

SITOWISE GROUP PLC

# Remuneration Report 2022



SITOWISE

# Sitowise Group Plc's Remuneration report 2022

## 1. Introduction

The remuneration report of Sitowise Group Plc defines the conditions for the remuneration of Sitowise's Board of Directors and Managing Director. The policy has been published in a stock exchange release on 29 March 2022 and it is available on Sitowise's website at

<https://www.sitowise.com/investors/governance/remuneration>

This remuneration report has been prepared according to the remuneration reporting section instructions of the Finnish Corporate Governance Code 2020. The actual remuneration paid in 2022 and announced herein fully complies with the remuneration structures and principles set out in the Remuneration Policy. There are no deviations from the remuneration policy.

The objective of remuneration is to promote the implementation of Sitowise Group's growth strategy and the achievement of the company's long-term financial targets, competitiveness, and the favorable development of shareholder value. Remuneration is the company's key incentive and tool to engage key employees to the company. Remuneration also plays a key role in ensuring

competitive recruitment for the company.

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the terms and conditions of the employment of the CEO, specified in writing. The remuneration principles of the key management are set by the Board. The Board approves annually the Group's short-term incentive program. In March 2021 in connection with the IPO, the Board decided upon a long-term incentive program (option program) and changes were made to this during 2022.

The table below presents the development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the group's employees and to the Group's financial development for the previous four financial years.

Prior to the stock exchange listing in March 2021, the two representatives of the main owner, Intera Partners Oy, on the Board, did not receive any remuneration, and there were no committees on the Board.

### DEVELOPMENT OF REMUNERATION 2018 - 2022 (thousand euros)

EUR thousand	2022	2021	2020	2019	2018
Board – total remuneration	292	228	76	56	63
CEO – total remuneration *)	412	483	329	457	204
Average Sitowise employee remuneration **)	53	52	51	48	48
EUR million	2022	2021	2020	2019	2018
Net sales of the Group	204.4	179.3	160.1	143.0	125.7
Adjusted EBITA of the Group	20.4	21.1	20.6	15.5	14.5
% of Net sales	10.0%	11.8%	12.9%	10.8%	11.5%

\*) Values are on payment basis and exclude social and pension costs. Year 2022 value includes the remuneration of two CEOs for each term.

\*\*) Group's total personnel expenses without social and pension costs divided by the average number of FTE (full time equivalent).



## 2. Remuneration of the Board of Directors and the CEO

### 2.1 Remuneration of the Board

According to the Finnish Companies Act, the Annual General Meeting of Shareholders decides on the fees payable to the members of the Company's Board of Directors.

On 20 April 2022, the shareholders of the Company resolved in the Annual General Meeting that, the remuneration of the Chairman of the Board is EUR 4,750 per month and the remuneration of other members of the Board is EUR 2,250 per month. In addition, it was decided that an attendance allowance of EUR 1,000 will be paid for each meeting to the Chairman of the

Board and the Chairmen of the Audit and Personnel Committees, and that an attendance allowance of EUR 400 will be paid for each meeting to the other members of the Board. The Chairman and members of the Nomination Committee will each be paid an attendance allowance of EUR 1,000 in total. The fees are equivalent to those paid during the previous term. In addition, it was decided that the travel expenses of the members of the Board of Directors would be reimbursed in accordance with Sitowise's travel policy.

#### REMUNERATION OF THE BOARD OF DIRECTORS IN 2022

EUR	Annual pay*)	Audit Committee	Personnel Committee	Nomination Committee	Acquisition Committee	Total
Heliövaara Eero, chairman	68,000		7,000	1,000	2,000	78,000
Gustafsson Leif	31,400		2,800		400	34,600
Kyllönen Taina	31,400	2,400				33,800
Leino-Haltia Mirel	31,400	5,400				36,800
Piispanen Elina	31,400		2,800			34,200
Rignell Petri	31,400			1,000	2,000	34,400
Terho Tomi	31,400	3,000		1,000	5,000	40,400
<b>Board remuneration in total</b>	<b>256,400</b>	<b>10,800</b>	<b>12,600</b>	<b>3,000</b>	<b>9,400</b>	<b>292,200</b>

\*) Annual pay includes both monthly remuneration and meeting attendance allowance.



## 2.2 Remuneration of the CEO

Sitowise announced on 4 January 2022 that it had appointed Heikki Haasmaa as the Group's new CEO. Pekka Eloholma continued as Sitowise's CEO until 30 April 2022 and Heikki Haasmaa started as Managing Director on 1 May 2022.

The Board of Directors decides on the remuneration of the CEO and the terms and conditions of the employment of the CEO. The CEO's remuneration consists of a fixed monthly salary, the usual fringe benefits and the short-term and long-term incentive programs in force at the time. The CEO is covered by the Finnish statutory employment pension scheme. No supplementary pension insurance has been taken for the CEO.

### Pekka Eloholma 1 January - 30 April 2022

Pekka Eloholma served as CEO until 30 April 2022. After that, he was at the disposal of the company until 30 June 2022 and received his normal monthly salary until that. The CEO was not entitled to separate severance pay as he resigned on his own initiative.

The company paid Pekka Eloholma EUR 97,713 for the achievement of the targets of the 2021 short-term incentive plan. The maximum amount of the CEO's short-term incentive plan (STI) was 75% of the annual salary in 2021. The STI is based on predefined performance criteria, which in 2021, in addition to Sitowise Group's result (adjusted EBITA), were the development of Swedish operations and Digital solutions, as well as building and developing operational excellence. As agreed for 2022, Eloholma will not be paid a performance bonus.

### Heikki Haasmaa 1 May - 31 December 2022

The CEO's retirement age is the minimum personal retirement age in accordance with the law. The period of notice of the CEO is six months for both parties. Besides salary for the period of notice, the CEO is not entitled to a separate severance payment upon resigning. If the company terminates the CEO's employment due to a reason other than the CEO's severe misconduct, crime, or similar reason, the CEO is, in addition to salary for the six-month period of notice, entitled to compensation amounting to a maximum of six months' salary, provided that the CEO has not entered into an employment or service relationship with a third party during the said period.

The maximum amount of the CEO's short-term incentive plan (STI) is 100% of the annual salary in 2022. Haasmaa worked for 8 months in 2022, so the maximum bonus for 2022 is 8 months' salary. STI is based on predefined performance criteria, which in 2022, in addition to Sitowise Group's result (adjusted EBITA), were the development of the Nordic growth story, as well as the creation of a strategy and the development of operations.

### THE REMUNERATION PAID TO THE CEOS IN 2022

EUR	Salary	Benefits	Bonus	Total
Eloholma Pekka	96,820	80	97,713	194,613
Haasmaa Heikki	206,985	9,975	0	216,960

The bonus of EUR 162,600 earned by CEO Heikki Haasmaa in 2022 under the short-term incentive plan will be paid in April 2023.



## Long term incentive plan

In March 2021 the Board decided upon a long-term incentive program (option program). The number of options for CEOs at the end of 2022 was as follows:

Amount of options		Match 2021A	Match 2021B	Performance 2021A	Performance 2021B	Total
Eloholma Pekka	amount	0	0	18,000	18,000	36,000
	theoretical value *)			12,060	13,140	25,200
Haasmaa Heikki	amount	30,000	30,000	50,000	50,000	160,000
	theoretical value *)	23,100	16,800	9,000	12,500	61,400

\*) The fair value of the options has been determined at the time of their granting and has been updated based on changes made to the option terms and conditions decided by the Board of Directors. The valuation of options has been carried out using a binomial model that takes into account the release criteria attached to performance options and the probability of their realization.

The stock options were issued free of charge. Each stock option entitles the holder to subscribe for one share of Sitowise Group Plc (SITOWS) at a price determined in accordance with the option terms and for the period specified in the option terms.

The Board of Directors has resolved to amend share subscription price for shares to be subscribed based on stock options on 15 December 2022. For stock options 2021A the new share subscription price is EUR 6.00. The share subscription price for the stock options 2021B is maintained unchanged and is EUR 8.10 which equals the share subscription price in the company's initial public offering decreased with the paid dividend. The per-share dividends and capital repayments to be paid annually will be deducted from the share subscription price.

Before the amendment, the share subscription price for all stock options was the share subscription price in the company's initial public offering (EUR 8.20) decreased with annually paid dividends and capital repayments.

The share subscription period for stock options 2021A is 1 April 2024 - 31 March 2025 and for stock options 2021B 1 April 2025 - 31 March 2026. The share subscription period for stock options, however, will not commence, if the vesting criteria established by the Board of Directors for the commencement of the share subscription period have not been achieved. The Board of Directors has divided the stock options 2021A and 2021B into Matching and Performance options. The Board of Directors has decided to remove the vesting criteria for the Match 2021A and Match 2021B options. The vesting criteria concerning the Performance 2021A and Performance 2021B options has not been changed since the establishment of the stock option plan.

The amendments are made to preserve the purpose of the stock option plan which is to engage option holders in the growth of the company's share value. In this manner, a long-term relationship can be established between the company and the option holders that benefits the company both financially and operationally.

The options will be forfeited and transferred back to the Company for no consideration if the option holder resigns or the employment relationship or service contract is terminated before the commencement of the subscription period of the Shares to be subscribed with the options. Under certain conditions, the Board of Directors may decide that the option holder may, however, keep a part of their options.

### Pekka Eloholma

It was decided by the Board of Directors that Pekka Eloholma is entitled to hold 18,000 Performance options of the 2021A series and 18,000 of the 2021B series. Eloholma lost the other options and they were transferred back to the company on the date of termination of the employment relationship.

### Heikki Haasmaa

The Board of Directors granted Heikki Haasmaa 30,000 Match 2021A and Match 2021B options and 50,000 Performance 2021A and Performance 2021B options.

