

Remuneration report 2022

Purmo Group Remuneration Report 2022

This Remuneration Report 2022 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 Remuneration Policy aim to:

- Divide remuneration in 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 annually the Remuneration Policy to ensure alignment with market practices, the Company strategy, and the long-term aspiration of the Company.

Remuneration Policy is available on [our website](#).

The Remuneration Report 2021 was presented at the Annual General Meeting of shareholders on 25 April 2022 and supported in the unanimous advisory resolution.

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 2022. This report 2022 will be presented to the Annual General Meeting of shareholders planned on 12 April 2023.

The Remuneration Report 2022 follows the Finnish Corporate Governance Code 2020 and applicable legislation. The actual remuneration paid in 2022 to 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 2022.

Remuneration and company performance

The year of 2022 was Company's first year after

Purmo Group Ltd merger to Virala Acquisition Company Plc (forming Purmo Group Plc), therefore the Company will use Purmo Group Ltd data for remuneration development comparison.

The table below presents the development of the Company's Board member's and CEO's remuneration compared to the development of the average remuneration of Purmo Group employees and Purmo Group's financial development. Comparable data is only available for the previous four years.

Compensation	2022	2021	2020	2019
Remuneration of BoD members, EUR	562,489	503,172	761,000	195,000
% of net sales	0.1%	0.1%	0.1%	0.0%
Remuneration of CEO, EUR	818,974	638,662	711,709 ¹	589,449
% of net sales	0.1%	0.1%	0.1%	0.1%
Average Purmo Group employee, EUR ²	37,130	38,835	36,526	36,655
Average number of personnel	3,476	3,360	3,287	3,297
Net sales, MEUR	904.1	843.6	671.2	696.8
Adjusted EBITDA, MEUR	92.9	103.9	85.1	65.4

¹ Includes previous CEO's salary and bonus until 31 August 2020 and current CEO's salary and bonus from 1 July 2020.

² Compensation includes all wages and salaries, including short-term incentive payments excluding employer costs (social security, pension costs, other benefits) divided by the average number of employees during the year.

Remuneration of 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 25 April 2022, it was decided that the Board will be paid annual fee and additional meeting fee. The annual fees were decided 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. Chair of the Board abstained from receiving the class C shares as part of the remuneration hence he was only paid 60% of the annual fee 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 600 per meeting held in Board members country of residence
- EUR 1,200 per meeting held outside of the Board members country of residence but on the same continent as the Board member's country of residence
- EUR 2,400 per meeting held on another continent than the Board members country of residence
- EUR 600 per meeting held by telephone or through virtual communication channels

An additional meeting fee of EUR 600 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, 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 2022, EUR

Board member	Fixed annual fee 2021 ¹	Meeting fees 2021 ¹	Fixed annual fee 2022	Meeting fees 2022	Share award 2022
Tomas von Rettig, Chair	- ²	-	55,200	22,800	- ³
Matts Rosenberg	- ²	-	53,000	18,600	21,194
Carina Edblad	1,750	800	48,000	12,600	19,191
Catharina Stackelberg	1,750	-	48,000	10,200	19,191
Carlo Grossi	1,750	800	48,000	11,400	19,191
Alexander Ehrnrooth	1,800	1,750	48,000	15,600	19,191
Jyri Luomakoski	1,800	1,750	53,000	17,400	21,181
Total	8,850	5,100	353,200	108,600	119,139

¹ Paid in 2022 for Purmo Group Ltd Board.

² No remuneration was paid when Rettig Group Ltd ownership was 100% in Purmo Group Ltd.

³ Tomas von Rettig used his right to abstain the share portion of the annual fee.

The remuneration paid to the CEO in 2022, EUR

Base salary	Short-term incentive ¹	Long-term incentive in cash	Long-term incentive in shares	Benefits	Pension allowance ²	Total
486,308	267,620	-	-	2,789	62,257	818,974

¹ Earned based on performance in the financial year 2021, paid in Q1 2022.

² The CEO is normally eligible to become an active member of the company's defined contribution pension scheme. However, the CEO has reached the Life Time Pension Allowance and therefore a supplementary payment equivalent to 15% of the base salary is paid in lieu of a pension contribution. There is no specified retirement date for the CEO.

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 2021 (paid in 2022)

The CEO's Short-Term Incentive for 2021 was based on the achievement of the pre-defined Purmo Group targets for the financial year January – December 2021. In 2021 the amount of the annual short-term incentive (STI) plan was a maximum of 60% of the CEO's annual base salary.

The Purmo Group targets for 2021 resulted in CEO's Short-Term Incentive achievement of 54% of annual base salary. The financial STI payment was paid in March 2022.

Performance metrics for 2021	Weight	Result
Adjusted EBITDA	50%	maximum
Free Cash Flow	10%	below target level
Achievement of Operational Excellence Programme	40%	maximum
Pay-out		EUR 267,620¹

¹ Converted from GBP 223,832 using exchange ratio for March 2022.

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.

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

Performance metrics for 2022	Weight	Result
Adjusted EBITDA	60%	below target level
Free Cash Flow	30%	below target level
ESG Targets	10%	between target and maximum
Pay-out		EUR 17,888¹

¹ Converted from GBP 223,832 using exchange ratio for March 2022.

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 in 6 July 2022. CEO invested a total of 32,258 of existing Purmo Group's class C shares in in the programme. CEO is entitled to a similar pay-out with all other participants in the long-term incentive plan.

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.

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%	-