

# Kreate Group Plc – Remuneration report of the governing bodies

## 1 Introduction and remuneration principles

This remuneration report presents information on the remuneration of the Board of Directors and the President & CEO of Kreate Group Plc (“Kreate” or “Company”) between 1 January 2021 and 31 December 2021. Kreate’s corporate governance system complies with the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 (“**Corporate Governance Code**”) published by the Securities Market Association.

As of 2021, the remuneration of the governing bodies at Kreate is based on the remuneration policy. This was approved with an advisory decision by the Annual General Meeting on 5 May 2021. The remuneration policy will be applied until the Annual General Meeting of 2025, unless the Board of Directors decides to present it to 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 companies delivering demanding infrastructure construction projects. The primary objective of the remuneration policy is to ensure that Kreate applies performance-based remuneration, which rewards the implementation of Kreate’s strategy in a transparent and understandable way.

The remuneration policy is based on the following key principles:

- providing a competitive earning opportunity for overall remuneration;
- emphasising performance-based remuneration by establishing the overall remuneration of the President & CEO such 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 earning opportunity for the President & CEO’s annual variable remuneration may be based on long-term share based incentive plans.

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 of supporting the Company’s profitable growth and which are partly shared by the President & CEO as well as all the other personnel.

## 2 Development in the revenue and result as well as the remuneration of the members of the board of directors, president & CEO and personnel from 2017 to 2020

The tables shown below present the development of Kreate’s revenue and result for the period from 2017 to 2021 as well as the development of the remuneration of the members of the Board of Directors, President & CEO and personnel for the period from 2017 to 2021.

(EUR million)	2021	2020	2019	2018	2017
Revenue	237.6	235.3	221.1	192.4	143.9
Change (%)	1.0	6.4	14.9	33.7	
Result for the period	6.9	7.8	8.7	3.8	1.0
Change (%)	11.0	-11.1	128.6	288.5	

(EUR thousand)	2021	2020	2019	2018	2017
Remuneration paid to the Chair of the Board <sup>(1)</sup>	60	54	54	57	29
Change (%)	11.1	0.0	-5.3	96.5	
Remuneration paid to ordinary members of the Board	130.5	28	27	18	18
Change (%)	366	3.7	50.0	0.0	
Remuneration paid to the President & CEO <sup>(2)</sup>	561	427	323	311	451
Change (%)	28.8	32.2	3.9	-31.0	
Remuneration paid to Kreate’s employees, on average	66	64	60	57	52
Change (%)	3.8	6.4	5.6	8.9	

<sup>(1)</sup> Other remuneration and benefits paid to the Chair of the Board include the remuneration 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.

<sup>(2)</sup> The remuneration of the President & CEO in 2017 consists of the President & CEO remuneration paid to Timo Vikström, Jouni Happonen and Petri Rignell. Mr Vikström started as the company’s President & CEO in July 2017 and Mr Rignell acted as the company’s interim President & CEO from May 2016 to June 2017.

## 3 Remuneration of the board of directors in 2021

On 25 January 2021, Kreate’s shareholders made a unanimous decision that the Chair of the Board of Directors is to be paid a monthly fee of EUR 4,750 and the other Members of the Board of Directors are to be paid a monthly fee of EUR 2,000. In addition, it was decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or the Remuneration and Nomination Committee.

The Annual General Meeting of Kreate decided on 5 May 2021 that the following fees are to be paid to the members of the Board of Directors: the Chair of the Board is to be paid a monthly fee of EUR 4,750 and the other Members of the Board are to be paid a monthly fee of EUR 2,000. In addition, the Annual General Meeting decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or Remuneration and Nomination Committee and that reasonable travel expenses are reimbursed according to invoices.

The following table presents the remuneration paid to the Members of the Board from 1 January to 31 December 2021.

2021	Position in Board	Yearly fee (EUR)
Petri Rignell	Chair of the Board, Member of the Audit Committee (as of 25 Jan 2021), Chair of the Remuneration and Nomination Committee (as of 25 Feb 2021)	60,000
Jussi Aine	Member of the Board (as of 5 May 2021), Member of the Audit Committee (as of 5 May 2021)	17,500
Timo Kohtamäki	Member of the Board, Member of the Remuneration and Nomination Committee (as of 25 Jan 2021)	22,500
Ronnie Neva-aho	Member of the Board (until 5 May 2021), Member of the Audit Committee (until 5 May 2021)	5,000
Janne Näränen	Member of the Board, Member of the Remuneration and Nomination Committee (as of 25 Jan 2021)	21,500
Timo Pekkarinen	Member of the Board (as of 5 May 2021), Member of the Remuneration and Nomination Committee (as of 5 May 2021)	17,500
Elina Pienimäki	Member of the Board and Chair of the Audit Committee (as of 25 Jan 2021)	25,500
Markus Väyrynen	Member of the Board	21,000
<b>Total</b>		<b>190,500</b>

## 4 Remuneration of the President & CEO in 2021

The remuneration of the President & CEO comprised a fixed base salary including taxable fringe benefits, short-term performance bonus, long-term incentive plan (LTI) and pension benefit.

In 2021, the President & CEO's fixed base salary including the fringe benefits grew year-on-year and was EUR 303,406.

At the beginning of 2020, the Board of Directors set the short-term performance bonus criteria for the President & CEO, on the basis of which the President & CEO earned a performance bonus of EUR 150,000 for 2020. In addition, the President & CEO received a performance bonus of EUR 65,086 for other targets being reached. In the financial year 2021, a total of EUR 215,086 was paid as performance bonuses.

Kreate's maximum short-term performance bonus for the President & CEO remained unchanged in 2021 at 71.5 per cent of the fixed base salary including the fringe benefits. In the performance bonus plan, the criteria set by the Board of Directors for 2021 were the Company's profitability (90% weight), indicators for working capital management (5%) and indicators for occupational safety (5%). The performance bonus will be paid in the financial year 2022.

In 2021, the Board of Directors of Kreate Group Plc decided to launch two new long-term share-based incentive plans for the key persons of the Group and the Group's joint venture.

The Performance Share Plan 2021-2024 consists of 2 two-year performance periods, the calendar years 2021-2022 and 2023-2024. Each performance period is followed by a two-year restriction period. The company's Board of Directors decides on the plan's performance criteria and the targets set for each criterion at the beginning of each performance period. For the 2021-2022 performance period, the bonus is based on the Group's cumulative operating profit (EBITA), Kreate's total shareholder return (TSR) and the completion of the Company's strategic goals.

The share bonus plan offers the key persons in the target group an opportunity to earn shares in the company by converting into shares a portion, decided by the Board of Directors, of the performance bonus earned for 2022 within the performance bonus plan. A performance bonus converted into shares is multiplied by a bonus multiplier decided by the Board of Directors before the payment of the bonus. A possible bonus within the share bonus plan is paid after a two-year restriction period in 2025 partly in shares in the Company and partly in

cash. The purpose of the cash portion is to cover the taxes and tax-like charges incurred due to the bonus by the key person. In connection with the payment, the key person is credited for the dividends paid and possible funds distributed during the restriction period.

Furthermore, the President & CEO is entitled to a supplementary pension paid by the Company. The date of withdrawal is at the discretion of the President & CEO, but the supplementary pension can be withdrawn at the earliest from the age of 58. The supplementary pension is based on a money purchase scheme. The President & CEO is also covered by the Finnish statutory pension system.

The following table presents a summary of the remuneration paid to the President & CEO between 1 Jan and 31 Dec 2021.

	EUR thousand
Fixed base salary	303
Performance bonus	215
Supplementary pension	43
<b>Total</b>	<b>561</b>