



# Remuneration report 2023

F-Secure Corporation



# Remuneration Report

## Introduction

This Remuneration Report 2023 has been prepared in accordance with the Finnish Corporate Governance Code 2020 (publicly available at <http://cgfinland.fi/en/>) and contains comprehensive information on remuneration of the Board of Directors and the President and CEO. All remuneration information in this report is from 1 January 2023 until 31 December 2023, except that the Board of Directors remuneration is based on their term of office that began in 2023 and will expire at the end of the 2024 Annual General Meeting (as explained in further detail in the F-Secure Corporate Governance Statement 2023).

F-Secure Remuneration Policy was presented to the Extraordinary General Meeting of WithSecure on 31 May 2022 that decided on the partial demerger of WithSecure into F-Secure. The Extraordinary General Meeting resolved, conditional upon the completion of the Demerger, to support the proposed remuneration policy for governing bodies of F-Secure. The Demerger was registered with the Trade Register maintained by the Finnish Patent and Registration Office on the effective date on 30 June 2022. Upon registration the Demerger was completed, and the Remuneration Policy became applicable in F-Secure.

F-Secure Remuneration Policy describes the remuneration for the Board of Directors and the President and CEO and the considerations of determining the policy and operation of the policy. Remuneration Policy of F-Secure complies with the recommendations of the Finnish Corporate Governance Code for listed companies, Shareholders' Rights Directive legislation and any other regulations and guidelines concerning remuneration in listed companies. The Remuneration Policy is available at F-Secure website.

According to F-Secure Remuneration Policy, the remuneration for F-Secure management is designed to advance the business objectives and long-term profitability of the company. F-Secure remuneration in general is based on rewarding for performance and competencies. Remuneration is designed to be competitive compared to relevant reference markets, to increase commitment and work engagement and to be consistent across the organization. Incentive schemes are developed to support company's strategy by aligning the interests of the shareholders and the key employees for strong performance and short and long-term value creation of the company. The remuneration of employees across the company is reviewed regularly with the intention that all employees are paid appropriately in the context of market and considering their individual performance and competencies.

These principles have been considered in the company's remuneration in the financial year 2023. In 2023, the remuneration of the Board of Directors and the President and CEO complied with the Remuneration Policy, and there were no deviations.

The President and CEO's remuneration follows the same principles as the remuneration of all other employees, and this is evident in the performance criteria set for the variable remuneration. Approximately half of the President and CEO's remuneration package is based on performance. The existing short- and long-term incentive plans are based on the company's financial performance, employee engagement and shareholder value development to ensure a strong link between the company's performance and CEO remuneration. The President and CEO is recommended to hold at least 50% of the shares received as rewards from the long-term incentive programs and to accumulate the shares from the incentive programs until the value of the shares

received from the share programs equals the annual gross base salary of the President and CEO. There are no other restrictions set for the shares received from the share-based incentive programs.

## Remuneration in 2023

In February 2023 the Board of Directors of F-Secure Corporation decided on the establishment of new share-based long-term incentive plans targeted to the management and selected key employees of F-Secure. The share-based long-term incentive plans include a Performance Share Plan ("PSP") as the main plan and Restricted Share Plan ("RSP") as a complementary share-based incentive plan for individually selected key employees in specific situations. New plan periods 2023–2025 for PSP and RSP commenced at the beginning of 2023 and include a three-year performance period followed by a possible reward payment.

The ongoing LTI programs prior to demerger from WithSecure continue. All LTI allocations (PSP and RSP) made originally in the shares of WithSecure were adjusted to be the allocations of F-Secure Corporation. Adjustments to PSP 2021–2023 and PSP 2022–2024 were made using the reference prices of the two new companies. Criteria measurement in PSP 2020–2022 was decided to execute as if the two companies would still form the old entity.

The total remuneration paid to the President and CEO in 2023 was EUR 500,342 of which EUR 200,102 was in the form of variable pay. Short Term Incentive payment made to the President and CEO in February 2023 was based on F-Secure H2 2022 revenue growth with 40% weight and H2 adjusted EBITDA with 40% weight and employee Net Promoter Score with 20% weight of total. The Performance Share Plan 2020–2022 payment in March 2023 was measured by the combined Total Shareholder Return (TSR) of F-Secure and WithSecure

against two separate technology indexes, HACK and OMX Technology. During the performance period, the combined TSR of F-Secure and WithSecure accounted for 44.1% compared to the TSR of 17.4% of HACK and the TSR of 62.8% for OMX Technology resulting in a payout rate of 50% out of the maximum. The President and CEO also received in June 2023 a customary transaction bonus related to the Lookout Life acquisition.

At the end of 2023, the President and CEO held 30,517 shares of F-Secure.

## Remuneration of the Executives 2023

F-Secure executive compensation in 2023 is described in the table below.

Average annual remuneration (EUR)	2023	2022 <sup>1)</sup>
President and CEO <sup>2)</sup>	500,342	179,880
Chair of the Board	80,000	80,000
Other Board Members <sup>3)</sup>	40,500	40,500
Average employee <sup>4)</sup>	73,241	27,686

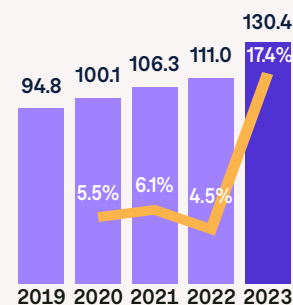
<sup>1)</sup> Remuneration paid for 30 June 2022–31 December 2022.

<sup>2)</sup> Remuneration paid during the financial year, including the base salary as well as short- and long-term incentives and transaction bonus.

<sup>3)</sup> The average remuneration paid to the Board Members, excluding the employee Board member.

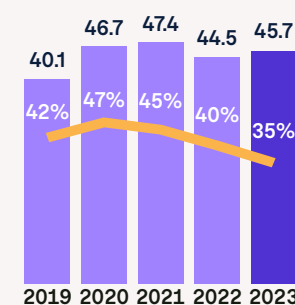
<sup>4)</sup> The total wages and salaries paid in 2023 / average full-time equivalent headcount during the same period in all countries. The amount excludes end of employment related severances.

## Revenue development 2019–2023<sup>1)</sup>



- Revenue, MEUR
- Revenue development, %

## Adjusted EBITDA development 2019–2023<sup>1)</sup>



- Adjusted EBITDA, MEUR
- Adjusted EBITDA, % of revenue

<sup>1)</sup> The financial information of F-Secure that is illustrated above has been derived from the audited carve-out financial statements as at and for the years ended 31 December 2021, 2020 and 2019. Financial information presented for 2022 is on an actual basis for the period Jul–Dec/2022 and on carve-out basis for the period Jan–Jun/2022. Financial information presented for 2023 is on an actual basis.

## Remuneration of the Board of Directors

F-Secure's General Meeting, held on 23 March 2023 decided that the remuneration for the Board of Directors of F-Secure shall be paid as follows: EUR 80,000 for the Chairman of the Board of Directors, EUR 48,000 for the Chairman of each Committee, EUR 38,000 for other members of the Board of Directors, and EUR 12,667 for a member of the Board of Directors employed by F-Secure.

F-Secure's General Meeting decided that approximately 40 per cent the Board of Directors' remuneration is paid as shares in F-Secure to be repurchased from the market. F-Secure Corporation will repurchase the shares or transfer shares held by F-Secure Corporation as treasury shares for the account of and on behalf of the members of the Board of Directors of F-Secure.

For the Members of the Board of Directors, changes in the holdings of the company shares and rewards paid in shares are reported according to the Market Abuse Regulation. Related stock exchange releases are available on the company's website.

The travel expenses and other costs of the members of the Board of Directors of F-Secure directly related to board work are paid in accordance with F-Secure compensation policy in force from time to time.

Each member of the Board of Directors of F-Secure is paid a predetermined travel fee in addition to travel expenses for meetings held outside their country of residence. A separate meeting fee of EUR 1,000 is paid to the Board members travelling from another country to an on-site meeting within the European continent. If inter-continental travel is required, the fee is EUR 2,000. The travel expenses and other costs directly related to the Board work of the members of the Board of Directors are paid in accordance with the company's compensation policy in force at any given time.

### The Board of Directors Remuneration in 2023

Member	Annual fee paid in cash, EUR	Annual fee paid in shares, EUR	Annual fee paid in shares, pcs	Meeting fees paid, EUR	Total, EUR
Pertti Ervi	48,002	31,998	10,848	5,000	85,000
Madeleine Lassoued	22,800	15,200	5,153	5,000	43,000
Thomas Jul	22,800	15,200	5,153	5,000	43,000
Risto Siilasmaa	22,800	15,200	5,153		38,000
Petra Teräsaho	28,800	19,200	6,509		48,000
Sami Salonen <sup>1)</sup>	7,602	5,065	1,717		12,667
Calvin Gan <sup>2)</sup>	0	0	0		0
<b>Total</b>	<b>152,804</b>	<b>101,863</b>	<b>34,533</b>	<b>15,000</b>	<b>269,667</b>

<sup>1)</sup> Board member selected among personnel from 23 March 2023 onwards.

<sup>2)</sup> Board member selected among personnel until 22 March 2023. No payments were made in 2023.

## Remuneration of the President and CEO

The remuneration of the President and CEO is decided by the Board of Directors. The main components of the President and CEO's total remuneration are base salary and short- and long-term incentives. In addition, he may participate in the voluntary Employee Share Savings Plan (ESSP) as approved by the Board of Directors. The aim of the ESSP is to encourage employees to acquire and own F-Secure shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' long-term commitment to the company.

Salaries and financial benefits paid in and accrued based on 2023 are described below:

EUR	Payments in 2023	Accrued based on 2023
Base salary, including fringe benefits	300,240	–
Pension / Other financial benefits		
Transaction bonus <sup>1)</sup>	36,000	5,055
Short-term incentive (STI)		
Earning period H2/2022	85,500	
Earning period 2023		–
Long-term incentive (LTI) EUR/shares <sup>2)</sup>		
– paid in cash, EUR	42,618	–
– paid in shares, EUR / pcs	35,984/ 10,977	–
<b>Total</b>	<b>500,342</b>	<b>5,055</b>

<sup>1)</sup> Discretionary cash bonus for closing of Lookout Life acquisition

<sup>2)</sup> Performance Share Plan (PSP) 2020–2022 payment

**Short-term incentive (STI)** payout for the President and CEO is 50% of annual base salary if targets are met, maximum payout being equal to the annual base salary.

F-Secure Short Term Incentive plan objectives were set for the period of 1 January–31 December 2023. The STI Plan of 2023 for the President and CEO was based on F-Secure 2023 combined revenue and adjusted EBITA growth with 80% weight and employee Net Promoter Score with 20% weight of total. The overall performance for these two criteria was evaluated and resulted in no reward payment.

In 2023, the President and CEO, Timo Laaksonen received a STI payment in February based on objectives related to F-Secure Short Term Incentive plan objectives of July–December 2022. The objectives of the plan were H2 2022 revenue growth with 40% weight, H2 2022 adjusted EBITDA growth with 40% weight and employee Net Promoter Score growth with 20% weight. The weighted performance for these three criteria for H2 2022 was 114%. The reward was in total EUR 85,500.

STI Plan 2023	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2023 (January–December)	50%	Revenue and adjusted EBITA Growth	80%	0%	0%	Q1/2024
		Employee Engagement (eNPS)	20%	0%		
STI Plan H2 2022	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2022 (July–December)	50%	Revenue growth, H2 2022	40%	75%	114%	February 2023
		Adjusted EBITDA, H2 2022	40%	109%		
		Employee Engagement (eNPS)	20%	200%		

A **Long-term incentive (LTI)** payment was made to the President and CEO in March 2023. The LTI payment was based on WithSecure 2020–2022 Performance Share Plan. The payment was made 54% cash and 46% in shares. In 2023 the President and CEO was granted 47,000 shares within the Performance Share Plan (PSP) 2023–2025 according to the guidelines defined in the company's Remuneration Policy. This grant represents the target level reward, the maximum reward being two times the target allocation. Final reward is determined based on the extent to which the targets have been reached during the performance period. The President and CEO was granted a one-time allocation of 12,373 shares within the Restricted Share Plan (RSP) 2023–2025. The reward is conditional to continuous service with the company at the time of payment in 2026.

In June 2023, the Board of Directors approved a customary transaction bonus to some key individuals for the closing of the Lookout Life acquisition. The President and CEO received a bonus of EUR 36,000.

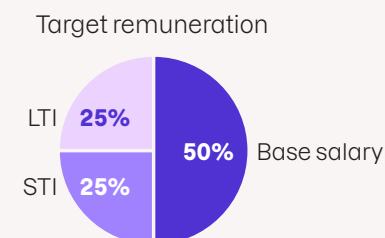
## The key terms of service of the President and CEO

The contract of the President and CEO is an indefinite contract with a six-month period of notice both ways. If the Company terminates the contract for reasons other than a breach of the contract, the President and CEO shall be entitled to receive severance pay equivalent to six (6) months' salary in addition to the salary for the notice period.

The Company has obtained a life insurance for the President and CEO with an amount equaling the annual gross salary of the President and CEO.

The President and CEO does not have a supplementary pension plan, and the determination of his pension conforms to the standard rules specified by Finland's Employee Pension Act (TYEL). The President and CEO's retirement age is also determined by the statutory pension system and is 65 years under the applicable Finnish legislation.

## President and CEO Pay mix 2023



## The President and CEO – Current LTI Plans

Share Plan	LTI Target (pcs of shares)	Performance Criteria	Weight	Performance	Payment
PSP 2021–2023	43,160	Absolute Total Shareholder Return	100%	–	H1 / 2024
PSP 2022–2024	41,562	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2025
		Absolute Total Shareholder Return	70%		
PSP 2023–2025	47,000	Profitable growth (average revenue growth 2023–2025 (%) and adjusted EBITA 2025 (%))	30%	– / Plan ongoing	H1 / 2026
RSP 2023–2025	12,373	Fixed share reward amount and a retention period of three years	–	– / Plan ongoing	H1 / 2026



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