

Remuneration Report

2022



Remuneration Report 2022

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 January 2021 ('Remuneration Policy') and has been in force during the financial year 1 October 2021 – 30 September 2022 ('FY2022'). 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 2020.

Overview of remuneration in the financial year 1 October 2021 – 30 September 2022

This is the second Remuneration Report for governing bodies applied within Musti Group plc ("Musti Group" or "Company") and it complies with the CG Code. The CG Code 2020 is available 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 FY2022. The Remuneration Policy will be reviewed in January 2025 the latest.

The Remuneration Committee of Musti Group's Board of Directors prepared this Remuneration Report, and the Board of Directors approved it on 15 December 2022. 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 2023 Annual General Meeting.

This Remuneration Report is available on Musti Group's website at www.mustigroup.com/investors/corporate-governance/remuneration.

In financial year 1 October 2021 – 30 September 2022 Group net sales increased by 14.7% to EUR 391.1 million and group adjusted EBITA by 5.4% to EUR 38.8 million in an environment, where accelerating inflation placed incremental pressure on both the consumers and Musti Group. This

highlights the unique defensive growth characteristics of the pet category. During FY2022 Musti Group capitalized effectively on the growth boost that came from increased consumer pet ownership and spending during the pandemic, growing the share of new puppy customers further enabling Musti Group to increase the customer base and the share of sales of own and exclusive products further.

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 FY2022 complied with Musti Group's Remuneration Policy for the governing bodies.

In FY2022 the Board members were paid a fixed annual fee. The amount of the fees paid depended on their duties in the Board of Directors – Chair and member of the Board of Directors, and Chair and member of a committee of the Board of Directors. The fees paid are disclosed under 'Remuneration of the Board of Directors'.

The total remuneration paid to the CEO in FY2022 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 and 2022–2024 were in place during FY2022. The remuneration paid and incentive plans to the CEO are disclosed under 'Remuneration of the CEO'.

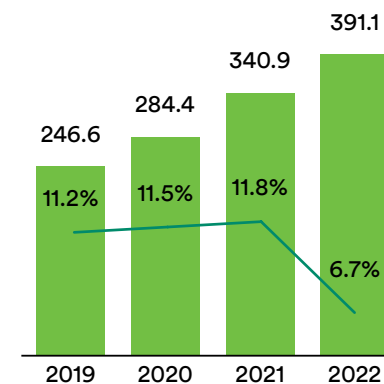
Development of Musti Group's financial performance and remuneration

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. Board remuneration numbers include both Board fees and Committee fees.

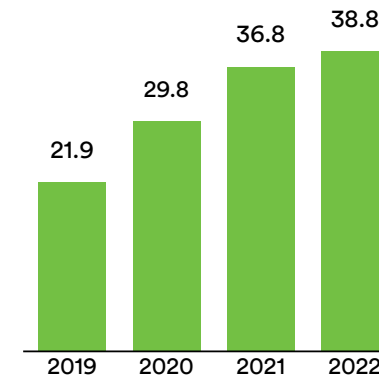
Compensation (EUR thousand)	FY2022	FY2021	FY2020	FY2019	FY2018
Chair of the Board	70,000	65,000	60,000	60,000	50,000
Vice-Chair of the Board	47,500	42,500	30,000	30,000	15,000
Other members of the Board (average)	40,833	32,500	30,000	26,250	15,000
CEO	659,740	614,456	653,754	412,264	580,724
Average Musti Group employee*	47,824	47,963	42,405	42,107	42,169

*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.

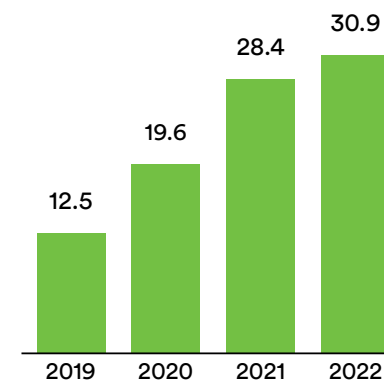
Net sales, EUR million and like-for-like sales growth, %



Adjusted EBITA, EUR million



Operating profit, EUR million



Remuneration of the Board of Directors

The Annual General Meeting 2022 confirmed the following fixed annual fees for the members of the Board of Directors:

	EUR
Chair of the Board	65,000
Members of the Board	35,000

The Annual General Meeting 2022 confirmed the following annual fees for the members of the Committees:

	EUR
Chair of the Committee	7,500
Committee members	5,000

The Annual General Meeting 2022 decided that the annual remuneration for the members of the Board of Directors will be paid in Company shares and cash so that 50% of the annual remuneration will be used to purchase Company shares in the name and on behalf of the members of the Board of Directors from the market at a price determined in public trading, and the rest of the annual remuneration will be paid in cash.

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 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 2021 – 30 September 2022

Remuneration of the Board of Directors 1 Oct 2021 – 30 Sep 2022 (in EUR)	Committee Membership	Board Annual Fee in total	Committee Fee	Total
Jeffrey David, Chair	Member of the Remuneration Committee	65,000	5,000	70,000
Ingrid Jonasson Blank, Vice-Chair	Chair of the Audit Committee Member of the Remuneration Committee	35,000	12,500	47,500
Johan Dettel	Chair of the Remuneration Committee	35,000	7,500	42,500
Ilkka Laurila	Member of the Audit Committee	35,000	5,000	40,000
Inka Meno	Member of the Audit Committee	35,000	5,000	40,000

Remuneration of the CEO

The Company's CEO was David Rönnerberg throughout the financial year 1 October 2021 – 30 September 2022.

The remuneration of the CEO consists of fixed monthly salary, fringe benefits, annually set bonus potential (short-term incentive plan) and long-term incentive plan. 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 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 2022 and possible rewards are paid in December 2022.

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 and 2022–2024 were in place during

FY2022. 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% of the net number of shares paid on the basis of the plan, until the value of his or her total shareholding in the Company equals to 100% 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 2022

Fixed salary, including benefits	Short-term bonus*	Long-term incentive**	Additional pension	Total remuneration
426,576	177,740	0	0	604,316

*Earned based on performance in the financial year 1 October 2020 – 30 September 2021, paid in December 2021.

**No long-term incentive periods with payment due in financial year 1 October 2021 – 30 September 2022.

Long-term incentive plan in place in the financial year 1 October 2021 – 30 September 2022

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 at the latest in January 2023	-	-	January 2023	-
FY2021-FY2023	26 November 2020	21.04	Total shareholder return (TSR) and adjusted EBITA	To be confirmed at the latest in January 2024	-	-	January 2024	-
FY2022-FY2024	27 January 2022	26.06	Total shareholder return (TSR) and adjusted EBITA	To be confirmed at the latest in January 2025	-	-	January 2025	-



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Our annual report is available in electronic format and is published annually. To reduce the usage of printing materials, the report is available only in digital format.