

Remuneration Report 2021

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This Remuneration Report has been prepared in compliance with Musti Group plc's Remuneration Policy, which was adopted at Musti Group plc's annual general meeting on 21 December 2021 (the "Remuneration Policy") and has been in force during the financial year 1 October 2020 – 30 September 2021 ("FY2021" or "FY21"). The Remuneration Report provides information on the remuneration paid to the Board of Directors and the CEO during the financial year. The remuneration and other financial benefits are reported on a cash basis. The Remuneration Report has been prepared in accordance with the section 'Remuneration Reporting' of the Finnish Corporate Governance (CG) Code 2021.

Overview of remuneration in the financial year 1 October 2020 – 30 September 2021

This is the first Remuneration Report for governing bodies applied within Musti Group plc ("Musti Group" or "the Company") that complies with legislation and the Finnish Securities Market Association's Corporate Governance Code that entered into force on 1 January 2020. The CG Code 2020 can be viewed in full on the website of the Securities Market Association at www.cgfinland.fi. This remuneration report concerns the remuneration of the members of Musti Group's Board of Directors as well as the CEO of Musti Group in the financial year 1 October 2020 – 30 September 2021. This remuneration report is based on the Remuneration Policy for Musti Group's governing bodies reviewed by the Annual General Meeting of 21 January 2021. The Annual General Meeting resolved in favor of the proposed remuneration policy.

The Remuneration Committee of Musti Group's Board of Directors prepared this remuneration report, and the Board approved it on 17 December 2021. Musti Group's auditor, Ernst & Young Oy, has audited this remuneration report to confirm that it contains the information referred to in the Ministry of Finance Decree on the remuneration policy and remuneration report of a share issuer (608/2019). This remuneration report will be reviewed by Musti Group's 2021 Annual General Meeting.

This remuneration report is available on Musti Group's website at www.mustigroup.com.

The financial year 1 October 2020 – 30 September 2021 demonstrated Musti Group's ability to grow with increasing gross margin and the Company is entering the post-pandemic environment in a position of strength. Even though facing the high comparison figures from previous year, group net sales has increased together with strong improvement in operating profit. All the important indicators supporting strong and sustainable growth are going into the right direction; Musti Group is constantly winning new customers, the average spend is going upwards, customer satisfaction continues to stay on a high level and the share of sales of own and exclusive products is growing.

The purpose of remunerations paid by the Company is to drive its strategy and create long-term, sustainable performance with increased shareholder value. The structure of the remuneration of the Company's Board of Directors and the CEO and the decision-making order in the financial year 1 October 2020 – 30 September 2021 complied with Musti Group's remuneration policy for the governing bodies.

In FY2021 the Board members were paid a fixed fee. The amounts of the fees paid depended on the role in question – Chairman, Vice Chairman, and member of member of the Board and Chairman and member of a committee of the Board. The fees paid are disclosed under "Remuneration of the Board of Directors".

The total remuneration paid to the CEO in FY2021 consisted of fixed monthly salary, fringe benefits, short-term bonus and long-term incentive plan. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. The aim of a share-based incentive plan is to align the objectives of the shareholders and key employees for increasing the value of the company in the long-term. Musti Group has one share-based long-term incentive plan consisting of three performance periods, the performance periods financial year 2020-2022 and 2021-2023 were in place during FY2021. The remuneration paid and incentive plans to the CEO are disclosed under "Remuneration of the CEO".

Development of Musti Group's financial performance and remuneration

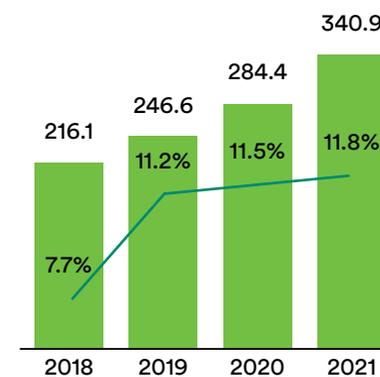
The table below presents the development of the Board of Directors and the CEO's remuneration compared to the development of the average remuneration of Musti Group's employees and Musti Group's financial development during the last five financial years.

Compensation	Paid during FY21	Paid in December 2021	Paid during FY20		
	1 Oct 2020 – 30 Sep 2021	1 Oct 2019 – 30 Sep 2020	1 Oct 2018 – 30 Sep 2019	1 Oct 2017 – 30 Sep 2018	1 Oct 2016 – 30 Sep 2017
Chairman of the Board	65,000	60,000	60,000	50,000	27,500
Vice-Chairman of the Board	42,500	30,000	30,000	15,000	15,000
Other members of the BoD (average *)	32,500	30,000	28,125	15,000	15,000
CEO	614,456	653,754	412,264	580,724	291,120
Average Musti Group employee **)	54,803	42,405	42,107	42,169	43,872

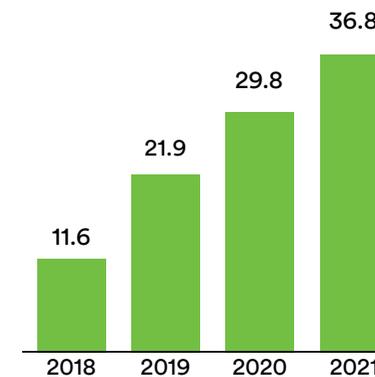
*) Compensation was not paid to all board members during the financial years.

***) The average compensation in this table is the paid out compensation during the year. The remuneration of the average Musti Group employee is based on all personnel.

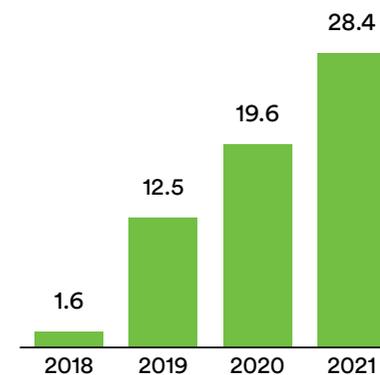
Net sales, EUR million and like-for-like sales growth, %



Adjusted EBITA, EUR million



Operating profit, EUR million



Remuneration of the Board of Directors

The Annual General Meeting held on 21 January 2021 confirmed the following annual fees for the members of the Board of Directors:

	EUR
Chairman of the Board	60,000
Vice-Chairman of the Board	35,000
Other members of the Board	30,000

The Annual General Meeting held on 21 January 2021 confirmed the following annual fees for the members of the Committees:

	EUR
Chairman of the Committee	5,000
Other Committee members	2,500

The remuneration for the Board of Directors is monetary. Board members are not compensated separately for attending the Board meetings. Travel expenses resulting from Board meetings are compensated in accordance with the company's travelling compensation regulations.

Remuneration for the company's Board members does not include pension payments.

Members of the Board of Directors are not included in Musti Group's short- or long-term incentive programs.

Fees paid to the Board members in the financial year 1 October 2020 – 30 September 2021

Remuneration of the Board of Directors 1 Oct 2020 – 30 Sep 2021 (in EUR)	Committee Membership	Board Annual Fee in total	Committee Fee	Total
Jeffrey David Chairman	Chairman of the Remuneration Committee	60,000	5,000	65,000
Ingrid Jonasson Blank Vice-Chairman	Chairman of the Audit Committee Member of the Remuneration Committee	35,000	7,500	42,500
Juho Frilander*)	Member of the Audit Committee Member of the Remuneration Committee	0,00	0,00	0,00
Ilkka Laurila	Member of the Audit Committee	30,000	2,500	32,500

*) Mr. Frilander declined remuneration for the financial year 1 October 2020 – 30 September 2021.

Remuneration of the CEO

The company's CEO was David Rönnerberg throughout the financial year 1 October 2020 – 30 September 2021.

The remuneration of the CEO consists of fixed monthly salary, fringe benefits, annually set bonus potential and long-term incentive plan. The CEO is entitled to a statutory pension and the retirement age is determined by the statutory earnings-related pension scheme. The retirement age of the CEO is 63 years under current legislation. The CEO is entitled to a life insurance and supplementary pension payments on behalf of Musti Group in accordance with a contribution-based pension agreement concluded with the Company. The CEO receives the supplementary pension at the age of 63.

Short-term performance bonus

The CEO is eligible to participate in the bonus scheme in accordance with the company's bonus policy. The purpose of the short-term bonus is to promote the company's strategy through the achievement of annual targets. The terms of the bonus are decided annually by Musti Group's Board of Directors. The bonus of the CEO is based on personal targets and certain profitability targets set for the financial year. For the financial year 1 October 2020 – 30 September 2021, the maximum performance bonus was equivalent to a six months' full salary for the CEO. The performance criteria for the bonus are adjusted EBITA. The fulfilment of the bonus criteria is evaluated after the year end 30 September 2021 and possible rewards are paid in December 2021.

Long-term incentive plan

Musti Group has one share-based long-term incentive plan consisting of three performance periods, the performance periods financial year 2020-2022 and 2021-2023 were in place during the financial year 1

October 2020 – 30 September 2021. The aim of a share-based compensation plan is to align the objectives of the shareholders and key employees for increasing the value of the company in the long-term.

The Board of Directors decides separately for each performance period the performance criteria, and the related targets, as well as the minimum, target, and maximum reward potentially payable based on target attainment at the beginning of a performance period. The potential reward based on the plan will be paid partly in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to a participant. No reward is paid, if the participant's employment or service terminates for reasons related to the participant before the reward payment unless the Board of Directors decides otherwise.

The CEO is obliged to hold at least 50 per cent of the net number of shares paid to the member on the basis of the plan, until the value of his or her total shareholding in the Company equals to 100 per cent of his or her annual base salary. Such number of shares must be held as long as the CEO's service contract continues.

Remuneration paid to the CEO in the financial year 1 October 2021 – 30 September 2021

Fixed salary, including benefits	Short-term bonus *)	Long-term incentive **)	Additional pension	Other fees	Total remuneration
447,893	106,644	0	0	59,919	614,456

*) Earned based on performance in the financial year 1 October 2020 – 30 September 2020, paid in December 2020.

***) No long-term incentive periods with payment due in financial year 1 October 2020 – 30 September 2021.

Long-term incentive plan in place in the financial year 1 October 2021 – 30 September 2021

Performance period	Grant date, EUR	Grant date share price, EUR	Earnings criteria	Criteria outcome (out of maximum level)	Number of shares received in payment	Payment in cash, EUR	Payment date	Share price on payment date, EUR
FY2020-FY2022	7 May 2020	11.78	Total shareholder return (TSR) and adjusted EBITA	To be confirmed in fall 2022	-	-	In fall 2022	-
FY2021-FY2023	26 November 2020	21.04	Total shareholder return (TSR) and adjusted EBITA	To be confirmed in fall 2023	-	-	In fall 2023	-



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