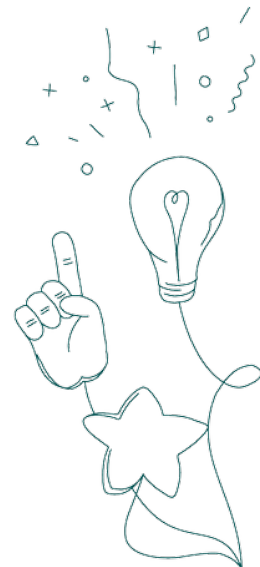


CapMan – Remuneration report 2021

This Remuneration Report (“Report”) of CapMan Plc (“CapMan” or “Company”) describes the implementation of the Company’s Remuneration Policy and provides information on the remuneration of the Company’s Board of directors (“Board”) and CEO in the financial year 2021. The Report has been prepared in accordance with Finnish legislation and the Finnish Corporate Governance Code 2020. This Report will be presented at the Annual General Meeting (“AGM”) of CapMan on 16 March 2022.

The AGM of the Company held on 11 March 2020 unanimously approved the Remuneration Policy for Company’s governing bodies. The Remuneration Policy is available on the Company’s website (<https://www.capman.com/shareholders/governance/remuneration/>) and the Corporate Governance Code 2020 at [cgfinland.fi/en](https://www.capman.com/shareholders/governance/remuneration/).

In the AGM held on 17 March 2021, the Remuneration Report for 2020 (the “2020 Report”) was approved. The 2020 Report was supported by 90.53 per cent of the votes cast and 84.38 per cent of the shares represented. The 2020 Report was opposed by 9.47 per cent of the votes cast and 8.83 per cent of the shares represented. The shareholders did not give comments on the contents of the 2020 Report.



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1. INTRODUCTION

1.1 Implementation of the Remuneration Policy at CapMan in 2021

The AGM held on 17 March 2021 decided on the remuneration of the members of the Board in accordance with the proposal by the Shareholders’ Nomination Board. The Shareholders’ Nomination Board consists of representatives of the largest shareholders and, thereby, the Board is not involved in the preparation of its own remuneration.

According to the decision of the AGM, the members of the Company’s Board were paid monthly remuneration and meeting fees in 2021. The remuneration decided by the AGM in 2021 remained unchanged compared to the year 2020. According to the decision of the AGM, the monthly fees of the

Board members are the following: the Chairman of the Board be paid EUR 5 000 per month, the Vice Chairman be paid EUR 4 000 per month, the Chairman of the Audit Committee of the Board be paid EUR 4 000 per month in case he/she does not simultaneously act as the Chairman or the Vice Chairman of the Board, and other members of the Board be paid EUR 3 250 per month. In addition, the AGM decided that the Chairmen of the Board and Board's Committees are paid a meeting fee of EUR 800 per meeting and the members of the Board and Board's Committees are paid a meeting fee of EUR 400 per meeting in addition to the monthly fees. In 2021, all remuneration was paid in cash.

The Remuneration Committee of CapMan's Board convened twice in 2021 to prepare matters concerning the remuneration of the Company's CEO and other management. Based on the preparation of the Remuneration Committee, the Board decided on short-term incentive rewards to the Company's management which were paid in March 2021. In addition, the Board decided on the management's short-term incentive programme for the financial year of 2021. In accordance with the Board's

previous decision in principle, the CEO was not included in the short-term incentives in 2021, nor 2020 or 2019. In the Company's current situation, the Board has outlined that the CEO's variable remuneration is to be based mainly on long-term incentives. The Board has not made adjustments to the fixed remuneration or benefits of the CEO in 2021.

According to the Board's opinion, the decision-making on remuneration complied with the decision-making process described in the Remuneration Policy, and the remuneration components are consistent with the principles set out in the Policy, and there has been no deviation from the Remuneration Policy. No clawback was exercised to the remuneration of the Board or CEO.

1.2 Focus on Long-Term Remuneration with a Share-Based Incentive Programme

The Company aims at maintaining attractive, competitive, fair, and sustainable remuneration which strives to achieving strategic business objectives of the

Company in short-term and especially in the long-term. The Board has emphasized the significance of the strategic long-term success by focusing the CEO's variable remuneration entirely to long-term incentive programme and excluding the CEO from the short-term incentive programme.

The Company has a three-year (2020-2023) share-based incentive programme, the Performance Share Plan ("PSP"), for the CEO and selected key employees of approximately 20 people in the CapMan Group. The aim of the Performance Share Plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term. Additionally, it aims to retain the key employees at the Company, and to offer them a competitive reward plan that is based on owning, earning and accumulating their ownership of Company's shares. The PSP is described in detail on the Company's website at <https://www.capman.com/shareholders/governance/remuneration/>.

The PSP consists of a performance period based on which the selected key employees, i.e. the participants, may earn CapMan's

shares as reward based on the key employee's personal investment into CapMan's shares and performance requirements established by the Board. The performance period commenced on 1 April 2020 and ends on 31 March 2023.

The prerequisite for reward payment in the PSP is that a participant allocates previously owned or newly acquired freely transferable CapMan's shares, in an amount pre-determined by the Board, to the program, and holds these shares until the reward payment.

The performance criterion is based on the Total Shareholder Return of CapMan's shares ("TSR") during the performance period. The programme also includes one- and two-year vesting periods. From the performance period, a participant shall receive, as a gross reward, a maximum of four and a half (4.5) CapMan's shares for each one (1) CapMan's share allocated to the program subject to the achievement of the required TSR performance levels.

CapMan's shares given as reward on the basis of the PSP may not be sold, transferred, pledged or otherwise assigned during the lock-up period ending on 30 April

2024. Thereafter, a participant must, as a rule, hold a minimum of 25 per cent of the gross CapMan's shares issued as a reward on the basis of the PSP, until the participant's shareholding in the Company in total corresponds to the value of the participant's annual salary, and the participant's employment or service in the CapMan Group continues.

The CEO participates in the programme in full with the contribution allocated to him (300 000 shares). In case the performance criterion of TSR is achieved in full, the CEO shall be entitled to receive as a gross reward 4.5 x the amount of allocated shares, i.e. 1 350 000 shares in total in March 2023. This gross number of shares will be reduced by the amount of applicable taxes before the shares are delivered to the CEO.



1.3 Development of Remuneration

The development of remuneration of the Company's Board members and CEO compared to the development of average remuneration of the Company's personnel and the Company's financial development over the past five financial years are presented in the table below.

Key figure / Position	2017	2018	2019	2020	2021
Share price 31.12., € (Nasdaq Helsinki)	1.77	1.47	2.36	2.32	3.04
Distributed dividends, €	0.09	0.11	0.12	0.13	0.14
TSR (Total Shareholder Return), %	46 %	- 10 %	58 %	3 %	30 %
Turnover, €	34,843,000	33,482,000	48,972,000	42,989,000	52,784,000
CEO, annual income, € ¹	292,632	376,392	376,300	361,974	376,300
CEO, share rewards, € ²	0	0	0	2,241,675	0
Board member, € ³	55,930	53,400	49,091	49,038	48,552
Personnel, € ⁴	187,699	164,333	159,551	150,664	204,418
Personnel, share rewards, € ⁵	0	0	0	4,079,849	0

1 The remuneration related to preceding CEO has been deducted from the figure in 2017. During years 2017–2019, the CEO has in addition received income from executing options granted to him based on previous positions. In 2021, the CEO's monthly salary remained unchanged from 2020. The difference of EUR 14 326 in the CEO's annual income between 2020 and 2021 is due to the Company's Covid-19 Policy, according to which no accrued vacation supplement was paid in 2020. In 2021, the vacation supplement was paid in accordance with the Company's normal practice. Social costs have not been included in the CEO's income figures.

2 Rewards paid from the performance share plan of years 2018–2020.

3 Average remuneration paid to a Board member (monthly fee and meeting fees in total).

4 Personnel costs reported in the financial statements of the Company divided by the annual full-time equivalent (FTE) personnel head count, including e.g. variable remuneration and social costs (excluding share rewards).

5 Rewards paid from the performance share plan of years 2018–2020.

2. REMUNERATION OF THE BOARD MEMBERS IN 2021

The following table includes the board fees and meeting fees paid to the members of the Board in 2021. Both fees remained unchanged from year 2020.

Board member	Board Service 2021	Board fee 2021, €	Meeting fees 2021, €	Total Remuneration 2021, €
Bygge Johan	17 Mar – 31 Dec	30,804	2,800	33,604
Fagerholm Catarina	1 Jan – 31 Dec	39,000	6,000	45,000
Hammarén Johan	1 Jan – 31 Dec	39,000	3,200	42,200
Heliövaara Eero	1 Jan – 31 Dec	39,000	4,000	43,000
Kaario Mammu	1 Jan – 31 Dec	48,000	7,200	55,200
Liitola Olli	1 Jan – 31 Dec	39,000	3,200	42,200
Ramsay Peter	1 Jan – 16 Mar	9,750	1,600	11,350
Tallberg Andreas	1 Jan – 31 Dec	60,000	8,000	68,000
TOTAL		304,554	36,000	340,554

The meeting fees were paid fully in cash. In addition to the fees described above, the members of the Board have been reimbursed for travel expenses in accordance with the Company's travel compensation policy.

3. REMUNERATION OF THE CEO IN 2021

The following table includes the remuneration and other financial benefits paid to the CEO in 2021.

Name	Fixed annual salary, €	Annual bonus, €	Shares, €	Supplementary pension, €
Frimodig Joakim	376,300	0	0	37,630

The Company does not currently have annually expiring programmes and the existing share program expires in 2023. Therefore, no long-term incentive programmes expired, and no long-term incentive payments were made to the CEO in 2021. In the years when rewards based on the long-term incentive

programme are realized, the proportional share of the variable remuneration in the total remuneration of the CEO may become very substantial.

The CEO is entitled to an additional defined contribution-based pension plan for which the Company pays an annual

premium of 10% of the participant's annual salary. The CEO's entitlement to a paid-up policy increases gradually after three years and after six years covers 100% of the cumulative additional pension saving. The retirement age of the CEO is 63 years.