



REMUNERATION REPORT

DECEMBER 31, 2021

RAPALA VMC REMUNERATION REPORT 2021

This Remuneration Report sets out how Rapala VMC Corporation (the “Rapala VMC” or the “Company”) has in 2021 implemented its Remuneration Policy adopted at Rapala VMC’s General Meeting on 26 March 2020. Report includes information concerning the remuneration of the Board of Directors and the President and CEO during the financial year (calendar year) 2021.

The Report has been reviewed by the Remuneration Committee of Rapala VMC’s Board of Directors and approved by the Board of Directors. 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.

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

The Annual General Meeting 2022 makes a consultative decision as to whether it approves this Remuneration Report. In the previous Annual General Meeting 2021 74.23% of all shares and votes in the Company participated in the advisory vote and 79.77% of those voted for and 20.23% against accepting the provided Remuneration Report.

OVERVIEW OF REMUNERATION IN 2021

In line with the Remuneration Policy, remuneration in 2021 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 2021.

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.

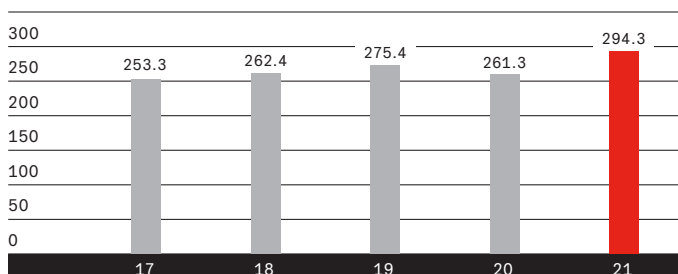
The President and CEO’s remuneration has consisted of fixed salary and a performance-based short-term incentive scheme that has had a direct link to the Company’s strategy execution and financial performance. The Board of Directors resolved on the earning opportunities and performance targets for the short-term incentive at the beginning of the financial year. The performance metrics for 2021 were based on net sales, profitability, inventory, balance sheet and strategy execution. Due to the strong performance of Rapala VMC the criteria outcome in the short-term incentive plan 2021 met the target level set by the Board. In addition to the short-term incentive plan two new share-based incentive plans covering the years 2021-2023 concerning the President and CEO were established.

Fees paid for the President and CEO, the application of the performance criteria for short-term incentive plan in detail and the two share-based incentive plans are disclosed under “Remuneration of the President and CEO” below.

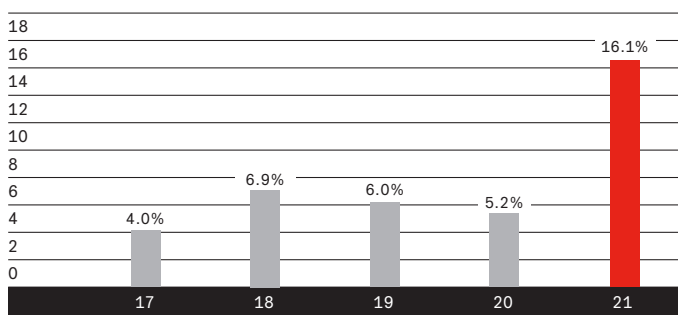
DEVELOPMENT OF FINANCIAL PERFORMANCE AND REMUNERATION

Rapala VMC's 2021 net sales increased by 13% and Comparable EBIT by 52% from the previous year. ROCE reached level of 16.1%.

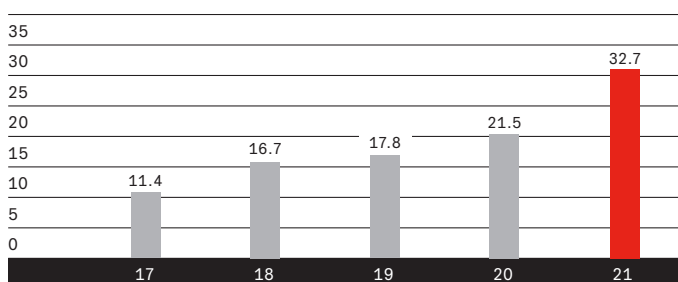
NET SALES, EUR MILLION



ROCE %



COMPARABLE EBIT, EUR MILLION



SHARE PRICE DEVELOPMENT 2017–2021, EUR DIVIDENDS PER SHARE 0.10€ IN TOTAL



■ Rapala VMC Corporation

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.

	2021	2020	2019	2018	2017
Chairman					
Annual fee	80 000	80 000	80 000	80 000	80 000
Board member					
Annual fee	30 000	30 000	30 000	30 000	30 000
President and CEO					
Base salary and benefits ¹⁾	359 378	292 897	287 697	282 557	265 259
President and CEO					
Total compensation	589 378	292 897	421 622	343 712	323 679
Rapala VMC employees ²⁾					
Average salary	41 000	41 000	41 000	39 000	41 000

¹⁾ Including fringe benefits and supplementary pensions policies

²⁾ Excluding Indonesia manufacturing unit, discontinued at the end of 2020

REMUNERATION OF THE BOARD OF DIRECTORS

Shareholders resolved on the Board remuneration in the Annual General Meeting of 2021 as follows:

Annual Fees

- EUR 80 000 to Chairman and
- EUR 30 000 to members.

Meeting Fees

- For Board and Committee meetings: EUR 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 MEMBERS DURING CALENDAR YEAR 2021

MEMBER OF THE BOARD	FIXED FEES	MEETING FEES	TOTAL
Louis D'alançon (Chairman)	80 000	16 000	96 000
Jorma Kasslin	30 000	15 000	45 000
Emmanuel Viellard	30 000	16 000	46 000
Marc Speeckaert	30 000	16 000	46 000
Julia Aubertin	30 000	15 000	45 000
Vesa Luhtanen	30 000	14 000	44 000

REMUNERATION OF THE PRESIDENT AND CEO

Application of Performance Criteria in 2021

In 2021, the President and CEO Nicolas Cederström Warchalowski was offered a performance-based short-term incentive. The short-term incentive scheme may be based on the result of the Group or other criteria decided by the Board. 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.

For short-term incentive 2021, net sales, profitability, inventory, balance sheet and strategy execution were set as the performance criteria, and the maximum earning opportunity for the President and CEO was set at EUR 240 000. Based on the criteria achievement, the total outcome of the short-term incentive in 2021 did lead to a full earned reward of EUR 240 000. The reward is due payment in 2022.

The President and CEO's Share-Based Incentives in 2021

Two new share-based incentive plans have been established in 2021 covering the President and CEO. The aim of the plans is 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.

Matching Share Plan 2021–2023 for the President and CEO

The President and CEO's Matching Share Plan 2021–2023 consists of one matching period, covering the financial years of 2021–2023. President and CEO is given an opportunity to receive matching shares for his personal investment in Rapala VMC shares. The reward based on the plan will be paid after the end of the matching period. The reward will be paid partly in Rapala VMC shares and

partly in cash. The reward to be paid correspond to the value of a maximum total of 28 800 Rapala VMC shares, including also the proportion to be paid in cash.

Performance Share Plan 2021–2023 for Key Employees

The key employees' Performance Share Plan includes one three-year performance period, covering the financial years 2021–2023. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 800 000 Rapala VMC shares including also the proportion to be paid in cash. The potential rewards from the performance period 2021–2023 will be paid partly in the Company's shares and partly in cash in 2024.

The potential reward from the performance period will be based on the Rapala VMC's financial performance criteria and the Company's share price criterion which will be measured during 2023. 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.

Allocation of the potential rewards for the President and CEO correspond to the value of an approximate maximum total of 120 000 Rapala VMC shares also including the proportion to be paid in cash.

REMUNERATION PAID TO THE PRESIDENT AND CEO IN 2021

	BASE SALARY	FRINGE BENEFITS	ADDITIONAL PENSION PAYMENT	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE	TOTAL PAID COMPENSATION
PROPORTIONAL SHARE	295 520 €	20 035 €	43 823 €	230 000 € ¹⁾	0 €	589 378 €
	58% ²⁾		-	42%	0%	

¹⁾ Earned EUR 240 000 in 2021, paid in 2022

²⁾ Including Base Salary and Fringe Benefits

SHARE BASED INCENTIVES DURING THE PERIOD 1.1.2021 - 31.12.2021

PERFORMANCE PERIOD	GRANT DATE	GRANT DATE SHARE PRICE, EUR	EARNINGS CRITERIA	CRITERIA OUTCOME (OUT OF MAX LEVEL)	PAYMENT DATE	PAYMENT METHOD
FY 2021–2023	1 April 2021	7.12	Total share return, the Group product sales, EBIT margin in 2023, the Group's average working capital ratio in 2023	To be confirmed spring 2024	Spring 2024	Cash and equity
FY 2021–2023	25 February 2021	6.56	Continued employment	To be confirmed spring 2024	Spring 2024	Cash and equity