

INCAP GROUP

# REMUNERATION REPORT

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2023

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## Introduction

Incap Corporation's Annual General Meeting held on April 27, 2023, discussed the remuneration policy regarding the company's administrative bodies. The policy defines the principles for the remuneration of Incap's governing bodies, i.e. the Board of Directors and President & CEO. There were no deviations from the remuneration policy.

The objective of the remuneration of Incap is to promote the long-term financial success and competitiveness of the company and the favourable development of the shareholder value. Remuneration is based on predetermined and measurable performance and result criteria.

The Annual General Meeting decides on the remuneration payable to the Board as well as on the basis for its determination. The remuneration for the Board of Directors can be paid, either fully or in part, in the form of company shares. Remuneration of a non-executive director is arranged separately from the share-based remuneration scheme applicable to

the company's President and CEO, other members of the Management Team or personnel.

Incap's remuneration reporting consists of the Remuneration Policy presented to the Annual General Meeting at least once every four years and, as of 2020, the Remuneration Report, presented each year and prepared in accordance with the Corporate Governance Code of 1 January 2020. The Remuneration Report provides information on the fees paid to the company's governing bodies during the financial period.

The company's objective is transparency in remuneration as well as fair and encouraging remuneration at all organisational levels. Remuneration also plays a key role in ensuring competitive recruitment and commitment for the company.

The Board of Directors decides on the remuneration principles relating to the President and CEO and the other members of the Management Team.

## Incap's financial development over the last five years

### Financial development 2019–2023

	2019	2020	2021	2022	2023
Revenue, EUR 1,000	71.0	106.5	169.8	263.8	221.6
Change from previous year, %	20.5%	49.9%	59.4%	55.3 %	-16.0 %
Operating profit, EUR 1,000	10.1	12.6	26.0	38.9	28.2
Change from previous year, %	16.8%	24.9%	106.2%	49.9 %	-27.5 %
Adjusted operating profit, EUR 1,000	10.8	14.6	26.8	40.0	30.6
Change from previous year, %	25.1 %	34.9%	83.8%	49.2%	-23.5 %

## Development of remuneration during past five years

### Average compensation

	2019	2020	2021	2022	2023
Chairman of the Board, EUR 1,000	37	40	45	53	66
Other members of the Board on average, EUR 1,000	18	20	23	28	33
President and CEO					
salaries in total, EUR 1,000	181	199	245	301	415
other benefits, EUR 1,000	14	13	12	15	15
stock options and share-based incentives, EUR 1,000	-	32	81	40	45
Average number of employees incl. contract workers	830	1,424	2,165	2,619	2,261
Average Incap employee, EUR 1,000*	5	9	7	7	10

\*The salary development of Incap's average employee is calculated from personnel expenses by deducting other personnel social expenses from the total and dividing it by the average number of employees during the year.

## Remuneration of the Members of the Board

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The Annual General Meeting held on 27 April 2023 decided that the annual fee to be paid for the Chairman of the Board is EUR 65,000 and for the Board members EUR 35,000 and that it will be paid as monthly instalments. In addition to the annual remuneration, a meeting fee of EUR 300 per meeting is paid for the Board members and a meeting fee of

EUR 400 per meeting is paid for the Chairman of the Board of Directors for attendance at the meetings. Travel expenses are compensated according to the travel rules of the company.

In 2023, the fees paid to the Board members amounted to EUR 175,367 (2022: EUR 136,667).

The Board members have no other financial benefits.

Member of the Board	Membership in 2023	Remuneration, EUR
Carl-Gustaf von Troil	1 Jan -31 Dec	36,633
Päivi Jokinen	1 Jan -27 Apr	10,000
Ville Vuori	1 Jan - 31 Dec	66,067
Kaisa Kokkonen	1 Jan – 31 Dec	36,333
Julianna Borsos	27 Apr – 31 Dec	26,333

## Remuneration of the President and CEO and other members of the Management Team

The Board of Directors decides on the President and CEO's salary and other benefits.

In 2023, Otto Pukk served as the President and CEO of the company.

The notice period of the President and CEO is six months, and the retirement age is determined in accordance with the Finnish Employees' Pensions Act. If the CEO agreement is terminated by the company, the notice period is six months, and the President and CEO is paid a salary during the notice period.

The maximum possible bonus under Otto Pukk's CEO agreement is 60 percent of the fixed annual salary. Payment criteria are revenue, operating profit, and net working capital/revenue.

In 2023, the salary paid to Otto Pukk, President and CEO, amounted to EUR 415,272 in total, including a performance bonus of EUR 151,272. In 2022, the salary paid to Otto Pukk, President and CEO, amounted to EUR 301,125.

The terms of employment and pay of other members of the Management Team are approved by the Board of Directors, which also decides on the Group's performance bonus system. The retirement age of the other members of the Management Team is determined in accordance with the Finnish Employees' Pensions Act.

Members of the Management Team, other than the President and CEO, are paid a fixed salary, which is determined in the management contracts. In addition to the fixed salary, there may be an annual remuneration, which is paid based on agreed metrics depending on achievement of related targets.

In 2023, salaries and other employee benefits paid to the President and CEO and other members of the Management Team amounted to EUR 1,400,676 (2022: 1,246,532). During the financial year 2023, 85 per cent (2022: 91%) of the salary and remuneration paid to the President and CEO and the Management Team were fixed salaries.

President and CEO and other members of the Management Team	Fixed salary in 2023, EUR	Performance bonus based on 2022 performance, paid in 2023, EUR
Otto Pukk, President and CEO	264,000	151,272
Other Management Team, in total	922,825	62,579

## The Board of Directors of Incap Corporation decided on a new long-term key employee incentive plan

On 27 April 2022, the Board of Directors of Incap Corporation decided to establish a new long-term incentive plan for the Group's key employees. The aim of the plan is to align the objectives of the shareholders and key employees for increasing the value of the company in the long term, to retain the key employees at the company, and to offer them a competitive reward plan based on acquiring, earning and accumulating the company's shares.

The long-term Performance Share Plan is based on a rolling 3-year performance period structure, with a

new performance period starting at the beginning of each year if so decided by the Board.

In the plan, the target group is given an opportunity to earn Incap's shares based on performance. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of each performance period. The potential rewards based on the plan will be paid after the end of each performance period.

The rewards will be paid partly in the company's shares and partly in cash. The cash proportion of the reward is intended to cover the taxes and statutory social security contributions arising from the reward to a participant. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period 2022–2024, the rewards are based on the Group's cumulative operating profit (EBIT). During the performance period 2022–2024, the CEO and other Incap Management Team members form the target group of the incentive plan. The rewards to be paid on the basis of the performance period 2022–2024 correspond to the value of an approximate maximum total of 30,191

Incap Corporation shares, including also the proportion to be paid in cash.

An Incap Management Team member is obliged to hold 50% of the received net reward shares until the total value of the Management Team member's shareholding in Incap Corporation equals to 50% of their annual base salary of the preceding year. Respectively, the CEO is obliged to hold 50% of the received net reward shares until the CEO's shareholding in the company equals to 100% of the CEO's annual base salary of the preceding year. Such number of the company's shares must be held as long as the membership in the Management Team or the position as the CEO continues.

## Long-term key employee incentive plan 2023 –2025

On 23 March 2023, the Board of Directors of Incap Corporation decided on the share-based incentive plan's new performance period 2023–2025, where the rewards are based on the Group's cumulative operating profit (EBIT). During the performance period 2023–2025, the CEO and other Incap Management Team members form the target group of the incentive plan. The rewards to be paid on the basis of the performance period 2023–2025 correspond to the value of an approximate maximum total of 27,123 Incap Corporation shares, also including the proportion to be paid in cash.

The rewards will be paid partly in the company's shares and partly in cash. The cash proportion of the reward is intended to cover taxes and statutory social security contributions arising from the reward to a participant. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

The Incap Management Team member is obliged to hold 50% of the received net reward shares, until the total value of the Management Team member's shareholding in Incap Corporation equals to 50% of their annual base salary of the preceding year. Respectively, the CEO is obliged to hold 50% of the received net reward shares, until the CEO's shareholding in Incap Corporation equals to 100% of the CEO's annual base salary of the preceding year. Such number of Incap Corporation shares must be held as long as the membership in the Management Team or the position as the CEO continues.

At the end of 2023, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of 2,123,031 shares or approximately 7.2 percent of the company's shares outstanding (317,890 or 1.1%).



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