

2021

A 3D rendered red Angry Bird character with a yellow beak and black eyebrows, looking slightly to the right. It is positioned behind the large white number '2' of the year '2021'.

REMUNERATION REPORT

 ROVIO

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Remuneration report

1. Introduction Letter from the Chair of the Remuneration Committee



Camilla Hed-Wilson
Chair of the
Remuneration Committee

Dear Shareholders,

The year 2021 began under the stewardship of Alexandre Pelletier-Normand who was appointed to the position of CEO as of 1.1.2021. During the year, Rovio had good momentum and important steps were taken in many strategic areas. The number of our studios increased from five to seven after Ruby Games in Izmir, Turkey joined the roster of studios by acquisition, and we founded a new studio in Toronto, Canada focusing on casual, free-to-play mobile games. We were successful in growing our key live games and innovating new gaming concepts. We started the year soft launching the casual slingshot game Angry Birds Journey, which we were excited to globally launch in January 2022. These contributed to a strong performance.

In order to be successful, Rovio needs to employ top talent with specific expertise areas and a high level of passion. This, combined with industry dynamics, requires us to be able to compete not just business-wise but also from the talent perspective in a highly competitive market on a global scale. This naturally sets different pressures in terms of remuneration practises.

With the lead of Alexandre Pelletier-Normand Rovio has taken steps towards empowering, equipping and incentivizing game teams to make even bigger and more ambitious games. Once the game hits the top records, the team involved is awarded directly by the success of the game with an opportunity for competitive total compensation via short-term incentive. At the same, the CEO and Leadership Team total remuneration opportunity is more directly tied to Rovio's overall success and the share price development. The direction we have seen in 2021 sets a promising start for the year 2022.

The performance of 2021 is reflected in accrued remuneration based on 2021 as shown in the section *Remuneration of the CEO in 2021*.

The performance-based remuneration paid during the year 2021, is still based on

Alexandre Pelletier-Normand's previous position as the Head of Games. The same applies to the restricted share programme under which he received full ownership to the shares in January 2021 and 2022.

Although corporate responsibility and sustainable way of our operations has been in the core of Rovio already in the past, during the year, we further increased our focus and commitment to the area by appointing a Chief Sustainability Officer. To emphasise and set the direction for future development, we have included a people-related sustainability target in the 2022 short-term incentive programme for the CEO and the senior leaders of Rovio.

The 2020 Remuneration Report was presented to the shareholders in the AGM in March 2021. The advisory voting received a result in favour for acceptance, but the company was requested to pay attention to long term incentive plan periods as well as non-performance based share incentives to senior leaders. The Board of Directors decided to update the Remuneration Policy as well as revise company long term incentive plans to set stronger connection with the performance objectives. More on the revision in section 1.3. *Application of the Remuneration Policy in 2021*. The updated Remuneration Policy will be presented to the shareholders in the Annual General Meeting in April 2022.

The Remuneration Report 2021 has been prepared and issued in accordance with the Finnish Corporate Governance Code 2020 and the EU's Second Shareholder Rights Directive 'SHRD II'.

A handwritten signature in black ink, appearing to read 'Camilla Hed-Wilson', written in a cursive style.

1.1. Recap of Company performance in 2021

For the year 2021, growth was utmost important for us. Our Group revenues grew 5.1% and Games revenue reached an all-time high.

The live games create a strong core for Rovio operations. The two biggest games, Angry Birds 2 and Angry Birds Dream Blast, performed steadily throughout the year while our third biggest and oldest live game, Angry Birds Friends, grew each quarter in 2021, driven by strong in-game events and collaborations. As mentioned, Angry Birds Journey was globally launched January 2022. Ruby Games already made an impact on revenue creation and the acquisition proved to be a success from a commercial point of view.

In recent years we have been focused on leveraging the beloved Angry Birds brand to lower the cost of acquiring users and bringing organic downloads but during 2021 and even more so in 2022, the emphasis will be on developing the brand. Many new Angry Birds initiatives were launched throughout the year, and the 'Angry New Year' is just ahead of us.

With a viable brand and a portfolio of games in different maturity stages combined with stable financial performance, Rovio is in a good position to explore future trends in the field of gaming and actively investigate opportunities to craft joy and bring value to the players. Growth is not sought at all cost as we are placing sustainability front and centre in our agenda to ensure our success in the long term.

Targets for the 2021 short-term incentives were revenue growth and profitability, and we were able to grow the revenues while maintaining high profitability. This is a trend we wish to keep and it is also reflected in the targets set for 2022.

1.2. Remuneration Policy at a glance

The aim of the Remuneration Policy is to ensure the alignment of pay and performance in Rovio. To achieve this, Rovio has built a remuneration framework that creates an incentive to drive the Company's success and shareholder value creation in the long term. Framework will also support the Company's growth strategy focusing on games business while leveraging the Angry Birds brand and new IP through games and other entertainment. The Remuneration Policy is set to be consistent with the remuneration framework applied to all Rovio employees.

The General Meeting resolves on the remuneration of the Board. The proposal for the General Meeting is prepared by the Shareholder's Nomination Board as of 2022. In 2021, the Board remuneration proposal was prepared by the Board. The basis for determination of the Board's remuneration is to ensure that the remuneration is competitive in relation to the market and that the remuneration reflects the competencies and efforts required from the members of the Board in order to fulfil their duties.

The Board decides on the remuneration of the CEO. The Remuneration Committee organises practicalities related with the CEO's remuneration and prepares proposals for the Board's decision-making. The Remuneration Committee regularly evaluates the competitiveness of the CEO's remuneration in order to ensure it is aligned with the Company's strategy and shareholder interests.

Remuneration of the CEO is based on the following guiding principles:

- Total remuneration opportunity will be sufficiently competitive in relation to typical market level in relevant peer companies
- Variable remuneration forms a significant part of the total remuneration opportunity in order to align remuneration with achieved performance and shareholder value creation
- The majority of variable remuneration is long-term and share-based, emphasising long term performance and link to shareholder value development
- Requirements for share ownership and clawback provisions are set for the CEO in order to promote continuously accumulating share ownership in Rovio and optimal risk taking.

1.3. Application of the Remuneration Policy in 2021

Rovio appointed Alexandre Pelletier-Normand as the company’s new CEO as of January 1, 2021. Before this, Pelletier-Normand had acted as the Head of Games at Rovio since 2019. The remuneration of the new CEO, Alexandre Pelletier-Normand is in line with the Remuneration Policy although the actual payments of variable elements in 2021 are based on his earlier position as the Head of Games. In 2021, the former CEO, Kati Levoranta, received payments for the notice period and severance pay as well as variable payments and accrued remuneration.

During the year, the Board of Directors has evaluated that the total remuneration opportunity is sufficiently competitive by conducting a benchmark study to analyse CEO and Leadership team compensation against peer companies.

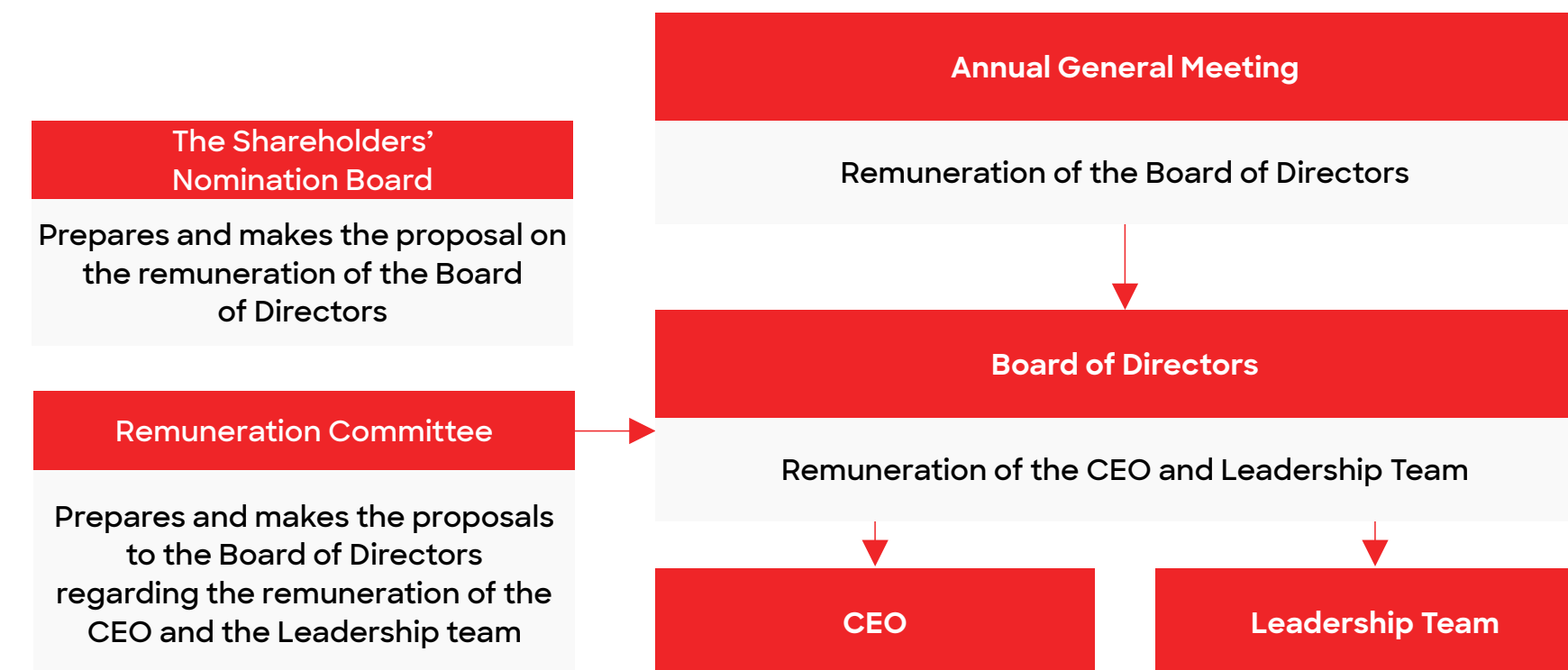
To demonstrate sustainable remuneration practises and connection with the shareholder value creation in the long term, Rovio launched the second earnings period of the Performance Share Plan for key employees including the CEO and members of the Leadership Team as well as the second savings period of the voluntary Employee Share Saving Plan. The restricted shares were granted to key employees of Rovio to share ownership of the company and retain key talent. Restricted shares weren’t granted to the CEO in 2021.

The remuneration related decisions taken during the year 2021 followed the initiation and approval process described in the Remuneration Policy. The Board has not deemed it necessary to utilise clawback nor make deviations to the Remuneration Policy during the year 2021.

During the year 2021 the Board of Directors decided to update the Remuneration Policy. The updated policy includes the following changes concerning the remuneration of the CEO:

- long-term incentives have been defined to be performance-based. The event that the share incentives would be granted without performance criteria, would be considered as ‘exceptional circumstances’
- the total period length of the long-term incentives program is set to be a minimum of three years
- short-term incentives and one-time bonuses are set a cap of 100% of the annual salary per plan

In addition, changes which are not deemed material have been done to the terminology used in the policy.



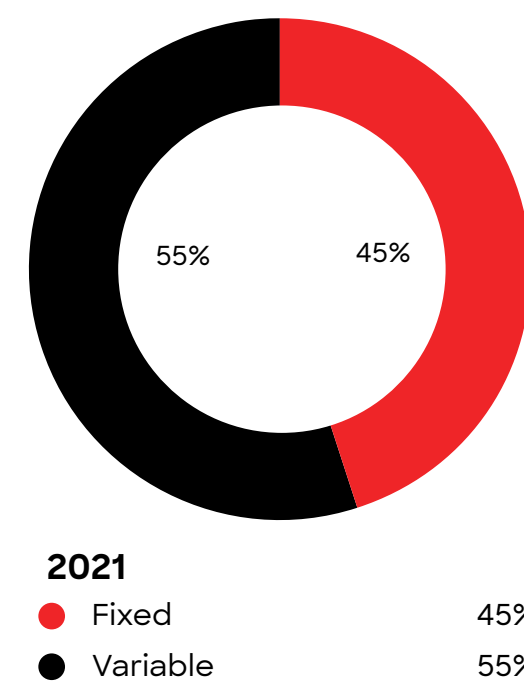
2. Remuneration of the CEO in 2021

2.1. Actual Paid in 2021

Remuneration of the CEO consists of a fixed monthly salary, benefits, and both short and long-term incentive programs. To secure alignment with the expected performance and shareholder value creation, at the target level of performance the fixed base salary is expected to form less than 50%, short term incentives 10–20%, and long-term incentives 30–50% of the total remuneration.

In 2021, the CEO of Rovio, Alexandre Pelletier-Normand, was paid a total remuneration of EUR 900,050. Of the remuneration mix based on year 2021 the actual payout was 45% fixed and 55% variable (Graph 1). The fixed proportion of EUR 403,440 is formed by the fixed monthly salary including fringe benefits. He does not have a supplementary pension plan in place. The variable proportion is formed by the 2020 short-term incentive payment EUR 102,344 paid in 2021 and EUR 394,266

Remuneration of the CEO in 2021



Graph 1

based on vesting of the restricted shares granted in 2019. As Alexandre Pelletier-Normand took the position of CEO as of 1.1.2021 the variable proportion of the payment is based on his earlier position as ‘Head of Games’.

2.2. Accrued Remuneration

2.2.1 Short-term incentives

The CEO is eligible for a short-term incentive plan in which the payout is determined by the Group’s revenue and adjusted EBIT margin. The targets set for 2021 were met at the level of 36%. The payout of EUR 138,432 will be paid in March 2022. For each performance period, the short-term incentive opportunity is capped at 100% of the base salary annually.

2.2.2. Share-based programmes

Rovio established an employee share savings plan (ESSP) in January 2020. As a reward for the commitment, Rovio grants the participating employees one free matching share (gross) for every two savings shares acquired with their savings, including the proportion to be paid in cash to cover applicable taxes and tax-related costs. The first plan period commenced on April 1, 2020 and ends on August 31, 2022. The CEO has participated in the employee share saving plan, and with the saved amount 4,367 shares have been purchased. Assuming that the CEO maintains the purchased shares until the end of holding period, 2,183 matching shares (gross value) will be granted once the programme has come to an end in August 2022. The second plan period commenced on April 1, 2021 and ends on August 31, 2023. As per December 31, 2021, with the saved amount 2,234 shares have been purchased, and assuming that the CEO maintains the purchased shares until the end of holding period, 1,117 matching shares (gross value) will be granted once the programme has come to an end in August 2023.

The CEO and the members of the Leadership Team and selected key employees have been entitled to the Performance Share Plan (PSP). The PSP offers the participants a possibility to earn shares for reaching the required levels set for the performance criteria. The performance criteria for the plan were Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%). As per December 31, 2021, The Board has decided on two annually commencing performance periods, covering the consecutive calendar years of 2020 and 2021. The performance period is directly followed by a one-year waiting period. Under the first performance period of the PSP applicable to the year 2020, the performance criteria were met as 50% of the maximum. Based on his previous position as the Heads of Games, Alexandre Pelletier-Normand was awarded with 25,500 performance shares including proportion equivalent to cover taxes and tax-related costs. The performance period continued with a one year waiting period covering the year 2021. The participants will receive full ownership of the shares in March 2022. In the second performance period of the PSP, applicable to the

year 2021, the performance criteria were met as 23.64% of the maximum. Based on the position of the CEO, Alexandre Pelletier-Normand is awarded with 21,865 performance shares including proportion equivalent to cover taxes and tax-related costs. The performance period continues with a one year waiting period covering the year 2022.

In his previous position as the Head of Games, Alexandre Pelletier-Normand was granted restricted share units, which were paid after the restriction period. He received full ownership in January 2021 to 29,527 shares allocated in January 2019. The transfer price was EUR 6.5711 totalling EUR 194,025 as well as EUR 200,241 paid to cover taxes and tax-related costs. In January 2022, he received full ownership to 21,791 shares allocated in January 2019. The transfer price was EUR 6.6507 totalling EUR 144,925 as well as EUR 149,568 paid to cover taxes and tax-related costs.

During the years 2017–2019, Rovio had a stock option plan for all employees, including the CEO and the Leadership Team. Whilst in the position of the Head of Games, Alexandre Pelletier-Normand was granted 40,000 2019A stock options.

The subscription period began on June 1, 2021, and will continue until May 31, 2022. As per December 31, 2021, the subscription price is EUR 6.92 per share. He did not exercise any options during the year 2021 and accordingly, as per December 31, 2021, still holds 40,000 options under the programme 2019A.

An overview of the Company share plans can be found in the Annual Report.

The aim is that over time, the CEO's shareholding in Rovio accumulates to a value corresponding to the value of 50% of the CEO's annual gross fixed salary.

The Board may set transfer restrictions to shares paid as reward, or shares subscribed with stock options as it sees appropriate. Alexandre Pelletier-Normand has accumulated shares worth more than 50% of the annual gross fixed base salary based on valuation from December 31, 2021.

Table 1 below illustrates Rovio remuneration components, actual remuneration paid in 2021 and accrued remuneration for the CEO Alexandre Pelletier-Normand.

Component	Actual paid in 2021	Accrued Remuneration
Fixed Salary + Benefits	EUR 403,440	<p>Employee share saving plan 2020-2022*: 4,367 shares purchased with the saved amount which entitle to 2,183 matching shares (gross value).</p> <p>Employee share saving plan 2021-2023: 2,234 shares purchased with the saved amount which entitle to 1,117 matching shares (gross value).</p>
Short-Term Incentives	EUR 102,344* Based on performance period 2020 with payout in March 2021	EUR 138,432 Based on performance period 2021 with payout in March 2022
Long-Term Incentives	EUR 394,266* Based on restricted shares vested in 2021	<p>Ongoing schemes:</p> <p>Performance share plan 2020*: 25,500 performance shares including cash proportion equivalent to cover taxes and tax-related costs.</p> <p>Performance share plan 2021: 21,865 performance shares including cash proportion equivalent to cover taxes and tax-related costs.</p> <p>Restricted share plan*: EUR 294,493 (gross value), based on restricted shares vested in January 2022</p> <p>Stock option plan*: 2019A plan (vested): 90,000 options</p>

Table 1 Remuneration of the CEO Alexandre Pelletier-Normand (1.1.2021-)

*Based on Alexandre Pelletier-Normand's position as Head of Games.

2.3. Remuneration of the former CEO Kati Levoranta (-31.12.2020)

In 2021, as per contractual obligations, Kati Levoranta received a fixed salary and benefits worth 6 months notice period in addition to 12 months severance pay, totalling EUR 628,860. The final payment took place in April 2021.

As the CEO, Kati Levoranta, was eligible for the 2020 short-term incentive plan. The payout of EUR 108,000 was paid in March 2021.

Kati Levoranta participated in the first saving period of the employee share saving plan, and with the saved amount 628 shares have been purchased. Assuming that she maintains the purchased shares until the end of the holding period, 314 matching shares (gross value) will be granted once the programme has come to an end in August 2022.

Under the first performance period of the Performance Share Plan (PSP). Kati Levoranta was awarded with 45,000 performance shares including proportion equivalent to cover taxes and tax-related costs. She receives full ownership of the shares in March 2022.

Kati Levoranta retained the rights to 15,000 restricted shares (gross value). The restriction period for this lot of restricted share units came to an end in June 2021, and received full ownership of 7,381 shares. The transfer price was EUR 6.8017 totalling EUR 50,203 as well as EUR 51,822 paid to cover taxes and tax-related costs.

Kati Levoranta was entitled to 90,000 2018A stock options. In accordance with the terms and conditions of the option scheme, the share subscription period for series 2018A option rights began on June 1, 2020, and the subscription period continued until May 31, 2021. She sold the 2018A options during the period. In addition, Kati Levoranta retained rights to 90,000 options under the programme 2019A. The subscription period began on June 1, 2021, and will continue until May 31, 2022. On December 31, 2021 the subscription price is EUR 6.92 per share. Kati Levoranta sold 10,000 2019A options during the year 2021. As per December 31, 2021, she still holds 80,000 options under the programme 2019A.

3. Remuneration of the Board of Directors in 2021

The Annual General Meeting on March 30, 2021, resolved that the members of the Board of Directors are entitled to the following monthly compensations:

- Chair of the Board of Directors: EUR 9,500 per month
- Vice Chair of the Board of Directors: EUR 7,500 per month
- Member of the Board of Directors: EUR 5,000 per month
- Additional monthly compensation to the Chair of the Audit Committee: EUR 2,500 per month. When the Chair of the Audit Committee is the Chair of the Board of Directors or the Vice Chair of the Board of Directors, no additional compensation shall be paid. As this has been the case during 2021, no additional remuneration has been paid.

The Company compensates Board members' reasonable travel expenses arising from Board or committee work. Board members do not have an employment relationship or service contract with Rovio and they are not covered by any of Rovio's short or long-term incentive plans. Fees paid to the members of the Board of Directors were 444,000 EUR in 2021 (471,500 EUR in 2020) as shown in the Table 2.

Board Member**	Member of Board	Board fees (EUR)	Shareholding*
Kim Ignatius (Chair of the Board of Directors and Chair of the audit committee)	Chair since April 2020, Member since 2017	114,000	9,000
Björn Jeffery (Vice Chair)	Vice Chair since April 2021, Member since 2020	82,500	1,000
Camilla Hed-Wilson (Chair of the Remuneration Committee)	Since 2011	60,000	6,459,500 shares owned through Brilliant Problems Oy, a company under her control.
Niklas Hed	Member in 2003–2005, 2006–2007, 2021–, Chair in 2004–2005	45,000	1,365,345
Jeferson Valadares	Since 2019	60,000	–
Leemon Wu	Since 2020	60,000	–

Table 2 Remuneration of the Board

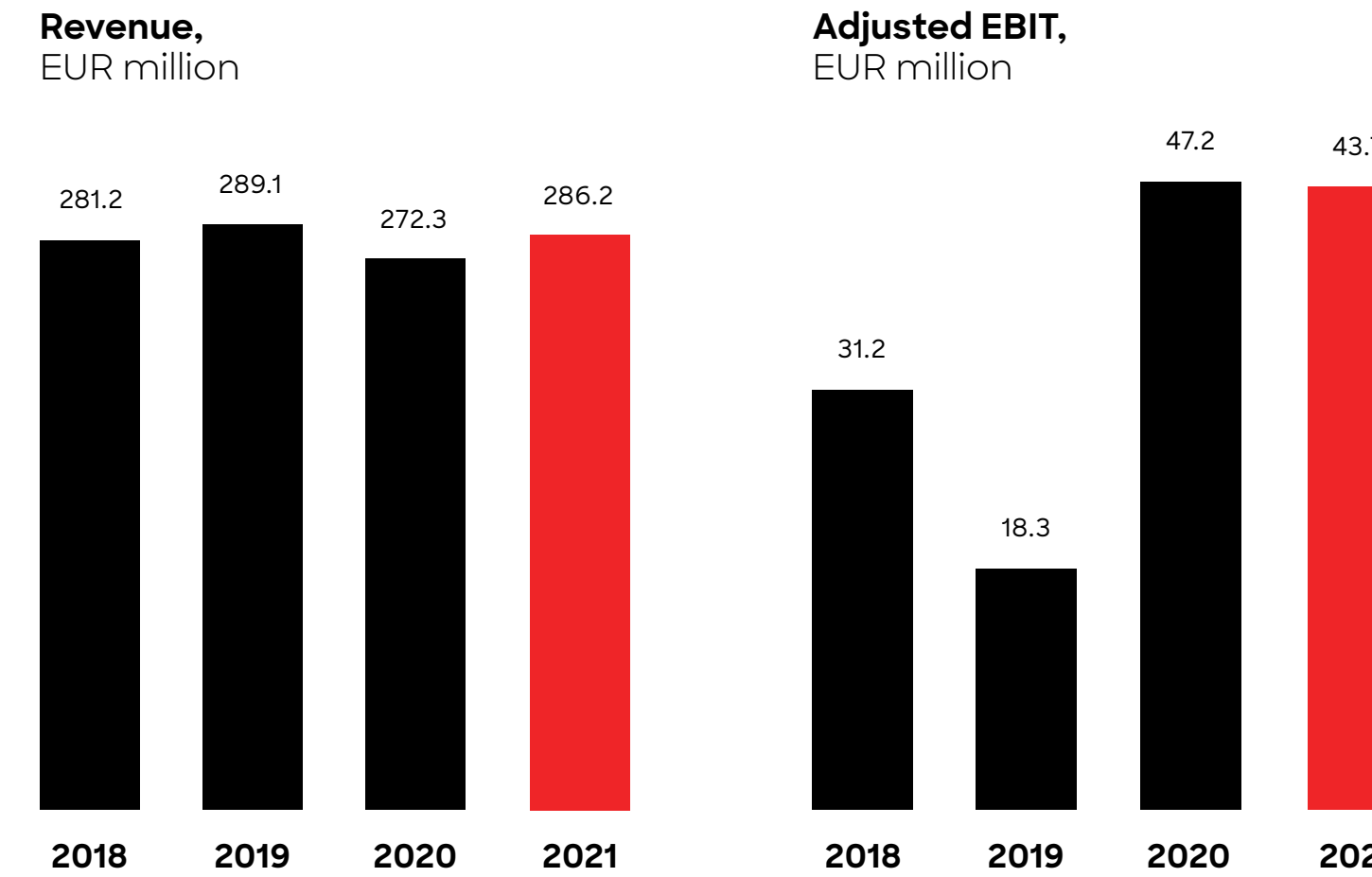
*December 31, 2021

** Kaj Hed acted as a Vice Chair and member of Board until March 30, 2021 (paid Board fees EUR 22,500). His shareholding as per 31.12.2021 is 12,919,000 shares owned through Moor Holding AB, a company under his control.

4. Historical development of remuneration and Company performance

As Rovio is a mobile-first gaming company aiming for long-term growth, its financial performance is best described by revenue and EBIT. Rovio was listed in the Helsinki stock exchange in September 2017, the historical development performance and rewards are shown from the full financial year 2018 onwards. The four-year development of financial figures are illustrated in Graph 2.

In alignment with the pay for performance philosophy and the Remuneration Policy, the variable remuneration forms a significant part of the total remuneration opportunity for the CEO in order to align remuneration with achieved performance and shareholder value creation. In addition, for the CEO, the majority of variable remuneration is long-term and share-based, emphasising long-term performance and a link to shareholder value development. Although the remuneration framework is applied to all employees globally, the employee remuneration is not weighted on the variable remuneration to the same extent as with the CEO. However, the incentive target setting is aligned across the Company.



Graph 2

Remuneration development over a four-year period for the Board of Directors, CEO, and Rovio employees is shown in Table 3. For the Board of Directors, the figure is illustrated as an average of actual Board fees paid during the year. The remuneration for the CEO consists of actual compensation during the respective year, covering fixed base salary, fringe benefits, and paid short and long-term incentives. Rovio employee remuneration is calculated as wages and salaries during the year divided by the average number of employees during the financial year.

The fees for Board of Directors has remained unchanged through the period. The variations in the average compensation of the Board of Directors is due to change in the number of members during the respective periods. The substantial increase in the CEO pay from 2020 to 2021 was a mix of various reasons. Alexandre Pelletier-Normand started in the position of CEO as of 1.1.2021. In 2021, Alexandre Pelletier-Normand received an RSU reward payment which was granted as part of his recruitment process to the previous position as Head of Games. The RSU payment worth EUR 394,266 was paid in January 2021. In addition, the difference in 2020 and 2021 is further emphasized due to short-term incentive payment not paid in 2020 as performance criteria set for 2019 were not met.

Average remuneration (in EUR)	2018	2019	2020	2021
Board of Directors*	82,333	71,340	69,000	74,000
CEO**	568,442	636,632	469,109	900,050
Rovio employee***	80,224	67,964	79,926	81,931

Table 3 Average Remuneration

* Actual paid during the year.

** Actual paid during the year. The years 2018-2020 reflect the payments to the CEO Kati Levoranta and 2021 reflects the payments to the CEO Alexandre Pelletier-Normand. The variable portion of his actual payment in 2021 is based on his previous position as the Head of Games.

*** Wages and salaries during the year (excluding CEO) divided by the average number of employees during the financial year.