

**Rapala**<sup>®</sup>  
**VMC**



REMUNATION REPORT **2022**

# CONTENTS

REMUNERATION REPORT .....	3
DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION .....	4
REMUNERATION IN 2022 .....	6

# REMUNERATION REPORT

## REMUNERATION REPORTING IN GENERAL

This Remuneration Report sets out how Rapala VMC Corporation (hereinafter the "Rapala VMC" or the "Company") has in 2022 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 and the President and CEO(s) during the financial year (calendar year) 2022 along with historical development of the same during the last five years. Remuneration of the Executive Committee (Global Management Team) is not covered by this Report, but the information is available at the website of Rapala VMC.

The Report has been reviewed by the Remuneration Committee of Rapala VMC's Board of Directors and approved by the Board of Directors on February 10, 2023. 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 2023 makes a consultative decision as to whether it approves this Remuneration Report. In the previous Annual General Meeting 2022 67.56% of all shares and votes in the Company participated in the advisory vote and 89.33% of those voted for and 10.66% against accepting the provided remuneration report.

A remuneration policy must be presented to the General Meeting at least every four years. Therefore, the revised Remuneration Policy of Rapala VMC will be presented by the Board of Directors to the Annual General Meeting of 2024 the latest.

This Remuneration Report along with additional information regarding the remuneration in Rapala VMC are available on Rapala VMC's website at [www.rapalavmc.com](http://www.rapalavmc.com).

## OVERVIEW OF THE REMUNERATION IN 2022

In line with the Remuneration Policy, remuneration in 2022 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. No temporary deviations from Remuneration Policy were applied in 2022.

As on previous years the members of the Board of Directors were paid a fixed annual fees and meeting fees. Paid fees are disclosed under "Remuneration of the Board of Directors" below.

Rapala VMC announced the change of President and CEO on November 16, 2022. Louis d'Alañon succeeded Nicolas Cederström Warchalowski who acted as the President and CEO since March 1, 2020.

Nicolas Cederström Warchalowski's remuneration consisted of fixed salary and a performance-based short-term incentive scheme that had a direct link to the Company's strategy execution and financial performance. The Board of Directors resolved on the earning opportunities and performance targets for the short-term incentive at the beginning of the financial year. The performance metrics for 2022 were based on sales, comparable EBIT, average inventory and execution of strategy. As a result of the evaluation criteria, 7.9% was earned of the short-term incentive plan 2022. According to the executed Termination Agreement Nicolas Cederström Warchalowski is entitled to said short-term incentive along with a severance pay.

In 2021 two new share-based incentive plans covering the years 2021-2023 concerning the President and CEO were established. As Nicolas Warchalowski has departed the Company, these long-term incentive plans have become void for his part.

Louis d'Alañon's remuneration as President and CEO consist of fixed salary and he has not been offered any variable pay plans during his current tenure as acting President and CEO. Due to his current service relationship with the Company he is not entitled to annual or meeting fees of the board subject to the decision of the Annual General Meeting of 2022 concerning the board fees.

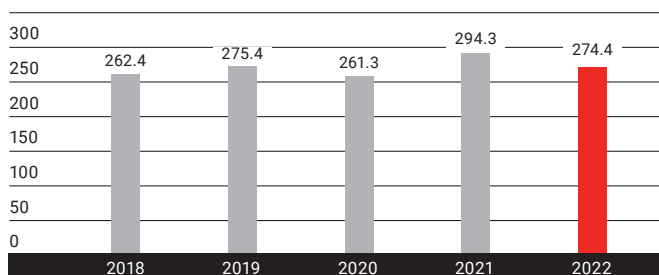
Fees paid for the President and CEO(s), the application of the performance criteria for short-term incentive plan in detail and Nicolas Cederström Warchalowski's severance pay are disclosed under the section "Remuneration of the President and CEO" below.

# DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION

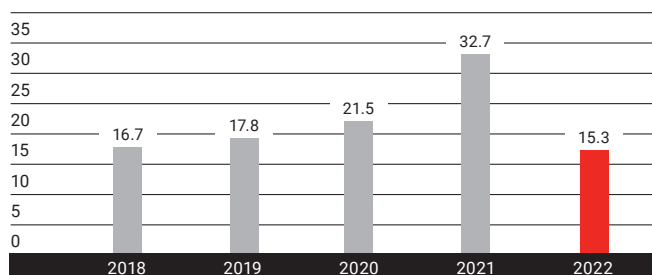
## FINANCIAL PERFORMANCE 5 YEARS

Rapala VMC's 2022 net sales decreased by 7% and Comparable EBIT by 53% from the previous year. ROCE reached level of 5.5%.

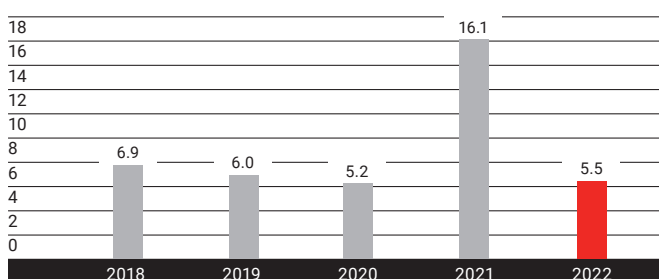
NET SALES, € million



COMPARABLE EBIT, € million



ROCE, %



SHARE PRICE DEVELOPMENT 2018-2022, €\* €\*



\* Dividends per share 0,15 € in total in 2022

## REMUNERATION DEVELOPMENT 5 YEARS

Presented below is the development of the paid remuneration of Board of Directors, the President and CEO along with the average remuneration of Rapala VMC's employees.

### DEVELOPMENT OF BOARD REMUNERATION

€	2018	2019	2020	2021	2022
Chairman ann. fee	80 000	80 000	80 000	80 000	<b>80 000</b>
Development	0%	0%	0%	0%	<b>0%</b>
Board member ann. fee	30 000	30 000	30 000	30 000	<b>30 000</b>
Development	0%	0%	0%	0%	<b>0%</b>

### DEVELOPMENT OF AVERAGE EMPLOYEE SALARY

€, 000	2018	2019	2020	2021	2022
Total salary costs*	63 915	66 836	65 054	71 466	<b>71 420</b>
Avg. number of employees	1 626	1 631	1 595	1 763	<b>1 703</b>
Average salary cost	39	41	41	41	<b>42</b>
Development	- 3%	4%	0%	- 1%	<b>3%</b>

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

### DEVELOPMENT OF PAID CEO COMPENSATION

€	2018	2019	2020	2021	2022
Base salary + benefits*	282 557	287 697 <sup>1</sup>	292 897 <sup>2</sup>	359 378	<b>403 140<sup>3</sup></b>
Short-term incentive (sti)	61 155	133 925	-	230 000	<b>240 000</b>
Long-term incentive (lti)	-	-	-	-	-
Total compensation	343 712	421 622	292 897	589 378	<b>643 140</b>

#### Development

Base salary + benefits	7%	2%	2%	23%	<b>12%</b>
Total compensation	%	23%	-31%	101%	<b>9%</b>

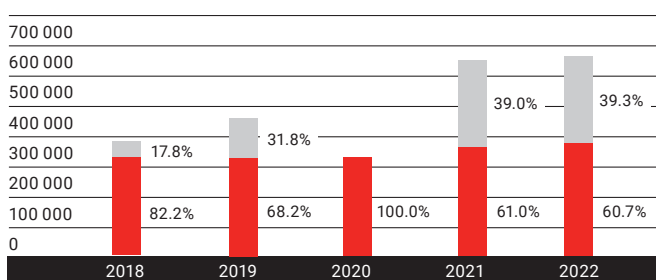
\* Including supplementary pension policies

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

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

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

### HISTORICAL PROPORTIONS OF PAID CEO COMPENSATION, €\* COMPENSATION, €\*<sup>\*</sup>



■ Base salary  
■ STI

\* Graph above presents CEO remuneration paid in the corresponding financial year, including the base salary + benefits (including supplementary pension policies) and the paid Short-Term Incentive earned in the previous year but paid in the corresponding year.

# REMUNERATION IN 2022

## REMUNERATION OF THE BOARD OF DIRECTORS

Shareholders resolved on the Board remuneration in the Annual General Meeting of 2022 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. Members of the Board of Directors are not currently included in Rapala VMC's short- or long-term incentive programs.

## FEES PAID TO THE BOARD DURING CALENDAR YEAR 2022

€	Fixed Fees	Meeting Fees	Total
LOUIS D'ALANÇON (CHAIR)	80 000	12 000	<b>92 000</b>
JORMA KASSLIN	30 000	10 000	<b>40 000</b>
EMMANUEL VIELLARD	30 000	12 000	<b>42 000</b>
MARC SPEECKAERT	30 000	12 000	<b>42 000</b>
JULIA AUBERTIN	30 000	10 000	<b>40 000</b>
VESA LUHTANEN	30 000	10 000	<b>40 000</b>

Chairman of the Board Louis d'Alançon has been nominated additionally as the President and CEO of Rapala VMC. As he is in service relationship with the Company, he is not entitled to the board fees during his tenure as acting President and CEO. Remuneration for him for the role of President and CEO has been reported in the section "Remuneration of the President and CEO in 2022" below.

## REMUNERATION OF THE PRESIDENT AND CEO

### Application of performance criteria in 2022

According to the Rapala VMC Remuneration Policy, President and CEO's short-term incentive scheme may be based on the result of the Group or other criteria decided by the Board. On the other hand, according to the Policy the objective of the long-term incentive scheme is to encourage the President and CEO to manage the Company over a long period of time in order to achieve the targets and strategy set by the Company, promoting the Company's long-term financial success and competitiveness.

In 2022, past President and CEO Nicolas Cederström Warchalowski was offered a performance-based short-term incentive. For short-term incentive 2022, sales, comparable EBIT, average inventory and execution of strategy were set as the performance criteria, and the maximum earning opportunity for the President and CEO was set at 230 000 €. Based on the criteria achievement, the total outcome of the short-term incentive in 2022 did lead to a earned reward of 18 227 €. The reward is due to payment in 2023 and Nicolas Cederström Warchalowski is entitled to this reward based on the Termination Agreement signed between him and the Company.

According to the termination agreement signed between the Company and Nicolas Cederström Warchalowski, after a six months' notice period (during which Nicolas Cederström Warchalowski is entitled to the full salary and all fringe benefits), a severance pay of 312 000 euro is paid at the termination date in May 2023.

## THE PRESIDENT AND CEO'S SHARE-BASED INCENTIVES

Two share-based incentive plans were established in 2021 covering the past President and CEO Nicolas Cederström Warchalowski. The aim of the plans was to align the objectives of the shareholders and the plan 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.

In the President and CEO's Matching Share Plan 2021-2023 the past President and CEO was given an opportunity to receive matching shares for his personal investment in Rapala VMC shares after the matching period (FYs 2021-2023). The reward to be paid corresponded to the value of a maximum total of 28 800 Rapala VMC shares, also including the proportion to be paid in cash.

For the past President and CEO, The Key Employees' Performance Share Plan 2021-2023 provided an allocation that corresponded to a value of an approximate maximum total of 120 000 Rapala VMC shares (including the proportion to be paid in cash) of the potential rewards based

on the Rapala VMC's financial performance criteria and the Company's share price criterion to be measured in 2023.

For the whole plan the rewards to be paid in 2024 correspond to the value of an approximate maximum total of 800 000 Rapala VMC shares (including the proportion to be paid in cash). The financial performance criteria for the performance period are the Rapala VMC group product sales, the Company's comparable earnings before interest and taxes (comparable EBIT) and the Rapala VMC's average working capital ratio in 2023 along with the share price criterion.

As Nicolas Cederström Warchalowski has departed the company neither of the long-term Share-Based Incentives were earned by him and they are deemed void for his part.

The Chairman of the Board Louis d'Alançon has not been offered any variable pay plans during his current tenure as acting President and CEO. However, the Remuneration Committee and the Board of Directors considers variable pay plans for Louis d'Alançon during spring 2023.

## REMUNERATION PAID TO THE PRESIDENT AND CEO(S) IN 2022

€	Base Salary	Fringe Benefits	Additional Pension Payment	Short-term Incentive	Long-term Incentive	Total Paid Compensation
Nicolas Cederström Warchalowski	323 360	23 422	24 097	240 000 <sup>1</sup>	-	<b>610 879</b>
Proportional Share	53%	4%	4%	39%	-	
Louis d'Alançon	32 240	-	-	-	-	<b>32 240<sup>2</sup></b>
Proportional Share	100%	0%	0%	0%	0%	

<sup>1</sup> Earned 18 227 € in 2022, paid in 2023

<sup>2</sup> Excluding the board fees reviewed in "Remuneration of the Board of Directors 2022" section above

## SHARE BASED INCENTIVES DURING THE PERIOD 1.1.2021 - 31.12.2021 FOR PAST PRESIDENT AND CEO

Performance period	Grant date	Grant date share price, €	Earnings criteria	Criteria outcome (out of max level)	Payment date	Payment method
FY 2021-2023	1 April 2021	7.10	Total share return, Group product sales, EBIT margin in 2023, Group's average working capital ratio in 2023	Void due to departure	Not to be paid	Cash and equity
FY 2021-2023	25 February 2021	6.56	Continued employment	Void due to departure	Not to be paid	Cash and equity

**Rapala**<sup>®</sup>  
**VME**