



REMUNERATION REPORT 2021



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Introduction

F-Secure renewed the Remuneration Policy and the Remuneration Report in 2020–2021 to comply with the EU Shareholder Rights Directive (SHRD) and Finnish Corporate Governance Code 2020. In 2021, the specified remuneration policy was presented for an advisory resolution by the Annual General Meeting. The specifications were related to the incentive scheme and the severance pay of the President and CEO. The Annual General Meeting approved the specified remuneration policy with an advisory resolution. The Remuneration Policy is available at F-Secure's website.

To further increase the transparency of the governing bodies' remuneration in F-Secure, the Remuneration Report 2021 contains more information on the variable remuneration than the Remuneration Report 2020. With the additional details, the Remuneration Report 2021 provides a comprehensive picture of the remuneration of the company's governing bodies for the financial year 2021.

Remuneration principles at F-Secure

According to F-Secure's Remuneration Policy, the executive remuneration is designed to promote the business objectives and long-term profitability of the company. The objective is to reward for performance and competencies. The remuneration is designed to be competitive in comparison to relevant peer groups, increase commitment and work engagement, and to be consistent across the organization. These principles have been taken into account in the company's remuneration in the financial year 2021. In 2021, 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. A significant portion of the President and CEO's remuneration package is based on performance. If targets are met, the short- and long-term incentives comprise 57% of the total remuneration, as defined in the Remuneration Policy. The short- and long-term incentive plans are based on the company's financial performance and shareholder value development to ensure a strong link between the company's performance and CEO remuneration. The 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 CEO.

Remuneration in 2021

The Personnel Committee regularly reviews executive remuneration in F-Secure and compares it to peer groups to ensure competitiveness and alignment with market practices. During 2021, the Committee conducted a benchmark study to analyze CEO compensation against peer companies. The study showed that the President and CEO's base salary is at market median, while the short- and long-term incentive earning opportunities are slightly above the market median.

The Committee also conducted a benchmark study to analyze the Board compensation against peer companies. The study showed that the Board's remuneration is at market median level in Finland, but clearly below market median in some European countries.

In 2021, F-Secure continued the share-based long-term incentive plan for 2021–2023 introduced in 2020. The purpose of the share-based long-term incentive plan is to retain, motivate and reward individually selected key employees as well as to align their interests with those of the company's shareholders by creating a long-term equity interest for these individuals.

The total remuneration paid to the President and CEO in 2021 was EUR 375,327 (EUR 541,237 in 2020, including remuneration paid to Samu Konttinen), of which EUR 25,083 (EUR 172,442 in 2020, including remuneration paid to Samu Konttinen) was in the form of variable pay. No share-based payments were made to the President and CEO in 2021.

At the end of 2021, the President and CEO held no shares of F-Secure.

Remuneration of the Executives

F-Secure has been focusing on growth in the past years, which is visible in the company's revenue development. In 2021, the COVID-19 pandemic still had a negative impact on some of F-Secure's businesses, especially during the first quarter of the year. However, F-Secure was able to increase revenue and maintain the level of adjusted EBITDA in 2021.

The development of F-Secure's executive compensation in 2017–2021 is described in the table below. The remuneration of the Board of Directors was brought closer to the market median levels in 2018, and it has stayed on the same level since. The total remuneration of the President and CEO has varied year by year as a significant part of the remuneration is tied to the company's financial performance. It is also notable that due to the change of the President and CEO in 2020, there has not been any long-term incentive payments to the President and CEO in 2021.

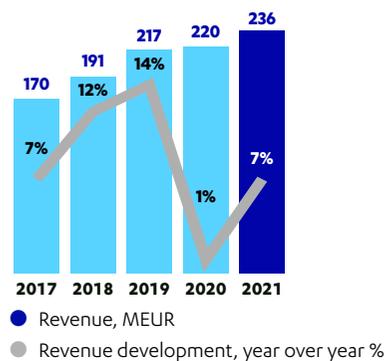
Average annual remuneration (EUR)	2017	2018	2019	2020	2021
President and CEO ¹⁾	407,070	616,361	466,780	482,863	375,327
Chairman of the Board	55,000	80,000	80,000	80,000	80,519
Other Board Members ²⁾	32,000	40,500	40,500	40,000	44,508
Average employee ³⁾	69,860	62,279	62,650	61,832	66,878

¹⁾ Remuneration paid during the financial year, including the base salary as well as short- and long-term incentives.

²⁾ The average remuneration paid to the Board Members, excluding the employee representative.

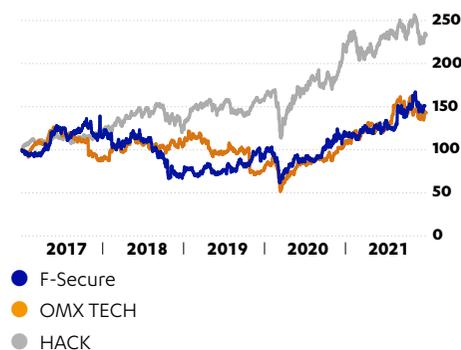
³⁾ The total wages and salaries paid during the calendar year / average headcount during the year in all countries.

Revenue development 2017–2021



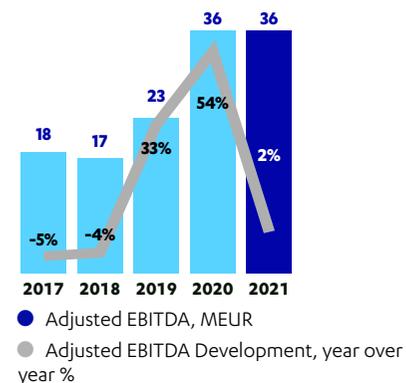
Value of theoretical investment of 100 EUR done in 2017

Share price development, paid dividends re-invested to share



Source: FactSet

Adjusted EBITDA development 2017–2021



Remuneration of the Board of Directors

The Annual General Meeting decided on March 24, 2021 that the Board of Directors is paid fixed annual compensation for the term ending at the end of the next Annual General Meeting. The annual fee for the Chairman of the Board is EUR 80,000, for the Committee Chairs EUR 48,000, for Members of the Board EUR 38,000, and for a Board Member belonging to the personnel of the company EUR 12,667. The annual remuneration remained unchanged.

The Annual General Meeting decided that approximately 40% of the annual remuneration is paid in F-Secure's shares repurchased from the market. There are no special terms or conditions associated with owning the shares received as remuneration. The company will pay any applicable transfer tax arising from remuneration paid in shares.

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.

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. In addition, the Chairman of the Board of Directors is offered assistant and administrative services.

The Board of Directors Remuneration in 2021

Member	Annual fee paid in cash ¹⁾	Annual fee paid in shares, EUR	Annual fee paid in shares, pcs	Meeting fees paid ³⁾	Total
Risto Siilasmaa	48,066	32,453	8,000	–	80,519
Pertti Ervi	28,840	19,472	4,800	2,000	50,312
Åsa Riisberg ²⁾	22,831	15,415	3,800	1,000	39,247
Päivi Rekonen	32,344	20,145	4,966	2,000	54,489 ⁴⁾
Tuomas Syrjänen	22,831	15,415	3,800	–	38,247
Keith Bannister	22,831	15,415	3,800	2,000	40,247
Robin Wikström ²⁾	7,531	5,136	1,266	–	12 667
Bruce Oreck ⁵⁾	–	–	–	–	–
Total	185,274	123,452	30,432	7,000	315,727

¹⁾ Annual fee paid in cash including the transfer tax paid due to the share-based remuneration

²⁾ Since 24 March 2021.

³⁾ Meeting fees paid based on international travel.

⁴⁾ Päivi Rekonen was appointed as the Chair to the Personnel Committee in November 2020 and the total remuneration paid in 2021 includes the fee from the 2020–2021 term that was not paid in 2020.

⁵⁾ Until 24 March 2021 – no payments were made in 2021.

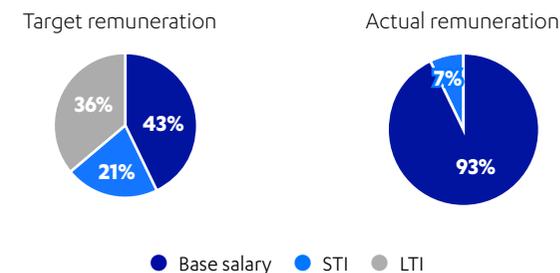
Remuneration of the President and CEO

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.

Salaries and financial benefits paid in and accrued based on 2021 are described in the table below:

	Payments in 2021	Accrued based on 2021
Base salary, including fringe benefits	EUR 350,244	–
Pension/ Other financial benefits	–	–
Short-term incentive (STI)		
Earning period 2020	EUR 25,083	–
Earning period 2021	–	EUR 205,275
Long-term incentive (LTI), EUR/shares	–	–
Total	EUR 375,327	EUR 205,275

President and CEO Pay mix 2021



Short-term incentive (STI) payments were done bi-annually until the performance period of 2020, but the payment cycle was changed to annual as of 2021. Thus, the reward for the full year 2021 will be paid in one instalment in February 2022.

The target STI reward for the President and CEO is 50% of annual base salary, maximum payout being approximately equal to the annual base salary. The STI reward for the President and CEO is paid partly or fully to a pension fund. The Board of Directors decides annually on the contribution to the fund. The contribution can be anything from 0% to 100% of the earned STI reward.

The STI Plan 2021 for the President and CEO was based on F-Secure's revenue with 60% weight and adjusted EBITDA with 40% weight of total. The overall performance for these two criteria was 117.3%.

The STI Plan 2020 for the President and CEO was based on F-Secure's revenue with 60% weight and adjusted EBITDA with 40% weight of total. The overall performance for these two criteria was 86.0%, and the corresponding reward was paid in February 2021. The reward was pro-rated according to the employment time with the company.

STI Plan	Target reward (% of base salary)	Performance Criteria	Weight	Performance	Total Weighted Performance	Payment
STI 2020	50%	Revenue	60%	10.0%	86.0%	February 2021
		Adjusted EBITDA	40%	200.0%		
STI 2021	50%	Revenue	60%	108.7%	117.3%	February 2022
		Adjusted EBITDA	40%	130.3%		

In 2021, the former CEO and President, Samu Konttinen was paid the STI reward based on the performance period 2020. The reward was in total EUR 91,503.

No **Long-term incentive (LTI)** payments were made to the President and CEO during 2021.

The President and CEO has been granted 76,000 shares within the Performance Share Plan (PSP) 2021–2023 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.

As reported in the Remuneration Report 2020, the President and CEO was granted a one-time allocation of 40,000 shares within the Restricted Share Plan (RSP) 2021–2023. The reward is conditional to continuous service with the company at the time of payment in 2024.

The President and CEO – Current LTI Plans

LTI Plan	Target reward (pcs of shares)	Performance Criteria	Weight	Performance	Payment
PSP 2021–2023	76,000	Absolute Total Shareholder Return	100%	– / Plan ongoing	H1 / 2024
RSP 2021–2023	40,000	–	–	– / Plan ongoing	H1 / 2024

In 2021, the former CEO and President, Samu Konttinen was paid the reward from LTI Plan 2018–2020. The reward was paid partly in shares (21,600 pcs) and partly in cash (EUR 41,472) to cover the taxes. The total reward corresponded to EUR 82,944.

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 of employment, the President and CEO is entitled to a severance payment equivalent of six months’ base salary.

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.