

Remuneration report



2024

Index

Introduction	3
Deviations from the Remuneration Policy and exercise of Clawback	3
Development of remuneration and fees	3
Remuneration of the Board of Directors.....	4
Remuneration of the President & CEO.....	5
Short-term incentive.....	6
Long-term incentive.....	6
Pension plan	6
Conditions for termination	6

Introduction

The remuneration policy approved by Honkarakenne's Board of Directors has been discussed and approved at the company's Annual General Meeting 2024. The Remuneration Policy describes the practices and principles associated with remunerating Honkarakenne's Board members and the President & CEO.

This Remuneration Report discloses the remuneration of the members of the Company's Board of Directors and the President & CEO for the preceding financial year and compares the development of the average remuneration of Honkarakenne's employees and of the Company's financial performance to the development of the fees paid to the Company's governing bodies. This Remuneration Report describes how the Remuneration Policy has been implemented over the preceding financial year.

The remuneration of Honkarakenne is based on the following main principles presented in the Remuneration Policy:

- The opportunity for overall remuneration must be sufficiently competitive in relation to the market level.
- Performance-based incentives form part of the CEO's remuneration potential.
- Some of the performance-based incentives emphasize long-termism, being linked to shareholder value development and the company's strategy.

Deviations from the Remuneration Policy and exercise of Clawback

The Company has not exercised the right to deviate from the Remuneration Policy nor exercised the option of clawback of remuneration in 2024.

Development of remuneration and fees

Below is a comparable description of the remuneration paid to the Board members and President & CEO have developed during the previous five financial years in relation to the average remuneration development of the personnel and the financial development of the Group.

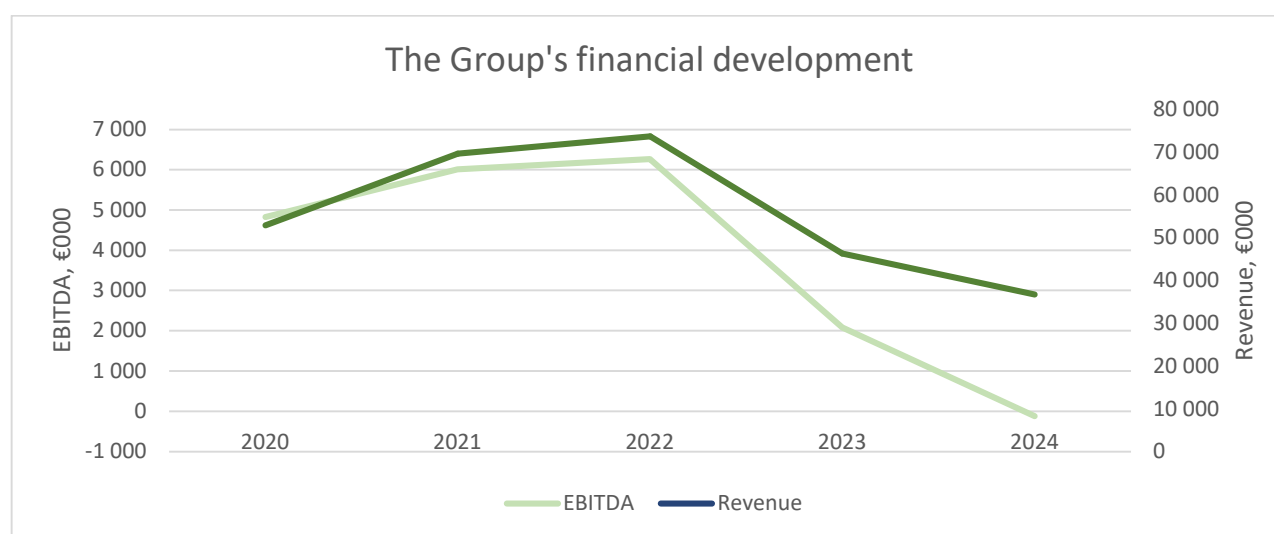
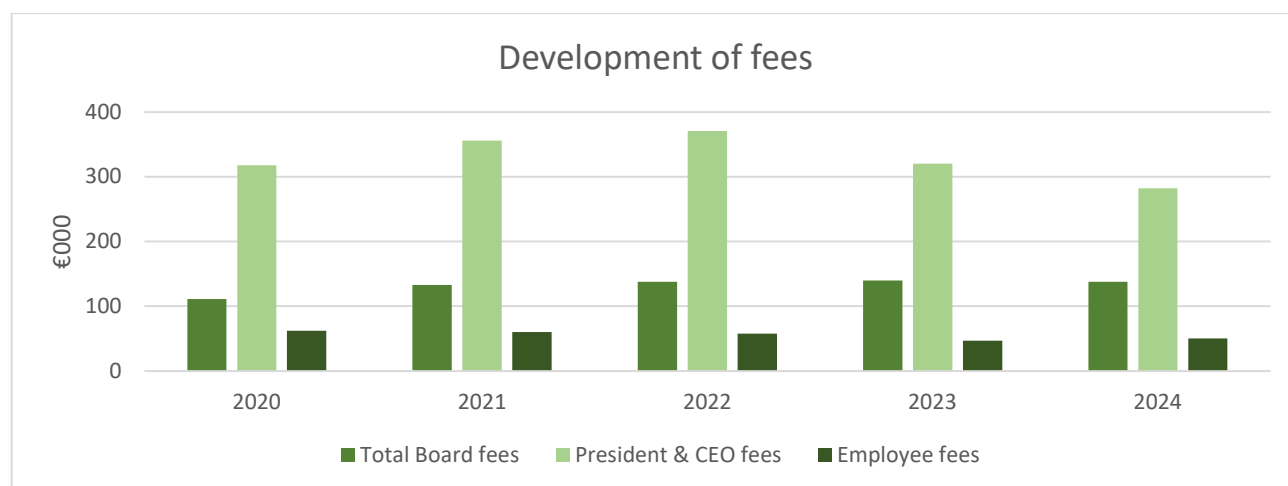
The increase in total remuneration of the Board of Directors since 2020 is explained by changes in the composition of the Board of Directors and an increase in remuneration in 2021. The weak market situation in the sector has led to a decrease in the CEO's compensation to its lowest level in the five-year review period. The remuneration paid in 2024 did not include short-term incentive-based rewards paid annually, as in previous years. The salaries of all employees have been reduced to a lower level due to the economic situation, the decrease in the number of employees and the increase in the number of temporary layoffs.

EUR 1,000	2020	2021	2022	2023	2024
Total Board fees ¹	111	133	138	140	138
President & CEO fees ²	318	356	371	320	282
Employee fees (average) ³	62	60	58	47	50
Revenue	52,896	69,652	73,701	46,289	36,713
EBITDA	4,824	6,005	6,267	2,077	-120

¹ Total annual fees of Board members.

² The total annual remuneration of the President & CEO.

³ Personnel costs according to the company's financial statements divided by the number of employees (FTE).



Remuneration of the Board of Directors

The General Meeting of Honkarakenne decides on the basis for remuneration for work in the Board. The remuneration of Board members consists of monthly remuneration and possible Board Committee meeting remuneration. In the General Meeting 18 April 2024, the following fees were decided to be remunerated to Board members:

	Fee, EUR
Monthly fee of Chairman of the Board	3,500
Monthly fee of member of the Board	2,000
Meeting fee of possible Board Committee	500 / meeting

The Board members do not have an employment relationship with the Company and are not part of any share-based remuneration plan of the Company. The travel costs of permanent Board members will be reimbursed according to the Company's travel policy.

In 2024 the Board of Directors had 5 members and met 12 times. The Board did not have Committees in 2024 nor paid any Committee meeting fees. The fees to the Board were paid fully in cash once a month. There are no additional financial benefits paid to the Board members in 2024. The payments made in 2024 are described in the table below.

All fees paid to the Company's Board of Directors are made within the framework of the effective Remuneration Policy for governing bodies presented to the Annual General Meeting.

Paid in 2024	Annual fee, EUR
Kohtamäki Timo , Chairman of the Board	42,000
Saarelainen Kari , Member	24,000
Halonen Arto , Member	24,000
Ristola Maria , Member	24,000
Tiitola Antti , Member	24,000
Total	138,000

Remuneration of the President & CEO

The terms of the President & CEO's remuneration and contract shall be decided by the Board. President & CEO remuneration has complied with the valid remuneration policy.

The President & CEO's remuneration consists of a fixed monthly salary including fringe benefits, variable long- and short-term incentive plans based on performance, and any other elements that may be included in the remuneration policy.

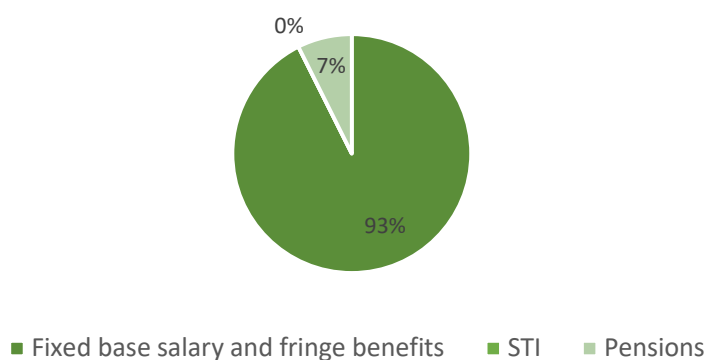
Long- and short-term incentive plans form the performance-based part of the President & CEO's remuneration. In 2023 the President & CEO had no long-term incentive plan in place.

In 2024 the President & CEO was paid a total fee of EUR 282,435. The President & CEO's remuneration consisted of the following in 2024:

- fixed base salary,
- fringe benefits (incl. medical expenses insurance) and
- voluntary pension insurance, amount of one month's salary.

Element, EUR	Paid fees in 2024	Fees due in 2025
Fixed base salary	260,396	-
Fringe benefits	1,173	-
Supplementary pensions based on pension plan	20,869	-

Proportions of the President & CEO 's remuneration in 2024



Short-term incentive

Short-term, performance-based incentive (STI) plans are part of the President & CEO's annual remuneration system. Short-term, performance-based incentive plans are paid in cash.

In 2024, the CEO's short-term performance-based incentive plan was based on the Group's operating profit with a 90% weighting and on the accident frequency rate with a 10% weighting. The STI plan's reward level was formed linearly between zero reward and maximum reward. The target reward level enables 20% and the maximum bonus level 40% of the CEO's annual salary. The targets of the 2024 STI plan were not achieved, and no bonuses will be paid to the CEO in 2025 based on them.

Long-term incentive

The Board decides on the performance criteria for the equity incentive plan and the targets set for each performance criterion at the beginning of the earning period. The potential rewards of the plan are paid after the end of each earning period.

Under the plan, the CEO has the opportunity to earn Honkarakenne Oyj's series B shares based on performance and personal investment in Honkarakenne Oyj's series B shares.

The maximum rewards payable to the CEO from the 2024-2026 plan correspond to 45,000 Honkarakenne Oyj's series B shares, some of which may be paid in cash to cover the tax consequences of receiving the shares.

The Equity Incentive Plan 2024-2026 has one earning period, and the rewards for the earning period were based on the Group's revenue and operating profit (EBIT). Based on the current assessment of the senior management, no rewards to be allocated to profit will be generated from the earning period 2024-2026 of the plan.

Pension plan

The President & CEO's pension cover has been organized with statutory pension cover that is based on length of service and earnings. The President & CEO's retirement age is determined by the Employees Pensions Act.

As part of the President & CEO's overall remuneration, supplementary pension cover of one month's salary was offered in addition to statutory cover. Supplementary pension cover was implemented as defined contribution plan.

Conditions for termination

If the President & CEO's contract is terminated, the President & CEO's compensation will be determined on the basis of contractual obligations and the incentive plan's terms and conditions.

The executive employment contract specifies the President & CEO's period of notice and any severance pay. The President & CEO's notice period is six months on both sides. If the President & CEO's contract is terminated by the company, the President & CEO will also receive additional severance pay equivalent to six months' salary.