

digia

Remuneration report

2023

Letter to shareholders from the Chair of the Compensation Committee

Dear Digia Plc shareholders,

On behalf of the Compensation Committee and the Board of Directors, I would like to present Digia Plc's Remuneration Report for 2023, which has been prepared in accordance with legislation and the 2020 Corporate Governance Code. The report offers a review of the compensation received by Digia's Board of Directors and CEO in 2023. It also contains a summary of Digia's remuneration in relation to the company's performance in 2019–2023, and information about the share-based incentive scheme for 2023–2025.

Digia is a software and service company that combines technological possibilities and human capabilities to build intelligent business and society – and a sustainable future. The purpose of remunerations paid by the company is to support its business strategy and promote long-term financial success, competitiveness and the favourable development of shareholder value.

2023 was the first year of our new 2023–2025 strategy period. Our full-year net sales grew by 12.5 per cent to EUR 192.1 million. Our operating profit (EBITA) stood at EUR 16.7 million. Digia's Net Promoter Score (NPS), which measures customer satisfaction, improved by 23 per cent on the previous year and its

Employee Net Promoter Score (eNPS), which measures employee satisfaction, improved by 25 per cent. Overall, Digia's success was good, taking into account market and economic uncertainty.

The remuneration of Digia's Board of Directors and senior management is guided by the Remuneration Policy for Governing Bodies, which has been approved by the Annual General Meeting and published on the company's website. Together with the Remuneration Report, this policy aims to provide investors with a clear picture of the overall remuneration of Digia's governing bodies. The main idea behind the remuneration policy is that overall remuneration is based on the company's performance, as evident in the weighting and indicators of the short- and long-term incentive schemes for senior management.

In 2023, Digia's CEO and senior management were paid a bonus from the company's three-year (2020–2022) long-term share-based incentive scheme in addition to their annual short-term target bonuses. After this scheme ended, Digia's Board of Directors decided on a new long-term share-based incentive scheme for 2023–2025. The scheme's target group consists of the CEO and the company's senior executives. The scheme may also cover other individual key personnel. The targets for the long-term share-

based incentive scheme are based on the company's net sales, cumulative earnings per share (EPS) for 2023–2025 and, as a new element, Digia's sustainability target. Sustainability has become a higher priority and plays an increasingly central role in daily life at Digia. It is therefore natural for sustainability to be taken into account in senior management's remuneration.

Digia introduced its own collective agreement in 2023. A pay settlement for 2023–2024 was also agreed on as part of the collective agreement package. A new kind of model that is partially tied to profitability has been introduced into the pay settlement. It revolves around the idea that the company's success should be partly reflected in personnel's salary development.

I would like to thank everyone for the past year, and also for the trust I have been endowed with as Chair of Digia's Compensation Committee. I am looking forward to this interesting new strategy period and continuing our journey of sustainable growth.

Outi Taivainen

Chair of the Compensation Committee



Introduction

Summary: Digia's remuneration in the 2023 fiscal year in relation to performance

The remuneration of Digia's governing bodies is based on Digia Plc's Remuneration Policy for Governing Bodies, on which shareholders made an advisory decision at the Annual General Meeting on 16 March 2020. This Remuneration Policy will remain in effect until the 2024 Annual General Meeting. The Remuneration Policy is available on our website:

digia.com/en/investors/governance/remuneration

Digia's Board of Directors has approved this Remuneration Report on the proposal of the Compensation Committee and the report will be presented to the Annual General Meeting in spring 2024.

The purpose of remunerations paid by the company is to support its business strategy and promote long-term financial success, competitiveness and the favourable development of shareholder value. Another aim is to support the recruitment and commitment of the best possible people to the company's governing bodies. The structure of the remuneration of the company's Board of Directors and CEO and the decision-making order in the 2023 fiscal year complied with Digia's Remuneration Policy for Governing Bodies. There was no need to deviate from the policy or to claw back remuneration.

In 2023, Board members were paid a fixed monthly fee plus meeting fees. The amounts paid depended on the role in question – Chair, Vice Chair and member of

the Board, and Chair and member of a committee. The fees paid are disclosed below in the section "Board remunerations 2023".

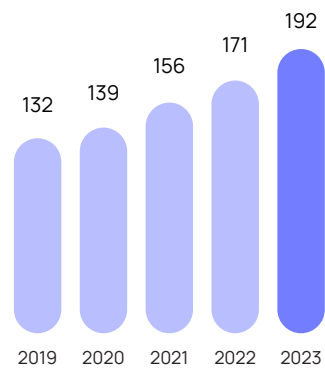
The total remuneration paid to the CEO in 2023 consisted of a fixed salary, customary fringe benefits and target bonuses paid on the basis of the short-term incentive scheme. In addition, the CEO received a bonus from the 2020–2022 long-term share-based incentive scheme. The incentive schemes and the total remuneration paid to the CEO are described in detail below in the sections "CEO's remuneration 2023" and "Share-based incentive scheme".

Some changes have been made to this remuneration report compared to the 2022 report. These changes concern the comparison table for the company's financial performance and remuneration. Efforts have been made to summarise and reduce the number of figures in the comparison table in order to improve its readability and clarity, and to bring it more in line with market practice.

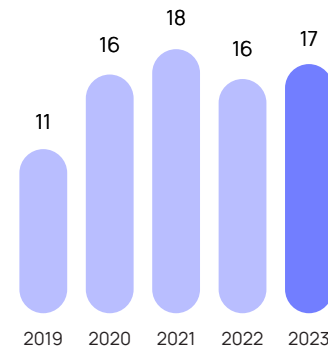
The following changes have been made to the comparison table:

- The percentage changes in the company's financial performance indicators have been omitted to improve readability.
- Operating profit (EBIT) has been removed and replaced with operating profit (EBITA). Earnings per share (EPS) has been added as a new item.
- Developments in remuneration for personnel have been shown using average salary costs. The following have been omitted: salaries, wages and remunerations, the development of total salary costs, the average number of personnel, and the average percentage development of salary costs.
- The remuneration of the Board of Directors is shown using annual remuneration data for the Chair and other Board members. The percentage change in remuneration and the number of Board members have been omitted.
- The remuneration of the CEO is shown in terms of fixed salary and variable pay components. The following have been omitted: total fixed salary, percentage change in fixed salary, short-term and long-term incentives paid, and development of variable pay components paid. The remuneration of the CEO is described in more detail in the section "CEO's remuneration 2023".

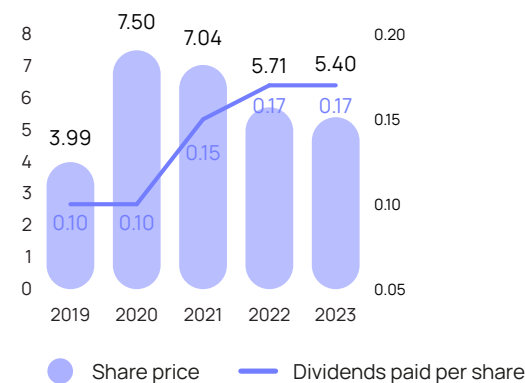
Trend in net sales
EUR million



Trend in operating profit (EBITA)
EUR million



Trend in share price and dividends
EUR



Development of Digia's financial performance and remuneration 2019–2023

The following section describes the development of the remuneration paid to members of the Board of Directors and the CEO as of 2019, compared to the development of the average remuneration paid to employees and the financial performance of the company during the same period.

Regarding the trend in the average salary costs of all personnel, it must be kept in mind that new recruitments, acquired businesses and turnover affect the development of the average salary costs. When comparing identical persons at the beginning and end of the year, the development of salary costs is higher than the development of average costs. Some of Digia's employees are also covered by a short-term incentive scheme or other variable pay components. The figure for personnel salaries includes fixed salaries, target bonuses and other variable pay components.

It is primarily the company's senior management that participates in the long-term share-based incentive scheme. Long-term incentives were paid in spring 2020 and spring 2023. However, in order to maintain comparability, the cost of the long-term share-based incentive scheme is not included in the table for personnel salary costs. The costs of the long-term shared-based incentive scheme are reflected in the CEO's salary and variable pay components for 2020 and 2023. If earned, long-term incentives will next be paid in spring 2026 on the basis of the long-term share-based incentive scheme for 2023–2025.

Remuneration development, 2019–2023	2019	2020	2021	2022	2023
Annual remuneration of the Chair of the Board (fixed monthly fee + meeting fees) (EUR)	80,500	77,000	88,500*	87,000	86,652
Annual remuneration of the other members of the Board of Directors (fixed monthly fee + meeting fees), total (EUR)	232,500*	226,500*	263,000*	255,000	266,435
CEO's salary and variable salary components, total (EUR)	431,182	826,248**	427,760	369,132	981,012**
Average salary costs of Digia personnel (total salary costs divided by the average number of personnel) (EUR)	60,918	61,000	60,978	62,259	64,642
Net sales (MEUR)	131.8	139.0	155.9	170.8	192.1
Operating profit (EBITA) (MEUR):	11.0	16.0	17.7	15.7	16.7
Earnings per share (EPS) (EUR)	0.27	0.40	0.44	0.36	0.37
Dividends paid (according to the closing year) (EUR)	0.07	0.10	0.15	0.17	0.17
Official closing price of the share in the fiscal year (EUR)	3.99	7.52	7.04	5.71	5.40
Market capitalisation (EUR)	107,026,655	201,714,397	188,839,010	153,163,458	144,848,104

*The table shows the remuneration paid to the Board of Directors in each fiscal year from 2019–2023. In 2021, the members of the Board of Directors, excluding the Chair, were also paid meeting fees totalling EUR 55,000 as a retrospective adjustment of meeting fees for 2019–2020 (EUR 11,000 per Board member). This was because the Annual General Meeting had changed the meeting fee, but the fees paid to the Board for 2019–2020 were too low due to human error. These meeting fees for 2019–2020 have been adjusted for comparability in the table and are not included in the figures for 2021, when these delayed fees were paid.

**Payment of long-term shared-based incentives.

Board remunerations 2023

The 2023 Annual General Meeting decided on the payment of monthly fees of EUR 3,500 to Board members, EUR 4,500 to the Vice Chair and EUR 6,000 to the Chair for their work on the Board for the duration of the term expiring at the end of the 2024 Annual General Meeting. In addition, fees of EUR 1,000 to the Chair and EUR 500 to other members are paid per each Board and Board Committee meeting. The monthly fees in each category were increased by EUR 500 compared to the remuneration decided upon at the 2022 Annual General Meeting. The meeting fees remained the same. In addition, Board members will be reimbursed for ordinary and reasonable expenses resulting from Board work against an invoice. In 2023, payments for expenses totalled EUR 9,505.

The following emoluments were paid to members of Digia's Board of Directors for Board and Committee work during the 2023 financial year:

	Roles and committees	Annual fee	Meeting fees for Board and Committee meetings	Total
Martti Ala-Härkönen	Vice Chair of the Board Chair of the Audit Committee Member of the Nomination Committee	49,957	14,500	64,457
Santtu Elsinen	Member of the Board Chair of the Nomination Committee Member of the Audit Committee	40,652	9,000	49,652
Robert Ingman	Chair of the Board of Directors Member of the Nomination Committee Member of the Compensation Committee	70,652	16,000	86,652
Sari Leppänen	Member of the Board Member of the Compensation Committee	40,652	6,500	47,152
Henry Nieminen	Member of the Board Member of the Audit Committee (as of the 2023 Annual General Meeting)	32,565	7,000	39,565
Seppo Ruotsalainen	Vice Chair of the Board Member of the Nomination Committee Chair of the Audit Committee (until the 2023 Annual General Meeting)	10,957	3,500	14,457
Outi Taivainen	Member of the Board Chair of the Compensation Committee	40,652	10,500	51,152
Total				353,087

CEO's remuneration 2023

The total compensation paid to the CEO in 2023 consisted of a fixed salary, customary fringe benefits, short-term incentives and long-term incentives. The company's remuneration policy and incentive schemes are performance-based. Therefore, the reward level of the CEO's incentive schemes also reflects the implementation of the company's business strategy, its long-term financial success and competitiveness, and favourable developments in shareholder value.

In April 2023, the CEO's fixed total salary was revised as part of the normal salary review process. The CEO's new fixed total salary is EUR 26,500 per month (previously EUR 24,000).

The earning potential of the CEO's short-term incentive scheme remained unchanged (maximum 80%). Although the company's current targets for the short-term incentive scheme are annual targets, an interim target has been set for the first half of the year. An advance incentive will be paid for reaching this interim target, and the payment will be made in August. Any advance payments will be deducted from the incentive paid for achieving the full-year target, which will be paid in February of the following year. Therefore, the short-term incentives paid to the CEO in 2023 included rewards earned in both 2022 and 2023.

The main emphasis of the earnings criteria for the CEO's 2023 short-term incentive scheme is on the company's annual performance. Despite this, the goal is to set indicators that will also support the company's long-term success. The earnings criteria for the 2023 short-term incentive were as follows:

Earnings criterion (all criteria are Digia-level indicators)	Weighting
Net sales	45%
EBITA	45%
Customer experience (NPS)	5%
Employee experience (eNPS)	5%

All bonus indicators are assessed independently of each other, but if the full-year operating profit falls short of the set EBITA threshold value, the incentive assessed at the end of the year will not be paid.

In 2023, the CEO was paid a total salary (including fringe benefits) amounting to EUR 325,065 and short-term incentives totalling EUR 124,696.80. The incentive consisted of the realised items described below. The CEO received the company's ordinary personnel and fringe benefits.

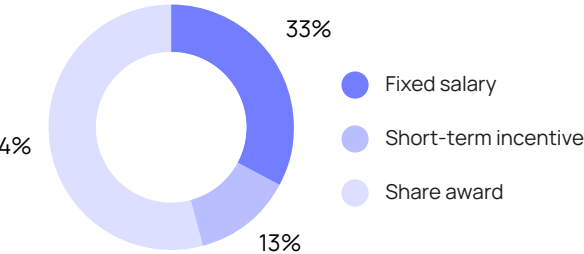
In addition, in the 2023 fiscal year, the CEO was paid a bonus from Digia's long-term incentive scheme for 2020–2022. The bonus totalled EUR 531,250.66, which was paid as a combination of shares and cash.

Salaries and remunerations paid to the CEO in the 2023 fiscal year

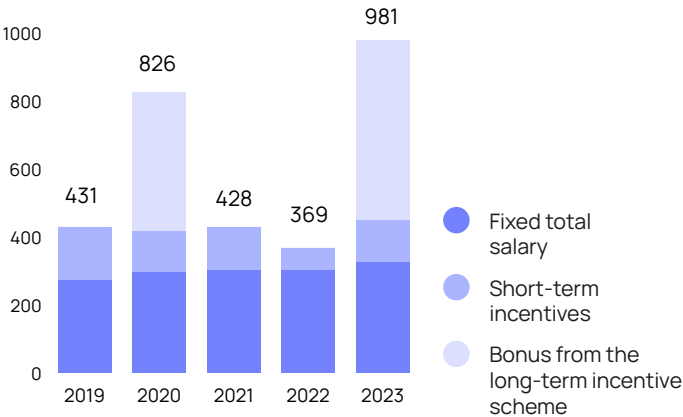
The CEO was paid the following as salary and other benefits during the 2023 fiscal year:

Remuneration component	Paid in 2023
Fixed total salary (incl. fringe benefits)	325,065
Short-term incentive (STI)	124,697
Long-term incentive scheme bonus (2020–2022 incentive scheme)	531,251
Total	981,013

CEO's remuneration structure Paid 2023



CEO's salaries and remunerations 2019–2023 1,000 EUR



Long-term share-based incentive scheme

During the reporting period, a share-based incentive was paid for the long-term share-based incentive scheme covering the calendar years 2020–2022.

In May 2023, Digia Plc's Board of Directors decided to establish a new long-term share-based incentive scheme. In principle, the target group consists of the CEO and the company's senior executives. The scheme may also cover other individual key personnel. The scheme is designed to align the goals of the company's shareholders and management in order to increase the company's value, and to commit executive management to the company and its long-term objectives.

Earnings period	Long-term share-based incentive scheme 2020-2022	Long-term share-based incentive scheme 2023-2025
Targets and weighting	Net sales (60%) Development of absolute total shareholder return (TSR) (40%)	Net sales (50%) Cumulative earnings per share (ESP) (40%) Sustainability target (10%)
Payment	Spring 2023	Spring 2026

The Digia logo is centered on a blue background with abstract curved shapes. The word "digia" is in a large, white, lowercase sans-serif font. Below it, the tagline "Unlock your intelligence." is written in a smaller, white, lowercase sans-serif font, with "Unlock your" on the left and "intelligence." on the right, separated by the word "digia".

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