

SITOWISE GROUP PLC

# Remuneration Report 2023



SITOWISE

# Sitowise Group Plc's Remuneration Report 2023

## 1 Introduction

The remuneration report of Sitowise Group Plc defines the conditions for the remuneration of Sitowise's Board of Directors and Managing Director. The policy has been published in a stock exchange release on 30.3.2023 and it is available on Sitowise's website at <https://www.sitowise.com/investors/governance/remuneration>

This remuneration report has been prepared according to the remuneration reporting section instructions of the Finnish Corporate Governance Code 2020. The actual remuneration paid in 2023 and announced herein fully complies with the remuneration structures and principles set out in the Remuneration Policy. There are no deviations from the remuneration policy.

The objective of remuneration at Sitowise is to promote the implementation of the company's growth strategy and the achievement of its long-term financial targets, competitiveness, and the favorable development of shareholder value. Sitowise is guided by an ambitious target to be the most responsible partner in developing a prosperous living environment and remuneration is used as one tool to guide us toward the goal. Remuneration is one of the company's key incentives and a tool to engage key employees to the company. Additionally, remuneration plays an important role in ensuring the company's competitiveness in terms of recruitment.

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the terms and conditions of the employment of the CEO, specified in writing. The remuneration principles of the key management are set by the Board. The Board approves annually the Group's short-term incentive program. In March 2021 in connection with the IPO, the Board decided upon a long-term incentive program (option program) and changes were made to this during 2022. The Board decided to establish a new performance-based, long-term incentive plan (Performance Share Plan 2023–2025) which is targeted for the Group Management Team members in the first phase. The Board also decided on a restricted share plan (Restricted Share Plan 2023–2025), which is intended as a supplementary share-based long-term incentive plan for separately nominated key persons of Sitowise and its group companies in special situations.

The table below presents the development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the group's employees and to the Group's financial development for the previous four financial years.

Prior to the stock exchange listing in March 2021, the two representatives of the main owner, Intera Partners Oy, on the Board, did not receive any remuneration, and there were no committees on the Board.

### Development of remuneration 2019–2023

EUR thousand	2023	2022	2021	2020	2019
Board – total remuneration	300	292	228	76	56
CEO – total remuneration <sup>1)</sup>	488	412	483	329	457
Average Sitowise employee remuneration <sup>2)</sup>	55	53	52	51	48

EUR million	2023	2022	2021	2020	2019
Net sales of the Group	210.9	204.4	179.3	160.1	143.0
Adjusted EBITA of the Group	17.0	20.4	21.1	20.6	15.5
% of Net sales	8.1%	10.0%	11.8%	12.9%	10.8%

<sup>1)</sup> Values are on payment basis and exclude social and pension costs. Year 2022 value includes the remuneration of two CEOs for each term.

<sup>2)</sup> Group's total personnel expenses without social and pension costs divided by the average number of FTE (full time equivalent).

## 2 Remuneration of the Board of Directors and the CEO

### 2.1 REMUNERATION OF THE BOARD

According to the Finnish Companies Act, the Annual General Meeting of Shareholders decides on the fees payable to the members of the Company's Board of Directors.

On 25 April 2023, the shareholders of the Company resolved in the Annual General Meeting that, the remuneration of the Chairman of the Board is EUR 4,750 per month and the remuneration of other members of the Board is EUR 2,250 per month. In addition, it was decided that a meeting fee of EUR 1,000 per meeting will be paid to the Chairman of the Board and the Chairs of the Audit, Personnel and Acquisition Committees, and that a meeting fee of EUR 400 per meeting will be paid to the other members of the Board and committees. The fees are equivalent to those paid during the previous term. In addition, it was decided that the travel expenses of the members of the Board of Directors would be reimbursed in accordance with Sitowise's travel policy. The Annual General Meeting also resolved to establish a Shareholders' Nomination Board. In accordance with the resolution of the Annual General Meeting, the meeting fee EUR 1,000 per meeting will be paid to the Chairman of the Nomination Board and a meeting fee of EUR 400 per meeting for other members of the Nomination Board, including the chairman of the Board of Directors serving as an expert member.

#### Remuneration of the Board of Directors in 2023

EUR	Annual pay <sup>1)</sup>	Audit Committee	Personnel Committee	Nomination Committee/ Nomination Board <sup>2)</sup>	Acquisition Committee	Total
Eero Heliövaara, chairman	64,250		7,000	1,200	1,600	74,050
Leif Gustafsson, until 25.4.2023	9,400		400		0	9,800
Taina Kyllönen	29,550	3,600				33,150
Mirel Leino-Haltia	29,550	9,000				38,550
Elina Piispanen	29,150		2,800			31,950
Petri Rignell	29,150				1,600	30,750
Tomi Terho	29,150	1,200			4,000	34,350
Niklas Sörensen, from 25.4.2023	20,475		1,200		1,200	22,875
Mats Åström, from 25.4.2023	20,475	2,400			1,200	24,075
<b>Board remuneration in total</b>	<b>261,150</b>	<b>16,200</b>	<b>11,400</b>	<b>1,200</b>	<b>9,600</b>	<b>299,550</b>

<sup>1)</sup> Annual pay includes both monthly remuneration and meeting attendance allowance.

<sup>2)</sup> The Annual General Meeting resolved to establish a Shareholders' Nomination Board which replaced the Board's Nomination Committee. The Chairman of the Board served as an expert member of the Nomination Board.

## 2.2 REMUNERATION OF THE CEO

The Board of Directors decides on the remuneration of the CEO and the terms and conditions of the employment of the CEO. The CEO's remuneration consists of a fixed monthly salary, the usual fringe benefits and the short-term and long-term incentive programs in force at the time. The CEO is covered by the Finnish statutory employment pension scheme. No supplementary pension insurance has been taken for the CEO.

The CEO's retirement age is the minimum personal retirement age in accordance with the law. The period of notice of the CEO is six months for both parties. Besides salary for the period of notice, the CEO is not entitled to a separate severance payment upon resigning. If the company terminates the CEO's employment due to a reason other than the CEO's severe misconduct, crime, or similar reason, the CEO is, in addition to salary for the six-month period of notice, entitled to compensation amounting to a maximum of six months' salary, provided that the CEO has not entered into an employment or service relationship with a third party during the said period.

According to the Company's share ownership rules, the CEO is expected to accumulate and, after achieving this, hold an amount of the Company's shares equal to his fixed gross annual salary. He is expected to use 50 percent of the net reward received under short and long term plans to accumulate his share ownership until his share ownership meets the level recommended above. Accumulation of share ownership takes place either by maintaining the ownership to the rewards received in the form of shares or by acquiring shares with a cash reward received under the plan.

During the financial period 2023, Heikki Haasmaa has served as the CEO of Sitowise.

### SHORT TERM INCENTIVE PLAN

The maximum amount of the CEO's short-term incentive plan (STI) is 100% of the annual salary both in 2022 and 2023.

Haasmaa worked for 8 months in 2022, so the maximum bonus for 2022 was 8 months' salary. In 2022, Haasmaa had four main targets:

- 40% Profitability and financial targets  
(mainly Sitowise Group's result in adjusted EBITA)
- 20% Development of operations
- 20% Creation of Strategy
- 20% Development of Nordic growth story

The Board decided that for 2022, the CEO's bonus was 6 months' salary. The bonus of EUR 162,600 for 2022 was paid to the CEO in April 2023.

In 2023, Haasmaa had four main targets:

- 50% Profitability (both EBITA monetary value and EBITA% with equal weight)
- 10% Organic growth
- 30% Strategy implementation
- 10% Development of operations

The Board decided that for 2023, the CEO's bonus is 4 months' salary. The bonus of EUR 108,460 for 2023 will be paid in April 2024.

## LONG TERM INCENTIVE PLAN

The CEO is part of two long-term incentive plans: Stock Option plan 2021 and Performance Share Plan 2023–2025.

### Stock Option Plan 2021

In March 2021, the Board decided upon a long-term incentive program (option program). The number of options for Heikki Haasmaa at the end of 2023 was as follows:

Amount of options	Match 2021A	Match 2021B	Performance 2021A	Performance 2021B	Total
Heikki Haasmaa					
Amount	30,000	30,000	50,000	50,000	<b>160,000</b>
Theoretical value <sup>1)</sup>	23,100	16,800	9,000	12,500	<b>61,400</b>

<sup>1)</sup> The fair value of the options has been determined at the time of their granting and has been updated based on changes made to the option terms and conditions decided by the Board of Directors. The valuation of options has been carried out using a binomial model that takes into account the release criteria attached to performance options and the probability of their realization

The stock options were issued free of charge. Each stock option entitles the holder to subscribe for one share of Sitowise Group Plc (SITOWS) at a price determined in accordance with the option terms and for the period specified in the option terms.

The Board of Directors has resolved to amend share subscription price for shares to be subscribed based on stock options on 15 December 2022. For stock options 2021A the new share subscription price is EUR 6.00. The share subscription price for the stock options 2021B is maintained unchanged and is EUR 8.10 which equals the share subscription price in the company's initial public offering decreased with the paid dividend. The per-share dividends and capital repayments to be paid annually will be deducted from the share subscription price.

Before the amendment, the share subscription price for all stock options was the share subscription price in the company's initial public offering (EUR 8.20) decreased with annually paid dividends and capital repayments.

The share subscription period for stock options 2021A is 1 April 2024 – 31 March 2025 and for stock options 2021B 1 April 2025 – 31 March 2026. The share subscription period for stock

options, however, will not commence, if the vesting criteria established by the Board of Directors for the commencement of the share subscription period have not been achieved. The Board of Directors has divided the stock options 2021A and 2021B into Matching and Performance options. The Board of Directors has decided to remove the vesting criteria for the Match 2021A and Match 2021B options. The vesting criteria concerning the Performance 2021A and Performance 2021B options has not been changed since the establishment of the stock option plan.

The amendments are made to preserve the purpose of the stock option plan which is to engage option holders in the growth of the company's share value. In this manner, a long-term relationship can be established between the company and the option holders that benefits the company both financially and operationally.

The options will be forfeited and transferred back to the Company for no consideration if the option holder resigns or the employment relationship or service contract is terminated before the commencement of the subscription period of the Shares to be subscribed with the options. Under certain conditions, the Board of Directors may decide that the option holder may, however, keep a part of their options.

### Performance Share Plan 2023–2025

In March 2023, the Board of Directors of Sitowise resolved to establish a new performance-based, long-term incentive plan (Performance Share Plan 2023–2025). The purpose of the plan is to align the interests of the management and key personnel with the interests of the shareholders and thereby increase the shareholder value in the long term, and to commit the management and key personnel to achieving Sitowise's strategic goals. Additionally, the purpose is to commit Sitowise's key resources to the company by offering competitive long-term incentive plans.

PSP 2023–2025 comprises a three-year performance period followed by a possible reward payment. The performance targets applied to PSP 2023–2025 are the relative total shareholder return (TSR) and cumulative reported EBITA 2023–2025.

The possible rewards under PSP 2023–2025 will be paid after the end of the performance period and the completion of the financial statements in the spring of 2026, provided that the performance targets set by the Board of Directors are achieved. As a main rule no reward is paid to an individual participant whose employment or service relationship ends or has ended before the delivery of the reward.

The possible reward is paid, according to the Board's choice, either in Sitowise's shares, in cash, or in a combination of these. Cash portion of the reward is intended to cover the taxes and related statutory payments arising from the paid reward.

The number of shares in target and maximum for the CEO are the following:

Amount of shares	Target	Max
Heikki Haasmaa	34,000	68,000

If the performance targets set for PSP 2023–2025 are achieved in full, the amount of rewards to be paid to CEO based on the plan corresponds to a maximum of 68,000 of the company's shares and the value is approximately EUR 105,740, estimated based on the average share price on the last trading day 2023 (3.11€). The total amount of rewards means their gross amount before the withholding of the applicable payroll tax. The realized value of the plan may differ from this estimate depending on the share price development and the degree in which the performance targets set for the plan are achieved.

### The remuneration paid to the CEO in 2023

EUR	Salary	Benefits	Bonus	Total
Heikki Haasmaa	311,250	14,190	162,600 <sup>*)</sup>	<b>488,040</b>

<sup>\*)</sup> In year 2023 paid 135,500 eur and 27,100 eur invested in personnel fund.

In 2023, there was no payment due for long-term performance-based bonuses.

**SITOWISE GROUP PLC**  
**LINNOITUSTIE 6 D, FI-02600 ESPOO, FINLAND**  
**PHONE +358 20 747 6000**  
**WWW.SITOWISE.COM**

## **The Smart City Company**

**SITOWISE**