

# **Remuneration Report 2024**



# 1. Summary

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## Remuneration of the Board of Directors

The company's Annual General Meeting on 19 June 2024 decided on the Board of Directors' remuneration in Lehto Group Plc (hereinafter referred to as "Lehto Group" or the "Company") as follows: the Chairman of the Board of Directors is paid an annual remuneration of EUR 18,000 and 80,000 shares of the Company, and the members of the Board of Directors EUR 12,000 and 80,000 shares of the Company. No Vice Chairman has been elected to the Company's Board of Directors. The General Meeting decided that no meeting fee is paid to the members of the Board of Directors, but the meeting fee for the Board committees is paid EUR 600 per meeting to the Chairman of the committee and EUR 400 to the committee member. Travel expenses are paid in accordance with the company's travel policy. No other remuneration or compensation was paid to the Chairman of the Board or members.

## Remuneration of the CEO

The fixed salary of CEO Juuso Hietanen in 2024 was 31,980 euros per month. Hietanen was been paid a total of 291,520 euros in salaries and fringe benefits for 2024, including compensation related to the termination of the CEO contract. He was not paid performance bonuses and was not covered by the supplementary pension scheme. Hietanen's CEO contract ended on 30 April 2024.

The fixed salary of CEO Hannu Lehto in 2024 was 9,000.00 euros per month including fringe benefits. Lehto has been paid a total of 72,000 euros in salaries and fringe benefits for 2024 as of 1 May 2024. He was not paid performance bonuses and was not covered by the supplementary pension scheme.

# 2. Introduction

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The governance of Company is determined by the Articles of Association, Finnish laws (for example, the Companies Act and the Securities Markets Act) and the Company's Corporate Governance Guidelines. The Company complies with the Finnish Corporate Governance Code of the Securities Market Association for Finnish Listed companies ("Governance Code"). The Governance Code is available in full on the Securities Market Association's website at [www.cgfinland.fi](http://www.cgfinland.fi).

In order to provide shareholders with information on remuneration, the Company has prepared this remuneration report. The Company's corporate governance guidelines, corporate governance statement, approved remuneration policy and remuneration report are publicly available on the Company's website at [www.lehto.fi/en](http://www.lehto.fi/en).

The remuneration policy confirmed by the Annual General Meeting on 19 June 2024 has been fully complied with when deciding on the remuneration of the Board of Directors and the CEO. The Company's shares paid as Board remuneration are subject to a transfer restriction, as permitted by the remuneration policy, based on which a Board member may not sell his/her holdings before six (6) months have passed since the end of his/her Board membership.

The Company has not deviated from the remuneration policy and has not recovered any remuneration paid.

The development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the Company's employees and the Company's financial development for the previous five (5) financial years is described in the attached table. The Company does not have a Deputy CEO or a Supervisory Board.



	2024	2023	2022	2021	2020
<b>Chairman of the Board of Directors</b>					
Annual remuneration in cash and/or shares eur <sup>1)</sup>	18 000	69 000	69 000	69 000	69 000
Annual remuneration as shares, eur <sup>2)</sup>	80 000				
Meeting fee, eur/meeting	-	1 500	1 500	1 500	1 500
<b>Member of the Board of Directors</b>					
Annual remuneration in cash and/or shares eur <sup>1)</sup>	12 000	34 500	34 500	34 500	34 500
Annual remuneration as shares, pcs <sup>2)</sup>	80 000				
Meeting fee, eur/meeting	-	750	750	750	750
Meeting fee, chairman of the committee, eur/meeting	600	600	600	600	600
Meeting fee, member of the committee, eur/meeting	400	400	400	400	400
Total remuneration paid for a member of the Board of Directors, average, eur <sup>3)</sup>	13 629	61 103	55 092	47 044	48 009
Total remuneration paid for the Board of Directors, eur	41 700 <sup>2)</sup>	170 337	225 975	212 165	159 095
Meeting fees paid for the Board of Directors, in total, eur	6 000	58 800	67 850	70 100	80 950
Number of the meetings of the Board of Directors (whereof email meetings)	27 (2)	30 (4)	26 (4)	18 (0)	22 (5)
<b>Toimitusjohtaja</b>					
Salary and benefits, eur	363 520 <sup>4)</sup>	398 080	398 080	262 546	115 280
Performance bonus, eur	-	-	-	-	-
Share-based remuneration, eur	-	-	190 100	-	-
<b>Personnel</b>					
Employee salaries and earnings, in total, 1000 eur	1 881	24 019	48 773	56 083	63 705
Personnel during the year, average (incl. temporarily laid-off)	101	483	860	1 043	1 115
Employee salaries and earnings, average, eur	18 624	49 729	56 713	53 771	57 134
<b>Financial data</b>					
Net Sales, 1000 eur	1 086 <sup>5)</sup>	171 821	344 791	404 089	544 651
Operating result, 1000 eur	-5 660 <sup>5)</sup>	-70 988	-42 192	-28 251	83
Result for the financial year, 1000 eur	-2 934	-79 049	-26 652	-32 614	-8 196
	88 078	87 257	87 276	87 142	71 012
Average number of shares, undiluted, pcs	609	649	343	297	014
Earnings per share, undiluted, eur/share	-0,03	-0,88	-0,31	-0,37	-0,12
Share price 31 Dec	0,03	0,02	0,17	0,86	1,35
Dividend, eur/share	-	-	-	-	-

<sup>1)</sup> Years 2020–2023 include remuneration both in cash and as shares.

<sup>2)</sup> Shares were not transferred yet in 2024.

<sup>3)</sup> Total remuneration and meeting fees paid for the board divided by the average number of board members during the year.

<sup>4)</sup> Former CEO Juuso Hietanen until 30 April 2024 and the current CEO from 1 May 2024.

<sup>5)</sup> From continuing operations.



## Remuneration of the Board of Directors 2024

The Annual General Meeting decides on the remuneration paid for Board and committee work and the basis for determining it, in accordance with the remuneration policy approved by the Company's Board of Directors.

The Annual General Meeting on 19 June 2024 decided that part of the remuneration of the Board members will be paid in cash and part in the Company's shares. The annual remuneration paid to the Chairman of the Board of Directors is EUR 18,000 and 80,000 shares (EUR 69,000 in 2023) and EUR 12,000 (34,500) and 80,000 shares to the Vice Chairman of the Board and the member. The shares paid as remuneration are subject to a transfer restriction, which means that the Board member must not sell their holdings before six (6) months have passed since the end of their Board membership. No share-based remuneration was paid during 2024.

No meeting remuneration will be paid to the Board members. Board committee meetings, with the chairman of the committee being paid EUR 600 (600) per meeting and the other committee members EUR 400 (400) per meeting. The company had an audit committee until June 19, 2024, when it was decided to abolish the audit committee at the organizational meeting of the Board of Directors.

Remuneration paid to the Board of Directors in 2024					
Name	Annual remuneration paid in Company shares, eur (shares)	Annual remuneration paid in cash, eur	Board and Committee meeting fees	Total remuneration, eur	Other financial benefits, eur
Eero Sihvonen <sup>1)</sup>	- (-)	10 350	3 000	13 350	-
Hannu Lehto	- (-)	5 175	1 500	6 675	-
Jani Nokkanen	- (-)	11 175	1 500	12 675	-
Tarja Teppo <sup>2)</sup>	- (-)	6 000	-	6 000	-
Timo Okkonen <sup>3)</sup>	- (-)	9 000	-	9 000	-
<b>Hallitus yhteensä</b>	<b>0</b>	<b>41 700</b>	<b>6 000</b>	<b>47 700</b>	<b>0</b>

<sup>1)</sup> Eero Sihvonen was a board member until 19 June 2024.

<sup>2)</sup> Tarja Teppo started as board member on 19 June 2024.

<sup>3)</sup> Timo Okkonen started as board member on 19 June 2024.

The travel expenses of the Board members were reimbursed in accordance with the Company's travel policy.

The members of the Board of Directors, with the exception of the CEO Hannu Lehto, are not in an employment or service relationship with the Company and have not had any other financial benefits or share-based compensation systems, however taking into account that part of the Board of Directors' annual remuneration has been paid in company shares.

Hannu Lehto has been the Company's CEO since 1 May 2024 and has not been paid an annual Board member's remuneration since then.



## Remuneration of the CEO in 2024

### *Fixed annual salary*

The Board of Directors defines and approves the key terms of the CEO's employment relationship, including the CEO's remuneration in accordance with the remuneration policy approved by the Annual General Meeting. Juuso Hietanen has served as CEO since May 2021 until the end of April 2024. According to the Executive Employment Agreement concluded with Hietanen, Hietanen's remuneration consisted of a fixed monthly remuneration of EUR 31,980.00. In 2024, Hietanen was paid a salary and compensation related to the termination of the CEO's contract totaling EUR 291,520. Hietanen has had fringe benefits including a telephone benefit, a car benefit and a lunch benefit.

Hannu Lehto has served as CEO since May 2024. According to the Executive Employment Agreement concluded with Lehto, the remuneration consists of a fixed monthly remuneration of EUR 9,000. In 2024, Lehto was paid a salary of EUR 72,000.00 and he has had a telephone benefit.

The terms of the CEO's employment relationship have been drawn up in the form of a written director's agreement. The agreement is valid until further notice and can be terminated by both parties with a six (6) month notice period, during which the CEO is entitled to a monthly salary and fringe benefits. If the Company terminates the CEO's director's agreement without a reason attributable to him, the CEO is entitled to receive compensation equivalent to six (6) months' salary.

The CEO is entitled to a pension in accordance with the Employment Contracts Act and other legislation regulating pensions. The company has not provided CEO with additional pension arrangements. The pension system is a defined contribution plan. The CEO is not obliged to own or acquire shares in the Company.

Any performance-based bonuses and other incentives are determined annually in accordance with the principles determined by the Board of Directors regarding such incentives, which are announced in advance. According to the CEO agreement, Hannu Lehto is entitled to a performance-based bonus, the basis for which is decided annually by the Company's Board of Directors in accordance with the remuneration policy. The CEO is also entitled to a bonus, the basis for which is decided annually by the Company's Board of Directors. No performance-based bonus or other incentives were decided for 2024.

In 2024, the CEO did not receive performance-based bonuses, financial benefits based on short- or long-term incentive schemes or supplementary pension contributions. The proportional shares of the CEO's fixed and variable remuneration components of the salary or remuneration have been 100% fixed and 0% variable salary components.