

INCAP CORPORATION

# REMUNERATION STATEMENT

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2022

# Content

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## Introduction

Incap Corporation's Annual General Meeting held on April 29, 2022 discussed the Remuneration policy regarding the company's governing bodies. The policy defines the principles for the remuneration of Incap's governing bodies, i.e., the Board of Directors and President & CEO. In 2022, there were no deviations from the Remuneration policy.

The objective of the remuneration at Incap is to promote the long-term financial performance and competitiveness of the company and the favourable development of 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 the company's 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, from 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 in 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 and remuneration development over the last five years

Incap's revenue has increased strongly over the last five years, both organically and through an acquisition.

Financial and remuneration development 2018-2022

|                                       | 2018  | 2019  | 2020  | 2021   | 2022  |
|---------------------------------------|-------|-------|-------|--------|-------|
| Revenue, 1000 euros                   | 59.0  | 71.0  | 106.5 | 169.8  | 263.8 |
| Change % from previous year           | 21.5% | 20.5% | 49.9% | 59.4%  | 55.3% |
| Operating profit, 1000 euros          | 8.6   | 10.1  | 12.6  | 26.0   | 38.9  |
| Change % from previous year           | 90.7% | 16.8% | 24.9% | 106.2% | 49.9% |
| Adjusted operating profit, 1000 euros | 8.6   | 10.8  | 14.6  | 26.8   | 40.0  |
| Change % from previous year           | 90.7% | 25.1% | 34.9% | 83.8%  | 49.2% |

## Development of remuneration during past five years

## Average compensation

|  | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------|------|------|------|------|
| Chairman of the Board, 1000 euros                    | 25   | 37   | 40   | 45   | 53   |
| Other members of the Board on average, 1000 euros    | 11   | 18   | 20   | 23   | 28   |
| President and CEO                                    |      |      |      |      |      |
| salaries in total, 1000 euros                        | 299* | 181  | 199  | 245  | 301  |
| other benefits, 1000 euros                           | 5    | 14   | 13   | 12   | 15   |
| stock options and share-based incentives, 1000 euros | -    | -    | 32   | 81   | 40   |
| Average number of employees incl. contract workers   | 684  | 830  | 1424 | 2165 | 2619 |
| Average Incap employee, 1000 euros**                 | 6    | 5    | 9    | 7    | 7    |

\*Incap's CEO changed in 2018 and this increased total salaries.

\*\*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 General Meeting decides on the remuneration of the members of the Board of Directors. The Annual General Meeting held on 29 April 2022 decided that the annual fee to be paid for Chairman of the Board is EUR 55,000 and for the Board members EUR 30,000 and that it will be paid as monthly instalments. There is no separate fee for each meeting. Travel expenses

are compensated according to the travel rules of the company.

In 2022, the fees paid to the Board members amounted to EUR 136,667 (2021: EUR 113,333).

The Board members have no other financial benefits.

| Board member          | Membership 2022 | Fees, EUR |
|-----------------------|-----------------|-----------|
| Carl-Gustaf von Troil | 1 Jan–31 Dec    | 28,000    |
| Päivi Jokinen         | 1 Jan–31 Dec    | 28,000    |
| Ville Vuori           | 1 Jan–31 Dec    | 52,667    |
| Kaisa Kokkonen        | 1 Jan–31 Dec    | 28,000    |

## 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 2022, 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 per cent of the fixed annual salary. Payment criteria are revenue, operating profit, and net working capital/revenue.

In 2022, the salary paid to Otto Pukk, President and CEO, amounted to EUR 301,125 in total, including a performance bonus of EUR 37,125. In 2021, the salary paid to Otto Pukk, President and CEO, amounted to EUR 244,663.

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 2022, salaries and other employee benefits paid to the President and CEO and other members of the

Management Team amounted to EUR 1,246,532 (2021: 913,774). 91 percent (2021: 92%) of the salary and remuneration paid to the President and CEO and the Management Team during the financial year 2021, were fixed salaries.

| <b>President and CEO and other members of the Management Team</b> | <b>Fixed salary in 2022, EUR</b> | <b>Performance bonus based on 2022 and 2021 performance, paid in 2022, EUR</b> |
|---|----------------------------------|--|
| Otto Pukk, President and CEO                                      | 264,000                          | 37,125   |
| Other Management Team, in total                                   | 871,970                          | 73,438   |

## CEO's incentive scheme

In May 2020, the Board of Directors of Incap Corporation resolved on the establishment of a share-based long-term incentive scheme for Otto Pukk, the CEO of the company, and in April 2022, on its amendment. The CEO may earn a reward based on the development of the company's net EBIT for the period ended 31 December 2021, a total of 38,200 new shares of the company in share issues without payment, provided that the CEO is still in a service relationship with the company at the time of payment of the remuneration.

Otto Pukk subscribed a total of 38,200 new shares of the company offered to him. On 23 May 2022, Incap's Board of Directors resolved to approve the share subscriptions made after the terms of the CEO's incentive plan were fulfilled. The new shares of the company subscribed for in the share issues may not be sold, otherwise transferred or pledged during one year from the time the new shares of the company subscribed acceptably for in the share issues have been entered in the Finnish Trade Register.

## 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, also including 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.

## Members of the Board of Directors`, CEO's and their related parties ownership

At the end of 2022, the members of Incap Corporation's Board of Directors and the President and CEO and their interest parties owned a total of

317,890 shares or 1.1% of the company's shares outstanding (278,190 or 1.0%).

**March 2023**  
**Incap Corporation**

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