

# RRMIO



REMUNERATION REPORT

2022

# Remuneration report

## 1. Introduction Letter from the Chair of the Remuneration Committee



**Camilla Hed-Wilson**  
Chair of the  
Remuneration Committee

Dear shareholders,

The year 2022 was marked by uncertainties in the world and headwinds in the mobile gaming market. Despite these, Rovio continued to perform well and was successful in growing the key live games and innovating new gaming concepts.

In June 2022, we appointed Lotta Vuoristo as the Chief People Officer, heading the continued development of the people strategy and human resources operations and services. Building and maintaining a great culture at Rovio continues to be in focus across all people development, talent acquisition and rewarding initiatives.

The challenging business environment of 2022 has shown that the ability to attract top talent and foster a culture of creativity are prerequisites for long-term success in the future. Rovio seeks to employ top talent with specific expertise areas and a high level of passion within each craft and for the industry. In order to succeed and be competitive in the highly dynamic global mobile gaming industry, a continuous focus on the talent development perspective is needed.

One way of sustaining the talent ambition is by ensuring fair and continuously developing remuneration practices. During 2022, Rovio paid special attention to benchmarking compensation levels to the market, and reviewing and adjusting the base salaries of employees. Another way is by ensuring the growth and development of our talent. In 2022, we also appointed Andy Muesse as the Head of Studios. He will lead the development of Rovio's game portfolio roadmap, driving ambition and performance across all studios.

The CEO's and the Leadership Team's total remuneration opportunity is linked to Rovio's overall success and share price development, and includes a people-related

sustainability target in the 2022 short-term incentive programme. The reward practices are designed to drive both the short- and long-term financial performance of Rovio.

In April 2022, the developments made in Rovio's remuneration practices, policy and reporting were presented to the shareholders in the Annual General Meeting and the voting was very favorable. The remuneration policy approved in the meeting has been followed during 2022. This report is prepared and issued in accordance with the Finnish Corporate Governance Code 2020 and the EU's Shareholder Rights Directive 'SHRD II'.

In 2023, we continue our work towards achieving our ambitious targets and delivering high-value experiences to our players.

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



## 1.1. Remuneration Policy at a glance

The aim of the Remuneration Policy is to ensure the alignment of pay and performance at Rovio. To achieve this, Rovio has built a remuneration framework that incentivizes Rovians to drive the Company's success and create shareholder value in the long term. The framework also supports the Company's growth strategy focusing on the games business while leveraging the Angry Birds brand and new IPs in games and other entertainment. The remuneration framework is set to be consistent with the Remuneration Policy and is applied to all Rovio employees.

The General Meeting resolves on the remuneration of the Board. As of 2022, the proposal for the General Meeting is prepared by the Shareholder's Nomination 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 organizes the practicalities related to 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.

The remuneration of the CEO is based on the following guiding principles:

- Total remuneration opportunity will be sufficiently competitive in relation to the typical market level in relevant peer companies.
- Variable remuneration forms a significant part of the total remuneration opportunity in order to align remuneration with the achieved performance and shareholder value creation.
- The majority of the variable remuneration is long-term and share-based, emphasizing long-term performance and linking it to shareholder value development over time.
- 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.



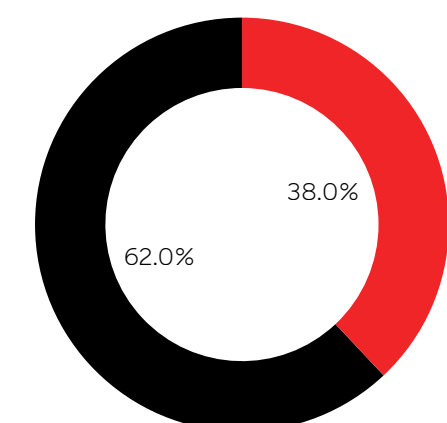
## 2. Remuneration of the CEO in 2022

### 2.1. Actual Paid in 2022

Remuneration of the CEO consists of a fixed monthly salary, benefits, as well as both short and long-term incentive programs. To secure the 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 2022, the CEO of Rovio, Alexandre Pelletier-Normand, was paid a total remuneration of EUR 1,106,194. The actual payout remuneration mix based on the year 2022 was 38% fixed and 62% variable (Graph 1). The fixed proportion of EUR 415,718 is formed by the fixed monthly salary including fringe benefits and EUR 12,278 paid as matching shares in connection with the employee share saving plan 2020–2022. Rovio does not have a supplementary pension plan in place for the CEO. The variable proportion is formed by the 2021 short-term incentive payment EUR 138,432 paid in 2022, EUR 191,551 based on the vesting of the performance share plan 2020, EUR 66,000 of exercise of stock options 2019A and EUR 294,493 based on the vesting of the restricted shares granted in 2019. As Alexandre Pelletier-Normand took the position of CEO as of 1.1.2021, part of the variable proportion of the payment is based on his earlier position as ‘Head of Games’ at Rovio.

Remuneration of the CEO in 2022



**2022**  
 ● Fixed 38%  
 ● Variable 62%

Graph 1

### 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 2022 were met at the level of 42.34%. The payout of EUR 162,578 will be paid in March 2023. For each performance period, the short-term incentive opportunity is capped at 100% of the annual base salary.

#### 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 plan period 2021–2023 commenced on April 1, 2021 and ends on August 31, 2023. As per December 31, 2022, 4,161 shares have been purchased with the saved amount, and assuming that the CEO maintains the purchased shares until the end of the holding period, 2,081 matching shares (gross value) will be granted once the programme comes to an end in August 2023. The plan period 2022–2024 commenced on April 1, 2022 and ends on August 31, 2024. As per December 31, 2022, 2,580 shares have been purchased with the saved amount, and assuming that the CEO maintains the purchased shares until the end of holding period, 1,290 matching shares (gross value) will be granted once the programme has come to an end in August 2024.

The CEO and the members of the Leadership Team and selected employees are 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.

For the Performance Share Plan, with measurement period as the financial year 2021, the performance criteria were met as 23.64% of the maximum. The performance criteria for the plan were Rovio’s Sales Growth (%) and Rovio’s Adjusted Operating Profit Margin (%). Alexandre Pelletier-Normand was awarded with 21,865

performance shares including a proportion equivalent to taxes and tax-related costs. The performance period continued with a one-year waiting period covering the year 2022, and the payment is expected to take place in April, 2023.

The CEO is also entitled to a Performance Share Plan 2022–2026 granted in April 2022. The performance criteria for the plan period 2022–2024 are the Group’s EBITDA (EUR) for the financial year 2024 and the Group’s Net Revenue (EUR) for the financial year 2024. The potential payment is expected to take place in April, 2025.

In February 2022, the Board of Directors decided to launch a new stock option plan for selected employees of the company. CEO Alexandre Pelletier-Normand was granted 57,100 stock options under the stock options plan 2022A. The share subscription price for shares subscribed by virtue of the stock options is EUR 7.90 per share. The share subscription period for stock options will be 1 March 2025 – 28 February 2027.

In June 2022, Alexandre Pelletier-Normand was granted 17,906 restricted share units based on his CEO services agreement. The plan’s reward will be paid to the participant as soon as possible after the restriction period comes to an end in June 2025. The payment of the reward requires that the participant’s employment contract is in force until the end of the restriction period and has not been terminated. The payment will be made in company shares and taxes and tax-related costs arising from the reward are deducted from the gross reward. 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 a 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 a valuation from December 31, 2022.

Table 1 below summarizes Rovio’s remuneration components, actual remuneration paid in 2022 and accrued remuneration for the CEO Alexandre Pelletier-Normand.



Component	Actual paid in 2022	Accrued Remuneration
Fixed Salary + Fringe benefits	<p><b>EUR 415,718</b></p> <p><b>Includes Employee share saving plan 2020-2022*:</b> 4,367 shares purchased with the saved amount, which entitled to 2,183 matching shares with EUR 12,278 gross value.</p>	<p><b>Employee share saving plan 2021-2023:</b> 4,161 shares purchased with the saved amount, which entitle to 2,081 matching shares (gross value).</p> <p><b>Employee share saving plan 2022-2024:</b> 2,580 shares purchased with the saved amount, which entitle to 1,290 matching shares (gross value).</p>
Short-term incentives	<p><b>EUR 138,432</b></p> <p>Based on performance period 2021 with payout in March 2022</p>	<p><b>EUR 162,578</b></p> <p>Based on performance period 2022 with payout in March 2023</p>
Long-term incentives	<p><b>EUR 552,044</b></p> <p>Based on</p> <p><b>Performance share plan 2020*:</b> EUR 191,551 (25,500 performance shares including cash proportion equivalent to taxes and tax-related costs)</p> <p><b>Restricted share plan*:</b> EUR 294,493 (60,000 shares including cash proportion equivalent to taxes and tax-related costs)</p> <p><b>Stock option plan 2019A*:</b> EUR 66,000 (40,000pcs 2019A stock options)</p>	<p><b>Ongoing schemes:</b></p> <p><b>Performance share plan 2021:</b> 21,865 performance shares including cash proportion equivalent to taxes and tax-related costs. Payment to take place in April 2023.</p> <p><b>Performance share plan 2022:</b> 165,289 shares at maximum, dependent on performance criteria set for the year 2024</p> <p><b>Restricted share plan:</b> 17,906 restricted share units with vesting in June 2025</p> <p><b>Stock option plan: 2022A:</b> 57,100 options with a share subscription period of March 1, 2025 – February 28, 2027</p>

Table 1. Remuneration of the CEO

\* Based on Alexandre Pelletier-Normand's previous position as Head of Games at Rovio.

### 3. Remuneration of the Board of Directors in 2022

The Annual General Meeting on April 7, 2022, resolved that the members of the Board of Directors are entitled to the following monthly compensations:

- Chairman of the Board of Directors: EUR 9,500 per month
- Vice chairman 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 Chairman of the Audit Committee: EUR 2,500 per month. When the Chairman of the Audit Committee is the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors, no additional compensation shall be paid. As this has been the case during 2022, 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 2022 (444,000 EUR in 2021) as shown in 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	90,000	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	60,000	1,365,345
Leemon Wu	Since 2020	60,000	0
Langer Lee	Since April 2022	45,000	0

Table 2 Remuneration of the Board

\* Jefferson Valadares acted as a member of Board until April 7, 2022 (paid Board fees EUR 15,000).

\*\* December 31, 2022

## 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. The five-year development of financial figures is illustrated in Table 3.

In alignment with the pay-for-performance principle and the Remuneration Policy, the variable remuneration forms a significant part of the total remuneration opportunity for the CEO and aligns his remuneration with the achieved performance and shareholder value creation. In addition, for the CEO, the majority of the variable remuneration is long-term and share-based, emphasizing long-term performance and linking it to shareholder value development.

Company performance (MEUR)	2018	2019	2020	2021	2022
Revenue	281.2	289.1	272.3	286.2	317.7
Adjusted EBIT	31.2	18.3	47.2	43.7	39.2

Table 3 Company performance

Remuneration development over a five-year period for the Board of Directors, CEO, and Rovio employees is shown in Table 4.

Average remuneration (in EUR)	2018	2019	2020	2021	2022
Board of Directors, average*	82,333	71,340	69,000	74,000	74,000
CEO**	568,442	636,632	469,109	900,050	1,106,194
Rovio employee, average***	80,224	67,964	79,926	81,931	87,519

Table 4 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.

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

The figures for different groups illustrated in the table are not fully comparable, as remuneration for the Board of Directors and the CEO is based on cash paid during the year, whereas the average Rovio employee remuneration level is based on accruals.