

# Remuneration Report 2022

**GOFORE**



# 1. Introduction

## 1.1. REMUNERATION POLICY AND REPORTING

The Annual General Meeting of Gofore Plc ("company" or "Gofore") on 29 April 2020 unanimously adopted the remuneration policy. The remuneration policy sets out the company's general principles and decision-making processes that apply to the remuneration of Gofore Plc's Board of Directors and the CEO. The principles applied to the CEO will be applied to the possible deputy CEO, if necessary, as applicable. The purpose of the remuneration policy is to support the company's strategic goals and promote its competitiveness and long-term financial success.

The Board's remuneration committee established by the company's Board of Directors will prepare the Remuneration Policy and the Board of Directors will present it to the Annual General Meeting. The remuneration committee and the Board of Directors will monitor the compliance, functioning and results of the remuneration policy.

The company Board's remuneration committee has prepared this remuneration report in accordance with the Finnish Corporate Governance Code 2020 of the Finnish Securities Market Association. The remuneration report will be presented in the company's Annual General Meeting. The Annual General Meeting 2022 resolved to adopt the remuneration report for the governing bodies of the company for the financial year 2021, and no

counterproposals or comments were presented against the remuneration report.

The remuneration of the Board of Directors and the CEO in the financial year 2022 has complied with the company's remuneration policy. The company has not deviated from the remuneration policy during the financial year. The company has not made a decision to reclaim remunerations in the financial period.

## 1.2 REMUNERATION CRITERIA

### 1.2.1. Remuneration based on long-term financial success

In accordance with the company's remuneration policy, the remuneration of the Board of Directors and the CEO is linked to both the company's short-term and long-term profitability, through which the remuneration promotes the company's business strategy and long-term financial success. In addition, the objective is to contribute to the positive development of the company's shareholder value and foster the company's Board of Directors' and CEO's long-term commitment to the company's goals.

### 1.2.2. Formulation of remuneration

According to the company's remuneration policy, the remuneration of the company's bodies can be paid partially or entirely in

the form of shares or other share-related instruments pursuant to the applicable legislation and other regulations within the scope of the authorisation that the general meeting has granted to the Board of Directors.

The remuneration of the Board of Directors can consist of one or several elements. In practice, the Board of Director's remuneration consists of a fixed monthly compensation and possible meeting-specific fees. Increased remuneration can be paid to the Chair of the Board and to the committee chairs appointed by the Board of Directors. In addition to the salary and bonus compensation and fees, the Board members will be compensated for their travel expenses. If a member of the Board of Directors is in a service or employment relationship with the company, they will be paid a normal salary, in accordance with the market practice, that is based on the service or employment relationship.

In situations where a member of the Board of Directors, who is not in a service or employment relationship with the company, participates in the development of the company's operations outside their board duties, in a project-like manner, a separate reasonable compensation can be paid for such work pursuant to the Board of Director's decision. Remuneration paid to the Board members can be paid in cash and/or shares partially or in full. Remuneration paid to the Board members in the financial period

of 2022 is outlined below.

The CEO's remuneration is primarily comprised of a fixed salary and variable remuneration as well as possible long-term incentive schemes and commitment programmes to take into use at the sole discretion of the Board of Directors. In addition, the CEO can be granted a separate, reasonable supplementary pension arrangement or other possible benefits to ensure that a competent CEO is committed to the Company's development. The fixed salary will be confirmed in the CEO agreement.

A part of the salary can be replaced with a housing benefit or a car benefit. Any bonuses paid to the CEO based on the adjustable bonus scheme as well as based on the long-term incentive schemes and commitment programmes can be paid in cash and/or shares partially or in full. The adjustable bonus can amount to a maximum of 50% of the CEO's fixed salary paid during the accumulation period.

Remuneration paid to the CEO in the financial period of 2022 is outlined below.

### 1.3. Remuneration development

The tables below show the development of the remuneration of the Board of Directors and the CEO, as well as the company's employees in average, as well as the company's financial performance.

#### PAID TOTAL REMUNERATION 2022–2018

EUR thousand	2022	2021	2020	2019	2018
Chairman of the Board of Directors <sup>1</sup>	44	40	60	36	26
Other members of the Board of Directors	122	103	76	72	60
CEO	252	190	188	176	156
Average employee salary <sup>2</sup>	61	61	58	55	53

<sup>1</sup> Remuneration paid for the duties of the Chairman of the Board of Directors (in accordance with the resolution of the Annual General Meeting) and committee meetings.

<sup>2</sup> The average employee salary is calculated from paid total wages and compensations divided by the average number of employees during the year. The figures are based on the salaries and remunerations paid to all Finnish companies' employees, excluding those with hourly salaries.

#### FINANCIAL PERFORMANCE 2022–2018

Revenue (EUR thousand)				
2022 <sup>1</sup>	2021 <sup>1</sup>	2020 <sup>1</sup>	2019 <sup>1</sup>	2018 <sup>2</sup>
149,921	104,509	77,953	64,066	50,581

<sup>1</sup> 2022, 2021, 2020 and 2019 figures presented in accordance with the International Financial Reporting Standards (IFRS).

<sup>2</sup> 2018 figures presented in accordance with Finnish Accounting Standards (FAS).

EBITA (EUR thousand) <sup>1</sup>				
2022 <sup>2</sup>	2021 <sup>2</sup>	2020 <sup>2</sup>	2019 <sup>2</sup>	2018 <sup>3</sup>
20,426	14,451	9,908	7,296	6,797

<sup>1</sup> Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA).

<sup>2</sup> 2022, 2021, 2020 and 2019 figures presented in accordance with the International Financial Reporting Standards (IFRS).

<sup>3</sup> 2018 figures presented in accordance with Finnish Accounting Standards (FAS).

## 2. Description of the remuneration of the Board of Directors

In accordance with the remuneration policy, the remuneration of the Board of Directors for the financial period year 2022 consisted of a monthly and meeting remuneration. On 25 March 2022, Gofore's Annual General Meeting resolved that the Chairman's remuneration is EUR 3,500 per month and that the remuneration of the members of the Board of Directors is EUR 2,000 per month. Furthermore, the committee chair would receive remuneration of EUR 800 per committee meeting and other members of the committee would receive remuneration of EUR 400 per committee meeting. Additionally, all travel expenses would be compensated for the members in accordance with the company's travel policy against receipts.

In accordance with the company's remuneration policy, the company has in place a service agreement with the Chairman of the Board, Timur Kärki, for tasks other than those related to the position of chairman of the Board of Directors. In accordance with the agreement, Kärki's duties are to support and advise the company's CEO and Group executive management in the company's investor relations communications and business-critical projects, such as acquisitions and significant contract projects. For these tasks, Timur Kärki has been paid a monthly fee of EUR

6,500, up to 25 March 2022, after which Kärki's remuneration has been EUR 3,250 a month. Kärki has not been paid other financial benefits.

#### COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

EUR thousand	2022	2021
Timur Kärki, Chairman of the Board		
Salary <sup>1</sup>	48	81
Annual Board retainer	42	39
Committee meeting fee	2	1
Eveliina Huurre (as of 25.3.2022)		
Annual Board retainer	18	0
Committee meeting fee	0	0
Mammu Kaario		
Annual Board retainer	24	24
Committee meeting fee	6	5
Piia-Noora Kauppi (as of 26.3.2021)		
Annual Board retainer	24	18
Committee meeting fee	2	2
Tapani Liimatta (as of 25.3.2022)		
Annual Board retainer	18	0
Sami Somero		
Annual Board retainer	24	23
Committee meeting fee	2	2
Stefan Baggström (until 26.3.2021)		
Annual Board retainer	0	5
Juha Eteläniemi (until 25.3.2022)		
Annual Board retainer	6	23
Committee meeting fee	0	1
<b>Total</b>	<b>214</b>	<b>225</b>

No share-based fees have been paid in addition to the compensation presented above.

<sup>1</sup> Salary has been paid pursuant to the director agreement signed between the company and Timur Kärki for tasks other than those related to the position of the Chairman of the Board of Directors.

## 3. Description of the CEO's remuneration

In the financial year 2022, the remuneration of the CEO consisted of a fixed monthly salary, employee benefits and a variable incentive fee that rewards for the company's profitable growth. In addition, the CEO participated in the company's share savings program for all employees and the company's long-term incentive plan for key employees.

The company uses a so-called Flex incentive model, where the amount of the remuneration is determined based on profitability (quarterly adjusted EBITA, operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill; 50% weight) and organic growth (quarterly net sales according to the consolidated income statement compared to the corresponding period in the previous year; 50% weight).

The variable remuneration (Flex incentive) paid to the CEO during the financial period of 2022 accounts for 30 % of the amount of the CEO's fixed salary.

No additional pension benefits or other financial benefits were paid to the CEO.

#### GROUP CEO

EUR thousand	2022	2021
Mikael Nylund		
Salary	192	170
Taxable employee benefits	0	0
Short-term incentives:		
Variable remuneration (Flex incentive)	59	20
Long-term incentives:		
Share-based payments	0	0
<b>Total</b>	<b>251</b>	<b>190</b>

#### LONG-TERM INCENTIVES: CREWSHARE

In the fall of 2018, Gofore's Board of Directors decided on a share savings scheme for the Group's entire personnel. In January 2022, the Board of Directors decided on a new savings period for the years 2022–2023. The programme is targeted to incentivise the employees to invest in the company's shares and become shareholders in the company. Its purpose is also to combine the staff's and management team's targets and commitment to developing company value and growing shareholder value in the long term. The Board of Directors decides annually on new savings periods within the programme.

The programme is available to all Gofore Group employees, including the CEO, and offers a chance to save a proportion of their regular salaries and use the savings to subscribe company shares with a 10% discount. The accrued savings are allocated towards acquiring Gofore's shares after the savings period ends.

Participating in the programme is voluntary, and an employee takes part in one savings period at a time.

After two years of owning the shares, Gofore rewards participants with a gross remuneration of one matching share towards each three shares subscribed with the savings. Condition for earning the matching shares is that a participant owns the subscribed shares throughout the ownership period and that their employment with Gofore has not ended before the ownership period ends. The dividends paid to the shares subscribed with the savings will be automatically used to subscribe to shares on the next possible subscription date.

In addition, a participant can earn 1-1.5 performance-based matching shares towards each three shares subscribed with the savings, should the Group EBITA target set by the Board of Directors for the financial period of 2022, adjusted operating profit before depreciations and amortisations, be met. Therefore, the maximum amount of bonus shares a participant can earn in the savings period 2022–2023 is 2.5 towards each three subscribed shares.

The CEO has participated in the programme's savings period 2022–2023.

## LONG-TERM INCENTIVES: PERFORMANCE SHARE PLAN

On 24 January 2022, the Board of Directors of the company decided to establish a new share-based incentive plan for the Gofore Group's key personnel. The aim is to align the objectives of the shareholders and key personnel for increasing the value of the company in the long-term, to commit the key employees to work for the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares.

The Performance Share Plan 2022–2024 consists of one three (3) year earnings period, covering the financial years of 2022, 2023 and 2024. The remuneration of the earnings period is based on the average adjusted operating profit before depreciations and amortisations (50% weight), as well as the Group's average net sales growth (50% weight) for the financial periods 2022, 2023 and 2024, measured cumulatively.

The potential remuneration in the programme is paid after the earnings period ends. The remuneration is paid partly as Gofore Plc's shares and partly in cash. The maximum remuneration that the CEO can earn can match the value of a maximum of 1,650 Gofore Plc's shares, including the part paid in cash.

The Board of Directors can annually decide on new earnings periods.



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