

Remuneration Report



Remuneration Report

Terveystalo’s remuneration principles are based on performance, fairness and competitiveness. Remuneration supports the achievement of Terveystalo’s strategic goals and the long-term financial success of the Company. The remuneration policy and the decision-making process is described in more detail in the Remuneration Policy for Governing Bodies. In the Annual General Meeting 2023, the Remuneration Report 2022 was given an advisory approval, and no further aspects were presented. Thus the Remuneration Report 2023 is mainly similar, but the targets of the incentive schemes are introduced broader.

Terveystalo’s revenue has improved steadily over the last five years, excluding the exceptional year 2020. During 2022, revenue improvement continued, but profitability did not reach its targets. The weakening of the profitability is visible in short-term incentives paid in 2023. In 2023, profitability improved again thanks to the profit improvement program started in 2022, and thus the short-term incentives earned from 2023 and paid in the beginning of 2024 will be on higher level.

Remuneration development 2019–2023

Total remuneration, EUR ¹⁾ (rounded to the nearest thousand)	2019	2020	2021	2022	2023
Chair of the Board	91,000	101,000	102,000	102,000	109,000
Vice Chair of the Board	62,000	67,000	69,000	59,000	65,000
Other members of the Board, on average	53,000	57,000	56,000	57,000	56,000
CEO	938,000	367,000	640,000	834,000	637,000
Salary development of employees, on average ²⁾	62,000	62,000	65,000	68,000	70,000

¹⁾ Total remuneration includes other financial benefits and meeting fees for Board members, and short- and long-term incentives for the CEO in addition to fixed annual fee/salary.

²⁾ The average salary development of employees has been calculated by dividing the personnel costs for each year (excluding other social security costs) by the average number of personnel.

The remuneration level of the Board of Directors was reviewed and determined to correspond to the market level by the decision of the AGM in 2020 and in 2022.

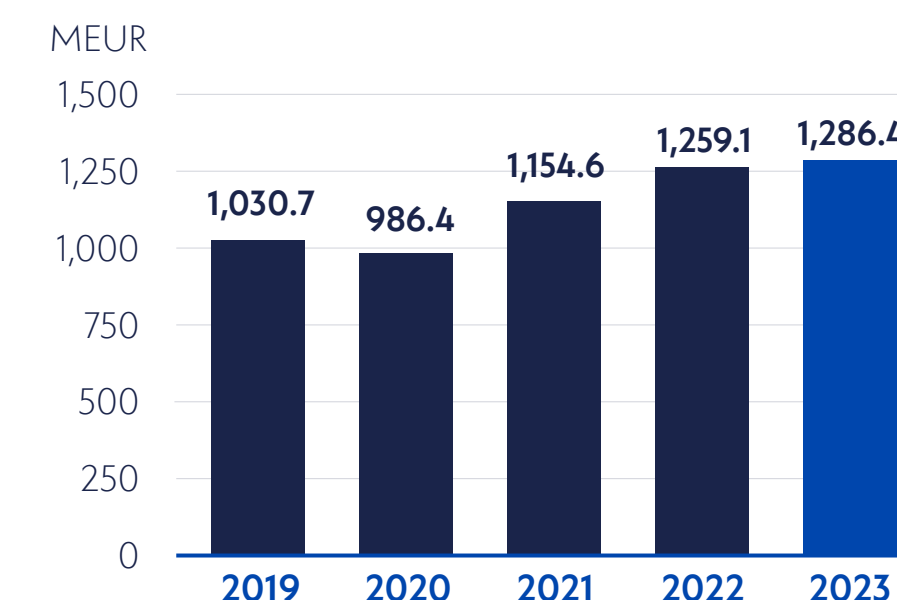
In accordance with the Remuneration Policy, remuneration of the CEO is strongly based on performance, and a significant share of the overall remuneration of the CEO consists of short-term and long-term incentives. The targets of the incentive schemes are directly linked to the Company performance, and the Company’s positive financial development is reflected in the remuneration of the CEO in 2019. A CEO change took place at the end of 2019, and in 2020, remuneration of the CEO exceptionally only consisted of the base salary. In 2021, the CEO’s

remuneration included short-term incentives for the year 2020. As a part of the Company’s mitigation measures due to the COVID-19 pandemic, the CEO’s short-term incentive earning opportunity was restricted to 50% of the normal level. In 2023, the overall compensation level is significantly impacted by the low outcome of short-term incentives from 2022.

The average salary development of employees has shown a rising trend. The larger increase in 2021–2022 salary development originates mainly from the corporate acquisitions made during those two years, and their effects on the employee group demographics. Approximately 65% of the personnel is covered by collective agreements,

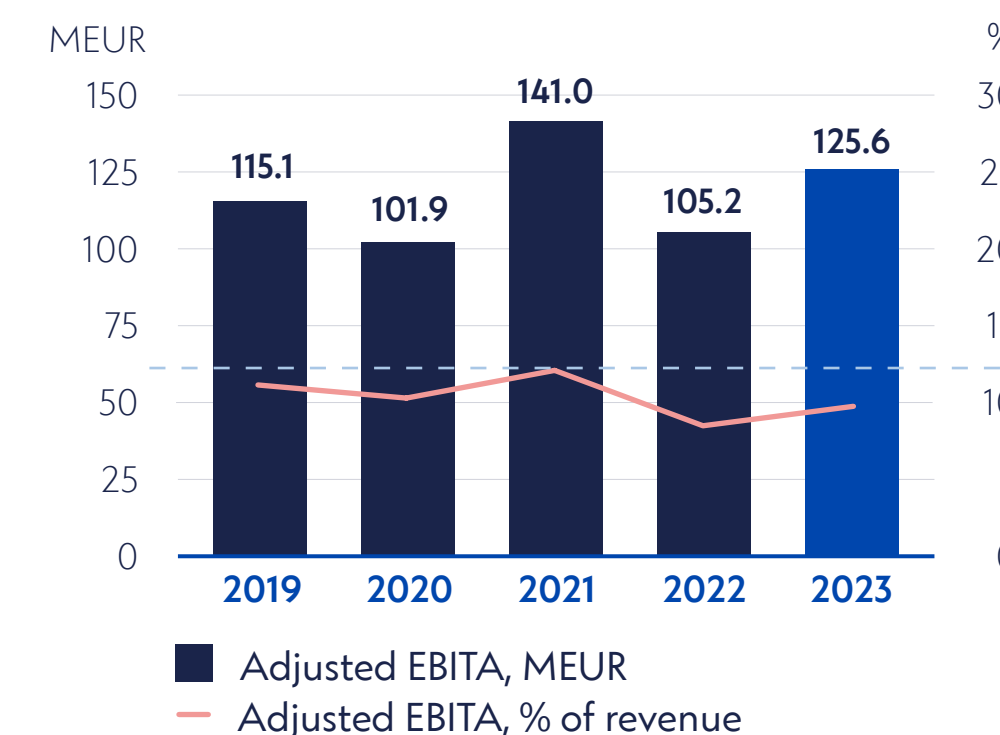
Revenue

Target of at least 5% growth annually



Adjusted EBITA and EBITA-%

Target 12% of revenue in 2025



and the general increases determined in the collective agreements mainly guide the salary development of this personnel group.

Remuneration of the Board of Directors for the financial year 2023

Terveystalo's Annual General Meeting, held on 23 March, 2023, resolved in accordance with the proposal of the Shareholders' Nomination Board that the Chair of the Board of Directors be paid an annual remuneration of EUR 87,500, the Vice Chair an annual remuneration of EUR 52,000, the members an annual remuneration of EUR 41,500, and the Chair of the Audit Committee an annual remuneration of EUR 52,000. In addition, an attendance fee of EUR 650 will be paid for members of the Board of Directors and Committee members residing in Finland, EUR 1,350 for members residing elsewhere in Europe, and EUR 2,700 for members residing outside of Europe for each Board and Committee meeting that they attend. For Board and Committee meetings that are held by telephone or other electronic means, the attendance fee is EUR 650. Travel costs are reimbursed based on the company's travel policy.

The annual remuneration of the Board is paid as a combination of company shares (40 percent) and cash (60 percent).

The Company will reimburse the transaction costs and capital transfer tax related to trading. Attendance fees are paid in cash.

The following table presents the remuneration paid to the Board of Directors during the financial year 2023:

Name	Annual fee, total, EUR ¹⁾	Annual fee in shares, EUR	Annual fee in cash, EUR	Other financial benefits, EUR ²⁾	Meeting fees of the board of directors and board committees, EUR	In total, EUR
Kari Kauniskangas	87,500	34,995	52,505	560	20,650	108,710
Kristian Pullola	52,000	20,798	31,202	333	12,350	64,683
Katri Viippola	41,500	16,594	24,906	266	14,950	56,716
Matts Rosenberg	52,000	20,798	31,202	333	12,350	64,683
Carola Lemne	41,500	16,594	24,906	266	19,950	61,716
As members of the Board from 23 March, 2023:						
Ari Lehtoranta	41,500	16,594	24,906	266	5,850	47,616
Sofia Hasselberg	41,500	16,594	24,906	266	8,650	50,416

¹⁾Total annual compensation consists of stock award (40%) and cash compensation (60%).

²⁾Other financial benefits include transfer tax fees for the annual fees paid in shares.

Remuneration of the CEO for the financial year 2023

The following table presents the remuneration paid to the CEO during the financial year 2023:

Name	Fixed annual salary (including taxable benefits), EUR	Short-term incentives, EUR	Remuneration based on long-term incentive schemes, EUR	In total, EUR
Ville Iho, CEO	410,000	103,680	123,006	636,685

In 2023, the CEO's compensation consisted of the fixed annual salary and the short-term incentive paid for 2022, corresponding to 25 percent of the fixed annual salary, and the long-term incentive paid from 2021—2022, corresponding 30 percent of the fixed annual salary.

The 2022 short-term incentive was based on 40 percent weight on adjusted EBITA, on 40 percent weight on revenue and on 20 percent weight on eNPS score. The outcomes of EBITA and eNPS were below minimum level, but revenue's outcome was between minimum and target level, which resulted a total outcome of 33 percent from the incentive.

The long-term incentive 2021—2022 was based on 60 percent weight on relative TSR and on 40 percent weight on Digital Footprint, which consisted of two components: Productivity and Digital Sales. The outcome of the relative TSR measurement was below minimum, but the Digital Footprint's outcome was between target and maximum level. Thus the long-term incentive 2021—2022 resulted a total outcome of 60 percent.

Based on the 2023 short-term incentive program, the CEO will receive a payment of EUR 402,000 in the spring of 2024, which corresponds to 98 percent of the fixed annual salary. In the performance period 2023, the short-term incentives were based on the following indicators: 40 percent weight on adjusted EBITA, 40 percent weight on profit improvement program started in 2022 and 20 percent weight on eNPS score. The outcome of EBITA was between the target and maximum level, profit improvement program's outcome resulted above the maximum level and eNPS was below the minimum level. Thus the 2023 STI resulted a total outcome of 106 percent.

Remuneration based on long-term incentive schemes, EUR (the President and CEO Ville Iho):

Long-term incentive plan	Grant date	Earning opportunity (maximum number of shares granted)	Pay-out year (subject to the achievement of performance targets)
Performance Share Plan (PSP) 2021–2023	April 28, 2021	88,000	2024
Performance Share Plan (PSP) 2022–2024	February 9, 2022	75,086	2025
Performance Share Plan (PSP) 2023–2025	February 10, 2023	88,000	2026

In the performance period 2021–2023, the performance criteria for the share-based long-term incentive scheme was based on 60 percent weight on the Total Shareholder Return (TSR) as well as on 40 percent weight on Digital Footprint, which consists of productivity and digital sales indicators.

In the performance periods 2022–2024 and 2023–2025, the performance criteria for the share-based long-term incentive schemes were based on the absolute and relative Total Shareholder Return (TSR). The weight of both criteria is 50 percent.

More information on share-based payment schemes can be found in financial statements as well as on the company website.