

REMUNERATION REPORT FOR THE GOVERNING BODIES 2024

1. Introduction

Scanfil plc's (the company) Annual General Meeting held on April 25, 2024 discussed the Remuneration Policy regarding the company's administrative bodies, what aims to promote the company's long-term financial performance and development of shareholder value by rewarding the company's senior management by engaging and motivating management to pursue the company's strategy in the best interest of all company's shareholders.

Shareholders' Nomination Board

The Annual General Meeting held on 25 April 2024, decided on establishing a Shareholders' Nomination Board (Nomination Board). The Nomination Board and the Board of Directors (the Board) monitor the company's remuneration practices to ensure they comply with the established Remuneration Policy. The Nomination Board prepares a proposal for the Remuneration Policy and the remuneration of the Board of Directors which are presented to the Annual General Meeting to decide.

The Board of Directors

The General Meeting decides on the remuneration of the members of the Board of Directors. The Nomination Board prepares proposals for the remuneration of the Board. The General Meeting approves the Board's remuneration each year, which is discussed and resolved at the General Meeting following the agenda. The remuneration of the Board can consist of one or more components, such as an annual fee and meeting fees. The fees can be paid in cash, or partially in cash and in company shares. The members of the Board of Directors do not participate in incentive plans of the company.

The CEO

Compensation of the CEO consists of a fixed basic salary with benefits in kind and variable incentives, i.e. performance-based compensation. Variable incentive schemes include an annual incentive plan and a share-based incentive plan. In deciding on the level of overall remuneration, the Board will consider financial and operational objectives and results. The company's strategy and market conditions will be taken into account when deciding on the annual remuneration. The variable component may not exceed 100% of the fixed basic salary.

Details about the Remuneration policy can be found [online](#).

KEY ELEMENTS OF REMUNERATION

Element	Target group	Target	Description
Salary	CEO and other senior management	Attract, keep and reward skilled managers	Number of factors are taken into account in determining the basic salary, e.g. market situation, individual qualities, skill and experience. The basic salary is typically reviewed annually.
Fixed remuneration	The Board of Directors	Attract, keep and reward skilled Board members	The remuneration of the Board of Directors is proposed by the Nomination and Remuneration Committee to the General Meeting to decide.
Annual incentive scheme (short-term)	CEO and other senior management	Encourage, guide and reward from achieving short-term financial, operational and strategic targets	The short-term annual incentive plan is primarily based on one-year earnings criteria, which are further based on longer-term indicators, typically three years of target settings.
Stock option incentive scheme (long-term)	CEO and other senior management	Link management and their rewarding to Company's shareholders	The General Meeting decides on share-based compensation programs and authorizes the Board of Directors to decide on the details and practical implementation of the compensation programs.

Scanfil's financial and remuneration development over the last five years

In 2021-2023 Scanfil's turnover increased rapidly. In 2024, many customers faced softening demand and started destocking. This accelerated the negative change in turnover. Scanfil was able to defend its profit margin with a prompt cost-cutting program and its adjusted operating profit margin stayed at the previous year's levels at 6.8%.

FINANCIAL AND REMUNERATION DEVELOPMENT, 2020-2024

	2020	2021	2022	2023	2024
Turnover, EUR million	595.3	695.7	843.8	901.6	779.9
Annual turnover growth, %	2.7	16.9	21.3	6.9	-13.5
Adjusted operating profit, EUR million	39.1	40.3	45.4*	61.3*	53.1
Adjusted operating profit, %	6.6	5.8	5.4*	6.8*	6.8
Share price change, VWAP, %	21.9	50.1	-13.4	18.1	-10.1

*No adjustments in the financial reporting period

Scanfil's financial targets in 2024 were 10% turnover growth over the business cycle, 7%-8% adjusted operating profit margin and Net Debt/EBITDA <1.5.

FEES OF THE BOARD OF DIRECTORS

1,000 EUR	2020	2021	2022	2023	2024
Harri Takanen (chair)	51.0	54.1	61.5	60.7	60.8
Thomas Dekorsy (as of 27 April 2023)	-	-	-	22.8	39.3
Bengt Engström	29.5	33.8	40.0	39.3	40.7
Christina Lindstedt	30.1	33.8	36.8	41.5	45.1
Juha Räisänen (as of 23 April 2020)	17.4	33.8	37.8	45.8	49.9
Minna Yrjönmäki	-	-	-	25.6	43.7
Jarkko Takanen (until 2 February 2022)	31.7	34.9	9.0	-	-
Christer Härkönen (until 22 April 2021)	27.9	11.4	-	-	-
Salaries and fees of the Board of Directors, in total	187.6	198.7	185.0	235.7	279.5

The remuneration of the CEO has consisted of a fixed base salary with fringe benefits and variable incentives. The variable incentives have included the short-term performance bonus and long-term stock option schemes, with their terms and conditions determined by the Board. Petteri Jokitalo acted as the CEO until August 31, 2023. Christophe Sut assumed his position as the CEO September 1, 2023.

SALARIES AND FEES OF THE CEO

1,000 EUR	2020	2021	2022	2023	2024
Salary, in total	289.7	295.3	304.0	354.2	351.6
Petteri Jokitalo	289.7	295.3	304.0	241.1	-
Christophe Sut	-	-	-	113.1	351.6
Fringe benefits, in total	12.3	14.2	14.8	14.5	6.7
Petteri Jokitalo	12.3	14.2	14.8	11.3	-
Christophe Sut	-	-	-	3.1	6.7
Performance bonus, in total	85.0	105.6	101.4	160.0	316.2
Petteri Jokitalo	85.0	105.6	101.4	160.0	316.2
Christophe Sut	-	-	-	-	-
In shares and payable stock options, in total	132.2	631.3	-	1,111.1	-
Petteri Jokitalo	132.2	631.3	-	1,111.1	-
Christophe Sut	-	-	-	-	-
In total	519.2	1,046.4	420.1	1,640.2	674.5

The development of employees' remuneration is based on the salaries and wages paid to the personnel less the employer's social security contributions divided by the average number of employees during the year.

PAID SALARIES AND WAGES/AVERAGE NUMBER OF EMPLOYEES

1,000 EUR	2020	2021	2022	2023	2024
In total	22.6	23.1	24.0	25.1	26.6

2. Remuneration of the Board of Directors in 2024

The remuneration of the Board members is decided by the General Meeting of Scanfil plc.

On April 25, 2024 the Annual General Meeting decided that:

- Members of the Board are paid EUR 3,200/month
- The Chairman of the Board is paid EUR 5,000/month.

Additionally, members of the Committee received a compensation of EUR 750/meeting and the Chair of the Audit Committee EUR 380/month. In addition, a fee of EUR 380 per face-to-face meeting held outside of the Board Members country of residence was paid.

The travel expenses of Board members were compensated in accordance with the company's travel policy. No other benefits were paid to the members of the Board on the basis of this position.

During the financial year of 2024, members of Scanfil plc's Board of Directors did not receive any company's shares or share-based benefits as remuneration. The remuneration of the Board consisted of the monthly fees and committee membership fees decided by the General Meeting.

MEETING AND COMMITTEE FEES PAID TO THE BOARD OF DIRECTORS IN 2024

EUR	Meeting fee	Committee fee	Fees in total
Harri Takanen	59,420	1,400	60,820
Thomas Dekorsy	39,310	-	39,310
Bengt Engström	39,280	1,400	40,680
Christina Lindstedt	39,280	5,850	45,130
Juha Räisänen	39,660	10,266	49,926
Minna Yrjönmäki	37,820	5,850	43,670
In total	254,770	24,766	279,536

3. Remuneration of the CEO in 2024

The CEO has a service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, the amount is subject to the duration of the service term and at the maximum equivalent to the monetary salary of 12 months can be paid to the CEO as a severance package under the terms and conditions of his service contract.

The retirement age of the CEO is the statutory retirement age.

SALARIES AND FEES OF THE CEO

EUR	Fixed	Variable
Salary, in total	351 577	-
Fringe benefits, in total	6 718	-
Performance bonus from the year 2023, in total	-	-
Stock option scheme, in total	-	-
Salaries and fees, in total	358 295	-

The former CEO Petteri Jokitalo was paid a performance bonus of EUR 316,224 regarding the year 2023 in 2024, which was 100% of the maximum.

Performance bonus

The CEO is included in the scope of the management's performance bonus scheme based on the Group's operating profit and turnover. The operating profit determines 80% and turnover 20% of the bonus payable to the CEO. The final performance bonus is determined on the basis of the actual operating profit and turnover in euro compared with the targets set in the previous three years, each representing one-third of determining the bonus. The Board of Directors decides on the management remuneration scheme and its terms and conditions for the next three years.

The annual bonus cannot exceed the amount corresponding to 12 months' salary. The CEO is also included in the scope of the company's share-based incentive scheme.

The CEO does not have other benefits.

Stock option scheme

On 21 April 2022, the Annual General Meeting of Scanfil plc decided to authorize the Board of Directors to decide on granting stock options rights to key personnel of the Scanfil Group and to decide on the terms and conditions of the maximum amount of 1,200,000 option rights ("Stock Option scheme 2022").

OPTIONS HELD BY THE CEO	2022(BI)	2022(CI)
Number of options	120,000	120,000
Subscription period	1 May 2026 - 30 April 2028	1 May 2027 - 30 April 2029
Fair value, in total, EUR	229,200	194,400

More details on stock option schemes can be found [here](#).