

## **ENENTO GROUP PLC ANNUAL GENERAL MEETING 2021**

### **REMUNERATION REPORT 2020**

This Remuneration Report sets out how Enento Group Plc (“Enento”, “Company”) has implemented its Remuneration Policy in 2020. This report includes information concerning remuneration of the Board of Directors (“Board”) and the CEO of Enento between 1 January 2020 and 31 December 2020.

The Report has been reviewed and approved by Enento’s Board of Directors. The shareholders will make an advisory decision on the approval of the Remuneration Report at the Company’s Annual General Meeting 2021.

#### **Overview of Remuneration in 2020**

Remuneration of the Enento governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on 12 June 2020. The policy will be applied until the Annual General Meeting in 2024, unless the Board of Directors decides to present it to the Annual General Meeting for an advisory decision earlier.

The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in the remuneration decision-making in 2020. No temporary deviations from Remuneration Policy were applied in 2020. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply clawback to the CEO’s variable remuneration in 2020.

In line with the Remuneration Policy, remuneration in 2020 has supported our long-term growth and shareholder value creation, as well as the strategic focus of developing services which assist our clients in digitalising their processes. A significant portion of the CEO’s total remuneration opportunity has been performance-based to focus on achieving the targets set by the Board, at the same time balancing to avoid excessive risk-taking. To encourage share ownership in Enento, shareholding guidelines for the CEO have been in place to further align long-term shareholder interests with the CEO’s and other top executives’ interests.

In 2020, we had a short-term incentive plan (STI) and two long-term incentive plans (Performance Share Plan 2018-2020, Performance Share Plan 2020-2022) in place for the CEO. Thanks to our progress and growth despite a challenging environment, the criteria outcome in the Performance Share Plan 2018-2020 was above the threshold level but below target. The short-term incentive plan 2020 criteria outcome was below the target level. The rewards for the STI 2020 and the Performance Share Plan 2018-2020 are paid in 2021. Potential rewards

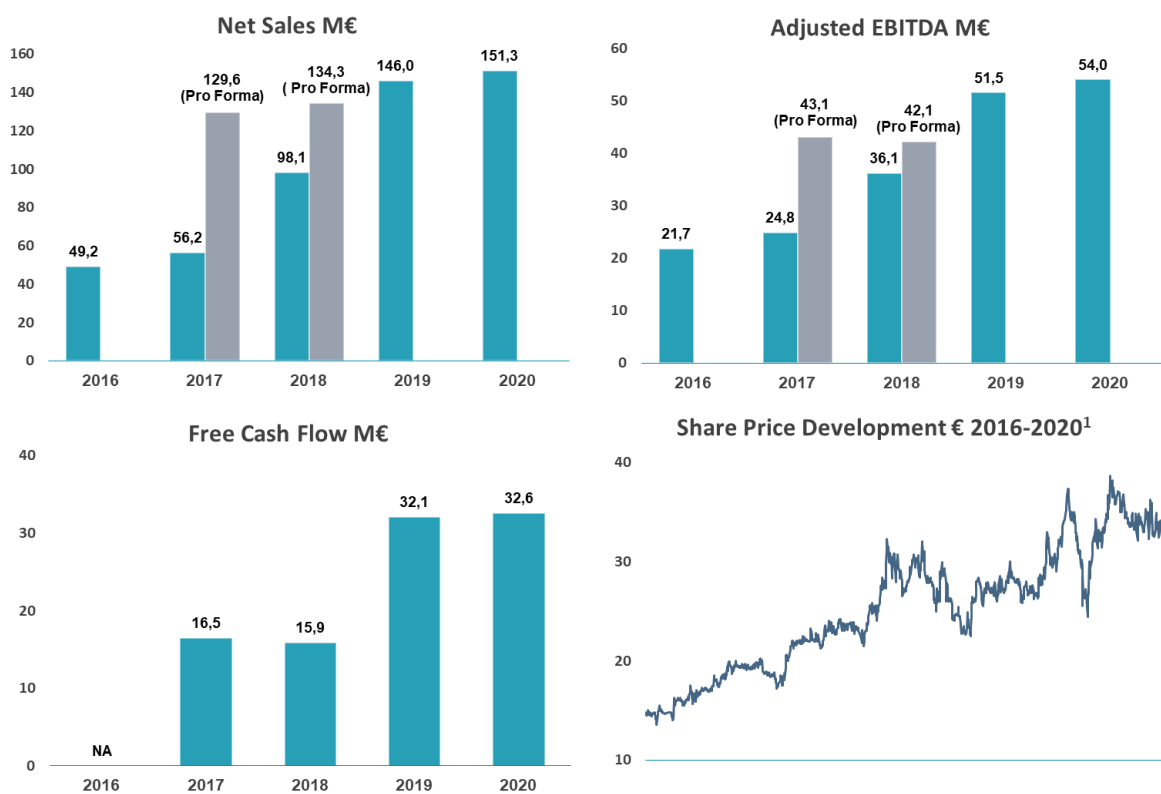
of Performance Share Plan 2020-2022 will be paid in the early 2023. Application of performance criteria is described in more detail in section "Remuneration of the CEO".

Paid remuneration to the CEO in total in 2020, including fixed salary, STI based on 2019, Long-Term Matching Plan 2018-2019, and additional pension contribution was 571 794€.

The CEO's contract of service and the assignment as the CEO of the Company shall expire at the end of the month during which the CEO reaches 63 years of age. The Group has a supplementary voluntary pension plan for the CEO that is classified as defined contribution plan. The cost for the voluntary pension is EUR 8,500 per year.

## Development of Financial Performance and Remuneration

### 5-year Development of Financial Performance



<sup>1</sup> In addition, 4.75€ per share have been distributed as dividends during 2016-2020.

## Development of Financial Performance and Remuneration

### 5-year Development of Remuneration

#### DEVELOPMENT OF PAID CEO REMUNERATION

	2016	2017	2018	2019	2020
BASE SALARY	224 000	236 000	242 000	259 000	264 000
SHORT-TERM INCENTIVE (STI)	117 000	189 000	188 000	104 000	165 000
LONG-TERM INCENTIVE (LTI)	0	0	489 000	718 000	134 000
ADDITIONAL PENSION	9 000	9 000	9 000	9 000	9 000
<b>TOTAL REMUNERATION</b>	<b>350 000</b>	<b>434 000</b>	<b>928 000</b>	<b>1 089 000</b>	<b>572 000</b>

#### DEVELOPMENT:

BASE SALARY	0 %	5 %	3 %	7 %	2 %
TOTAL REMUNERATION	11 %	24 %	114 %	17 %	-48 %

#### DEVELOPMENT OF BOARD REMUNERATION

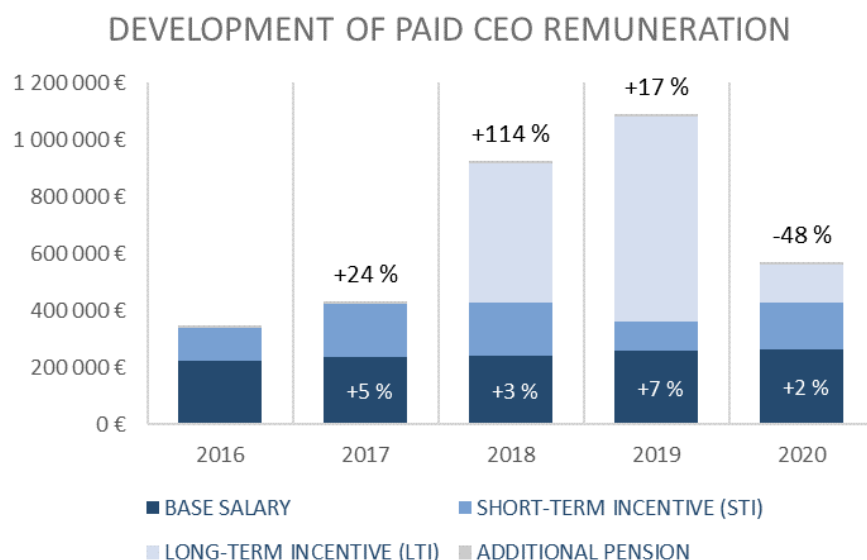
	2016	2017	2018	2019	2020
CHAIRPERSON ANNUAL FEE	40 000	40 000	40 000	50 000	51 000
DEVELOPMENT		0 %	0 %	25 %	2 %
BOARD MEMBER ANNUAL FEE	25 000	25 000	25 000	35 000	36 000
DEVELOPMENT		0 %	0 %	40 %	3 %

#### DEVELOPMENT OF AVERAGE EMPLOYEE SALARY

	2016	2017	2018	2019	2020
DEVELOPMENT OF AVERAGE SALARY PER EMPLOYEE <sup>1</sup>	NA	NA	-9 %	+7 %	-1 %

<sup>1</sup> NOTE: Employee salary development is calculated as all salaries, wages and incentives in euros, excluding Long-Term Incentive and Board fees, and social security expenses. Development for 2016-2017 before merger are not comparable and for that reason not disclosed.

## Development of Paid CEO Remuneration



The Graph presents remuneration paid to the CEO in the corresponding financial year. For example in 2020:

- Base Salaries 1-12/2020
- Short-Term Incentive earned in 2019 and paid in 2020
- Long-Term Incentive earned in Matching 2018-2019 and paid in 2020
- Additional Pension payment in 2020

## Remuneration of the Board of Directors in 2020

Enento Board Remuneration paid 1 January – 31 December 2020:

BOARD MEMBER	FIXED FEES	MEETING FEES	TOTAL
Patrick Lapveteläinen (Chairman of the Board))	50 000 €	5 500 €	55 500 €
Petri Carpén	35 000 €	8 000 €	43 000 €
Martin Johansson	-*	-*	-*
Tiina Kuusisto	35 000 €	5 500 €	40 500 €
Carl-Magnus Månsson	35 000 €	8 300 €	43 300 €
Minna Parhiala Board (member from 12 June 2020)	-	-	-
Petri Nikkilä (member until 12 June 2020)	35 000 €	4 500 €	39 500 €

\* Martin Johansson has declined from receiving remuneration based on membership in Enento Board.

The remunerations of the Board are paid once a year as the Board's term of office ends after the Annual General Meeting. These remunerations paid in 2020 have been paid after the Annual General Meeting held on 12.6.2020 and they are based on the decisions of the 2019 Annual General Meeting.

Shareholders resolved on the Board Remuneration in the Annual General Meeting of 2020 as follows:

#### Annual Fees

- EUR 51,000 to Chairman and
- EUR 36,000 to members

#### Attendance Fees

- EUR 500 per Board meeting
- EUR 500 per Committee meeting for Committee Chairperson
- EUR 400 per Committee meeting for Committee member

These remunerations will be paid to the Board members after the 2021 Annual General Meeting.

## Remuneration of the CEO

### Application of Performance Criteria in 2020

In 2020, the CEO was offered two new performance-based incentive plans: short-term incentive (STI) 2020 and a share-based long-term incentive plan, Performance Share Plan (PSP) 2020-2022. In line with the Remuneration Policy, the reward opportunity was balanced to focus on both long-term value creation and efficient achievement of short-term goals. The STI and LTI performance criteria for 2020 and maximum earning opportunities were set by the Board in December 2019 and early 2020.

For STI 2020, Net sales and Adjusted EBITDA development were selected as performance criteria together with a discretionary component based on board's assessment of CEO's performance on strategic and/or organizational objectives, and the maximum earning opportunity for the CEO was set at 100% of annual fixed salary. The total outcome from the STI was 27% of the maximum.

For PSP 2020-2022, Adjusted EBITDA and Total Shareholder Return (TSR) were selected as performance criteria which are measured for the 3-year period 2020-2022. Adjusted EBITDA and TSR are also used as performance criteria in other Performance Share Plans, PSP 2018-2020 and PSP 2019-2021.

Total outcome for PSP 2018-2020 was 26% of the maximum. 10 304 shares, reduced with a cash portion for tax withholding, will be delivered to the CEO in 2021.

## **Remuneration of the CEO**

### **Share-Based Incentives**

Enento's long-term remuneration consists of Performance Share Plans ("PSP"), which offer the Group's management an opportunity to receive Enento shares as long-term incentives for achieving performance targets set by the Board. The purpose of the PSPs is to encourage the executives and the selected key employees to work on a long-term basis to achieve strategic goals, increase shareholder value and to retain the selected persons in the company.

The Board decides annually on commencement, conditions and performance criteria of new plans. The maximum reward potential for a Performance Share Plan is expressed as a number of shares and defined annually by the Board at the beginning of each plan period. The total vesting time for each plan is minimum 3 years, and the share delivery is conditional upon continued employment until the moment of transferring the shares, or a good leaver ground. The possible reward is paid as a combination of shares and cash. The cash component is intended to cover the taxes and tax-related costs related to the reward.

Shares received by the CEO under the PSP are subject to shareholding requirement that is determined by the Board. Until the required shareholding level is achieved, the CEO is required to hold, and not to sell, all the shares received as a reward.

## Summary of Granted, Earned and Paid Share-Based Incentives to the CEO in Connection to the Reporting Period

Plan	Granted	Performance Conditions	Maximum Reward Shares (gross, incl. cash portion)	Achieved Reward, % of maximum	Gross Shares Earned	Net Shares Paid	Delivery Time
Share Matching 2018-2019	31st August 2018	Share investment or share ownership	4 400	100%	4 400	2 112	Spring 2020
PSP 2018-2020	31st August 2018	Total Shareholder Return 2018-2020, Adjusted EBITDA 2020	39 600	26%	10 304		Spring 2021, Autumn 2021
PSP 2020-2022	19th December 2019	Total Shareholder Return 2020-2022, Adjusted EBITDA 2020-2022	12 000				Spring 2023
PSP 2021-2023	In early 2021	Total Shareholder Return 2021-2023, Adjusted EBITDA 2021-2023					Spring 2024

## Remuneration of the CEO in 2020

The below tables show paid remuneration to the CEO in 2020, as well as earned remuneration based on the year 2020, which is to be paid in 2021. Of the remuneration paid in 2020, 47% was fixed and 53% was variable.

Base Salary + benefits 2020	Additional Pension Payment 2020	Paid variable remuneration in 2020 (earned in 2019)			Earned variable remuneration in 2020 (to be paid in 2021)		
		Paid Short-Term Incentive 2020	Paid Long-Term Incentive in 2020	Total Paid Variable Remuneration in 2020	Earned Short-Term Incentive in 2020	Earned Long-Term Incentive in 2020	Total Earned Variable Remuneration in 2020
264 000 €	9 000 €	165 000 €	134 000 €	299 000 €	68 000 €	346 000 € *	414 000 *

\*Calculated using Enento share price 30 December 2020 (33.60€): Actual value depends on Enento share price at the reward payment date in 2021.