

# REMUNERATION REPORT 2021

Orthex Corporation (“Orthex” or the “company”) is a Finnish publicly listed limited liability company since 29 March 2021 when the trading of its shares started on the official list of Nasdaq Helsinki Ltd. This is the company’s first remuneration report, and it describes the remuneration of the members of the Board of Directors and the CEO during the financial year 2021. It also includes a description of the company’s financial development over the past five years in comparison with the development of the remuneration of the Board of Directors and the CEO. This remuneration report has been approved by the company’s Board of Directors and it will be presented to the Annual General Meeting to be held on 6 April 2022 for the shareholders’ approval. The shareholders’ decision on the report is advisory.

## Introduction

The company’s remuneration policy for the governing bodies has not yet been presented to the Annual General Meeting so the company did not have a remuneration policy in place during the financial year 2021. Hence, this remuneration report does not describe implementation of such policy but in other respects it follows the requirements of the applicable laws and regulations and the Finnish Corporate Governance Code 2020. The company’s first remuneration policy for governing bodies will be presented to the Annual General Meeting to be held on 6 April 2022.

The actual remuneration of the members of the Board of Directors and the CEO in 2021 followed the remuneration principles of Orthex.

The goal of Orthex’s remuneration schemes is to promote the company’s competitiveness and support the implementation of the company’s strategy. The remuneration schemes also aim to engage key personnel in long-term work to achieve personal and shared goals and increase shareholder value.

Effective and competitive remuneration is an essential tool for hiring capable management in the company, which in turn contributes to the company’s financial success and implementation of good governance. Remuneration supports the implementation of the company’s strategy and long-term profitability and promotes the company’s competitiveness.

## Development of the Group’s financial performance and remuneration

The development of the CEO’s total remuneration correlates with the company’s performance, as described below. The achievement of the short-term incentive plan’s performance targets for 2021 and the incentive to be paid in 2022 are disclosed in the tables at the end of this remuneration report.

### Development of total remuneration and financial development over the past five years

EUR thousand	2021	2020	2019	2018, FAS	2017, FAS
Net sales	88,694	75,865	66,427	62,490	61,453
Adjusted EBITA	10,964	12,933	7,593	5,227	5,602
Board of Directors <sup>1)</sup>	126	71	58	41	46
CEO <sup>1)</sup>	478	367	302	259	288
Employees’ average remuneration <sup>2)</sup>	58	55	53	51	51

<sup>1)</sup> The remuneration of the Board of Directors and the CEO was adjusted in connection with the company’s IPO in March 2021.

<sup>2)</sup> Employees’ average remuneration is total employee remuneration excluding side costs divided by the average number of personnel during the year.

## Remuneration of the Board of Directors

The Annual General Meeting decides on the remuneration to be paid to the members of the Board of Directors. The Board of Directors prepared a proposal for the remuneration of the members of the Board of Directors for the 2021 Annual General Meeting. The proposal for the remuneration of the members of the Board of Directors for the 2022 Annual General Meeting has been prepared by the company's Shareholders' Nomination Board.

In accordance with the decision of the Annual General Meeting in 2021, the Chair of the Board was paid between 1 March and 31 March a remuneration of EUR 2,500 per month and EUR 1,700 per month for each member of the Board. As of 1 April 2021, the remuneration paid to the Chair of the Board was EUR 4,000 per month and to each other member of the Board EUR 2,000 per month.

Board fees are paid monthly in cash. No meeting fees are paid for Board meetings. The remuneration of the members of the Board of Directors does not involve pension contributions and the members of the Board of Directors are not covered by Orthex's incentive schemes.

In February 2021, a non-recurring consulting fee of EUR 25 thousand was paid to RaKaAs ApS, the consulting company of the Chair of the Board, Sanna Suvanto-Harsaae, in connection with the company's listing.

Reasonable travel expenses for Board members' meetings were reimbursed in accordance with the company's travel rules.

The remuneration paid to the members of the Board of Directors in 2021 is shown in the table below. The members of the Board of Directors have not received any other financial benefits.

### Remuneration of the Board of Directors 2021

EUR	Total
Sanna Suvanto-Harsaae	41,100
Satu Huber	23,100
Ari Jokelainen	19,700
Juuso Kivinen	25,500
Jens-Peter Poulsen <sup>1)</sup>	10,000
Thomas Sandvall <sup>2)</sup>	3,400
Matti Virtanen <sup>2)</sup>	3,400
<b>Total</b>	<b>126,200</b>

<sup>1)</sup> Member of the Board as of 1 August 2021

<sup>2)</sup> Member of the Board until 28 March 2021

## Remuneration of the CEO

The Board of Directors decides on the remuneration of the CEO. The CEO's remuneration consists of a fixed base salary with fringe benefits and a variable short-term incentive. In 2021, Orthex did not have any long-term share-based or other incentive schemes. The purpose of rewarding the CEO is to guide the implementation of the company's strategic goals and thereby promote the Company's long-term financial success, competitiveness, and favourable development of shareholder value. The CEO's significant shareholding (11.5%) in the company strengthens the alignment of the CEO's interests with those of shareholders.

Under Orthex's variable short-term incentive scheme, the CEO may be granted annual performance-based incentives in addition to his fixed annual salary. The aim of the incentive scheme is to encourage the CEO to commit to the company and motivate him to achieve the best possible result. In addition, the incentive scheme is intended to encourage the CEO to work in a way that supports Orthex's strategy, growth, and competitiveness.

Incentives under annually commencing short-term incentive plans are discretionary and tied to Orthex's results of operations and the achievement of relevant performance metrics and/or individual performance targets. The terms and objectives of the incentive plan, including performance metrics and weights, are determined, and approved annually in advance by the company's Board of Directors. In 2021, the metrics and weights of the CEO incentive plan were as follows: profitability 60%, turnover 25%, sustainability 15%. During the financial year 2021, the maximum amount of the CEO's incentive corresponded to 7 months' gross base salary.

The CEO is entitled to a statutory pension. The CEO's pension and retirement age are determined on the basis of the Employees' Pensions Act. The CEO does not have any supplementary pension insurance paid by the company.

The salaries, incentives and fringe benefits paid to the CEO in 2021 are shown in the table below. The incentive paid in 2021 is based on the 2020 short-term incentive plan.

### Remuneration of the CEO paid in 2021

EUR	2021
Fixed based salary and mobile phone benefit	401,660
Incentives	76,000
Other financial benefits	-
<b>Total</b>	<b>477,660</b>
Share of fixed pay of total remuneration	84%
Share of variable pay of total remuneration	16%

The CEO's earned short-term incentive for 2021 was 43% of the annual maximum short-term incentive. The performance-based incentive for 2021 will be paid in April 2022.

### Remuneration of the CEO not yet paid but due based on the year 2021

Short-term incentive scheme	EUR
Remuneration due based on the achievement of STI performance measures in 2021	101,489

