



# Remuneration report 2022

F-Secure Corporation

# Remuneration Report

## Introduction

This Remuneration Report 2022 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 from the establishment of F-Secure Corporation on 30 June 2022. All remuneration information in this report is from the establishment of F-Secure Corporation on 30 June 2022 until 31 December 2022, except that the Board of Directors remuneration is based on their term of office that began in 2022 and will expire at the end of the 2023 Annual General Meeting (as explained in further detail in the F-Secure Corporate Governance Statement 2022).

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.

### Remuneration principles at F-Secure

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, 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 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 competencies and performance.

These principles have been considered in the company's remuneration in the financial year 2022. In 2022, 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 2022

In 2022 no new F-Secure LTI programs were set for the management. The company aims to build a relevant and competitive share based LTI program according to the principles used in similar companies, that aligns the interests of the management and shareholders and retains, motivates and rewards individually selected key employees in the long term. The ongoing LTI programs prior to demerger from WithSecure continue. All LTI allocation (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 2022 from July to December was EUR 179,880 of which EUR 29,760 was in the form of variable pay. Short Term Incentive payment made to the President and CEO in August 2022 was based on objectives related to his prior role at WithSecure during the first half of 2022. No share-based payments were made to the President and CEO after 30 June 2022.

At the end of 2022, the President and CEO held 13,450 shares of F-Secure.

## Remuneration of the Executives 2022

F-Secure executive compensation in 2022 is described in the table below.

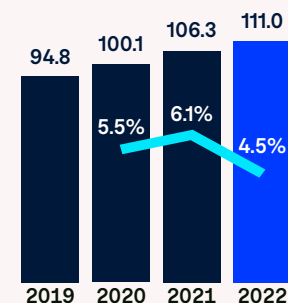
Average annual remuneration (EUR)	2022
President and CEO <sup>1)</sup>	179,880
Chair of the Board	80,000
Other Board Members <sup>2)</sup>	40,500
Average employee <sup>3)</sup>	27,686

<sup>1)</sup> Remuneration paid for 30 June 2022 – 31 December 2022, including the base salary as well as short-term incentive 1H2022 payment in August for the role at WithSecure prior to being the President and CEO of F-Secure.

<sup>2)</sup> The average remuneration paid to the Board Members, excluding the employee Board member.

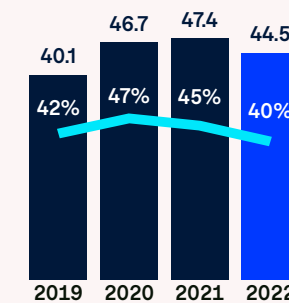
<sup>3)</sup> The total wages and salaries paid during 30 June 2022–31 December 2022/ average headcount during the same period in all countries.

## Revenue development 2019–2022 <sup>1)</sup>



● Revenue, MEUR  
● Revenue development, %

## Adjusted EBITDA development 2019–2022 <sup>1)</sup>



● Adjusted EBITDA, MEUR  
● Adjusted EBITDA Development, %

<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.

## Remuneration of the Board of Directors

WithSecure's Extraordinary General Meeting, held on 31 May 2022, decided that the remuneration for the Board of Directors of F-Secure shall be paid as follows for the term ending at the end of the next Annual General Meeting: EUR 80,000 for the Chairperson of the Board of Directors, EUR 48,000 for the Chairperson 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.

WithSecure's Extraordinary General Meeting decided that approximately 40 percent 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 2022

Member	Annual fee paid in cash, EUR	Annual fee paid in shares, EUR	Annual fee paid in shares, pcs	Total, EUR
Pertti Ervi	48,001	31,999	11,452	80,000
Madeleine Lassoued	22,802	15,198	5,439	38,000
Thomas Jul	22,802	15,198	5,439	38,000
Risto Siilasmaa	22,802	15,198	5,439	38,000
Petra Teräsaho	28,801	19,199	6,871	48,000
Calvin Gan <sup>1)</sup>	7,601	5,066	1,813	12,667
<b>Total</b>	<b>152,809</b>	<b>101,858</b>	<b>36,453</b>	<b>254,667</b>

<sup>1)</sup> Board member selected among personnel

# Remuneration of the President and CEO

The Board of Directors of WithSecure Corporation appointed Timo Laaksonen as the President & CEO of F-Secure upon the implementation of the Demerger on 30 June 2022. 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) which was approved by the Board of Directors on 23 August 2022. 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 as of 30 June 2022 are described in the table below:

EUR	Payments in 2022	Accrued based on 2022
Base salary, including fringe benefits	150,120	–
Pension / Other financial benefits	–	–
Short-term incentive (STI)		
Earning period H1/2022	29,760	
Earning period H2/2022		78,115
Long-term incentive (LTI) EUR/shares	–	–
<b>Total</b>	<b>179,880</b>	<b>78,115</b>

**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 July – 31 December 2022. The STI Plan of 2022 for the President and CEO was based on F-Secure H2 revenue growth with 40% weight and H2 adjusted EBITDA with 40% weight and employee Net Promoter Score with 20% weight of total. The overall performance for these 3 criteria was evaluated and will be paid during the first quarter of 2023, provided that the Board of Directors has approved the results and the payments.

In 2022, the President and CEO, Timo Laaksonen also received a STI payment in August based on objectives related to Timo Laaksonen's prior role at WithSecure during January–June 2022. The objectives of the plan were WithSecure revenue with 50% weight, adjusted EBITDA 20% and Consumer Business Unit revenue with 30% weight of total. The weighted performance for these three criteria for 1H 2022 was 105%. The reward was in total EUR 29,760

STI Plan	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2022 (July–December)	50%	Revenue Growth	40%	75%	114%	Q1 2023
		Adjusted EBITDA	40%	109%		
		Employee Engagement (eNPS)	20%	200%		
STI Plan	STI Target (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2022 (January–June)	30%	Revenue (WithSecure)	50%	119%	105%	August 2022
		Adjusted EBITDA (WithSecure)	20%	0%		
		Consumer BU revenue (WithSecure)	30%	153%		

No **Long-term incentive (LTI)** payments were made to the President and CEO during 30 June – 31 December 2022.

The President and CEO has been granted 41,562 shares within the Performance Share Plan (PSP) 2022–2024 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.

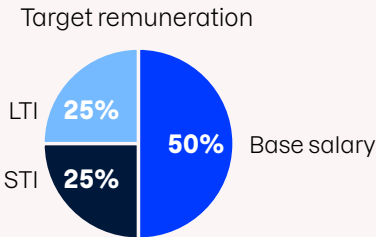
The key terms of service of the President and CEO

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 2022



The President and CEO – Current LTI Plans

Share Plan	LTI Target (pcs of shares)	Performance Criteria	Weight	Performance	Payment
PSP 2020–2022	23,978	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2023
PSP 2021–2023	43,160	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2024
PSP 2022–2024	41,562	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2025



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