 575/2013 of the European Parliament and of the Council and the Capital Buffers Act (SFS 2014:966). The difference between the consolidated accounts and the consolidated situation for capital adequacy purposes is as follows. Joint ventures are consolidated with the equity method in the consolidated accounts, whereas the proportional method is used for the consolidated situation.

Securitised assets are recognised in the consolidated accounts but are removed from the accounting records for the consolidated situation.

Hoist Finance's participating interest in the securitised assets is always covered.

### Transitional rules IFRS 9

After obtaining FSA approval, Hoist Finance has decided to apply the transitional rules regarding IFRS 9 for the period 30 April 2018 through 31 December 2022. Application of these transitional rules allow the gradual phase-in of expected credit losses to capital adequacy.

The impact on capital ratios and leverage ratio is insignificant.

### Internally assessed capital requirement

As per 31 December 2022 the internally assessed capital requirement was SEK 2,569m (SEK 3,341m as per 31 December 2021), of which SEK 464m (SEK 564m) was attributable to Pillar 2.

SEK m	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	4,172	3,471	3,480	3,391	3,317
2 Tier 1 capital	5,278	4,578	4,586	4,497	4,423
3 Total capital	6,181	5,449	5,439	5,352	5,260
<b>Risk-weighted exposure amounts</b>					
4 Total risk exposure amount	26,313	28,376	36,234	34,236	34,710
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	15.85	12.23	9.6	9.9	9.56
6 Tier 1 ratio (%)	20.06	16.13	12.66	13.14	12.74
7 Total capital ratio (%)	23.49	19.20	15.01	15.63	15.15
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0	0.00	0.00	0.00	0.00
EU 7b of which: to be made up of CET1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 7d Total SREP own funds requirements (%)	8	8.00	8.00	8.00	8.00
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5	2.5	2.50	2.50	2.50
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0	0	0.00	0.00	0.00
9 Institution specific countercyclical capital buffer (%)	0.1	0.03	0.00	0.00	0.00
EU 9a Systemic risk buffer (%)	0	0	0.00	0.00	0.00
10 Global Systemically Important Institution buffer (%)	0	0	0.00	0.00	0.00
EU 10a Other Systemically Important Institution buffer (%)	0	0	0.00	0.00	0.00
11 Combined buffer requirement (%)	2.60	2.53	2.50	2.50	2.50
EU 11a Overall capital requirements (%)	10.60	10.53	10.50	10.50	10.50
12 CET1 available after meeting the total SREP own funds requirements (%)	7.85	4.23	1.60	1.90	1.56
<b>Leverage ratio</b>					
13 Total exposure measure	31.433	31,671	30,694	30,903	31,003
14 Leverage ratio (%)	16.03	14.45	14.94	14.55	14.27
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0	0.00	0.00	0.00	0.00
EU 14b of which: to be made up of CET1 capital (percentage points)	0.00 pp	0.00 pp	0.00 pp	0.00 pp	0.00 pp
EU 14c Total SREP leverage ratio requirements (%)	3	3.00	3.00	3.00	3.00
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	0	0.00	0.00	0.00	0.00
EU 14e Overall leverage ratio requirement (%)	3	3.00	3.00	3.00	3.00
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	4,963	4,314	4,328	4,735	4,758
EU 16a Cash outflows – Total weighted value	2,252	2,216	2,355	2,190	2,130
EU 16b Cash inflows – Total weighted value	2,526	2,221	2,341	2,280	2,106
16 Total net cash outflows (adjusted value)	604	595	630	556	541
17 Liquidity coverage ratio (%)	879	767	740	879	911
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	27,094	27,588	27,463	28,706	28,261
19 Total required stable funding	23,356	24,770	25,427	23,706	24,463
20 NSFR ratio (%)	116	111	108	121	116

## Note 7 Liquidity risk

This note provides information required to be disclosed under the provisions of FFFS 2010:7, including applicable amendments, regarding the management of liquidity risks in credit institutions and investment firms.

Liquidity risk is the risk of difficulties in obtaining funding, and thus not being able to meet payment obligations at maturity without a significant increase in the cost of obtaining means of payment.

Because the Group's revenues and expenses are relatively stable, liquidity risk is primarily associated with the Group's funding which is based on deposits from the public. By definition this way of funding has a risk of major outflows of deposits at short notice. The overall objective of the Group's liquidity management is to ensure that the Group maintains control over its liquidity risk situation, with sufficient funds in liquid assets or immediately saleable assets to ensure timely discharge of its payment obligations without incurring high additional costs.

Funding is mainly raised in the form of deposits from the public and through the capital markets through the issuance of senior unsecured debts, own funds instruments and equity. 42 per cent (41) of deposits from the public are payable on demand (current account – "flex"), while 58 per cent (59) of the Group's deposits from the public are locked into longer maturities (fixed-term deposits) ranging from one to five years. About 99 per cent of deposits are fully covered by the Swedish state deposit guarantee.

### Funding

SEK m	Hoist Finance consolidated situation		Hoist Finance AB (publ)	
	31 Dec 2022	31 Dec 2021	31 dec 2022	31 Dec 2021
Current account deposits	7,810	7,362	7,810	7,362
Fixed-term deposits	10,772	10,807	10,772	10,807
Debt securities issued	5,545	5,059	5,053	4,605
Convertible debt instruments	1,106	1,106	1,106	1,106
Subordinated debts	903	837	903	837
Equity	4,639	3,835	3,637	3,483
Other	1,383	1,366	1,289	1,347
Liabilities held for sale	342	-	-	-
<b>Balance sheet total</b>	<b>32,500</b>	<b>30,372</b>	<b>30,570</b>	<b>29,547</b>

The Group's Treasury Policy specifies a limit and a target level for the amount of available liquidity and its nature. Available liquidity totalled SEK 8,897 m (7,119) as per 31 December 2022, exceeding the limit and the target level by a significant margin.

Hoist Finance's liquidity reserve, presented below pursuant to the Swedish Banker's Association's template, primarily comprises bonds issued by the Swedish government and Swedish municipalities, as well as covered bonds.

### Liquidity reserve, Hoist Finance consolidated situation

SEK m	31 Dec 2022	31 Dec 2021
Cash and holdings in central banks	0	0
Deposits in other banks available overnight	2,014	2,041
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	1,644	1,063
Securities issued or guaranteed by municipalities or other public sector entities	1,145	513
Covered bonds	4,094	3,502
Securities issued by non-financial corporates	-	-
Securities issued by financial corporates	-	-
Other	-	-
<b>Total</b>	<b>8,897</b>	<b>7,119</b>

Hoist Finance has a liquidity contingency plan for managing liquidity risk. This identifies specific events that may trigger the contingency plan and require actions to be taken.

## Note 8 Pledges, contingent liabilities and commitments

SEK m	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Restricted bank balances	2	130	0	0
Acquired portfolios in the securitisation structures	949	809	-	-
<b>Pledged assets</b>	<b>952</b>	<b>939</b>	<b>0</b>	<b>0</b>
<b>Contingent liabilities</b>	<b>105</b>	<b>0</b>	<b>105</b>	<b>0</b>
Forward flow contracts	79	350	79	350
Signed but not settled acquisitions		1,018		1,018
<b>Commitments</b>	<b>79</b>	<b>1,368</b>	<b>79</b>	<b>1,368</b>

Pledged assets in the Group pertain to restricted bank balances and a portion of the acquired loan portfolios in the Marathon SPV S.r.l. and Giove SPV S.r.l. securitisation structures pledged as security for bonds held by external investors.

The Group's commitments consist of forward flow contracts and portfolio acquisitions that are signed but not yet settled. In forward flow contracts, a pre-determined volume (fixed or range) of NPLs is acquired at a pre-defined price during a certain time period.

The Group's contingent liability originates from two separate VAT cases. The Swedish Tax Agency has issued its decision in one case, and Hoist expects it may take up to 3–5 years before the issue is finally settled in court. We have received a first instance judgment in the other case, and Hoist expects it may take approximately 2–3 years before the issue is finally resolved.

For both cases, Hoist considers it more likely that Hoist will prevail in court and, accordingly, no provision has been made.

## Note 9 Discontinued operations

Since spring 2022, assets and liabilities in Hoist Finance's operations in the UK have comprised assets and liabilities held for sale, and are a disposal group pursuant to IFRS 5 "Assets held for sale". The disposal group of operations in the UK is comprised of the following units:

- » Hoist Finance UK Limited
- » Hoist Finance UK Holding 1 Limited
- » Hoist Finance UK Holding 2 Limited
- » Hoist Finance UK Holding 3 Limited
- » Robinson Way Ltd.
- » C L Finance Ltd.
- » MKDP LLP

The disposal group of operations in the UK was sold 25 October 2022, effective as from 1 October 2022, and was reported as profit/loss from discontinued operations during the period. Financial infor-

mation for the discontinued operations for the period up to the date of disposal is presented below.

The UK operations were sold inclusive of significant internal transactions. On the transaction date the buyer settled all internal transactions the disposal group had with Hoist Finance AB and other Group subsidiaries, an amount of SEK 4 965m exclusive of internal cash.

As regards the UK operations, the Group's equity includes hedging reserves and historical exchange rate effects that were realised in profit/loss upon the sale of the disposal group. As at 1 October 2022, the amount realised in profit/loss from the Group's equity is SEK -206m net after tax.

The profit/loss and cash flow information presented below as full year pertains to the nine months ending 30 September 2022 and the year ending 31 December 2021.

### Income, expenses and profit/loss for discontinued operations

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Interest income acquired loan portfolios	-	145	413	619
Other interest income	-	0	0	0
Interest expense*	-	0	0	-1
<b>Net interest income</b>	<b>-</b>	<b>145</b>	<b>413</b>	<b>619</b>
Impairment gains and losses	-	-56	-15	-269
Fee and commission income	-	0	0	1
Net result from financial transactions	-	0	0	0
Other operating income	-	0	0	2
<b>Total operating income</b>	<b>-</b>	<b>89</b>	<b>398</b>	<b>352</b>
Personnel expenses	-	-33	-94	-149
Collection expenses	-	-28	-88	-112
Administrative expenses	-	-20	-67	-88
Depreciation and amortisation of tangible and intangible assets	-	-3	-7	-11
<b>Total operating expenses</b>	<b>-</b>	<b>-84</b>	<b>-256</b>	<b>-360</b>
<b>Net operating profit</b>	<b>-</b>	<b>5</b>	<b>142</b>	<b>-8</b>

SEK m	Q4 2022	Q4 2021	Full year 2022	Full year 2021
<b>Profit/loss before income tax attributable to discontinued operations</b>	<b>-</b>	<b>5</b>	<b>142</b>	<b>-8</b>
Income tax expense <sup>1)</sup>	-3	12	7	55
<b>Net profit/loss attributable to discontinued operations</b>	<b>-3</b>	<b>17</b>	<b>149</b>	<b>47</b>
Gain from sale of subsidiaries before tax	240	-	240	-
<b>Net profit/loss attributable to discontinued operations</b>	<b>237</b>	<b>17</b>	<b>389</b>	<b>47</b>
Significant internal transactions with continuing operations, which are eliminated and excluded from the above income statement items <sup>2)</sup> :				
<b>Total income;</b>	<b>-</b>	<b>1</b>	<b>12</b>	<b>6</b>
<b>Total expenses;</b>	<b>-</b>	<b>-53</b>	<b>-172</b>	<b>-222</b>
<b>Net profit/loss for the period attributable to discontinued operations incl internal transactions</b>	<b>237</b>	<b>-35</b>	<b>229</b>	<b>-169</b>

1) Income tax for Q4 2022 refers to the adjustment of previous years' tax in UK subsidiaries, which were adjusted in connection with the sale.

2) Only external income and expenses are included in profit/loss for continuing and discontinued operations. The discontinued operation has significant internal transactions with continuing operations, which are accordingly eliminated in the accounts. The operation in the UK is financed through internal borrowing from Group Treasury. Interest expense attributable to internal borrowing is eliminated in the accounts and is therefore not included above in net interest income.

## Note 9 Discontinued operations, cont.

### Cashflow discontinued operations

SEK m	Full year 2022
Cashflow from operating activities	-12
Cashflow from investing activities	-1
Cashflow from financing activities	0
<b>Cashflow for the period</b>	<b>-13</b>

### Calculation of profit upon sale of the subsidiary, Group

SEK m	Q4 2022
Purchase price received	500
<b>Total sale price</b>	<b>500</b>
Carrying value of net assets sold	-21
<b>Capital gain</b>	<b>521</b>
Transaction cost	-75
<b>Profit before tax and reclassification of reserves</b>	<b>446</b>
Reclassification of reserves	-206
<b>Gain from sale of subsidiaries before tax<sup>1)</sup></b>	<b>240</b>

<sup>1)</sup> The tax effect of the sale for the Parent Company, SEK 14m, is included in the consolidated income statement.

### Calculation of profit upon sale of the subsidiary, Parent company

SEK m	Q4 2022
Purchase price received	500
<b>Total sale price</b>	<b>500</b>
Carrying value of shares sold	335
<b>Capital gain</b>	<b>165</b>
Transaction cost	-75
<b>Profit before tax</b>	<b>91</b>
Tax effect as a result of the sale	14
<b>Gain from sale of subsidiaries after tax</b>	<b>105</b>

Carrying values of assets and liabilities at date of sale 1 October 2022.

### Assets and liabilities disposed of

SEK m	30 Sep 2022
<b>Assets</b>	
Lending to credit institutions	238
Acquired loan portfolios	3,716
Intangible fixed assets	3
Tangible fixed assets	10
Other assets	125
Deferred tax assets	63
Prepaid expenses and accrued income	19
<b>Total assets</b>	<b>4,174</b>
<b>Liabilities</b>	
Tax liabilities	19
Other liabilities	138
Deferred tax liabilities	20
Accrued expenses and prepaid income	69
Provisions	0
<b>Total liabilities</b>	<b>246</b>
Significant internal transactions with continuing operations, which are eliminated and excluded from the above balance sheet items <sup>*</sup> :	
<b>Total assets<sup>1)</sup></b>	<b>1,031</b>
<b>Total liabilities</b>	<b>4,980</b>

<sup>1)</sup> Total assets include internal cash of SEK 1,016m.

Valuation of each disposal group at the lower of fair value, less sales costs, or carrying value has not prompted a write-down.

# Assurance

The Board of Directors and the CEO hereby give their assurance that the interim report provide a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, 7 February 2023

**Lars Wollung**  
Chairman of the Board

**Bengt Edholm**  
Board member

**Camilla Philipson Watz**  
Board member

**Christopher Rees**  
Board member

**Rickard Westlund**  
Board member

**Peter Zonabend**  
Board member

**Harry Vranjes**  
Chief Executive Officer

# Definitions – including Alternative Performance Measures

## Alternative performance measures

Alternative performance measures (APMs) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework (IFRS), in the Capital Requirements Directive (CRD IV), or in the EU's Capital Requirement Regulation number 575/2013 (CRR). APMs are used by Hoist Finance, along with other financial measures, when relevant for monitoring and describing the financial situation and for providing additional useful information to users of the financial statements. These measures are not directly comparable with similar performance measures that are presented by other companies. C/I ratio, Return on equity, and Cash EBITDA are alternative performance measures that provide information on Hoist Finance's profitability. "Estimated Remaining Collections" is Hoist Finance's estimate of the gross amount that can be collected on acquired loan portfolios. Definitions of alternative performance measures and other key figures are presented below. The financial fact book, available on [hoistfinance.com/investors/financial-information](https://hoistfinance.com/investors/financial-information), provides details on the calculation of key figures.

As from 2022, based on a review conducted in conjunction with work to clarify the Company's operations, Hoist Finance has chosen to adjust the financial measures that are presented. Accordingly, "Collection performance" is no longer monitored and greater focus is placed on "Cash EBITDA" (formerly "EBITDA, adjusted") and Return on equity to describe the financial situation.

## Performance measures according to IFRS and other legislation

### Average number of employees

Average number of employees during the year converted to full-time posts (FTEs). The calculation is based on the total average number of FTEs per month divided by the year's twelve months.

### Basic earnings per share

Net profit for the year, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares.

### Diluted earnings per share

Net profit for the year, adjusted for interest on capital instruments recorded in equity, divided by the weighted average number of outstanding shares after full dilution.

### Return on assets (only presented yearly in accordance with FFFS 2008:25)

Net result for the year as a percentage of total assets at the end of the year.

### Weighted average number of shares outstanding

Weighted number of shares outstanding plus potential dilutive effect of warrants outstanding.

## Alternative Performance Measures

### Acquired loan portfolios

An acquired loan portfolio consists of a number of defaulted consumer loans or debts and SME loans that arise from the same originator.

### Cash EBITDA

EBIT (operating earnings), less depreciation and amortization ("EBITDA") adjusted for net of collections and interest income from acquired loan portfolios.

### C/I ratio

Total operating expenses in relation to Total operating income and Share of profit from joint ventures.

### Direct contribution

Direct contribution is the sum of total operating income minus direct costs directly attributable to each business line.

### Fee and commission income

Fees for providing debt management services to third parties.

### Gross 180-months ERC

"Estimated Remaining Collections" – the company's estimate of the gross amount that can be collected on the loan portfolios currently owned by the company. The assessment is based on estimates for each loan portfolio and extends from the following month through the coming 180 months. The estimate for each loan portfolio is based on the company's extensive experience in processing and collecting over the portfolio's entire economic life.

### Internal funding

The internal funding cost is determined per portfolio applying the following monthly interest rate:  $(1 + \text{annual interest})^{(1/12)} - 1$ .

### Items affecting comparability

Items that interfere with comparison due to the irregularity of their occurrence and/or size as compared with other items.

### Legal collection

Legal collections relate to the cash received following the initiation of Hoist Finance's litigation process. This process assesses customers' solvency and follows regulatory and legal requirements.

### Portfolio acquisitions

Acquired loan portfolios during the period that consists of defaulted and non-defaulted consumer loans and SME loans.

### Portfolio revaluation

Changes in the portfolio value based on revised estimated remaining collections for the portfolio.

### Return on equity

Net profit for the period adjusted for accrued unpaid interest on AT1 capital calculated on annualized basis, divided by equity adjusted for AT1 capital reported in equity, calculated as an average for the year based on a quarterly basis.



## Definitions – According to the EU Capital Requirements Regulation no 575/2013 (CRR)

### Additional Tier 1 capital

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the Tier 1 capital.

### Capital requirements – Pillar 1

Minimum capital requirements for credit risk, market risk and operational risk.

### Capital requirements – Pillar 2

Capital requirements beyond those stipulated in Pillar 1.

### Common Equity Tier 1

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council, and other equity items that may be included in CET1 capital, less regulatory dividend deduction and deductions for items such as goodwill and deferred tax assets.

### Common Equity Tier 1 ratio

Common Equity Tier 1 in relation to total risk exposure amount.

### Leverage ratio

An institution's total exposure measure in relation to Tier 1 capital.

### Liquidity coverage ratio (LCR)

A mandatory requirement for banks within the EU, whereby an institution must hold a sufficiently large buffer of liquid assets to be able to withstand actual and simulated cash outflows for a period of 30 days while experiencing heavy liquidity stress.

### Liquidity reserve

Hoist Finance's liquidity reserve is a reserve of high-quality liquid assets which is used to carry out planned acquisitions of loan portfolios and to secure the Company's short term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources.

### Net stable funding ratio (NSFR)

Measures an institution's amount of available stable funding to cover its required stable funding under normal and stressed conditions in a one-year perspective.

### Own funds

Sum of Tier 1 capital and Tier 2 capital.

### Risk-weighted exposure amount

The risk weight of each exposure multiplied by the exposure amount.

### Tier 1 capital

The sum of CET1 capital and AT1 capital.

### Tier 1 capital ratio

Tier 1 capital as a percentage of the total risk exposure amount.

### Tier 2 capital

Capital instruments and associated share premium reserves that fulfil the requirements of Regulation (EU) 575/2013 of the European Parliament and the Council and that may accordingly be included in the funds.

### Total capital ratio

Own funds as a percentage of the total risk exposure amount.

## Non-Financial Definitions

### Non-performing loans (NPLs)

A loan that is deemed to cause probable credit losses including individually assessed impaired loans, portfolio assessed loans past due more than 60 days and restructured portfolio assessed loans. Hoist Finance primarily purchases loans that are credit-impaired on initial recognition.

### Number of employees (FTEs)

Number of employees at the end of the period converted to full-time posts (FTEs).

### SME

A company that employs fewer than 250 people and has either annual turnover of EUR 50m or less or a balance sheet total of EUR 43m or less.



## About Hoist Finance

Hoist Finance is a trusted debt resolution partner to individuals, companies and banks in eleven European countries. With more than 1,500 dedicated colleagues, smart digital solutions and a deep understanding of individual financial circumstances, we help over six million customers keep their commitments.

This is achieved by agreeing on sustainable repayment plans so that everyone is included within the financial ecosystem. Hoist Finance has a diverse portfolio of asset classes and our online savings platform in Sweden, Germany and the UK enables our unique funding model. Hoist Finance was founded in 1994 and is today a public company listed on Nasdaq Stockholm.

For more information, please visit [hoistfinance.com](https://hoistfinance.com).

## Presentation

A combined presentation and teleconference will be held on 8 February at 10:30 AM (CET). If you wish to participate via webcast please use the link below. Via the webcast you are able to ask written questions.

<https://ir.financialhearings.com/hoist-finance-q4-2022>

If you wish to participate via teleconference, please register on the link below. After registration you will be provided a phone number and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=5009340>

Additional financial information and pillar 3 disclosures are available in Hoist Finance Fact Book which is published quarterly on <https://www.hoistfinance.com/investors/>

*Every care has been taken in the translation of this report. In the event of any discrepancy, the Swedish original will supersede the English translation.*

## Financial calendar

Annual report 2022	29 March 2023
Annual General Meeting 2022	10 May 2023
Interim report Q1 2023	4 May 2023
Interim report Q2 2023	28 July 2023
Interim report Q3 2023	1 November 2023
Year-end report 2023	7 February 2024

## Contact

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The interim report and investor presentation are available at [www.hoistfinance.com](https://www.hoistfinance.com)

Hoist Finance AB (publ) (the "Company" or the "Parent") is the parent company of the Hoist Finance group of companies ("Hoist Finance"). The company is a regulated credit market company. Hence, Hoist Finance produces financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

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