

PANOSTAJA OYJ
ANNUAL GENERAL MEETING 2023

Remuneration Report

2022

This remuneration report (hereinafter 'Remuneration Report') is compliant with the Securities Market Association's Corporate Governance Code that entered into force on January 1, 2020. It describes how Panostaja Oyj (hereinafter 'Panostaja' or 'Company') has applied its Remuneration policy in the 2022 financial period. The Remuneration Report indicates how Panostaja's board of directors (hereinafter 'Board') and CEO were remunerated in the period November 1, 2021–October 31, 2022.

The Board prepared the Remuneration Report and approved it in its meeting on December 14, 2022. The Remuneration Report will be covered in Panostaja's Annual General Meeting in 2023.

1. Introduction and summary of remunerations in 2022

The remuneration of Panostaja's various bodies is based on the Company's remuneration policy (hereinafter 'Remuneration Policy'), which was covered by the Annual General Meeting on February 6, 2020. The Remuneration Policy will be applied until it is next addressed at an Annual General Meeting.

The decision-making process concerning remunerations in 2022 has adhered to the decision-making process specified in the Remuneration Policy. The Board did not deviate temporarily from the Remuneration Policy in 2022. The Board did not observe conditions or activities that would have resulted in a need to apply the terms and conditions on reducing, cancelling or recovering the CEO's variable remunerations in the 2022 financial period.

In accordance with the Remuneration Policy, the remuneration scheme has supported the shared long-term interests of the Company and its shareholders and promoted building a significant interest in the Company among the members of its bodies in order to incentivize and engage the members to act in accordance with the common goals.

A significant portion of the CEO's total remuneration potential has been performance-based, and the Board has defined the goals that serve as the pertinent payment criteria for the financial period based on the Company's financial, operational and long-term strategic goals, including responsibility development, in such a way that they promote the Company's business operations and long-term financial success. To promote share ownership, the CEO's variable performance-based portion of the remuneration is determined as a quantity of Company shares, and the remuneration is paid after the end of the earnings period as a combination of shares and cash in such a way that the monetary amount corresponds with the taxes and parafiscal charges arising from the share reward. The earnings period for the CEO's variable performance-based remuneration is the Company's financial period. In accordance with the Remuneration Policy, the Board has monitored the fulfilment of the goals and the related indicators regularly.

In the 2022 financial period, the CEO had access to a variable performance-based remuneration portion, for which the Board determined the earnings criteria in accordance with the aims described above. Due to the lagging financial development and the partial delay of strategic projects, the actual level of the variable performance-based remuneration for the 2022 financial period fell short of the targets. The remunerations paid to the CEO in the 2022 financial period, including the fixed salary and the variable performance-based portion for the 2021 earnings period, totaled at EUR 255,674.

PAID REMUNERATIONS AND PANOSTAJA GROUP'S EBIT DEVELOPMENT IN FIVE FINANCIAL PERIODS

EUR unless otherwise indicated	2018	2019	2020	2021	2022
Chairman of the Board	40,000	40,000	40,000	40,000	40,000
Member of the Board	20,000	20,000	20,000	20,000	20,000
CEO Tapio Tommila	-	176,826	229,747	249,379	255,674
CEO Juha Sarsama	236,352	163,287	-	-	-
Deputy CEO Tapio Tommila	195,771	103,860	-	-	-
Panostaja Group employee on average	37,748	39,707	35,923	40,753	41,856
EBIT¹, MEUR	4.1	3.8	4.1	2.0	5.2

¹⁾ The EBIT for the financial period 2018 does not include the impact of IFRS 16.

2. Board remunerations

In accordance with Panostaja's Remuneration Policy, the Annual General Meeting on February 7, 2022 decided on the remunerations and cost compensation criteria of the chairman and Board members. The proposal to the Board was made by a shareholder representing more than 10% of the Company shares and votes arising from the shares.

In accordance with the proposal, the Annual General Meeting determined EUR 40,000 as the annual remuneration of the Chairman of the Board and EUR 20,000 as the annual remuneration of Board members for the operating period that began at the end of the Annual General Meeting and will end at the beginning of the next Annual General Meeting. It was further resolved by the Annual General Meeting that approximately 40% of the compensation remitted to the members of the Board be paid on the basis of the share issue authorization given to the Board, by issuing Company shares to each Board member if the Board member does not own more than one percent (1%) of the Company shares on the date of the General Meeting. If the holding of a Board member on the date of the Meeting is over one percent (1%) of all company shares, the compensation will be paid in full in monetary form. The Annual General Meeting also decided that the travel expenses of the Chairman of the Board and the Board members will be paid based on the maximum amount specified in the valid grounds for payment of travel expenses ordained by the Finnish Tax Administration.

REMUNERATIONS PAID TO BOARD MEMBERS IN THE 2022 FINANCIAL PERIOD

	Remuneration in shares, EUR	Remuneration in cash, EUR	Remunerations in total, EUR
Jukka Ala-Mello (Chair)	16,000	24,000	40,000
Eero Eriksson (Vice Chair)	8,000	12,000	20,000
Tommi Juusela	8,000	12,000	20,000
Tarja Pääkkönen	8,000	12,000	20,000
Mikko Koskenkorva	0	20,000	20,000
Total	40,000	80,000	120,000

3. Remunerations to the CEO

Tapio Tommila has served as the Company's CEO for the entire duration of the 2022 financial period. The Company has not had a deputy for the CEO.

Panostaja's Board has prepared and decided on the CEO remuneration scheme in accordance with the Company's Remuneration Policy. The remunerations to the CEO have consisted of a fixed cash salary, fringe benefits and variable performance-based remunerations in shares. The CEO has a written CEO's contract and the pay is fixed according to this. The CEO's retirement pension is determined in accordance with the Employees Pensions Act (TyEL).

The maximum amount of the CEO's variable performance-based remuneration was 47,250 net shares, which will be provided at

the end of the earnings period as a combination of shares and cash in such a way that the monetary amount corresponds with the taxes and parafiscal charges arising from the share reward. However, the value of the net shares handed out as part of the performance-based remuneration may not exceed EUR 59,062.50 (EUR 1.25 per share) at the time of payment. The earnings period for the performance-based remuneration was the 2022 financial period, and the earnings criteria determined by the Board were the Company's profitability development measured in EBIT, fulfilment of the interim goals of the segments' investment strategies, and the investment company's operational goals. The earnings criteria for the 2022 earnings period were fulfilled in weighted form in such a way that the CEO's variable performance-based remuneration landed at 26% of the maximum amount possible. For the earnings period of the 2022 financial period, the CEO will receive roughly EUR 15,000 as a performance reward for the 2022 financial period calculated at the closing rate of the share on Panostaja's balance sheet date (October 31, 2022) (the actual value of the Panostaja share depends on the share price on the date of payment).

In the 2022 financial period, the CEO's earnings and other benefits amounted to EUR 255,674 with the following distribution:

	Fixed salary portion, EUR	Performance reward for the 2021 financial period, EUR	Total, EUR
Tapio Tommila (November 1–October 31, 2022)	222,365	33,309	255,674
	(salaries incl. fringe benefits)	(performance reward paid as a combination of shares and cash)	

During the financial period, the CEO was paid a total of EUR 33,309 in performance-based remunerations, which was about 13% of the total remuneration amount. The performance-based remuneration paid in the 2022 financial period was earned in the 2021 financial period. The earnings criteria for the performance-based remuneration matched those in the 2022 financial period and were fulfilled for the 2021 earnings period in weighted form in such a way that the CEO's variable performance-based remuneration landed at 45% of the maximum amount possible. No discretionary pension was paid to the CEO.