

Interim report second quarter 2024

Key events in the second quarter

- » Profit before tax at SEK 383m, compared to SEK 178m in the same quarter a year ago
- » Return on equity at 18 percent, compared to 10 percent in the same quarter a year ago. The second quarter included certain income and expenses that are either extraordinary or non-recurring. Excluding these items, the underlying return on equity is 15 percent
- » New portfolio investments at SEK 2.2bn in the quarter, resulting in a total portfolio book value of SEK 26.8bn at the end of the quarter
- » Continued growth, repricing and optimised net funding cost drove 24 percent net interest income growth during the quarter, compared to a 13 percent portfolio book value growth
- » Continued robust collection performance of 106 percent across the markets contributing to total operating income growth of 34 percent
- » Asset sales in Italy and Germany combined with continued efficiency improvements across several markets resulting in net gains of SEK 105m in the quarter
- » IT insourcing completed with a total one-time cost of SEK 30m (vs previous estimate of SEK 50m) and annual savings of SEK 40m, starting from the third quarter 2024
- » SEK 100m share repurchases completed during the quarter
- » Continued strong capital and liquidity position, significantly above regulatory requirements with a CET1 ratio of 13.8 percent

SEK 26,838m

Portfolio book value

18%

Return on equity

SEK 2.87

Earnings per share

13.82%

CET1 ratio

Key ratios¹⁾

SEK m	Quarter 2 2024	Quarter 2 2023	Change, %	Jan-Jun 2024	Jan-Jun 2023	Change, %	Full-year 2023
Total operating income	1,213	903	34	2,186	1,669	31	3,518
Profit/loss before tax	383	178	>100	667	322	>100	869
Profit/loss for the period	274	161	70	548	254	>100	711
Return on equity, %	18	10	8 pp	18	7	11 pp	12
Portfolio acquisitions	2,237	1,139	96	4,327	3,049	42	7,089
Basic and diluted earnings per share, SEK	2.87	1.45	98	5.31	2.10	>100	6.26

SEK m	30 Jun 2024	30 Jun 2023	Change, %	31 Dec 2023
Gross 180-month ERC	45,231	36,847	23	32,847
Portfolio book value	26,838	23,797	13	24,288
CET1 ratio, %	13.82	14.75	-0.93	13.89

1) For further explanations, see Definitions.

Statement by the CEO

Dear shareholders,

Hoist Finance strives to be the leading asset manager of non-performing loans (NPL) to individuals and small and medium-sized enterprises (SMEs) in Europe. To achieve this, four main components are required. We must:

- » be the most professional partner to banks and financial institutions in all our markets.
- » have an efficient loan management organisation that treats borrowers with empathy and dignity.
- » have an investment organisation that, based on its loan management experience, correctly values new portfolios and in detail follows up on completed acquisitions to constantly learn and develop our models. If the investment organisation sees a value gap between our and the market's valuation of specific, existing portfolios, they should also propose divestments.
- » ascertain proactive management and strict control over balance sheet and funding.

In the second quarter of 2024, we further advanced our positions in each of these four areas. During the quarter, we entered into transactions with new banks and invested SEK 2.2bn. We made significant improvements in our loan management in Belgium, the Netherlands, Italy and Germany – while the loan management organisation as a whole delivered a robust 106 percent collection performance. We have insourced IT operations with minimal disruption, replacing more than 100 external resources with 50 internal. We sold portfolios to peers in Italy and Germany. We extended our strategic partnership with Lowell to Germany and we have further deepened it in the UK.

Summarising all this activity during the quarter we have delivered a profit before tax of SEK 383 million and a return on equity of 18 percent, or an underlying profit of SEK 323 million and a return on equity of 15 percent adjusted for positive and negative one-off effects. The whole organisation has executed on our strategy in an impressive way!

Investment management

In the second quarter, we invested SEK 2.2 billion in an active market. In the public auctions, we are now seeing a greater proportion of participants in the form of consortiums, consisting of financial investors together with industrial actors. We see this as a sign that the refinement of roles within the industry is gaining momentum. Capital-heavy actors interact with capital-light ones. Hoist Finance stands up well in this competition.

As previously announced, we acquired a large portfolio from Lowell in Germany during the quarter. We have also set up a joint venture with Lowell for investments in the UK. It was also very pleasing that we made our first transaction in the Swedish primary market through the purchase of a medium-sized portfolio from one of the large Swedish bank.

Activity has also been high in the secondary market, and we see a good pipeline of transactions for the second half of the year. After the end of



Photo: Håkan Målbäck

“ With half the year behind us, we are well on track to reach our profitability target of more than 15 percent return on equity for the full year.

the quarter, Hoist Finance also entered into an agreement to purchase a portfolio of secured loans from Santander Bank in Spain. So far in the third quarter, we have entered into agreements for portfolio purchases of approximately SEK 2 billion, which we expect to close during the autumn.

Loan management

The collection performance in the second quarter was 106 percent, the same high level as in the first quarter. We currently have only one market delivering below 100 percent, compared to three markets six months ago. We have implemented process and organisational improvements in our loan management in Belgium, the Netherlands, Italy and Germany.

In Belgium, we have transferred our loan management business, including employees, to Intrum AB. In the Netherlands, we have acquired a portfolio from Vesting Finance, with Vesting Finance also taking over our local loan management business. We have thus strengthened our position as an active investor in the Benelux region.

We have completed the in-sourcing of our IT operations ahead of schedule and with minimal disruption. The one-off cost totalled approximately SEK 30 million (compared to previous estimate of SEK 50 million) and will provide annualized savings of approximately SEK 40 million from the third quarter 2024 and onwards.

Capital and funding

During the second quarter, Hoist Finance issued bonds of SEK 100 million under its senior unsecured bond programme, which increased the outstanding volume of this tranche to SEK 550 million. The new bonds, maturing in 2027, were issued at a margin of 2.80 percent.

In June 2024, the ECB's updated banking package was published, where the most important aspect for Hoist Finance is the introduction of Specialised Debt Restructurers (SDR)¹⁾, a new regulatory status where institutions that meet a number of criteria will be exempt from the backstop regulation. Hoist Finance's Board of Directors has now decided that Hoist Finance aims to become a SDR when the new regulations take effect on 1 January 2025. One of the requirements is that SDRs need to maintain a Net Stable Funding Ratio (NSFR)²⁾ of at least 130 percent. In practice, this means that we will now further expand the liquidity buffer of approximately SEK 11.7 billion we have today. In the liquidity buffer, we will continue to hold mainly government and municipal bonds as well as secured mortgage bonds that are liquid and have very low risk. To finance the purchase of these bonds, we will expand our customer base of savings account holders in Europe in the second half of 2024 and issue bonds in SEK and EUR. We expect this to increase our funding costs by approximately SEK 70 million annually from 2025. We assess that the benefits of SDR status significantly outweigh the increased net funding cost, as being exempted from the backstop regulation allows us to manage our business with a simpler business model that is independent and rests on a base of cost-effective financing.

Outlook

We operate in an environment and an industry undergoing major transformations. To tell you more about our view of the market and how our strategy and business model stands out and give us comparative advantages, we will soon invite you to a Capital Markets Day in Stockholm on 12 September. Block this date in your calendars already today, the invitation will follow shortly.

As announced yesterday, the Board of Directors decided to resume the share buy-back programme up to a maximum of SEK 100 million.

Last but not least, I would like to thank all of you who have invested in Hoist Finance, both on the equity and on the debt side, for the confidence you are showing us. I would also like to send a big thank you to the team at Hoist Finance – the implementation of our strategy requires hard work and dedication, and I have seen an incredible amount of that since I had the privilege of joining the team. With half the year behind us, we are well on track to reach our profitability target of more than 15 percent return on equity for the full year.

For the NPL industry, the second half of the year is seasonally the strongest period for portfolio sales. Hoist Finance enters this period with high-yielding portfolios, a strong capital position, competitive funding and a motivated organisation. We look forward to the autumn!

Kind regards,
Harry Vranjes

1) Specialised Debt Restructurers (SDR)

Specialised Debt Restructurer (SDR): Changes to the European Banking Authority's (EBA) rules on the minimum loss coverage for Non-Performing Loans (NPLs), known as the prudential backstop, were introduced in 2019. The backstop rules imply a CET1 capital deduction for the NPLs held on a balance sheet according to a predefined calendar. In January 2025, a new banking package will enter into force to implement the final elements of the Basel III framework in the EU. The banking package includes a section on regulated specialised banks that are exempt from the backstop regulation. Banks and credit market companies that meet the full criteria can thus qualify as Specialised Debt Restructurers (SDRs).

2) Net Stable Funding Ratio (NSFR)

Measures the amount of stable funding available to an institution to cover its stable funding requirements over a one-year period under both normal and stressed conditions.

Developments during the quarter, Group

Comparative figures for developments during second quarter 2024 pertain to second quarter 2023.

Operating income

Operating income totalled SEK 1,213m (903) during the period, an increase of 34 percent. The change is mainly attributable to interest income from a larger loan portfolio, higher yield levels, and a higher collection rate as compared with the comparative quarter.

Interest income from acquired loan portfolios totalled SEK 1,075m (829) and interest expense amounted to SEK –297m (–177), with the increase attributable to a growing portfolio book and higher interest on deposits as compared with the second quarter 2023. Other interest income, which was positively impacted by returns on the liquidity portfolio due to higher interest rate levels, totalled SEK 81m (43). Net interest income totalled SEK 859m (695).

The collection rate was 106 percent for the quarter and collections against projections totalled SEK 252m (212). Portfolio revaluations conducted during the period amounted to SEK –114m (–88), of which timing effects¹⁾ of SEK –134m (–85) are due mainly to collections received earlier than planned, which can fluctuate between periods.

Net result from financial transactions totalled SEK 20m (–12). The year-on-year change was driven by exchange rate fluctuations, which gave rise to changes in the market value of FX hedging contracts. Other operating income, which totalled SEK 175m (55), is mainly attributable to extraordinary gains from the disposal of portfolio holdings in Italy and Germany.

Operating expenses

Operating expenses totalled SEK –823m (–743), an increase mainly driven by a larger overall portfolio book which increased operating income by 34 percent and expenses by 11 percent. Increased portfolio acquisitions during the period affected interest income from acquired loan portfolios, as well as collection costs which totalled SEK –295m (–262), of which legal collection costs totalled SEK –107 (–104). Legal collection costs are expected to contribute positively to earnings in coming quarters.

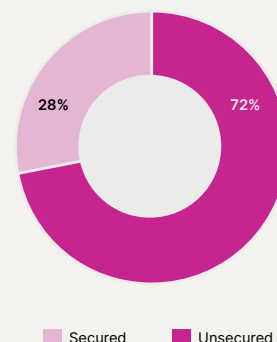
Administrative expenses increased during the quarter to SEK –219m (–181). The insourcing of internal IT services, initiated during the previous quarter with the aim of creating future cost savings, continued and was finalised during the second quarter, resulting in some non-recurring expenses. During the quarter, additional costs for projects and restructuring were incurred. These non-recurring costs totalled SEK –88m in the second quarter.

Net profit for the quarter

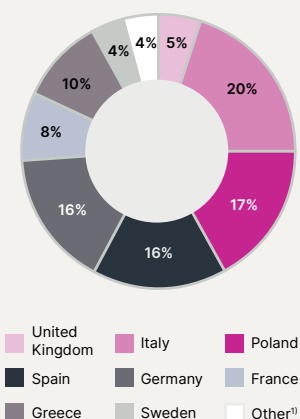
Net profit from participations in joint ventures totalled SEK –7m (18). Income tax expense for the period totalled SEK –109 (–17), with an effective tax rate of 29 percent (10). The change was partly due to a provision for tax risks of SEK 71m during the quarter. Net profit totalled SEK 274m (161)

1) See Definitions.

Breakdown, secured/unsecured portfolio book value



Breakdown, total carrying amount of portfolio book value

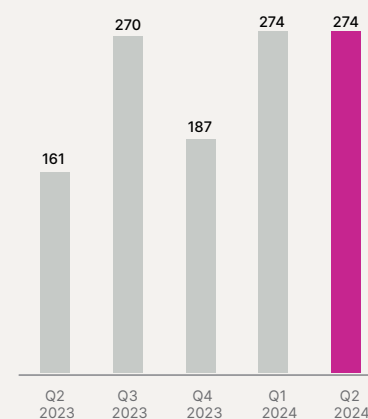


1) Other countries are Netherlands, Belgium and Cyprus

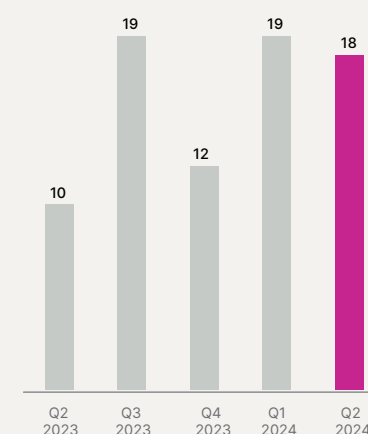
SEK m	Quarter 2 2024	Quarter 2 2023
Interest income acquired loan portfolios	1,075	829
Other interest income	81	43
Interest expense	-297	-177
Net interest income	859	695
Impairment gains and losses	138	124
<i>of which, realised collections against active forecast</i>	252	212
<i>of which, portfolio revaluations</i>	-114	-88
Fee and commission income	21	41
Net result from financial transactions	20	-12
Other operating income ¹⁾	175	55
Total operating income	1,213	903
Personnel expenses	-272	-275
Collection costs	-295	-262
Other administrative expenses	-219	-181
Depreciation and amortisation	-37	-25
Total operating expenses	-823	-743
Share of profit from joint ventures	-7	18
Profit before tax	383	178
Income tax expense	-109	-17
Net profit for the quarter	274	161

1) This item does not correspond to an item of the same designation in the income statement, but to several corresponding items.

Profit/loss after tax, SEK m



Return on equity, %



Developments during January – June, Group

Comparative figures for developments during second quarter 2024 pertain to second quarter 2023.

Operating income

Operating income totalled SEK 2,186m (1,669) during the period, an increase of 31 percent. The change is mainly attributable to interest income from a larger loan portfolio, higher yield levels, and a higher collection rate as compared with the comparative period.

Interest income from acquired loan portfolios totalled SEK 2,060m (1,628) and interest expense amounted to SEK –579m (–348), with the increase attributable to a growing portfolio book and higher interest on deposits as compared with the comparative period. Other interest income, which was positively impacted by returns from the liquidity portfolio due to higher interest rate levels, totalled SEK 155m (85). Net interest income totalled SEK 1,636m (1,365). The collection rate was 106 percent for the period and collections against projections totalled SEK 524m (365). Portfolio revaluations amounted to SEK –233m (–177), of which timing effects¹⁾ of SEK –299m (–161) are due mainly to collections received earlier than planned, which can fluctuate between periods.

Net result from financial transactions totalled SEK 36m (–6). The increase compared with the comparative period, was driven by exchange rate fluctuations, which resulted in changes in the market value of FX hedging contracts. During the period Hoist Finance implemented hedge accounting for net investments in foreign operations for exposures in EUR, in addition to exposures in GBP and PLN for which hedge accounting has been previously implemented. As a consequence, the expectation is that the net result of financial transactions will have a limited impact on earnings going forward. Other operating income, which totalled SEK 182m (63), is mainly attributable to extraordinary gains from the disposal of portfolio holdings in Italy and Germany.

Operating expenses

Operating expenses totalled SEK –1,519m (–1,376). The change in operating expenses is mainly attributable to the larger total portfolio book, which increased operating income by 31 percent and expenses by 10 percent. Increased portfolio acquisitions during the period affected interest income from acquired loan portfolios, as well as collection costs which totalled SEK –576m (–496), of which legal collection costs totalled SEK –235 (–196). The change in legal collection costs was driven by the larger portfolio as compared with the comparative period. Legal collection costs are expected to contribute positively to earnings in the coming quarters.

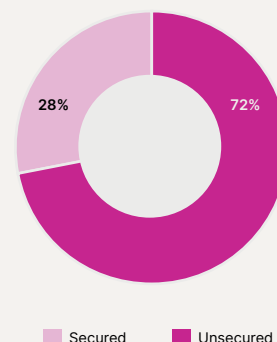
Administrative expenses increased during the quarter to SEK –377m (–330). Internal IT services were insourced during the period with the aim of creating future cost savings, which resulted in non-recurring expenses of SEK 30M. Project and restructuring costs were also incurred during the period.

Net profit for the quarter

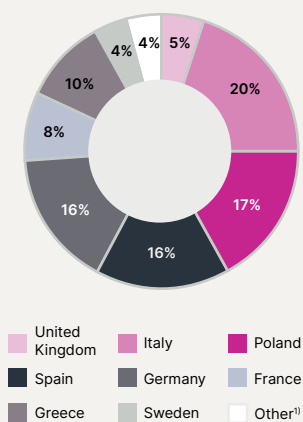
Net profit from participations in joint ventures amounted to SEK 0m (29). Income tax expense for the period totalled SEK –119 (–68). The effective tax rate was 18 percent (21). Net profit totalled SEK 548m (254).

1) See Definitions.

Breakdown, secured/unsecured portfolio book value



Breakdown, total carrying amount of portfolio book value

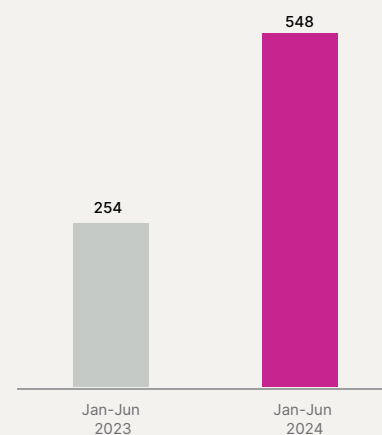


1) Other countries are Netherlands, Belgium and Cyprus

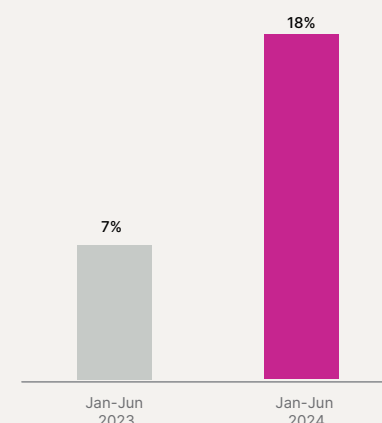
SEK m	Jan-Jun 2024	Jan-Jun 2023
Interest income acquired loan portfolios	2,060	1,628
Other interest income	155	85
Interest expense	-579	-348
Net interest income	1,636	1,365
Impairment gains and losses	291	188
<i>of which, realised collections against active forecast</i>	524	365
<i>of which, portfolio revaluations</i>	-233	-177
Fee and commission income	41	59
Net result from financial transactions	36	-6
Other operating income ¹⁾	182	63
Total operating income	2,186	1,669
Personnel expenses	-507	-500
Collection costs	-576	-496
Other administrative expenses	-377	-330
Depreciation and amortisation	-59	-50
Total operating expenses	-1,519	-1,376
Share of profit from joint ventures	0	29
Profit before tax	677	322
Income tax expense	-119	-68
Net profit for the period	548	254

1) This item does not correspond to an item of the same designation in the income statement, but to several corresponding items.

Profit/loss after tax, SEK m



Return on equity, %



Other information

Balance Sheet

Comparative figures for the balance sheet pertain to 31 December 2023.

Total assets increased, as compared with 31 December 2023, and totalled SEK 40,263m (34,023). Cash and cash equivalents and interest-bearing securities increased by SEK 3,628m to SEK 11,694m (8,066), and the portfolio carrying amount increased by SEK 2,555m to SEK 26,838m (24,288). Other assets increased by SEK 179m.

SEK m	30 Jun 2024	31 Dec 2023	Change, %
Cash and interest-bearing securities	11,694	8,066	45
Portfolio book value	26,838	24,288	10
Value change of interest-hedged items in portfolio hedging	122	239	-49
Other assets ¹⁾	1,609	1,430	13
Total assets	40,263	34,023	18
Deposits from the public	25,052	20,238	24
Debt securities issued	5,092	4,577	11
Subordinated debt	1,251	900	39
Total interest-bearing liabilities	31,395	25,715	22
Other liabilities ¹⁾	2,443	2,261	8
Equity	6,425	6,047	6
Total liabilities and equity	40,263	34,023	18

¹⁾ 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 31,395m (25,715). In Sweden, deposits from the public amounted to SEK 6,064m (5,893), of which SEK 2,073m (2,054) is attributable to fixed term deposits of one- to three-year duration. Deposits from the public in Germany and the Netherlands totalled SEK 16,907m (12,909), of which SEK 12,330m (9,200) is attributable to fixed term deposits of one- to five-year duration. Deposits from the public in the UK amounted to SEK 1,706m (1,434), of which SEK 83m (110) is attributable to fixed term deposits of one- to five-year duration. Deposits from the public in Poland totalled SEK 374m (1), all of which is attributable to fixed term deposits of up to one year.

As of 30 June 2024, the outstanding bond debt totalled SEK 6,343m (5,477), of which SEK 5,092m (4,577) is attributable to senior unsecured liabilities.

Other liabilities totalled SEK 2,443m (2,261). Equity totalled SEK 6,425m (6,047).

Cash flow

Comparative figures for cash flow pertain to the period January – June 2023.

SEK m	Jan-Jun 2024	Jan-Jun 2023	Change, %
Cash flow from operating activities	2,909	1,828	59
Cash flow from investing activities	-5,049	-363	>-100
Cash flow from financing activities	4,697	-1,834	>100
Cash flow for the period	2,557	-369	>100

Cash flow from operating activities totalled SEK 2,909m, as compared with SEK 1,828m during the 2023 comparative period. Amortisation of acquired loan portfolios totalled SEK 2,465m (2,080). In addition, changes in other assets and liabilities amounted to SEK 139m (-505).

Cash flow from investing activities totalled SEK -5,049m (363), with portfolio acquisition activity totalling SEK -4,327m (-3,049). During the period, investments in the liquidity portfolio were made with SEK -1,760m (-) and divestments corresponding to SEK 853m (2,085).

Cash flow from financing activities totalled SEK 4,697m (-1,834). Net inflow from deposits from the public totalled SEK 4,224m (-495), where the increase was mainly driven by deposits in Germany. During the period, the inflow of debt securities issued amounted to SEK 854m.

Total cash flow for the period amounted to SEK 2,557m, as compared with SEK -369m for the 2023 comparative period.

Capital adequacy

Comparative figures for capital adequacy pertain to 31 December 2023.

At the close of the quarter the CET1 ratio was 13.82 percent (13.89) for the Hoist Finance consolidated situation.

CET1 capital totalled SEK 4,384m (4,119). The risk-weighted exposure amount has increased to SEK 31,728m (29,659) since the turn of the year.

The slight reduction in the CET1 ratio since the turn of the year was due mainly to new portfolio acquisitions, which reduced the ratio by -1.44 percent. The Group's positive half-year results and repayments on existing loan portfolios contributed to an increase of 1.86 and 0.88 percent, respectively. The ratio was reduced by -0.40 percent due to the NPL backstop deduction and by -0.19 percent due to open FX positions.

All capital ratios meet regulatory requirements. A 30 percent deduction for future dividends has been taken from consolidated profit/loss.

Total capital amounts to SEK 6,745m (6,129) and the total capital ratio is 21.26 percent (20.66).

For Parent Company the CET1 ratio was 12.65 percent (12.98).

Parent Company

Comparative figures for the parent company pertain to second quarter 2023.

Hoist Finance has since the first quarter transferred all holdings in the Polish funds of the Cypriot subsidiary to the parent company. The main purpose is to optimise the parent company's CET1 ratio at a level closer to Hoist Group's CET1 ratio. The transfer process has been completed in the second quarter.

Net interest income for the Parent Company totalled SEK 355m (313) during the second quarter, due mainly to higher interest rate market conditions, which produced a higher return on the liquidity portfolio. This was offset by increased deposit platform inflows, resulting in higher interest expense. The Parent Company received a dividend of SEK 922m from its subsidiary in Cyprus during the quarter. Net result from financial transactions, which totalled SEK -614m (-4), was impacted

primarily by the reversal of a hedged foreign currency item related to the Cypriot company's distributed funds.

Other operating income amounted to SEK 46m (44) and pertains mainly to group-wide services. Operating expenses, which amounted to SEK –455 (–471), are mainly attributable to costs related to loan portfolios, consultancy fees, and costs for group-wide services. Profit before credit losses totalled SEK 255m (–96).

Impairment losses totalled SEK –20m (46), attributable mainly to negative portfolio revaluations and loss allowances for performing loans. Impairment of shares in subsidiaries amounted to SEK –907m (–) during the period and pertain to the Cypriot company, for which equity was reduced due to payment of dividend.

Earnings before tax totalled SEK –666m (32) and tax expense for the quarter amounted to SEK –114m (84). Net loss for the Parent Company totalled SEK –780m (52).

Risks and uncertainties

Global growth picked up slightly during the second quarter and is expected to increase over the coming years. World trade has increased somewhat, although geopolitical tensions and rising protectionism may negatively impact this trend. The US economy is strong but showing signs of slowing, with weaker-than-expected growth. Consumption, which has been high, is expected to decline. In the euro area, the economy has improved somewhat after a period of stagnation, and confidence among households and businesses has increased slightly.

Geopolitical tensions, including Russia's invasion of Ukraine and unrest in the Middle East, could lead to higher freight and energy prices, which then could contribute to higher global inflation with a negative impact on GDP.

For Hoist Finance, a weaker economy presents both opportunities and risks. While an increased number of acquired loans may present greater business opportunities, this may potentially have a negative impact on returns. In the second quarter, income from the loan portfolios exceeded forecast.

Development of risk

Hoist Finance's overall risk profile remained stable during the quarter. Business activities involve various types of risk, primarily credit risk but also market risk, liquidity risk and operational risk. Credit risk in the NPL portfolios is low, with aggregate collection performance exceeding the quarter's target. Credit risk in the liquidity portfolio remains low, as investments are made in government, municipal and covered bonds of high credit quality. Operational risks are still deemed to be low. Hoist Finance continuously hedges interest rate and FX risks in the short and medium term and, accordingly, market risk remains low. Liquidity risk is also deemed to be low, with a liquidity reserve well above risk appetite due to access to favourable borrowing rates via HoistSpar, especially with the current interest rate situation.

Related-party transactions

The nature and extent of related-party transactions remain essentially unchanged since 31 December 2023, the only change being the agree-

ment entered into during the second quarter of 2024 by Lars Wollung, via TPS Advisory AB, for consultancy work over and above his board work.

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

New subsidiaries

During 2024, new subsidiaries were established in Italy, Metauro SPV S.R.L. and Portugal, Hofin Portugal, Unipessoal LDA. For more detailed information on the Group's legal structure, please see the 2023 Annual report.

Repurchases of shares

The repurchase programme was completed in the second quarter and a total of 2,102,022 shares have been repurchased. The total number of shares in Hoist Finance, including the own shares, is 89,303,000 and the number of outstanding shares, excluding the own shares, is 87,200,978. The intention is that the repurchased shares shall be re-deemed by resolution at future general meetings.

Ongoing dispute

Hoist Finance has been informed about an ongoing dispute in one of its markets. Hoist Finance is not a party in the legal proceedings, but it cannot be entirely ruled out that the plaintiff may, in case of a favourable outcome for it in the ongoing proceedings, broaden its scope and file a claim against Hoist Finance. The risk of this happening, and if so, the size of such a potential claim, remains uncertain. The situation is monitored together with external counsel.

Strategic review initiated

During the second quarter, Hoist Finance initiated a review of the unsecured loan portfolios in the Spanish market.

Subsequent events

At its meeting on 25 July, the Board of Directors decided on an additional share repurchase programme corresponding to a maximum of SEK 100 million, to be carried out during the third quarter.

Review

This interim report has been reviewed by the company's auditors.

Quarterly Review

Condensed income statement

SEK m	Quarter 2 2024	Quarter 1 2024	Quarter 4 2023	Quarter 3 2023	Quarter 2 2023
Net interest income	859	777	742	732	695
Total operating income	1,213	973	933	916	903
Total operating expenses	-823	-696	-694	-693	-743
Net operating profit/loss	390	277	239	223	160
Profit/loss before tax	383	284	265	282	178
Net profit/loss	274	274	187	270	161

Key ratios¹⁾

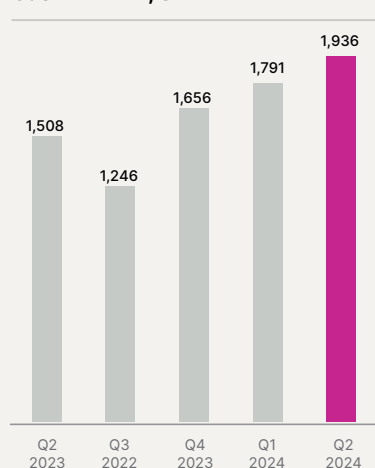
SEK m	Quarter 2 2024	Quarter 1 2024	Quarter 4 2023	Quarter 3 2023	Quarter 2 2023
Cash EBITDA	1,936	1,791	1,656	1,246	1,508
C/I ratio, %	68	71	72	71	81
Return on equity, %	18	19	12	19	10
Portfolio acquisitions	2,237	2,090	2,365	1,675	1,139
Basic and diluted earnings per share, SEK	2,87	2.42	1.82	2.34	1.45

SEK m	30 June 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Gross 180-month ERC	45,231	42,487	38,574	37,261	36,847
Portfolio book value	26,838	26,334	24,288	23,834	23,797
Total capital ratio, %	21.26	22.07	20.66	20.54	22.20
CET1 ratio, %	13.82	14.31	13.89	13.86	14.75
Number of employees (FTEs)	1,288	1,303	1,280	1,269	1,319

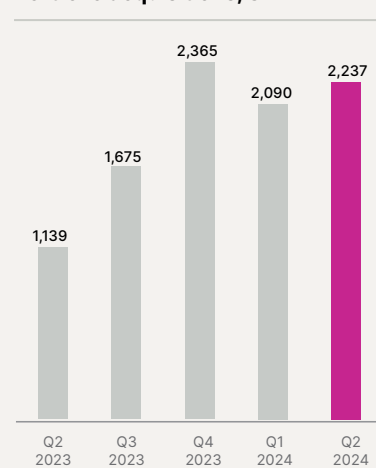
1) See Definitions

For details on items affecting comparability for previous quarters, please refer to the Financial Fact Book: hoistfinance.com/Investors/reports-and-presentations2/

Cash EBITDA, SEK m



Portfolio acquisitions, SEK m



Financial statements

Consolidated income statement

SEK m	Note	Quarter 2 2024	Quarter 2 2023	Jan-Jun 2024	Jan-Jun 2023	Full-year 2023
Interest income acquired loan portfolios calculated using the effective interest rate method		1,075	829	2,060	1,628	3,469
Other interest income ¹⁾		81	43	155	85	176
Interest expense		-297	-177	-579	-348	-806
Net interest income		859	695	1,636	1,365	2,839
Impairment gains and losses	4	138	124	291	188	357
Fee and commission income		21	41	41	59	103
Net result from financial transactions		20	-12	36	-6	117
Derecognition gains and losses		171	49	170	45	43
Other operating income		4	6	12	18	59
Total operating income	3	1,213	903	2,186	1,669	3,518
Personnel expenses		-272	-275	-507	-500	-961
Collection costs		-295	-262	-576	-496	-1,018
Other administrative expenses		-219	-181	-377	-330	-688
Depreciation and amortisation of tangible and intangible assets		-37	-25	-59	-50	-96
Total operating expenses	3	-823	-743	-1,519	-1,376	-2,763
Net operating profit/loss		390	160	667	293	755
Share of profit from joint ventures	3	-7	18	0	29	114
Profit/loss before tax	3	383	178	667	322	869
Income tax expense		-109	-17	-119	-68	-158
Net profit/loss		274	161	548	254	711
Profit/loss attributable to:						
Owners of Hoist Finance AB (publ)		250	130	463	189	558
Additional Tier 1 capital holders		24	31	85	65	152
Basic and diluted earnings per share, SEK		2.87	1.45	5.31	2.10	6.26

1) Of which interest income calculated using the effective interest method amount to SEK 18.5m (14.7) during quarter 2, SEK 34.0m (20.6) during Jan-Jun and SEK 48.5m during full-year 2023.

Condensed consolidated statement of comprehensive income

SEK m	Quarter 2 2024	Quarter 2 2023	Jan-Jun 2024	Jan-Jun 2023	Full-year 2023
Net profit/loss for the period	274	161	548	254	711
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Revaluation of defined benefit pension plan	–	–	–	–	1
Tax attributable to items that will not be reclassified to profit or loss	–	–	–	–	–
Total items that will not be reclassified to profit or loss	–	–	–	–	1
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation difference, foreign operations	–116	527	199	617	264
Hedging of currency risk in foreign operations	74	–494	–232	–619	–528
Transferred to the income statement during the year	0	4	0	5	29
Tax attributable to items that may be reclassified to profit or loss	–15	102	48	128	109
Total items that may be reclassified subsequently to profit or loss	–57	139	15	131	–126
Other comprehensive income for the period	–57	139	15	131	–125
Total comprehensive income for the period	217	300	563	385	586
Profit/loss attributable to:					
Owners of Hoist Finance AB (publ)	193	269	478	320	434
Additional Tier 1 capital holders	24	31	85	65	152

Consolidated balance sheet

SEK m	Note	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS				
Cash		0	0	0
Treasury bills and Treasury bonds	5	4,591	2,218	2,675
Lending to credit institutions	5	4,277	2,499	3,535
Lending to the public	5	0	1	0
Portfolio book value	3,4	26,838	23,797	24,288
Value change of interest-hedged items in portfolio hedging		122	75	239
Bonds and other securities	5	2,826	2,025	1,856
Shares and participations in joint ventures		5	204	5
Intangible assets		221	277	242
Tangible assets		269	197	175
Other assets		790	636	808
Deferred tax assets		139	226	71
Prepayments and accrued income		185	103	129
TOTAL ASSETS		40,263	32,258	34,023
LIABILITIES AND EQUITY				
Liabilities				
Deposits from the public	5	25,052	18,905	20,238
Debt securities issued	5,9	5,092	3,901	4,577
Tax liabilities		129	116	122
Other liabilities		1,750	1,479	1,758
Deferred tax liabilities		31	84	30
Accrued expenses and deferred income		434	319	297
Provisions		99	59	54
Subordinated debts	9	1,251	988	900
Total liabilities		33,838	25,851	27,976
Equity				
Additional Tier 1 capital holders		1,109	1,514	1,109
Share capital		30	30	30
Other contributed equity		2,175	2,275	2,275
Reserves		-425	-183	-440
Retained earnings including profit/loss for the period		3,536	2,771	3,073
Total equity		6,425	6,407	6,047
TOTAL LIABILITIES AND EQUITY		40,263	32,258	34,023

Consolidated statement of changes in equity

	Equity attributable to shareholders of Hoist Finance AB (publ)							
			Reserves					
SEK m	Share capital	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
Opening balance 1 Jan 2024	30	2,275	–1,077	637	3,073	4,938	1,109	6,047
Comprehensive income for the period								
Profit/loss for the period					463	463	85	548
Other comprehensive income			–184	199		15		15
Total comprehensive income for the period			–184	199	463	478	85	563
Transactions reported directly in equity								
Interest paid on Additional Tier 1 capital							–85	–85
Repurchase of shares		–100				–100		–100
Total transactions reported directly in equity		–100				–100	–85	–185
Closing balance 30 Jun 2024	30	2,175	–1,261	836	3,536	5,316	1,109	6,425

	Equity attributable to shareholders of Hoist Finance AB (publ)							
			Reserves					
SEK m	Share capital	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
Opening balance 1 Jan 2023	30	2,275	−687	373	2,647	4,638	1,106	5,744
Comprehensive income for the period								
Profit/loss for the period ¹⁾					189	189	65	254
Other comprehensive income			−486	617	0	131		131
Total comprehensive income for the period			−486	617	189	320	65	385
Transactions reported directly in equity								
Issued Additional Tier 1 capital instrument ¹⁾							700	700
Called Additional Tier 1 capital instrument ¹⁾					−63	−63	−291	−354
Transaction cost Tier 1 capital instrument					−8	−8	−1	−9
Interest paid on capital contribution							−65	−65
Acquisition agreement for treasury shares ²⁾					8	8		8
Tax effect on items reported directly in equity					1	1		2
Share based payments ³⁾					−4	−4		−4
Total transactions reported directly in equity					−65	−65	343	278
Closing balance 30 Jun 2023	30	2,275	−1,173	990	2,771	4,893	1,514	6,407

1) Issued amount of SEK 700m, called amount of EUR 30m with a FX-effect of SEK 63m.

2) Called swap, issued 2020 to secure the delivery of treasury shares in the LTIP programme.

3) For more information on share-based payments, see Hoist Finance Annual report 2022.

Consolidated statement of changes in equity

	Equity attributable to shareholders of Hoist Finance AB (publ)							
			Reserves					
SEK m	Share capital	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings including profit/loss for the period	Total	Additional Tier 1 capital holders	Total equity
Opening balance 1 Jan 2023	30	2,275	–687	373	2,647	4,638	1,106	5,744
Comprehensive income for the period								
Profit/loss for the period					559	559	152	711
Other comprehensive income			–390	264	1	–125		–125
Total comprehensive income for the period			–390	264	560	434	152	586
Transactions reported directly in equity								
Issued Additional Tier 1 capital instrument ¹⁾							700	700
Called Additional Tier 1 capital instrument ¹⁾					–128	–128	–701	–829
Transaction cost Tier 1 capital instrument					–13	–13	5	–8
Interest paid on capital contribution							–152	–152
Acquisition agreement for treasury shares ²⁾					8	8		8
Tax effect on items reported directly in equity					3	3	–1	2
Share based payments ³⁾					–4	–4		–4
Total transactions reported directly in equity					–134	–134	–149	–283
Closing balance 31 Dec 2023	30	2,275	–1,077	637	3,073	4,938	1,109	6,047

1) Issued amount of SEK 700m, called amount of EUR 70m with a FX-effect of SEK 128m.

2) Called swap, issued 2020 to secure the delivery of treasury shares in the LTIP programme.

3) For more information on share-based payments, see Hoist Finance Annual report 2022.

Condensed consolidated cash flow statement

SEK m	Quarter 2 2024	Quarter 2 2023	Jun-Jul 2024	Jun-Jul 2023	Full-year 2023
Profit/loss before tax	383	178	667	322	869
of which, paid-in interest	1,111	873	2,168	1,713	3,649
of which, interest paid	-145	-188	-281	-248	-678
Adjustment for other items not included in cash flow	158	-159	-343	-29	-798
Realised result from divestment of shares and participations in joint ventures	0	0	0	1	4
Income tax paid/received	-14	-21	-19	-41	-70
Amortisations on acquired loan portfolios	1,239	1,103	2,465	2,080	4,101
Increase/decrease in other assets and liabilities	383	204	138	-505	296
Cash flow from operating activities	2,149	1,305	2,909	1,828	4,402
Acquired loan portfolios	-2,237	-1,139	-4,327	-3,049	-7,089
Disposed loan portfolios	253	549	253	574	884
Investments in bonds and other securities	-1,136	-	-1,760	-	-101
Divestments of bonds and other securities	533	96	853	2,085	2,361
Other cash flows from investing activities	-42	17	-68	27	328
Cash flow from investing activities	-2,629	-477	-5,049	-363	-3,617
Deposits from the public	2,880	387	4,224	-495	1,724
Debt securities issued	108	-	854	995	1,813
Repurchase and repayment of Debt securities issued	-23	-2,557	-172	-2,581	-2,628
Additional Tier 1 capital	-	337	-	337	692
Repurchase additional Tier 1 capital	-	-	-	-	-829
Interest paid on Additional Tier 1 capital	-24	-31	-85	-65	-152
Repurchase of shares	-30	-	-100	-	-
Amortisation of lease liabilities	-12	-12	-24	-25	-48
Cash flow from financing activities	2,899	-1,876	4,697	-1,834	572
Cash flow for the period	2,419	-1,048	2,557	-369	1,357
Cash at beginning of the period	6,273	5,515	5,938	4,809	4,809
Translation difference	-73	-62	124	-35	-228
Cash at end of the period³⁾	8,619	4,405	8,619	4,405	5,938

3) Cash and cash equivalents in cash flow statement

SEK m	30 Jun 2024	30 Jun 2023	31 Dec 2023
Cash	0	0	0
Treasury bills and Treasury bonds	4,591	2,218	2,675
Lending to credit institutions	4,277	2,499	3,535
Excl. lending to credit institutions in securitisation vehicles	-249	-312	-272
Total cash and cash equivalents in cash flow statement	8,619	4,405	5,938

Parent Company

Parent Company condensed income statement

SEK m	Quarter 2 2024	Quarter 2 2023	Jun-Jun 2024	Jun-Jun 2023	Full-year 2023
Interest income	638	476	1,221	937	1,927
Interest expense	-283	-163	-551	-319	-750
Net interest income	355	313	670	618	-1,177
Dividends received	923	–	4,389	–	457
Net result from financial transactions	-614	-4	-736	-116	-37
Other operating income	46	66	91	117	231
Total operating income	710	375	4,414	619	1,827
General administrative expenses	-431	-459	-807	-834	-1,643
Depreciation and amortisation of tangible and intangible assets	-24	-12	-33	-24	-46
Total operating expenses	-455	-471	-840	-858	-1,689
Profit before credit losses	255	-96	3,575	-239	138
Impairment gains and losses on acquired loan portfolios	-20	46	-4	99	89
Amortisation of other financial fixed assets	-906	–	-2,941	–	–
Share of profit from joint ventures	5	19	5	31	356
Profit/loss before tax	-666	-31	634	-109	583
Appropriations	–	–	–	–	24
Taxes	-114	84	-66	75	-8
Net profit/loss	-780	53	568	-34	599

Parent company condensed statement of comprehensive income

SEK m	Quarter 2 2024	Quarter 2 2023	Jan-Jun 2024	Jan-Jun 2023	Full-year 2023
Net profit/loss	-780	53	568	-34	599
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Translation difference, foreign operations	-4	0	-1	0	3
Tax attributable to items that may be reclassified to profit or loss	–	–	–	–	–
Total items that may be reclassified subsequently to profit or loss	-4	0	-1	0	3
Other comprehensive income for the period	-4	0	-1	0	3
Total comprehensive income for the period	-776	53	567	-34	602

Parent Company condensed balance sheet

SEK m	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Cash	7,828	3,811	5,353
Portfolio book value	11,063	10,224	10,483
Value change of interest-hedged items in portfolio hedging	6	–3	163
Receivables, Group companies	7,034	7,479	6,936
Bonds and other securities	4,275	2,025	1,856
Shares in subsidiaries and joint ventures	7,358	5,739	6,547
Tangible and intangible fixed assets	51	113	79
Subscribed but not paid capital ¹⁾	86	–	–
Other assets	693	642	737
TOTAL ASSETS	38,404	30,030	32,154
LIABILITIES AND EQUITY			
Liabilities			
Deposits from the public	25,052	18,905	20,238
Debt securities issued	4,623	3,401	4,101
Other liabilities	1,784	1,472	1,608
Provisions	48	48	44
Subordinated debts	1,251	988	900
Total liabilities and provisions	32,758	24,814	26,891
Untaxed reserves	201	225	201
Equity			
Restricted equity	47	49	48
Total restricted equity	47	49	48
Non-restricted equity			
Additional Tier 1 capital holders	1,110	1,515	1,110
Non-restricted equity attributable to shareholders	4,288	3,427	3,904
Total unrestricted equity	5,398	4,942	5,014
Total equity	5,445	4,991	5,062
TOTAL LIABILITIES AND EQUITY	38,404	30,030	32,154

1) Share issuance in progress, decided and subscribed but not paid-in capital.

Notes

Note

1

Accounting principles

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, 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.

During first quarter 2024 Hoist Finance implemented hedge accounting for net investments in foreign operations for exposures in EUR, in addition to exposures in GBP and PLN for which hedge accounting has been previously implemented.

The report includes a condensed set of financial statements and is to be read in conjunction with the audited annual report for the year ended 31 December 2023.

Change in accounting principles 2024

No IFRS or IFRIC Interpretations that came into effect in 2024 had any significant impact on the Group's financial reports or capital adequacy.

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 2023 annual report.

Critical estimates and judgments

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

While other macroeconomic factors such as inflation and higher interest rates have not had any material 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 the borrowers' ability to amortise their debt in the future. This might then affect the valuation of our loan portfolios.

The Group applies internal rules and has a formalised decision-making process for adjustments to previously established cash-flow forecasts in the event of deviations in the timing of collections.

For a description of material estimates, assumptions and assessments, see note 19 in the Annual Report 2023. Within the ordinary operations, there are continuously updated estimates of gross amounts that can be collected on the loan portfolios. See note 4 for the effect of the quarter's portfolio revaluations.

For Subsequent events, please see page 9.

Note

2

Exchange rates

	Quarter 2 2024	Quarter 2 2023	Full-year 2023		Quarter 2 2024	Quarter 2 2023	Full-year 2023
1 EUR = SEK				1 PLN = SEK			
Income statement (average)	11.3865	11.3247	11.4658	Income statement (average)	2.6378	2.4481	2.5258
Balance sheet (at end of the period)	11.3595	11.7917	11.0960	Balance sheet (at end of the period)	2.6362	2.6534	2.5570
1 GBP = SEK				1 RON=SEK			
Income statement (average)	13.3077	12.9181	13.1818	Income statement (average)	2.2899	2.2952	2.3220
Balance sheet (at end of the period)	13.4213	13.7202	12.7680	Balance sheet (at end of the period)	2.2822	2.3760	2.2322

Note 3 Segment reporting

Operating segments

Segment reporting has been prepared based on the manner in which in each geographical market, executive management monitors operations. From the second quarter 2023, Hoist Finance has chosen to change the allocation of indirect costs in different segments that Hoist Finance monitors internally.

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 indirect expenses from:

- » *Platforms*, which is the cost of the operations within the markets themselves.
- » *Asset management*, which is the cost of our team which actively seeks to both acquire and divest portfolios.
- » *Central functions*, which pertain to 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 portfolio book value is monitored. Other assets and liabilities are not monitored on a segment-by-segment basis.

Income statement, Quarter 2, 2024

SEK m	Unsecured	Secured	Group items	Group
Total operating income	933	195	52	1,213
of which, interest expense	-185	-61	-51	-297
Operating expenses				
Direct expenses ¹⁾	-409	-79	-	-488
Indirect expenses ¹⁾	-	-	-335	-355
Total operating expenses	-409	-79	-355	-823
Share of profit from joint ventures	-7	-	-	-7
Profit/loss before tax	550	116	-283	383
Key ratios ²⁾				
Portfolio book value	19,359	7,479	-	26,838
Gross Collections	1,797	484	-	2,281

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Platforms and Asset management.

2) See Definitions

Note 3 Segment reporting, cont.
Income statement, Quarter 2, 2023

SEK m	Unsecured	Secured	Group items	Group
Total operating income	764	97	42	903
of which, interest expense	-138	-45	6	-177
Operating expenses				
Direct expenses ¹⁾	-341	-61	-	-402
Indirect expenses ¹⁾	-	-	-341	-341
Total operating expenses	-341	-61	-341	-743
Share of profit from joint ventures	18	-	-	18
Profit/loss before tax	441	36	-299	178

Key ratios²⁾

Portfolio book value	17,166	6,631	-	23,797
Gross Collections	1,518	382	-	1,900

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Platforms and Asset management.

2) See Definitions

Income statement, Jan-Jun, 2024

SEK m	Unsecured	Secured	Group items	Group
Total operating income	1,665	425	96	2,186
of which, interest expense	-352	-123	-104	-579
Operating expenses				
Direct expenses ¹⁾	-765	-155	-	-920
Indirect expenses ¹⁾	-	-	-599	-599
Total operating expenses	-765	-155	-599	-1,519
Share of profit from joint ventures	0	-	-	0
Profit/loss before tax	900	270	-503	667

Key ratios ²⁾

Portfolio book value	19,359	7,479	-	26,838
Gross Collections	3,401	1,041	-	4,442

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Platforms and Asset management.

2) See Definitions

Note 3 Segment reporting, cont.

Income statement, Jan-Jun, 2023

SEK m	Unsecured	Secured	Group items	Group
Total operating income	1,331	243	95	1,669
of which, interest expense	-260	-86	-2	-348
Operating expenses				
Direct expenses ¹⁾	-662	-108	-	-770
Indirect expenses ¹⁾	-	-	-607	-607
Total operating expenses	-662	-108	-607	-1,377
Share of profit from joint ventures	29	-	-	29
Profit/loss before tax	698	135	-512	321

Key ratios²⁾

Portfolio book value	17,166	6,631	-	23,797
Gross Collections	1,518	382	-	1,900

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Platforms and Asset management.

2) See Definitions

Income statement, Full-year, 2023

SEK m	Unsecured	Secured	Group items	Group
Total operating income	2,571	639	308	3,518
of which, interest expense	-560	-205	-41	-806
Operating expenses				
Direct expenses ¹⁾	-1,342	-251	-	-1,593
Indirect expenses ¹⁾	-	-	-1,170	-1,170
Total operating expenses	-1,342	-251	-1,170	-2,763
Share of profit from joint ventures	114	-	-	114
Profit/loss before tax	1,343	388	-862	869

Key ratios²⁾

Portfolio book value	17,120	7,168	-	24,288
Gross Collections	5,919	1,475	-	7,394

1) Direct expenses are expenses directly attributable to the Business line. Indirect expenses are expenses related to support functions, including Platforms and Asset management.

2) See Definitions

Note 4 Portfolio book value

Net carrying amount

Acquired credit-impaired loan portfolios

SEK m	30 Jun 2024	30 Jun 2023	31 Dec 2023
Opening balance	23,564	20,990	20,990
Acquisitions	4,327	3,049	6,909
Interest income	2,018	1,595	3,396
Gross collections	-4,442	-3,632	-7,394
Impairment gains and losses	294	188	363
<i>of which, realised collections against active forecast</i>	<i>527</i>	<i>366</i>	<i>685</i>
<i>of which, portfolio revaluations</i>	<i>-233</i>	<i>-177</i>	<i>-322</i>
Disposals	-253	-528	-836
Translation differences	628	1,486	136
Closing balance	26,135	21,148	23,564

The performing 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 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.

Acquired performing loan portfolios

SEK m	30 Jun 2024	30 Jun 2023	31 Dec 2023
Opening balance	724	634	634
Acquisitions	–	–	180
Interest income	43	33	73
Amortisations and interest payments	-91	-76	-176
Changes in loss allowance	-1	-1	-1
Derecognitions	-1	0	0
Translation differences	29	59	14
Closing balance	703	649	724
Total closing balance	26,838	23,797	24,288

Note 5 Financial instruments

Carrying amount and fair value of financial instruments, 30 June 2024¹⁾

SEK m	Assets/liabilities recognised at fair value through profit or loss	Hedging instruments	Amortised cost	Total carrying amount	Fair value
Cash	–	–	0	0	0
Treasury bills and treasury bonds	4,591	–	–	4,591	4,591
Lending to credit institutions	–	–	4,277	4,277	4,277
Lending to the public	–	–	0	0	0
Portfolio book value	–	–	26,838	26,838	25,789
Bonds and other securities	2,825	–	–	2,825	2,825
Derivatives	10	119	–	128	128
Other financial assets	–	–	557	557	557
Total	7,426	119	31,672	39,216	38,168
Deposits from the public	–	–	25,052	25,052	24,226
Derivatives	14	142	–	156	156
Debt securities issued	–	–	5,091	5,091	5,341
Subordinated debt	–	–	1,251	1,251	1,201
Other financial debts	–	–	2,011	2,011	2,011
Total	14	142	33,405	33,561	32,935

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

Note 5 Financial instruments, cont.
Carrying amount and fair value of financial instruments, 30 June 2023¹⁾

SEK m	Assets/liabilities recognised at fair value through profit or loss	Hedging instruments	Amortised cost	Total carrying amount	Fair value
Cash	–	–	0	0	0
Treasury bills and treasury bonds	2,218	–	–	2,218	2,218
Lending to credit institutions	–	–	2,499	2,499	2,499
Lending to the public	–	–	1	1	1
Portfolio book value	–	–	23,797	23,797	23,874
Bonds and other securities	2,025	–	–	2,025	2,025
Derivatives	7	127	–	134	134
Other financial assets	–	–	–	467	467
Total	4,250	127	26,764	31,141	31,218
Deposits from the public	–	–	18,905	18,095	18,690
Derivatives	14	133	–	147	147
Debt securities issued	–	–	3,901	3,901	4,514
Subordinated debt	–	–	988	988	920
Other financial debts	–	–	1,624	1,624	1,624
Total	14	133	25,418	25,565	25,895

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 2023¹⁾

SEK m	Assets/liabilities recognised at fair value through profit or loss	Hedging instruments	Amortised cost	Total carrying amount	Fair value
Cash	–	–	0	0	0
Treasury bills and treasury bonds	2,675	–	–	2,675	2,675
Lending to credit institutions	–	–	3,535	3,535	3,535
Lending to the public	–	–	0	0	0
Portfolio book value	–	–	24,288	24,288	24,168
Bonds and other securities	1,856	–	–	1,856	1,856
Derivatives	118	171	–	289	289
Other financial assets	–	–	434	434	434
Total	4,649	171	28,257	33,077	32,957
Deposits from the public	–	–	20,238	20,238	20,385
Derivatives	18	182	–	200	200
Debt securities issued	–	–	4,577	4,577	4,585
Subordinated debt	–	–	900	900	854
Other financial debts	–	–	1,792	1,792	1,792
Total	18	182	27,507	27,707	27,816

1) 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, 30 June 2024

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	4,591	–	–	4,591
Bonds and other securities	2,825	–	–	2,825
Derivatives	–	128	–	128
Total assets	7,416	128	–	7,544
Derivatives	–	156	–	156
Total liabilities	–	156	–	156

Fair value measurements, 30 June 2023

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	2,218	–	–	2,218
Bonds and other securities	2,025	–	–	2,025
Derivatives	–	134	–	134
Total assets	4,243	134	–	4,377
Derivatives	–	147	–	147
Total liabilities	–	147	–	147

Fair value measurements, 31 Dec 2023

SEK m	Level 1	Level 2	Level 3	Total
Treasury bills and Treasury bonds	2,675	–	–	2,675
Bonds and other securities	1,856	–	–	1,856
Derivatives	–	289	–	289
Total assets	4,531	289	–	4,820
Derivatives	–	200	–	200
Total liabilities	–	200	–	200

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.

Internally assessed capital requirement

As per 30 June 2024 the internally assessed capital requirement was SEK 3,026m (SEK 2,799m per 31 December 2023), of which SEK 486m (429) was attributable to Pillar 2. For more information regarding Pillar 2 risks, see Hoist Finance's Pillar 3 report.

SEK m	Quarter 2 2024	Quarter 1 2024	Quarter 4 2023	Quarter 3 2023	Quarter 2 2023
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	4,384	4,356	4,119	4,202	4,157
2 Tier 1 capital	5,494	5,466	5,229	5,311	5,267
3 Total capital	6,745	6,716	6,129	6,228	6,255
Risk-weighted exposure amounts					
4 Total risk exposure amount	31,728	30,431	29,659	30,326	28,178
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	13.82	14.31	13.89	13.86	14.75
6 Tier 1 ratio (%)	17.32	17.96	17.63	17.51	18.69
7 Total capital ratio (%)	21.26	22.07	20.66	20.54	22.20
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.09	1.09	–	–	–
EU 7b of which: to be made up of CET1 capital (percentage points)	0.61	0.61	–	–	–
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0.82	0.82	–	–	–
EU 7d Total SREP own funds requirements (%)	9.09	9.09	8	8	8
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0	0	0	0	0
9 Institution specific countercyclical capital buffer (%)	0.53	0.45	0.39	0.46	0.38
EU 9a Systemic risk buffer (%)	0	0	0	0	0
10 Global Systemically Important Institution buffer (%)	0	0	0	0	0
EU 10a Other Systemically Important Institution buffer (%)	0	0	0	0	0
11 Combined buffer requirement (%)	3.03	2.95	2.89	2.96	2.88
EU 11a Overall capital requirements (%)	12.12	12.04	10.89	10.96	10.88
12 CET1 available after meeting the total SREP own funds requirements (%)	4.73	5.22	5.89	5.86	6.75
Pillar 2 Guidance (%)	0.5	0.5	–	–	–
Overall capital requirements and Pillar 2 Guidance (%)	12.62	12.54	–	–	–
Leverage ratio					
13 Total exposure measure	38,686	35,219	33,845	33,259	31,176
14 Leverage ratio (%)	14.20	15.52	15.45	15.97	16.90

Note 6 Capital adequacy, cont

SEK m	Quarter 2 2024	Quarter 1 2024	Quarter 4 2023	Quarter 3 2023	Quarter 2 2023
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0	0	0	0	0
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	3	3	3
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14e Leverage ratio buffer requirement (%)	0	0	0	0	0
EU 14f Overall leverage ratio requirement (%)	3	3	3	3	3
Pillar 2 Guidance (%)	2.25	2.25	–	–	–
Overall leverage ratio requirement and Pillar 2 Guidance (%)	5.25	5.25	–	–	–
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	4,746	4,271	3,874	4,400	4,586
EU 16a Cash outflows – Total weighted value	2,880	2,727	2,538	2,355	2,210
EU 16b Cash inflows – Total weighted value	3,338	5,314	4,546	3,708	2,907
16 Total net cash outflows (adjusted value)	720	682	634	589	553
17 Liquidity coverage ratio (%)	661	630	623	772	844
Net Stable Funding Ratio					
18 Total available stable funding	34,618	32,429	29,812	30,352	29,607
19 Total required stable funding	28,661	28,070	25,965	26,929	26,161
20 NSFR ratio (%)	121	116	115	113	113

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. Deposits from the public are

comprised of demand deposits, which amount to 41 percent (44) of total deposits, and fixed term deposits, corresponding to 59 percent (56) of total deposits. About 99 percent of deposits are fully covered by the Swedish state deposit guarantee.

Funding

SEK m	Hoist Finance consolidated situation		Hoist Finance AB (publ)	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Current account deposits	10,192	8,873	10,192	8,873
Fixed-term deposits	14,860	11,365	14,860	11,365
Debt securities issued	5,091	4,577	4,623	4,101
Convertible debt instruments	1,110	1,110	1,110	1,110
Subordinated debts	1,251	900	1,251	900
Equity	5,316	4,938	4,336	3,952
Other	2,443	2,260	2,032	1,853
Balance sheet total	40,263	34,023	38,404	32,154

Note 7 Liquidity risk, cont.

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 11,278m (7,792) as per 30 June 2024, 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	30 Jun 2024	31 Dec 2023
Cash and holdings in central banks	0	0
Deposits in other banks available overnight	4,039	3,261
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	3,281	2,047
Securities issued or guaranteed by municipalities or other public sector entities	1,310	628
Covered bonds	2,648	1,856
Securities issued by non-financial corporates	–	–
Securities issued by financial corporates	–	–
Other	–	–
Total	11,278	7,792

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	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Restricted bank balances	2	2	–	–
Loan portfolios, external loans	1,000	1,000	1,000	1,000
Acquired portfolios in the securitisation structures	2,491	2,710	–	–
Pledged assets	3,493	3,712	1,000	1,000
Contingent liabilities	195	147	195	147
Forward flow contracts	261	365	261	365
Signed but not settled acquisitions	–	965	–	965
Commitments	261	1,330	261	1,330

Pledged assets in the Group pertain to restricted bank balances and the value of portfolios pledged as collateral for issued bonds in securitisation structures Marathon SPV S.r.l. and Giove SPV S.r.l. As from third quarter 2023, the entire portfolio value is recognised as a pledged asset.

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.

Hoist Finance Group faces tax risks, including contingent liabilities. Most of these cases involve potential VAT exposure, mainly regarding deductible input VAT (SEK 72m). One of the VAT cases with the Swedish Tax Agency concerns a claim from 2016 regarding reverse tax liability, with a potential liability of SEK 71m. There is also a transfer pricing case between Hoist Finance AB and the Swedish Tax Agency regarding distribution of profits between Polish and Swedish entities for the years 2016–2017, which may have an estimated negative effect of SEK 53.3m. For all of these cases, Hoist Finance considers it most likely that Hoist Finance will prevail in court.

Note 9 Debt securities issued and Subordinated debts

SEK m	Jan-Jun 2024	Jan-Jun 2023	Full-year 2023	SEK m	Jan-Jun 2024	Jan-Jun 2023	Full-year 2023
Issued securities at beginning of year	4,577	5,545	5,545	Subordinated debts at beginning of year	900	903	903
Issued	554	996	1,873	Issued	300	–	–
Repurchased	–130	–	–	Repurchased	–	–	–
Matured	–42	–2,581	–2,624	Matured	–	–	–
Foreign exchange effects etc.	132	–60	–218	Foreign exchange effects etc	51	85	–3
Issued securities at end of period	5,091	3,900	4,576	Subordinated debts at end of period	1,251	988	900

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 25 July, 2024

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

Review report

To the Board of Directors of Hoist Finance AB (publ), corporate identity number 556012-8489

Introduction

We have reviewed the condensed interim report for Hoist Finance AB (publ) as at June 30, 2024 and for the six months period then ended. The condensed financial interim information can be found on page 4–29 in this document, containing balance and income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow, notes and other condensed information in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutes and Securities Companies regarding the Group, and in accordance with the Swedish Annual Accounts Act for Credit institutes and Securities Companies regarding the Parent Company.

Stockholm, July 25, 2024
Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant

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 portfolio book value. Definitions of alternative performance measures and other key figures are presented below. The financial fact book, available on hoistfinance.com/Investors/reports-and-presentations2/, provides details on the calculation of key figures.

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

Cash EBITDA

EBIT (operating earnings), less depreciation and amortisation ("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 borrowers' solvency and follows regulatory and legal requirements.

Portfolio acquisitions

Portfolio book value during the period that consists of defaulted and non-defaulted consumer loans and SME loans.

Portfolio book value

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

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 annualised 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 the amount of stable funding available to an institution to cover its stable funding requirements over a one-year period under both normal and stressed conditions.

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.

Specialised debt restructurer

Specialised Debt Restructurer (SDR): Changes to the European Banking Authority's (EBA) rules on the minimum loss coverage for Non-Performing Loans (NPLs), known as the prudential backstop, were introduced in 2019. The backstop rules imply a CET1 capital deduction for the NPLs held on a balance sheet according to a predefined calendar. In January 2025, a new banking package will enter into force to implement the final elements of the Basel III framework in the EU. The banking package includes a section on regulated specialised banks that are exempt from the backstop regulation. Banks and credit market companies that meet the full criteria can thus qualify as Specialised Debt Restructurers (SDRs).

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 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.

Timing effect

A revaluation driven by changing the cash forecast to reflect cash already received and/or changes to when assets still expected to be collected are amortised.

About Hoist Finance

Hoist Finance is an asset manager specialised in non-performing loans. For more than 25 years, we have focused on investing in and managing debt portfolios. We are a partner to international banks and financial institutions across Europe, acquiring non-performing loan portfolios. We are also a partner to consumers and SMEs in a debt situation, creating long-term sustainable repayment plans enabling them to convert non-performing debt to performing debt. We are present in 13 markets across Europe and our shares are listed on Nasdaq Stockholm. For more information, please visit hoistfinance.com.

Financial calendar

Interim report Q3 2024	October 25, 2024
Year-end report 2024	February 7, 2025

Presentation

A combined presentation and teleconference will be held on 26 July, 2024 at 09.30 AM (CEST). If you wish to participate via webcast please use the link below.
<https://ir.financialhearings.com/hoist-finance-q2-report-2024>

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=50048761>

Contact

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The interim report and investor presentation are available at
www.hoistfinance.com

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



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.

The information in this interim report has been published by Hoist Finance AB (publ) pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This information was submitted for publication through the agency of the contact person set out above, on 26 July, 2024, 07.30 AM (CEST).

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.