

Remuneration Report 2023

Introduction

The Remuneration Report 2023 describes the remuneration for Oriola's governing bodies as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 issued by the Securities Markets Association. The report presents information on the remuneration of the Board of Directors and the President & CEO during the financial year 2023. The Remuneration Report 2023 will be presented to Oriola's Annual General Meeting 2024 for an advisory vote.

In 2023 Oriola complied with the company's Remuneration Policy, as approved in 2020 and revised in 2023 Annual General Meeting.

The Board may deviate from the Policy in extraordinary circumstances.

The Remuneration Report 2022 presented to the Annual General Meeting 2023 was adopted through an advisory resolution.

For further information on company, Board of Directors and executive remuneration, please see Oriola's website www.oriola.com for the Remuneration Policy and other remuneration related information.

Remuneration principles

According to Oriola's Remuneration Policy, the goal of Oriola's executive remuneration is to commit executives to develop the company and its financial success in the long term.

Oriola's remuneration supports achieving strategic targets, profitability and increase of shareholder value.

When setting the remuneration for executives, Oriola follows the same main principles as for other employees in the company. Remuneration across the company is reviewed regularly to secure its competitiveness in the market.

Remuneration developments

The following section describes the development of the company's performance, the remuneration of the Board of Directors and the CEO, and the average salary of Oriola's employees in 2019–2023.

In 2023 Oriola's focus was on strengthening the company's distribution business and role as an infrastructure company in securing the availability of pharmaceuticals in society. Oriola made strong progress in the distribution business throughout the year, by signing new distribution agreements and improving overall efficiency in operations.

In 2023, Oriola's net sales on a constant currency basis grew by 2% and were EUR 1.6 billion. Growth was driven by the distribution business in both Finland and Sweden. The distribution business grew by 7.3% on constant currency basis in 2023, offsetting the negative impacts of lower volumes in the Swedish dose dispensing business. Oriola's share of the pharmaceutical distribution market remained stable.

Adjusted EBIT for the year 2023 was EUR 19.5 (11.9) million, when excluding the negative impact of the Swedish dose dispensing

business. The reported adjusted EBIT was EUR 16.7 (19.7) million and on a constant currency basis, the adjusted EBIT was EUR 17.1 million. Oriola has successfully managed the inflationary pressure both with strict cost control and by price increases. Operating expenses were below last year's level, including transport costs in Sweden. The improved efficiency in operations also contributed positively on the result.

The remuneration of the Board of Directors, decided by the Annual General Meeting, has remained unchanged since 2019. The members of the Board of Directors are not participants in the company's incentive schemes. Over the five-year review period, the CEO's remuneration has varied according to the level of performance, as has the remuneration of Oriola's personnel.

		2019	2020	2021	2022	2023
Chair of the Board	EUR thousand	72.0	87.0	86.0	93.0	79.5
Average remuneration of Board members ¹	EUR thousand	40.2	47.1	45.2	50.1	34.1
CEO remuneration	EUR thousand	690.8	777.0	1 567.8	598.0	668.4
Employee remuneration on average ²	EUR thousand	45.5	46.5	47.0	44.8	43.7
1-year TSR ³	%	-5	-6	6	-9	-41
Adjusted EBIT, % ⁴	%	1.2	1.2	1.0	1.3	1.1
Adjusted EBIT ⁴	EUR million	20.5	21.0	14.9	19.7	16.7

¹ In 2023, the Board of Directors had 15 meetings.

² Employee remuneration on average is total average pay for employees working in Finland in years 2019–2021 and including employees in Finland and Sweden in 2022 onwards, the total average pay including all earned salaries, benefits and bonuses.

³ Based on the 2-month closing average prior to the end of the financial year. Dividends treated as reinvested on payment.

⁴ Year 2022 figures have been restated and exclude the share of result in joint venture.

Remuneration of the Board of Directors in 2023

The Annual General Meeting decides annually on the remuneration payable to members of Oriola's Board of Directors. The Shareholders' Nomination Board prepares a proposal concerning the composition and the remuneration of the Board of Directors for the company's Annual General Meeting.

As stated in Oriola's Remuneration Policy, the Board of Directors' remuneration consists of annual fees for Board membership and separate Board and Committee attendance fees. The Board of Directors' compensation can be paid out in shares or cash or combination of those. The Board of Directors are not employees of Oriola and do not participate in any Oriola incentive schemes or pension arrangements.

The Annual General Meeting 2023 confirmed the following fees to be paid to members of the Board of Directors for their term ending after the Annual General Meeting 2024:

Annual fees (EUR)	2023
Chair	60,000
Vice Chair	36,000
Chair of the Audit Committee	36,000
Member	30,000
Attendance fees per meeting (EUR)	2023
Board meeting	
Chair	1,000
Member	500
Committee meeting	
Chair of a Committee	1,000
Member	500

The Annual General Meeting 2022 also resolved that of the annual fee, 60% shall be paid in cash and 40% shall be used to acquire Oriola's class B shares for the Board members on the Nasdaq Helsinki Stock Exchange within two weeks from the release of Oriola's January–March interim report. Travel expenses are reimbursed in accordance with the travel policy of the company.

The attendance fees decided by the Annual General Meeting 2022 were applied in 2023 with the change that the attendance fees for members participating to Board or Committee meetings outside their home country receive a double attendance fee.

The fees paid to the members of the Board of Directors are summarised in the table below. No other fees or remuneration were paid to any member of the Board, nor did any Board member receive remuneration from any other company within the Oriola Group. All payments to members of the Board of Directors during the financial year 2023 were in compliance with the Remuneration Policy.

Remuneration of the Board of Directors in 2023

Board Member	Annual fee, EUR ¹	Annual remuneration paid in shares, pcs ²	Attendance fees, EUR			Total fees paid, EUR
			Board	Audit Committee	Compensation and Human Resources Committee	
Westerlund Heikki, Chairman (from 21 March 2023)	60,000	16,759	13,000		2,000	75,000
Nilsson Bågenholm Eva, Vice Chair, Chair of the Compensation and Human Resources Committee	36,000	10,055	9,000	-	5,000	50,000
Pärssinen Harri, Chair of the Audit Committee	36,000	10,055	8,000	6,000	-	50,000
Mähönen Nina	30,000	8,379	7,500	4,000	-	41,500
Närhinen Yrjö (from 21 March 2023)	30,000	8,379	8,500	1,000		39,500
Persdotter Nilsson Ellinor (from 21 March 2023)	30,000	8,379	6,000		2,000	38,000
Ruotila Panu (until 21 March 2023)			3,000	1,000	500	4,500
Hakala Juko ³ (until 21 March 2023)			1,500	-	500	7,000
Ridström Lena (until 21 March 2023)			1,500	1,000	-	2,500
Total	222,000	62,006	58,000	13,000	10,000	308,000

¹ Annual fee decided by the Annual General Meeting, consisting of the remuneration paid in cash and in shares.

² Of the annual fee, 40% was paid in Oriola's class B shares.

³ Includes the remuneration of EUR 5 000 for Doktor.se.

CEO remuneration in 2023

The Board of Directors reviews and decides annually on the remuneration and benefits of the President & CEO based on the proposal of the Compensation and Human Resources Committee.

According to Oriola's Remuneration Policy, the main components of the President & CEO's total remuneration are base salary and short- and long-term incentives. If targets are met, over half of the President & CEO's total remuneration is based on variable remuneration, with more emphasis on the long-term incentive.

Fixed Compensation

In 2023, the fixed compensation for President & CEO Katarina Gabrielson was EUR 417,720.06.

Short-term Incentive Plan

According to the Remuneration Policy, the Short-term Incentive (STI) Plan is based on the achievement of the company's financial targets and personal targets. The Board of Directors decides annually on the earnings criteria and the determination of the STI based on the proposal of the Compensation and Human Resources Committee.

The maximum performance bonus potential in 2023 for the President & CEO was 60% of the annual base salary (excluding holiday bonus pay).

Short-term Incentive Plan 2022

Criteria	Outcome	Payment, EUR (due in 2024)
Adjusted EBIT	0%	0

Long-term Incentive Plan

In May 2022, the Board of Directors decided on the establishment of a new share-based Long-term Incentive (LTI) Plan for the company's key employees, including the President & CEO.

The new incentive plan comprises a Performance Share Plan and a share-based bridge plan to cover the transition phase to the new LTI structure (the Bridge Plan). In addition, the long-term incentive scheme comprises a Restricted Share Plan as a complementary long-term share-based retention plan for individually selected key employees in specific situations.

The objectives of the Long-Term Incentive Plan are to promote shareholder value creation in the long term, to commit management and key employees to achieving Oriola's strategic targets and the retention of Oriola's key resources.

President & CEO's participation in the Long-term Incentive Plan:

Performance Share Plan 2022–2025

Criteria	Weight	Pay-out year	Achievement
Time based	50%		
Earnings per share	40%	2026	In progress
Environmental target (CO ₂)	10%		

Bridge Plan 2022–2023

Criteria	Weight	Pay-out year	Achievement
Share price development of Oriola's class B shares *	45 %		
Earnings per share	45 %	2024	12.6%
Environmental target (CO ₂)	10 %		

* Excluding dividends and other distribution to shareholders.

If the President & CEO's employment with Oriola terminates before the payment of the reward, the President & CEO is, as a main rule, not entitled to any reward. The value of the reward payable to the President & CEO based on the plans is limited to three times of Oriola's share price increase. Oriola also applies a share ownership requirement to the President & CEO. The President & CEO is expected to retain ownership of at least half of the net shares received under the incentive plans until the value of her/his ownership in the company corresponds to at least her/his annual gross base salary.

Summary of President & CEO remuneration in 2023

For the year 2023, the base salary for President & CEO Gabrielson equalled 69% of the total remuneration, while the variable, performance-based remuneration equalled 31% of the total.

Remuneration paid to the President & CEO in 2023

EUR	Fixed compensation*	Short-term incentives (STI) earned in 2022	Long-term incentives (LTI)	Additional pension payment	Other (medical insurance)	Total compensation
President & CEO Katarina Gabrielson	417,720.06	204,944.67	3,559.18	41,855.72	340.80	668,420.43

* Includes car, mobile benefit, holiday bonus pay.

Due payments in 2024

The outcome of President & CEO Gabrielson's short-term incentive in 2023 was 0% and thus, a bonus won't be paid. A reward of 12.6% of the base salary will be paid to CEO Gabrielson in 2024 from the Long-term Incentive Plan based on the 2021-2022 performance.