

Remuneration Report 2024

Introduction

The Remuneration Report 2024 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 2024. The Remuneration Report 2024 will be presented to Oriola's Annual General Meeting 2025 for an advisory vote.

In 2024 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 2023 presented to the Annual General Meeting 2024 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 2020–2024.

Financial development in 2024 was marked by sales growth and improved profitability. Oriola progressed well with the refined strategy and strengthened customer-centricity to build strong partnerships, expanded wholesale business and introduced new data-driven services. Oriola announced a new operating model in December to accelerate strategy execution in the future.

In 2024, Oriola's net sales grew by 12.4% and were EUR 1.7 billion. Growth was driven mainly by the distribution segment, which grew by 14.8%. The rise in net sales was supported by growth in the pharmaceutical distribution market and a customer changing from consignment to Oriola's inventory in the third quarter. Organic net sales growth in distribution business was 2.5%. In the Wholesale segment, net sales grew by 3.2% to EUR 315.5 (305.7) million. The rise in net sales was supported by growth in the wholesale business in Sweden and Finland, and advisory services.

Adjusted EBIT for the year 2024 was EUR 21.6 (19.5) million excluding the impact of the Swedish dose dispensing business.

The reported adjusted EBIT was EUR 21.7 (16.7) million. Improved profitability was mainly driven by the Distribution segment where freight costs and operating expenses were lower compared with the previous year. Operating expenses were lower due to efficiencies in operations and cost reductions in the Swedish dose dispensing business.

The Annual General Meeting approved an increase in the remuneration of the members of the Board of Directors in 2024. Last time the Board's remuneration was revised in 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.

The development of remuneration and company performance

		2020	2021	2022	2023	2024
Chair of the Board	EUR thousand	87.0	86.0	93.0	79.5	85.5
Average remuneration of Board members ¹	EUR thousand	47.1	45.2	50.1	34.1	44.6
CEO remuneration	EUR thousand	777.0	1 567.8	598.0	668.4	486.0
Employee remuneration on average ²	EUR thousand	46.5	47.0	44.8	43.7	43.8
1-year TSR ³	%	-6	6	-9	-41	-5
Adjusted EBIT, % ⁴	%	1.2	1.0	1.3	1.1	1.3
Adjusted EBIT ⁴	EUR million	21.0	14.9	19.7	16.7	21.7

¹ In 2024, the Board of Directors had 13 meetings, two of which in written format.

² Employee remuneration on average is total remuneration including all earned salaries, benefits and bonuses / average headcount during the reporting period. Total average pay for employees working in Finland in years 2020–2021 and including employees in Finland and Sweden in 2022 onwards.

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 2024

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 2024 confirmed the following fees to be paid to members of the Board of Directors for their term ending after the Annual General Meeting 2025:

Annual fees (EUR)	2024
Chair	70,000
Vice Chair	40,000
Chair of the Audit Committee	40,000
Member	33,500
Attendance fees per meeting (EUR)	2024
Board meeting	
Chair	1,000
Member	500
Committee meeting	
Chair of a Committee	1,000
Member	500

The Annual General Meeting 2024 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 2023 were applied in 2024. 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 2024 were in compliance with the Remuneration Policy.

Remuneration of the Board of Directors in 2024

Board Member	Annual fee, EUR¹	Annual remuneration paid in shares, pcs²	Attendance fees, EUR			Total fees paid, EUR
			Board	Audit Committee	Compensation and Human Resources Committee	
Westerlund Heikki, Chairman	70,000	29,834	13,000		2,500	85,500
Pärssinen Harri, Vice Chair, Chair of the Audit Committee	40,000	17,048	6,500	6,000		52,500
Närhinen Yrjö, Chair of the Compensation and Human Resources Committee	33,500	14,278	8,000	500	5,000	47,000
Axdorff Petra (from 19 March 2024)	33,500	14,278	6,500	3,000		43,000
Carlsson Meyer Ann (from 19 March 2024)	33,500	14,278	5,500		2,000	41,000
Mähönen Nina	33,500	14,278	6,500	3,000		43,000
Persdotter Nilsson Ellinor	33,500	14,278	6,500		2,500	42,500
Nilsson Bågenholm Eva, Vice Chair, Chair of the Compensation and Human Resources Committee (until 19 March 2024)			1,000		1,000	2,000
Total	277,500	118,272	53,500	12,500	13,000	356,500

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.

CEO remuneration in 2024

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 2024, the fixed compensation for President & CEO Katarina Gabrielson was EUR 426,953.64.

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 target performance bonus in 2024 for the President & CEO was 30% and maximum potential was 60% of the annual base salary (excluding holiday bonus pay). The payment of the President & CEO's short-term incentive was based on the adjusted EBIT threshold criterion for the earning year 2023. The achievement was 0%, and therefore no short-term incentive was paid for the earning year 2023. The criteria and weights for the year 2024 are presented in the table Short-term incentive plan 2024.

Short-term Incentive Plan 2024

Criteria	Weight	Achievement	Payment, EUR (due in 2025)
Adjusted EBIT	40%	23%	54,311.81
Sales margin	40%	0%	
Net Promoter Score (NPS)	5%	55%	
Employee Engagement index (ENPS)	5%	0%	
Strategy-related goal: Skyway ERP delivery (design and Sweden implementation started)	10%	100%	

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 2024–2026

Criteria	Weight	Pay-out year	Achievement
Adjusted EBIT (cumulative)	40%	2027	In progress
Earnings per share (cumulative)	40%		
ESG (Delivery accuracy of pharma)	20%		

Performance Share Plan 2022–2025

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

Bridge Plan 2022–2023 paid in 2024

Criteria	Weight	Pay-out year	Achievement
Share price development of Oriola's class B shares ¹	45%	2024	0%
Earnings per share	45%		0%
Environmental target (CO ₂)	10%		12.6%

¹ 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's remuneration in 2024

For the year 2024, the base salary for President & CEO Gabrielson equalled 97% of the total remuneration, while the variable, performance-based remuneration equalled 3% of the total.

Due payments in 2025

The outcome of President & CEO Gabrielson's short-term incentive in 2024 was 21.86 % and thus, a bonus reward of EUR 54,311.81 will be paid in the spring of 2025. No long-term incentive plans will be payable in 2025.

Remuneration paid to the President & CEO in 2024

EUR	Fixed compensation ¹	Short-term incentives (STI) earned in 2023	Long-term incentives (LTI) ²	Additional pension payment	Other (medical insurance)	Total compensation
President & CEO Katarina Gabrielson	426,953.64	0.00	16,430.01	42,025.23	556.13	485,965.02

¹Includes car benefit and holiday bonus pay.

² Bridge Plan 2022-2023