

20 23

REMUNERATION
REPORT

Rapala[®]
VMC

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REMUNERATION REPORT

INTRODUCTION

This Remuneration Report sets out how Rapala VMC Corporation (hereinafter the "Rapala VMC" or the "Company") has in 2023 implemented its Remuneration Policy adopted in Rapala VMC's General Meeting on March 26, 2020.

The report includes information concerning the remuneration of the Board of Directors, the President and CEO(s) and the Deputy CEO during the financial year 2023 along with historical development of the same during the last five years.

The Report has been reviewed by the Remuneration Committee of Rapala VMC's Board of Directors and approved by the Board of Directors on 7th of March, 2024. Further Rapala VMC's auditor Ernst & Young Oy has audited this Report confirming it fulfils the requirements set in law, the Decree 608/2019 of the Ministry of Finance and the Corporate Governance Code 2020 of Finnish Securities Market Association.

The Annual General Meeting 2024 makes a consultative decision as to whether it approves this Remuneration Report. In the previous Annual General Meeting 2023 74.40% of all shares and votes in the Company participated in the advisory vote and 19.45% of those voted against accepting the provided remuneration report.

This Remuneration Report along with additional information regarding the remuneration in Rapala VMC are available on Rapala VMC's website at www.rapalavmc.com.

OVERVIEW OF THE REMUNERATION IN 2023

In line with the Remuneration Policy, remuneration in 2023 has aimed to contribute to positive development of shareholder value, enhance competitiveness and long-term financial success and the fulfilment of the Company's strategy. Remuneration is integral to Rapala-VMC Corporation's long-term financial success, incentivizing top talent and aligning their goals with the company's vision. The 2023 remuneration emphasizes fair compensation practices based on performance and value creation. This approach fosters innovation, operational excellence, and accountability throughout the organization, ensuring sustained growth and competitive advantage for Rapala VMC in the market.

The remuneration of the members of the Board of Directors consisted of fixed annual fees and meeting fees. Paid fees are disclosed under the section "Remuneration of the Board of Directors".

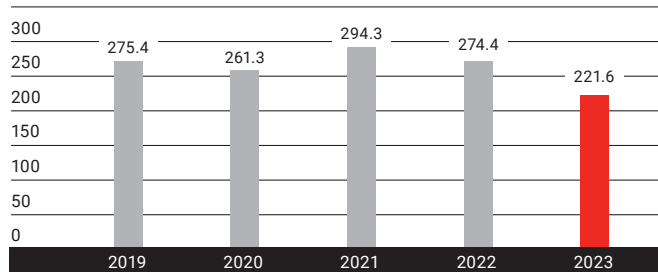
Rapala VMC announced the change of President and CEO on April 4, 2023. Lars Ollberg succeeded Louis d'Alañon, who acted as the interim President and CEO since November 16, 2022. The Company also announced the appointment of Cyrille Viellard as the Deputy CEO on April 4, 2023.

The remuneration of the President and CEO(s) and the Deputy CEO consisted of base salary, benefits and variable remuneration. A more detailed disclosure of the remuneration and the basis for variable remuneration can be found under the section "Remuneration of the President and CEO(s) and Deputy CEO".

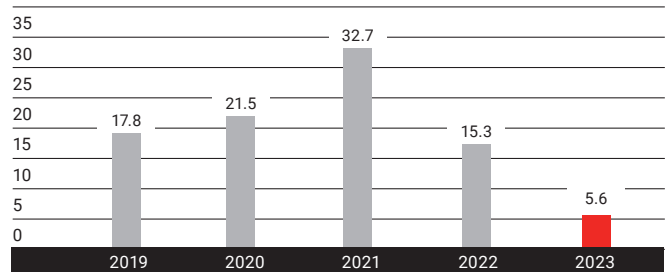
According to the Remuneration Policy of the Company, the Company may deviate from the Remuneration Policy if such deviation is considered necessary to ensure the long-term interests of the Company. The Board resolved to temporarily deviate from the Remuneration Policy concerning the remuneration of interim President and CEO Louis d'Alañon. Further information on the deviation can be found under the section "Remuneration of the President and CEO(s) and Deputy CEO".

DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION 2019-2023

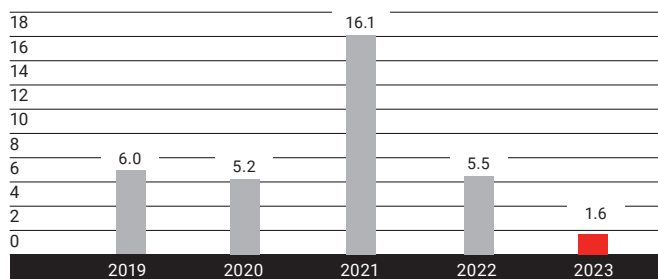
NET SALES, € million



COMPARABLE EBIT, € million



ROCE, %



SHARE PRICE DEVELOPMENT 2019-2023, €*



* Dividends per share 0,04 € in total in 2023

DEVELOPMENT OF REMUNERATION 2019-2023

	2019	2020	2021	2022	2023
Board					
Chairman ann. Fee	80 000	80 000	80 000	80 000	80 000
Development	0%	0%	0%	0%	0%
Board member ann. fee	30 000	30 000	30 000	30 000	30 000
Development	0%	0%	0%	0%	0%
President and CEO					
Base salary + benefits*	287 6971	292 8972	359 378	403 1403	314 727⁴
Short-term incentive (STI)	133 925	-	230 000	240 000	40 333
Long-term incentive (LTI)	-	-	-	-	-
Total compensation	421 622	292 897	589 378	643 140	355 060
Development					
Base salary + benefits	2%	2%	23%	12%	-22%
Total compensation	23%	-31%	101%	9%	- 45%
Deputy CEO					
Base salary + benefits**	N/A	N/A	N/A	N/A	175 488⁵
Short-term incentive (STI)	N/A	N/A	N/A	N/A	15 750⁵
Long-term incentive (LTI)	N/A	N/A	N/A	N/A	-
Total compensation	N/A	N/A	N/A	N/A	191 238⁵
Development	N/A	N/A	N/A	N/A	
Base salary + benefits	N/A	N/A	N/A	N/A	N/A
Total compensation	N/A	N/A	N/A	N/A	N/A
Average employee					
Total salary *** (kEUR)	66 836	65 054	71 466	71 420	61 587
Avg. number of employees	1 631	1 595	1 763	1 703	1 436
Average salary cost	41 000	41 000	41 000	42 000	43 000
Development	4%	0%	-1%	3%	2%

* Including possible supplementary pension policies

** Including possible supplementary pension policies

*** Excluding Indonesia manufacturing unit discontinued at the end of 2020

¹ In 2019, 235 897 € was paid to Jussi Ristimäki and 51 800 € to Louis d'Alañon

² In 2020, 61 323 € was paid to Louis d'Alañon and 231 273 € to Nicolas Cederström Warchalowski

³ In 2022, 370 900 € was paid to Nicolas Cederström Warchalowski and 32 240 € to Louis d'Alañon

⁴ In 2023, 86 300 € was paid to Louis d'Alañon from January 1st to April 30th and 228 427 to Lars Ollberg from May 1st to December 31st

⁵ Compensation paid during the full financial year.

REMUNERATION IN 2023

REMUNERATION OF THE BOARD OF DIRECTORS

Shareholders resolved on the Board remuneration in the Annual General Meeting of 2023 as follows.

Annual Fees:

- 80 000 € for chairman and
- 30 000 € for members.

Meeting Fees (board & committee meetings):

- 1 000 € per meeting

Board Remuneration is paid fully in cash and does not include pension payments or reimbursement for expenses. Members of the Board of Directors are not included in Rapala VMC's short- or long-term incentive programs.

Chairman of the Board Louis d'Alañon acted as the interim President and CEO of Rapala VMC until April 30, 2023. As he was in a service relationship with the Company, he was not entitled to board fees during his tenure as the President and CEO. Remuneration for him for the role of President and CEO has been reported in the section "Remuneration of the President & Deputy CEO" below.

FEES PAID TO THE BOARD DURING CALENDAR YEAR 2023

€	Annual Fee, EUR	Board Meeting Fees, EUR	Committee Meeting Fees, EUR	Total Remuneration
Louis d'Alañon (chair)	46 667	5 000	-	51 667
Jorma Kasslin	30 000	10 000	2 000	42 000
Emmanuel Viellard	30 000	10 000	2 000	42 000
Marc Speeckaert (until 29.3.2023)	-	7 000	1 000	8 000
Alexander Rosenlew (as of 29.3.2023)	30 000	3 000	-	33 000
Julia Aubertin	30 000	10 000	-	40 000
Vesa Luhtanen	30 000	10 000	1 000	41 000
Total				252 667

REMUNERATION OF THE PRESIDENT AND CEO(S) & DEPUTY CEO

INTRODUCTION

During the financial year 2023, Rapala VMC was led by two President and CEO(s). Louis d'Alañon acted as the interim President and CEO from November 16, 2022 up to the appointment of Lars Ollberg as the President and CEO of Rapala VMC on May 1, 2023. The Company also announced the appointment of Cyrille Viellard as the Deputy CEO of the Company on April 4, 2023.

As stated in the Remuneration Policy, the remuneration of the President and CEO and Deputy CEO may comprise base salary and benefits as well as variable remuneration components, such as short-term incentives and long-term incentives.

During 2023, the remuneration of the President and CEO's comprised of base salary, benefits and a short-term incentive. The Deputy CEO's remuneration comprised of base salary, benefits, a short-term incentive and a long-term incentive.

President and CEO Lars Ollberg was paid a total remuneration of EUR 228 427, including base salary and benefits. The interim President and CEO Louis d'Alañon was paid a total remuneration of EUR 126 633, including base salary, benefits and a short-term incentive bonus. The Deputy CEO was paid a total remuneration of EUR 191 238, including base salary, benefits and a short-term incentive bonus based on the financial year 2022. Neither the President and CEO nor the Deputy CEO are entitled to supplementary pensions.

SHORT-TERM INCENTIVES

According to the Rapala VMC Remuneration Policy, President and CEO's short-term incentive plan may be based on the result of the Group or other criteria decided by the Board.

During 2023, the President and CEO Lars Ollberg and the Deputy CEO Cyrille Viellard participated in the Company's performance-based short-term incentive plan (STI 2023). For the President and CEO, the rewards were based on financial and strategy related criteria. The Deputy CEO's criteria additionally included business unit related performance criteria. The maximum remuneration payable to the President and CEO under the STI 2023 was EUR 191 667 and for the Deputy CEO EUR 175 000.

The achievement of the criteria for the President and CEO was 51%, corresponding to a pay-out of EUR 98 229. The achievement of the criteria for the Deputy CEO was 39%, corresponding to a pay-out of EUR 67 445. The rewards from STI 2023 will be paid during the financial year 2024.

During 2023, the Deputy CEO Cyrille Viellard was paid a bonus of EUR 15 750 based on the short-term incentive from 2022. The bonus was based on a period preceding his appointment as the Deputy CEO.

During 2023 it was noted, that Louis d'Alañon's foregoing loss of board fees was not taken into account when determining his salary and thus his salary as the President and CEO was set too low. As a result, the Board of Directors agreed to award d'Alañon a bonus of EUR 40 333. The amount of bonus corresponded to the board fees he forfeited during his tenure as the interim President and CEO of the Company. The bonus was paid in connection with the payment of board fees, on July 17, 2023.

SHORT-TERM INCENTIVES 2023

	Criteria	Weight	Achievement	Total outcome	Max. reward	Earned reward	Payment year	
President and CEO	Group Results	Net Sales	15%	0%	51%	191 667 €	98 229 €	2024
		Comparable EBIT	30%	0%				
		Average Inventory	15%	75%				
		Strategy execution	40%	100%				
Deputy CEO*	Group Results	Net Sales	7%	0%	39%	175 000 €	67 445 €	2024
		Comparable EBIT	7%	0%				
		Average Inventory	7%	50%				
		Strategy execution	20%	25%				
	BU/Regional Performance	Net Sales	13%	0%				
		E2E Gross Profit	26%	100%				
		Free Cash Flow	13%	18%				
		Average Inventory	7%	0%				
	Strategy execution	30%	%					

* Short-term incentive concerning full financial year, including pre-Deputy CEO nomination criteria.

LONG-TERM INCENTIVES

According to the Remuneration Policy the objectives of the Company's long-term incentive plans are to achieve the targets and strategy set by the Company and to promote the Company's long-term financial success and competitiveness.

President and CEO or the Deputy CEO did not participate in the Company's long-term incentive plans during 2023.

The Deputy CEO participated in the Key Employees Performance Share Plan 2021-2023 (PSP 2021-2023), which consisted of one performance period, covering the financial years 2021-2023. The aim of the PSP 2021-2023 was to align the objectives of the shareholders and the participants for increasing the value of the company in the long-term, to retain the

participants at the company and to offer them competitive incentive schemes that are based on earning and accumulating shares.

The Deputy CEO's allocation corresponded to a value of an approximate maximum total of 42 500 Rapala VMC shares (including the proportion to be paid in cash to cover tax withholding). The performance criteria were based on the Rapala VMC's Group Product Sales, Comparable EBIT and Average Working Capital to sales ratio in financial year 2023, and the Company's average share price during a measurement period of any forty (40) consecutive trading days during 2023.

The achievement of the performance criteria for the Deputy CEO was 10.7%, corresponding to a pay-out of equivalent to 4 548 shares (approximately EUR 13 644 based on the share price on December 30, 2023, effective share price to be confirmed based on the plan terms). The reward will be paid during the financial year 2024.

LTI

	Criteria	Weight	Achievement	Total outcome	Max. Allocated shares Deputy CEO (gross)	Earned shares Deputy CEO (gross)	Payment year	
PSP 2021-2023	Share Price	20%	0%	10.7%	42 500	4 548	2024	
	Financial Performance	Group Product Sales	20%					40%
		Comparable EBIT	20%					0%
		Average Working Capital	20%					0%

TOTAL PAID REMUNERATION 2023

	Base Salary + Benefits	Short-term Incentive	Long-term Incentive	Total Paid Compensation
Lars Oilberg				
President and CEO 1 May 2023 -	228 427 €	-	-	228 427 €
Proportional Share	100%	0%	0%	
Louis d'Alañon				
Interim President and CEO 16 November 2022 - 3 April 2023	86 300 €	40 333 €	-	126 633 €
Proportional Share	68%	32%	0%	
Cyrille Viellard				
Deputy CEO 4 April 2023 -	175 488 €	15 750 €	-	191 238 €
Proportional Share	92%	8%	0%	

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