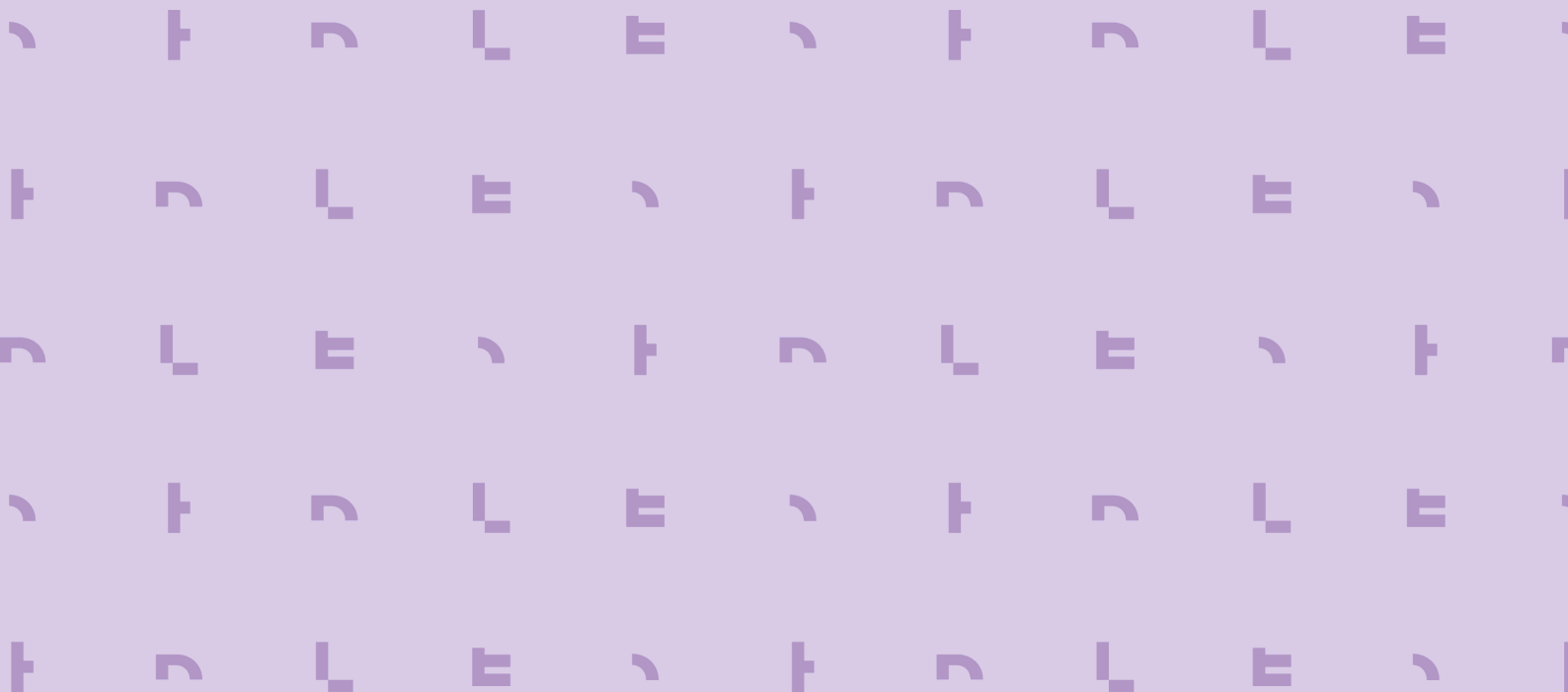




Remuneration report



Loihde Plc's remuneration report 2023

Introduction

The remuneration of the governing bodies of Loihde Plc (below Loihde) is based on the Remuneration Policy that the Annual General Meeting (below AGM) approved on 5 May 2022. It is the objective of the Remuneration Policy to promote Loihde's business strategy, long-term growth and profitability, and sustainable growth of shareholder value.

The Remuneration Report is formulated in accordance with the Finnish Corporate Governance Code 2020 for listed companies, which entered into force on 1 January 2020. It is the purpose of this report to paint a clear and understandable picture of the implementation of the remuneration of Loihde's Board of Directors, Shareholders' Nomination Board, CEO, and potential deputy of the CEO, and also of the implementation of the Remuneration Policy.

Five-year development of remuneration and the company's financial performance

Loihde Plc has transitioned to IFRS-compliant reporting starting from the financial year 2022, with 2021 being the comparative period. For this reason, all figures from the above-mentioned years are not entirely comparable to those of previous years.

(EUR 1,000)	2019 FAS	2020 FAS	2021 ³ IFRS	2022 ³ IFRS	2023 IFRS
Revenue	103,104	106,823	104,418	122,987	132,690
Change compared to the previous year, %	-2%	4%	N/A ⁴	18%	8%
Adjusted EBITDA	5,492	6,160	7,236	10,290	7,569
Change compared to the previous year, %	-13%	12%	N/A ⁴	42%	-26%
(EUR 1,000)	2019	2020	2021	2022	2023
Remuneration of the Board of Directors¹	159	179	215	204	246
Change compared to the previous year, %	-3%	12%	N/A ⁴	-5%	20%
(EUR 1,000)	2019	2020	2021	2022	2023
Base + benefits of the Group CEO	258	273	291	300	303
Change compared to the previous year, %	6%	6%	7%	3%	1%
Total remuneration of the Group CEO	331	307	340	425	360
Change compared to the previous year, %	-4%	-7%	N/A ⁴	25%	-15%
(EUR 1,000)	2019	2020	2021	2022	2023
Average wages and salaries of the employees²	61	61	67	65	65
Change compared to the previous year, %	6%	1%	N/A ⁴	-3%	0%

¹The remuneration of the Board of Directors includes meeting fees for the members of the Board of Directors when they have participated in the meetings of committees and the Nomination Board and meeting fees for the members of the Board of Directors when they have participated in the meetings of the Supervisory Board in 2019–2021.

²The average wages and salaries of the employees include cash wages and salaries without add-on costs, divided by the average number of employees (FTE) during the year. The wages, salaries and remuneration information shows the wages, salaries and remuneration paid during each financial year. The remuneration paid as part of the short-term and long-term incentive schemes is paid during the year following the end of the vesting period.

³Continuing operations without Hibox Systems Oy Ab

⁴Not all percentage changes for 2021 can be calculated, since it was the first year reported in accordance with IFRS.

Remuneration of the Shareholders' Nomination Board and the Board of Directors for the financial year 2023

Shareholders' Nomination Board

On 6 May 2021, the AGM decided that a meeting fee of EUR 400 per meeting shall be paid to the members of the Shareholders' Nomination Board and a meeting fee of EUR 700 per meeting to the Chair of the Nomination Board. The Chair of the Board of Directors that participates in the meetings of the Nomination Board as an expert is paid a meeting fee of EUR 400 per meeting.

The remuneration earned by the Nomination Board in 2023 was as follows:

	Meeting fees, EUR 1,000
Chair	4
Others, in total	13

The remuneration of the Nomination Board also includes the remuneration paid to the members of the Board of Directors for attending the meetings of the Nomination Board.

Board of Directors

The amount of remuneration of the Board of Directors has been decided at the AGM on 4 May 2023.

It was decided that the Chair of the Board of Directors shall be paid an annual fee of EUR 39,600 and a meeting fee of EUR 700 per meeting. Each member of the Board of Directors shall be paid an annual fee of EUR 16,500 and a meeting fee of EUR 600 per meeting. It was also decided that the Chair of a committee shall be paid a meeting fee of EUR 700 and the members of a committee a meeting fee of EUR 600 per meeting.

The company's AGM held on 25 June 2020 resolved to adopt a long-term share-based incentive scheme for the members of the Board of Directors. Under the incentive scheme, the members of the Board of Directors can subscribe for company shares at an amount corresponding to half of their annual fee at a maximum. In 2023, there was a 10% discount on the price of the shares subscribed for. The sum of the discount has been added to the taxable income of the members of the Board of Directors. The General Meeting may resolve on issuing commitment shares to the participants in the scheme based on their share ownership after a specified vesting period. Eligibility for the commitment shares is conditional on the participant still being a member of the company's Board of Directors.

The remuneration paid to the members of the Board of Directors and its committees in 2023 was as follows:

	Annual fees, ¹ EUR 1,000	Meeting fees, ¹ EUR 1,000	Total, EUR 1,000	Number of bonus shares received in 2023 in the share-based incentive scheme	Number of shares subscribed for in 2023 in the share-based incentive scheme	Committee memberships
Timo Kotilainen	47	19	66	120	1,336	Audit Committee, member
Kaj Hagros	18	15	33	-	557	Personnel Committee, member/chair
Juha Murtopuro³	11	10	21	-	557	Personnel Committee, member
Elina Piispanen²	8	5	13	120	-	Personnel Committee, Chair
Matti Piri	18	16	34	-	279	Audit Committee, Chair
Anni Ronkainen³	11	10	21	-	557	Personnel Committee, member
Matti Vikkula³	11	10	21	-		Audit Committee, member
Stefan Wikman	21	15	36	-	557	Audit Committee, member

The remuneration of the Board of Directors does not include the remuneration paid to the members of the Board of Directors for attending the meetings of the Nomination Board, since it is included under the remuneration of the Nomination Board.

¹The annual fees and meeting fees of the Board of Directors and the remuneration of the Nomination Board are paid retrospectively. Therefore, in 2023, the Chair of the Board of Directors has received fees of EUR 8,000 earned in 2022 and the members of the Board of Directors have received fees of EUR 13,000 earned in 2022. The fees earned in 2023 have been paid in 2023.

²Member of the Board of Directors until 4 May 2023

³Member of the Board of Directors as of 4 May 2023

Remuneration of the CEO for the financial year 2023

The Board of Directors decides on the remuneration and bonuses of the CEO, as well as other terms of the CEO contract. The CEO contract also specifies financial benefits, including severance pay and other possible compensations.

The remuneration of the CEO consists of fixed basic salary (including fringe benefits), life insurance, an annual performance bonus (STI) and a long-term share-based incentive scheme (LTI). The share-based incentive schemes are described in more detail on the page Remuneration in the For Shareholders section on the company's website.

The CEO is entitled to statutory pension. The retirement age of the CEO is defined in the statutory employee pension scheme.

The period of notice for the CEO contract is 6 months for both parties. If the company terminates the CEO contract, the CEO is under certain conditions entitled to a one-time payment corresponding to 12 months' monthly salary.

The remuneration earned by Samu Konttinen in 2023 was:

Paid in 2023	EUR 1,000	Per cent of the maximum amount
Fixed annual salary, including holiday pay and holiday bonus	303	
Short-term incentive (STI) for 2022	56	28%
Paid in 2024		
Short-term incentive (STI) for 2023	0	0%
	Shares	Per cent of the maximum amount
Long-term incentive scheme (LTI), the vesting period that started in 2021 and ended in 2023	3,119 ¹	33.9%

¹Gross number of shares before deduction of taxes. The actual number of shares delivered is lower, because a portion of the shares (corresponding to the tax liability) is withheld to cover income tax.

Short-term incentive (STI) bonus for 2023:

The revenue and adjusted EBITDA targets set for the payment of the short-term incentive (STI) for the financial year 2023 were not met, so no STI will be paid for this financial year.

Long-term share-based incentive scheme (LTI), the 2021–2023 vesting period

The criteria for the payment of the bonus were the revenue and EBITDA targets set by the Board of Directors for the vesting period.

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