

Remuneration Report 2023



Purmo Group Remuneration Report 2023

This Remuneration Report 2023 has been prepared by the Remuneration Committee of Purmo Group Plc. The report describes the implementation of Purmo Group’s Remuneration Policy, which was adopted by an unanimous advisory resolution of the shareholders at the Annual General Meeting of shareholders on 25 April 2022.

- Remuneration Principles applied in Purmo Group in accordance with the Remuneration Policy aim to:
- Divide remuneration into elements such as fixed base salary, variable performance-based incentives and other payments such as pension and fringe benefits
 - Define clear key performance indicators linked to strategy execution
 - Attract and retain top talent
 - Enhance employee engagement through clarity and understanding

The Company’s Remuneration Committee reviews the Remuneration Policy annually to ensure alignment with market practices, the Company strategy, and the long-term aspiration of the Company. The Remuneration Policy is available on our [website](#).

The Remuneration Report presents the terms of the payments made and illustrates the alignment of the remuneration with Company performance and strategy.

This report contains information concerning Purmo Group Plc’s remuneration for the financial year 2023. This report will be presented to the Annual General Meeting of shareholders to be held on 9 April 2024.

The Remuneration Report 2023 follows the Finnish Corporate Governance Code 2020 and applicable legislation. The actual remuneration paid in 2023 to the Board of Directors and reported here complies with the framework and principles set forth in the Remuneration Policy 2022. No temporary deviations from the Remuneration Policy were made and no

remuneration of the Board nor the CEO has been reclaimed or restated during the financial year 2023.

Remuneration and company performance

The year 2023 was the Company’s second year after the merger of Purmo Group Ltd with Virala Acquisition Company Plc (forming Purmo Group

Plc). Therefore, the Company will use data from Purmo Group Ltd for remuneration development comparison.

The table below presents the development of the Company’s Board members’ and CEO’s remuneration compared to the development of the average remuneration of Purmo Group employees and Purmo Group’s financial development.

Compensation	2023	2022	2021	2020	2019
Remuneration of BoD members, EUR	523,200	461,800 ³	503,172	761,000	195,000
% of net sales	0.1%	0.1%	0.1%	0.1%	0.0%
Remuneration of CEO, EUR	718,108	818,974	683,662	711,709 ¹	589,449
% of net sales	0.1%	0.1%	0.1%	0.1%	0.1%
Average Purmo Group employee, EUR ²	38,405	37,130	38,835	36,526	36,655
Average number of personnel	3,228	3,476	3,360	3,287	3,297
Net sales, MEUR	743.2	904.1	843.6	671.2	696.8
Adjusted EBITDA, MEUR	92.3	92.9	103.9	85.1	65.4

¹ Includes the previous CEO's salary and bonus until 31 August 2020 and the current CEO's salary and bonus from 1 July 2020.
² Average Purmo Group Employee remuneration includes all wages and salaries, including short-term incentive payments divided by the average number of employees during the year. Remuneration excludes social security and other employer costs.
³ The remuneration for Board of Directors in 2022 has been revised.

Remuneration of the Board of Directors

The Shareholders’ Nomination Board proposes to the Annual General Meeting the remuneration paid to the Board of Directors. In the Annual General Meeting on 12 April 2023, it was resolved that the annual fees are kept unchanged, and the members of the Board of Directors should be paid annual fees as follows:

- EUR 92,000 for the Chair of the Board
- EUR 53,000 for the Vice Chair of the Board
- EUR 53,000 for each of the Chairs of the Board committees
- EUR 48,000 for each ordinary Board member.

Out of the annual remuneration, approximately 40% of the annual fee was paid in Purmo Group’s class C shares. The Board members are expected to keep such shares for the duration of their board assignment. If a part of the fee cannot be paid in shares as required by law or other regulations or for reasons related to a member of the Board of Directors, the fee may be paid in full in cash.

- In addition to the annual fee, a meeting fee was paid to the members of the Board of Directors for each meeting of the Board and its committees as follows:
- EUR 800 per meeting held in Board member's country of residence

- EUR 1,400 per meeting held outside of the Board member's country of residence but on the same continent as the Board member’s country of residence
- EUR 2,600 per meeting held on another continent than the Board member's country of residence
- EUR 800 per meeting held by telephone or through virtual communication channels

An additional meeting fee of EUR 800 was paid to the Chair of the Board and the Chair of the Board Committees for each meeting of the Board and its committees.

In addition, compensation for reasonable travel, accommodation and other expenses related to the Board of Directors and committee work were reimbursed according to the applicable policies of the company.

Remuneration of the CEO of Purmo Group Plc

In accordance with the remuneration policy, the CEO’s remuneration is built by elements, such as base salary, short-term and long-term incentive and other benefits so that the remuneration is attractive and linked to the strategy execution.

The remuneration paid out to Board members for 2023, EUR

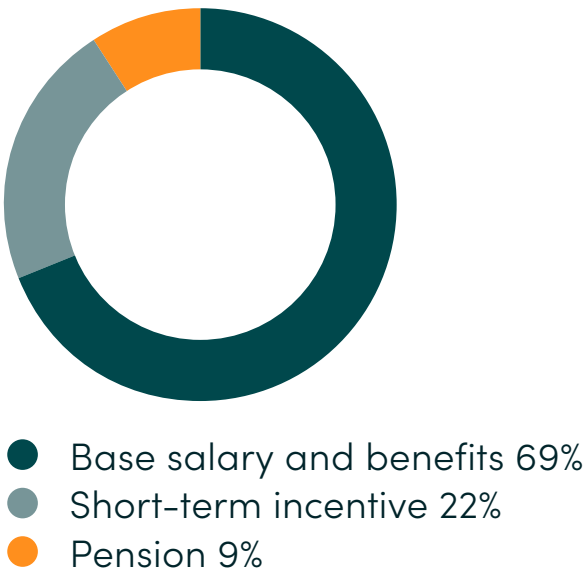
Board member	Fixed annual fee 2023	Meeting fees 2023	Total remuneration 2023	Remuneration in shares 2023	Total remuneration 2022
Tomas von Rettig, Chair	92,000	26,200	118,200	-	78,000
Matts Rosenberg	53,000	21,000	74,000	2,436	71,600
Carina Edblad	48,000	13,200	61,200	2,206	60,600
Catharina Stackelberg	48,000	13,400	61,400	2,206	58,200
Carlo Grossi	48,000	14,800	62,800	2,206	59,400
Alexander Ehrnrooth	48,000	20,200	68,200	2,206	63,600
Jyri Luomakoski	53,000	24,400	77,400	2,436	70,400
Total	390,000	133,200	523,200	13,696	461,800

The remuneration paid to the CEO for 2023, EUR

Base salary	Short-term incentive ¹	Long-term incentive in cash	Long-term incentive in shares	Benefits	Pension allowance ²	Total
495,552	158,577	-	-	2,979	61,000	718,108

¹ Earned based on performance in the financial year 2023, paid in Q1 2024.
² The CEO is typically qualified to join the company's defined contribution pension plan. However, since the CEO has already reached the Life Time Pension Allowance limit, they are instead given a supplementary pension contribution. This contribution is equal in amount to what the regular pension contribution would have been. There is no predetermined retirement date set for the CEO.

CEO’s remuneration elements
in 2023, %



CEO’s Short-Term Incentive Programme

The payment of short-term incentive is based on the Company targets set forth by the Board of Directors and based on performance in the financial year.

Short-Term Incentive performance period 2022
(paid in 2023)

The CEO’s Short-Term Incentive for 2022 was based on the achievement of the pre-defined company targets for the financial year January–December 2022. In 2022 the amount of the annual short-term incentive (STI) plan was a maximum of 60% of the CEO’s annual base salary.

Purmo Group’s targets for 2022 resulted in a CEO’s STI achievement of 3.75% of annual base salary. The financial STI payment was paid in March 2023.

Performance metrics for 2022	Weight	Result (0-100%)
Adjusted EBITDA	60%	between 0-50%
Free Cash Flow	30%	between 0-50%
ESG Targets	10%	between 50-100%
Pay-out		EUR 17,888 ¹

¹ Converted from GBP using average exchange ratio in 2022.

Short-Term Incentive performance period 2023
(paid in 2024)

The CEO’s Short-Term Incentive for 2023 was based on the achievement of the pre-defined company targets for the financial year January–December 2023. In 2023, the amount of the annual short-term incentive (STI) plan was a maximum of 80% of the CEO’s annual base salary.

Purmo Group’s targets for 2023 resulted in a CEO’s STI achievement of 32.0% of the annual base salary. The financial STI payment will be paid in March 2024.

Performance metrics for 2023	Weight	Result (0-100%)
Adjusted EBITDA	40%	between 0-50%
Accelerate PG Programme	40%	between 50-100%
Net Working Capital	10%	between 0-50%
ESG Targets	10%	between 0-50%
Pay-out		EUR 158,577 ¹

¹ Converted from GBP using average exchange ratio in 2023.

CEO’s Long-Term Incentive Programme

The CEO participated in long-term Performance-Based Matching Share Plan that was determined by the Board of Directors and launched on 6 July 2022. CEO invested a total of 32,258 of existing Purmo Group’s class C shares in the programme. CEO is entitled to a similar pay-out with all other participants in the long-term incentive plan.

Plan	Plan name	Performance period	Pay-out year	Performance metrics	Weight	Result
Matching Share Plan	LTIP 2022	2022–2025	2026–2027	Total Shareholder Return (TSR)	100%	–

The performance criterion of the plan is Total Shareholder Return (TSR) of the Purmo Group class C share as set by the Board of Directors. Achievement of set TSR targets will determine the proportion of the maximum reward payable to participants.

The minimum threshold for reward pay-out is a share price of EUR 16.00 per share. The maximum reward is earned at a share price of EUR 24.00 per share. Accumulated dividends and return of capital from reserves distributed during 2022–2027 are added to the share market price when calculating the TSR. The new Performance-Based Matching Share Plan comprises one performance period from the financial year 2022 to 2025. The performance period is followed by a pay-out period covering the financial years 2026 and 2027. The reward will be paid in both Purmo Group class C shares and in cash to cover taxes and statutory social security contributions arising from receipt of the reward.

PURMO

G R O U P

Purmo Group Plc
+358 40 527 1427
Bulevardi 46, P.O. Box 115
FI-00121 Helsinki
Finland

investors@purmogroup.com