

INNOFACTOR

Remuneration Report

1. Introduction

Innofactor Plc (hereinafter “Innofactor” or “the Company”) is a Finnish public limited company that, in its decision-making and administration, complies with the Finnish Limited Liability Companies Act, other regulations concerning public companies, and the Company’s Articles of Association. This remuneration report describes the remuneration of the Company’s Board of Directors and the CEO for the financial year 2023.

This remuneration report has been drafted in accordance with the Finnish Limited Liability Companies Act, Securities Markets Act, Decree of the Ministry of Finance on the Remuneration Policy and remuneration report on a share issuer, and the Finnish Corporate Governance Code published by the Securities Markets Association.

This remuneration report has been prepared by Innofactor’s Remuneration Committee and approved by the Company’s Board of Directors for presentation to Innofactor’s Annual General Meeting in 2024. The decision of the Annual General Meeting on the matter is advisory.

The Remuneration Policy of Innofactor’s bodies was presented to Innofactor’s Annual General Meeting on March 31, 2020, where it was approved. The Remuneration Policy defines the principles for the remuneration of the Board of Directors and the CEO of Innofactor Plc. The current Remuneration Policy is valid for four years, until the Annual General Meeting in 2024. The Remuneration Policy to be approved in 2024 is valid until the Annual General Meeting in

2028. Innofactor’s Remuneration Policy is available on the Company’s website (<https://www.innofactor.com/invest-in-us/corporate-governance/>).

During the 2023 financial year, the remuneration of the CEO and the Board of Directors was in accordance with the Remuneration Policy approved by the Annual General Meeting. The CEO’s remuneration has been tied to the achievement of the Company’s strategic objectives contributing to the Company’s long-term financial success.

There have been no deviations from the Remuneration Policy during 2023. No refunds have been made to enable the Remuneration Policy to be reimbursed.

This report is issued separately from the Company’s Annual Report.

Remuneration and Financial Development of the Company for the Previous Five Financial Years

	2023	2022	2021	2020	2019
Net sales (EUR thousand)	80,263	71,130	66,364	66,164	64,198
Operating margin (EBITDA) (EUR thousand)	9,101	7,808	10,076	7,164	5,089
Remuneration of the Board of Directors *	150,000	120,000	120,000	140,000	120,000
Salary and remuneration of the CEO **	345,165	314,000	351,000	320,069	286,610
Average salary of an employee ***	87,416	84,569	83,500	79,469	81,489

* The reporting period for the Board of Directors’ remuneration is from one year’s Annual General Meeting to the next year’s Annual General Meeting. Other figures have been reported for the financial year.

** The CEO’s salary and remuneration do not include the remuneration paid for Board work.

*** The average salary of an employee is calculated by dividing the employee expenses (excluding the CEO’s salary) by the average number of employees (excluding the CEO) during the year.

2. Remuneration of the Board of Directors

According to the Remuneration Policy, the members of the Board of Directors are paid an annual fee and a possible meeting fee. The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The Chairman of the Board, a possible Deputy Chairman and members of any committees may be paid an increased fee or meeting fees. Remuneration paid to the members of the Board of Directors may be paid in cash or in part or in full in the form of the Company's shares.

In 2023, the Annual General Meeting decided that the remuneration of the Chairman of the Board of Directors is EUR 60,000 per year and the remuneration of the other members of the Board of Directors is EUR 30,000 per year. Half (50%) of the fee will be paid in cash and half (50%) in Innofactor Plc shares. The shares shall be handed over to the members of the Board of Directors during April primarily from shares in the Company's possession or, secondarily the shares shall be acquired from public trading directly on behalf of the members of the Board of Directors within two weeks of publishing the interim report of Innofactor Plc for January 1 – March 31, 2023. In case shares will not be acquired due to a reason arising from the Company or the Board member, the entire fee will be paid in cash. Innofactor Plc requires that the members of the Board of Directors retain the shares received as a reward for the duration of their Board membership.

Remuneration Paid to Members of the Board of Directors in 2023 (euros)

Member of the Board of Directors	Annual fee in cash	Annual fee in shares	Total remuneration
Sami Ensio	15,000	15,000	30,000
Anna Lindén (Chairman)	30,000	30,000	60,000
Risto Linturi	30,000	0	30,000
Heikki Nikku	15,000	15,000	30,000

No other financial benefits have been paid to the members of the Board of Directors. In his position as the Company's CEO, Sami Ensio has been paid the salaries and remuneration reported in Section 3.

3. Remuneration of the CEO

The Company's Board of Directors decides on the remuneration of the CEO within the framework of the Remuneration Policy. The Company's Remuneration Committee prepares proposals for the Board of Directors concerning the decisions on the CEO's remuneration. The CEO's remuneration consists of a fixed share and variable shares. The fixed part is the CEO's annual salary and fringe benefits. Variable components of the CEO's remuneration can be, for example, short-term and long-term incentives. In addition, the CEO's remuneration may consist of other benefits, such as insurance, severance pay and voluntary retirement benefits.

The CEO's total remuneration depends on the Company's performance in relation to the targets set for the Company. Innofactor's goal for the CEO's remuneration is that the variable proportions of the CEO's remuneration are approximately 0–50% of the CEO's possible maximum total remuneration, which does not include any possible Board remuneration or any benefit from the share issue to management and employees.

Innofactor's CEO's remuneration in 2023 was 345,165 euros in total. The fixed salary's proportion was 95% and the variable component's 5%. The remuneration paid to the CEO in 2023 is depicted below.

Components of the CEO's Remuneration

CEO	Paid in 2023	Performance bonus for 2023 (paid in 2024)
Salary	327,929	
Performance bonuses	17,236	33,849
Relative share of fixed and variable components %	95/5	
Total salary *	345,165	

* Does not include the remuneration paid for Board work

No other remuneration or benefits have been paid to the CEO.

The incentive-based remuneration of the CEO is based on the Company's financial, profit or other performance, the performance criteria of which are decided annually by the Company's Board of Directors. The incentive-based remuneration for the years 2023 and 2024 has been set to a maximum of 100% of the annual base salary. For 2023, the Board of Directors set the growth of the Company's net sales (weight 100%), which will additionally be multiplied by a profitability multiplier, as the indicators on which the CEO's performance bonus was based. In addition, the performance bonus is affected by the Company's employment and customer satisfaction. The Board of Directors has also decided that the performance bonus for 2023 can be increased by 20% if the Board of Directors decides on a personnel share issue in connection with the payment of the performance bonus and a person eligible for the bonus uses the bonus payment to participate in the share issue. The Board of Directors decided to pay the CEO's performance bonus for 2023 in accordance with a predetermined formula.

Also for 2024, the Board of Directors has set the growth of the Company's net sales (weight 100%), which will additionally be multiplied by a profitability multiplier, as the indicator on which the CEO's performance bonus will be based. The performance bonus will additionally be impacted by the Company's employee and customer satisfaction.