

# Guidelines for remuneration to senior executives

## Applicability of the guidelines

These guidelines cover the CEO, deputy CEO, other members of group management and, where applicable, remuneration to Board members for work beyond their Board duties. The guidelines shall apply to remuneration agreed upon, and changes made to remuneration already agreed upon, after the guidelines have been adopted. The guidelines do not cover remuneration resolved on by the Annual General Meeting.

## The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

Avarda Group simplifies how customers across Europe manage their personal finances. We have been listed on Nasdaq Stockholm since 2016. Born in a small Swedish town, we combine a pragmatic and disciplined business mindset, with cutting-edge technology and innovation, always with a strong focus on cost-efficiency and profitability. Our self-developed, scalable platform and infrastructure enable efficient expansion across multiple markets. The business is divided into two segments: Everyday Finance and Consumer Lending.

A successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, requires that the Company is able to recruit and retain qualified employees. This requires the Company to be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

Ahead of the Annual General Meetings in 2021, 2022, 2023 and 2024, the Board of Directors has proposed long-term share programs for the management team and certain other employees of the Company. The share programs have been resolved on by the general meeting and are thus not covered by these guidelines. The programs are linked to the market price of the Company's shares. Participation in the programs requires personal investment. For more information about these programs, please refer to the Company's website.

Variable cash remuneration covered by these guidelines shall be aimed at promoting the Company's business strategy and long-term interests, including its sustainability.

## Forms of remuneration, etc.

Remuneration shall be market-based and competitive and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The general meeting may also resolve on, for example, share and share price-related remuneration.

### Fixed cash salary

Each senior executive shall receive a basic salary, i.e. a fixed monthly salary. The basic salary shall reflect the executive's responsibilities and the nature of the position and their individual performance and shall be in line with market terms. The fixed cash salary shall constitute a sufficiently large part of the employee's total remuneration to make it possible to set the variable components to zero. The fixed cash salary constitutes the pensionable income and is the basis for calculating the variable remuneration.

### Variable cash remuneration

Fulfilment of the criteria for payment of variable cash remuneration must be measurable over a period of one or more years. Furthermore, the rules for remuneration applicable to banks at any given time must be complied with. Variable cash remuneration may amount to a maximum of 100 percent of the pensionable income.

### Pension benefits

Pension benefits, including health insurance, shall be defined contribution, insofar as the executive is not covered by a defined benefit pension under mandatory collective agreement provisions. Pension contributions for defined contribution pensions may amount to a maximum of 35 percent of the pensionable income.

### Other benefits

Other benefits, such as car benefits, may amount to a maximum of 20 percent of the pensionable income.

With regard to employment relationships governed by rules other than Swedish rules, appropriate adjustments may be made in relation to pension benefits and other benefits in order to comply with mandatory rules or established local practice, whereby the overall purpose of these guidelines shall be fulfilled as far as possible.

### **Termination of employment**

In the event of termination by the Company, the period of notice may not exceed twelve months. Fixed cash salary during the period of notice and severance pay may not exceed an amount corresponding to the fixed cash salary for six to twelve months, and the agreement may not apply for a longer period than this. In the event of termination by the executive, the notice period may be a maximum of six months, without entitlement to severance pay.

In addition, compensation may be paid for any non-compete undertaking. Such compensation shall compensate for any loss of income and shall only be paid if the former executive is not entitled to severance pay. The compensation shall be based on the fixed cash salary at the time of termination and shall be paid during the period covered by the non-competition agreement, which shall be a maximum of six to twelve months after the termination of employment.

### **Criteria for payment of variable cash remuneration**

The variable cash remuneration shall be linked to predetermined and measurable criteria, which may be financial or non-financial. They may also consist of individualised quantitative or qualitative targets. The criteria shall be designed to promote the Company's business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy or promoting the long-term development of the executive.

When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has ended, the extent to which the criteria have been fulfilled shall be assessed and determined. The Board of Directors is responsible for such assessment with regard to variable cash remuneration to senior executives. Fulfilment of financial criteria shall be determined based on the Company's most recently published financial information. Variable remuneration shall only be paid to the senior executive to the extent that it is justifiable in view of the Company's financial situation and justified by the results of the bank, the business unit concerned and the employee. It shall also be possible for the

variable remuneration to be waived entirely. The Company shall have the right, in accordance with law or agreement, subject to any restrictions that may apply, to reclaim variable remuneration paid on incorrect grounds.

#### **Salary and terms of employment for employees**

In preparing the Board's proposal for these remuneration guidelines, the salaries and terms of employment for the Company's employees have been taken into account by including information on the employees' total remuneration, the components of the remuneration and the increase and rate of increase of the remuneration over time, in the Board's basis for decision when evaluating the reasonableness of the guidelines and the restrictions that follow from them.

#### **The decision-making process for establishing, reviewing and implementing the guidelines**

The Board shall draw up proposals for new guidelines when there is a need for significant changes and at least every four years, and the proposal shall be presented and resolved on at the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the Annual General Meeting. The Board shall also monitor and evaluate programs for variable remuneration to the company management, the application of guidelines for remuneration to senior executives, and current remuneration structures and remuneration levels in the Company. The remuneration committee shall prepare the Board's work as described above. The CEO or other members of senior management shall not be present during the Board's and remuneration committee's preparation, discussion and decision-making on remuneration-related matters, to the extent that they are affected by the matters.

#### Deviations from the guidelines

The Board may decide to temporarily deviate from the guidelines in whole or in part if there are special reasons for doing so in an individual case and a deviation is necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.