

KREATE GROUP PLC – REMUNERATION REPORT OF THE GOVERNING BODIES

1 INTRODUCTION AND REMUNERATION PRINCIPLES

The corporate governance of Kreate Group Plc complies with the Finnish Companies Act and the Finnish Corporate Governance Code 2020 (the "Corporate Governance Code") issued by the Finnish Securities Markets Association.

No remuneration policy prepared under the Corporate Governance Code has been presented to Kreate's Annual General Meeting prior to this remuneration report. The first remuneration policy will be presented to the company's Annual General Meeting on 5 May 2021.

This remuneration report presents information on the remuneration of Kreate's Board of Directors and President and CEO for the period between 1 January 2020 and 31 December 2020, as well as comparative information as applicable for the years from 2019 to 2017. Comparative information for 2016 is not available, as the company has not prepared comparable financial statements for the financial year 2016.

As of 2021, the remuneration of Kreate's governing bodies is based on a remuneration policy. The remuneration policy will be applied until the Annual General Meeting of 2025, unless the Board of Directors decides to present it before the Annual General Meeting earlier. The objective of the remuneration policy is to promote the company's long-term financial performance and assist in implementing Kreate's strategy, in which the company pursues a position as one of Finland's leading implementers of demanding infrastructure construction projects. The primary objective of the remuneration policy is to ensure that Kreate follows performance based remuneration, which rewards for implementing Kreate's strategy in a simple, transparent and comprehensible manner.

The remuneration policy is based on the following key principles:

- providing a competitive earning opportunity for overall remuneration;
- emphasis on performance based remuneration by forming the overall remuneration of the President and CEO so that part of the earning opportunity is based on performance based incentives; and
- emphasising a strong connection to the interests of our shareholders, such that part of the President and CEO's annual variable remuneration earning opportunity may be based on long-term share based incentive schemes.

The remuneration policy has been prepared to follow the remuneration practices applicable to all of Kreate's personnel. This is reflected, for example, in the variable remuneration earning criteria, which are derived from the company's strategy with the aim to support the company's profitable growth and which are partly shared by the President and CEO and other personnel.

2 DEVELOPMENT IN REVENUE AND OPERATING PROFIT AND REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS, PRESIDENT AND CEO AND PERSONNEL FROM 2017 TO 2020

The tables below set forth the development of Kreate's revenue and profit for the period from the year 2017 to 2020 as well as the development of remuneration of the company's Board of Directors, President and CEO and personnel for the period between 2017 and 2020.

(EUR million)	2020	2019	2018	2017
Revenue	235.3	221.1	192.4	143.9
Change (%)	6.4	14.9	33.7	
Profit for the period	7.8	8.7	3.8	1.0
Change (%)	-11.1	128.6	288.5	

(EUR thousand)	2020	2019	2018	2017
Remuneration paid to the Chair of the Board of Directors ⁽¹⁾	54	54	57	29
Change (%)	0.0	-5.3	96.5	
Remuneration paid to ordinary members of the Board of Directors, in total	28	27	18	18
Change (%)	3,7	50.0	0.0	
Remuneration paid to the President and CEO ⁽²⁾	427	323	311	451
Change (%)	32.2	3.9	-31.0	
Remuneration paid to Kreate employees, on average	64	60	57	52
Change (%)	6,4	5,6	8,9	

⁽¹⁾ Other remuneration and benefits paid to the Chair of the Board of Directors include fees paid to PriRock Oy, a company controlled by Petri Rignell, in accordance with the consulting agreement between Kreate and PriRock Oy. The consulting agreement between PriRock Oy and Kreate ended in November 2020.

⁽²⁾ The remuneration of the President and CEO for 2017 consists of the remuneration of Timo Vikström, Jouni Happonen and Petri Rignell. Vikström started as the company's President and CEO in July 2017 and Rignell acted as the company's interim President and CEO from May 2016 to June 2017.

3 REMUNERATION OF THE BOARD OF DIRECTORS 2020

Kreate's Annual General Meeting held on 12 May 2020, resolved that for 2020 the members of the Board of Directors shall be paid the following remuneration: EUR 13,500 to the Chair of the Board of Directors and EUR 9,000 to the members of the Board of Directors. No remuneration was paid to Janne Näränen.

The following table sets forth the remuneration paid to the members of the Board of Directors from 1 January to 31 December 2020.

2020	Annual remuneration (EUR)	Other financial benefits (EUR)
Petri Rignell, chair ⁽¹⁾	11,475	43,000
Timo Kohtamäki, member	9,000	
Ronnie Neva-aho, member	9,000	
Janne Näränen, member	0	
Elina Pienimäki, member	750	
Markus Väyrynen, member	9,000	
In total	39,225	43,000

⁽¹⁾ Other remuneration and benefits paid to the Chair of the Board of Directors include fees paid to PriRock Oy, a company controlled by Petri Rignell, in accordance with the consulting agreement between Kreate and PriRock Oy. The consulting agreement between PriRock Oy and Kreate ended in December 2020.

4 REMUNERATION OF THE PRESIDENT AND CEO 2020

The President and CEO's remuneration consisted of a fixed base salary, a variable salary component, and a pension benefit. The share of the performance bonus was a maximum of 71.5 per cent of the annual salary. In addition, the President and CEO was entitled to a supplementary pension paid by the company. According to the supplementary pension agreement, the amount of the supplementary pension was 15 per cent of the fixed base salary. The date of withdrawal is at the discretion of the President and CEO, but the supplementary pension can be withdrawn at the earliest from the age of 58. The supplementary pension is defined contribution scheme.

The following table sets forth the remuneration paid to the President and CEO from 1 January to 31 December 2020.

2020	EUR 1,000
Fixed base salary	254
Performance bonus	139
Supplementary pension	35
In total	427

The performance bonus paid was based on the financial and operational targets set by the Board of Directors for the President and CEO for the 2019 financial year. The targets were related to the company's working capital and, among other things, the number of work related accidents. The President and CEO's performance bonus based on the 2019 financial year was EUR 139 thousand.

At the beginning of 2020, the Board of Directors set a short-term performance bonus criteria for the President and CEO, on the basis of which the President and CEO earned a performance bonus of EUR 150 thousand for 2020. The performance bonus was paid in the first quarter of the financial year 2021.