

REMUNERATION REPORT

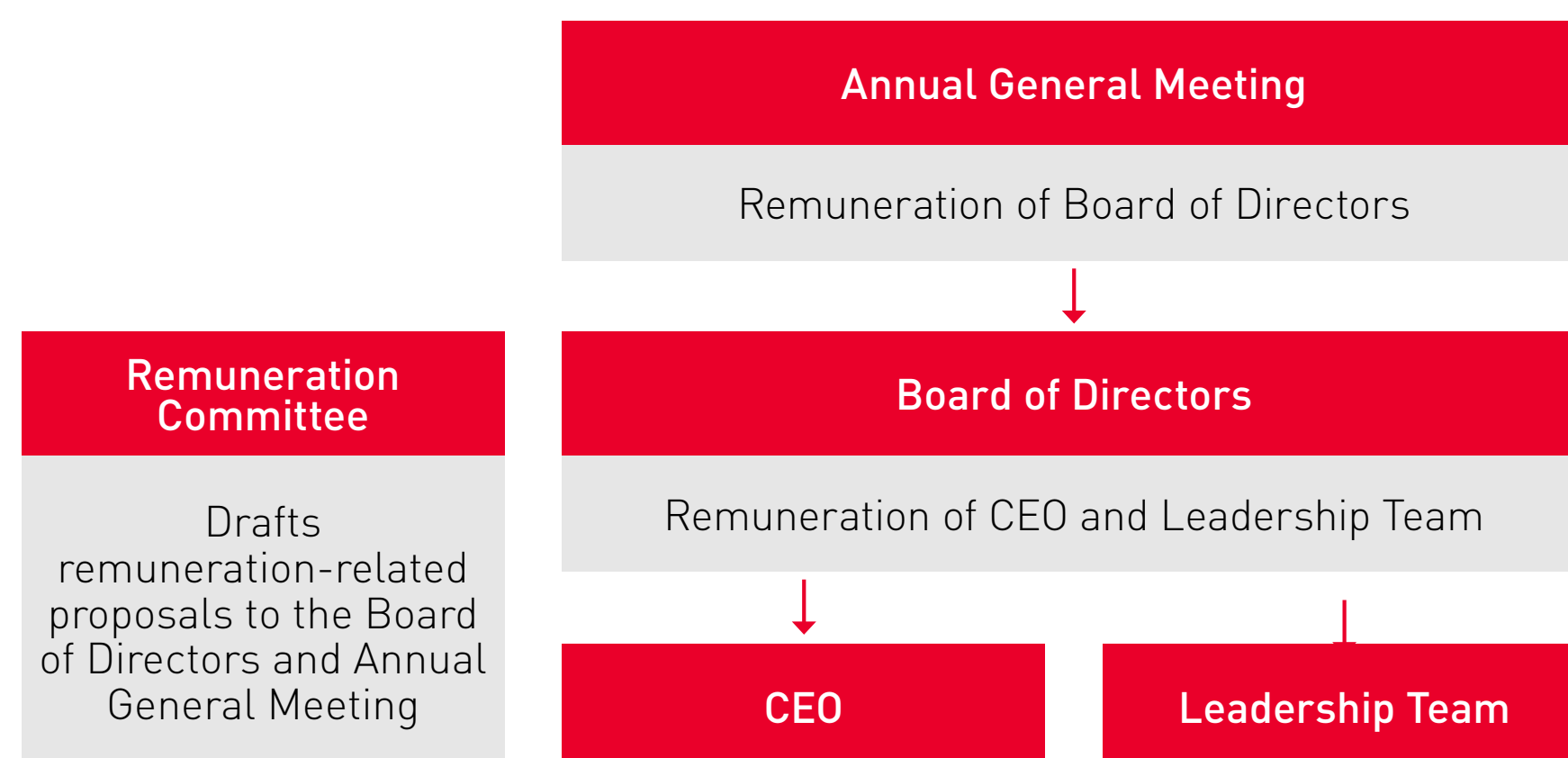
2018

ROVIO



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Decision-making procedure concerning the remuneration



The remuneration of the Board of Directors: According to the Finnish Limited Liability Companies Act, the Annual General Meeting decides on the fees payable to the members of Rovio's Board of Directors. The Remuneration Committee is responsible for preparing proposal on remuneration of the Board of Directors to the Annual General Meeting.

The remuneration of the CEO and the Leadership team: The Remuneration Committee is responsible for making recommendations to the Board of Directors on compensation matters of the CEO and the members of the Leadership team. The Remuneration Committee also prepares general remuneration principles, short- and long-term incentive schemes and the compensation policy of Rovio Entertainment Oy, which the Board of Directors approves. The Board of Directors appoints the CEO and approves his/her compensation as well as the nomination and compensation of other members of the Leadership Team.

Leadership Team and main remuneration principles

The group leadership Team consists of 6 persons (including the CEO) who are all located in Finland. The remuneration of the CEO and the members of the Leadership Team consists of a fixed monthly salary, fringe benefits and both long- and short-term incentive programs. The Board of Directors determines the incentive plan rules, according to which possible incentives are determined and paid.

CEO and Leadership Team

Name	Role	Appointment date
Kati Levoranta	CEO	1 January 2016
Wilhelm Taht	Head of Games	1 January 2016
Simo Hämäläinen	Head of Brand Licensing	1 April 2017
René Lindell	CFO	1 May 2017
Mikko Setälä	Chief Corporate Development Officer	1 January 2016
Minna Raitanen	General Counsel	1 January 2016
Marjo Kuosmanen	Head of HR	1 January 2016
Rauno Heinonen	SVP, Corporate Communication & IR	24 August 2017
Ville Heijari	Head of Marketing	11 April 2018

Wilhelm Taht acted as Head of Games until March 2, 2018.

Mikko Setälä acted as Chief Corporate Development Officer until April 11, 2018.

Rauno Heinonen acted as SVP, Corporate Communication & IR until April 11, 2018.

Remuneration elements of the CEO and the members of the Leadership Team in 2019

The remuneration of the CEO and Leadership Team consists of the base salary and fringe benefits, short-term incentives, stock options and restricted shares. The CEO and the members of the Leadership Team do not have any supplemental pension arrangements. The CEO's agreement shall expire by the end of the month of the CEO's 63rd birthday.

Remuneration element	Purpose	Description
Base salary	To offer appropriate base salary based on the role.	Fixed monthly salary and fringe benefits according to company policy.
Short-term incentives (STI)	To support the business strategy by rewarding and incentivizing the CEO and members of the Leadership Team for improvements on short-term performance.	<p>The CEO is eligible for the Leadership Team Short-term incentive plan (STI 2019). The bonus is determined linearly by the Group's adjusted EBITDA. The maximum bonus is 100 % of the base salary.</p> <p>The Leadership Team members are eligible for the Leadership Team Short-term incentive plan (STI 2019). The bonus is determined linearly and based on adjusted EBITDA. The maximum bonus for the Leadership Team members is 100 % of the base salary.</p>
Long-term incentives (LTI)	To align interests of the shareholders and employees, and reward employees for increasing the value of the company.	<p>All employees are entitled to stock option plans. The number of options granted depends on the person's position. Exercise prices vary depending on the option program. The price is based on either the fair value of stock at the grant date or the volume weighted average price in the previous month the options were granted. Exercise periods vary depending on plans.</p> <p>The CEO and the members of the Leadership Team and selected key employees are also entitled to a restricted share plan, in which pre-determined number of shares is paid after restriction period, which can differ from 12 months to 36 months based on the business needs.</p>
Pension	To provide the CEO and the members of the Leadership Team security for their retirement.	The CEO and the Leadership Team members participate in the statutory Finnish pension system, the Finnish TyEL, which provides for a retirement benefit based on years of service and earnings according to prescribed rules and regulations. No supplemental pension arrangements are provided.
Terms and conditions	To ensure business continuity of Rovio and to provide financial security and competitive terms of employment to the CEO and the members of the Leadership Team.	<p>The CEO's service agreement can be terminated by the CEO or the company with a notice period of six months. If the company terminates the CEO's service agreement for reasons not attributable to the CEO, the company is obligated to pay the CEO as a severance pay an amount corresponding to twelve months of the CEO's salary, provided that the CEO performs his/her duties under the agreement during the notice period. The company has the right to cancel the CEO's service agreement if the CEO materially violates the terms and conditions of the agreement. In such a case, the agreement is terminated immediately, and the Company does not have any payment obligation.</p> <p>For the other members of the company's Leadership Team, the notice period is three to six months irrespective of which party terminates the agreement.</p>
Pay mix for the CEO and Leadership Team	To align interests of the CEO, the members of the Leadership Team, and the shareholders by rewarding executives appropriately based on achieving short-, and long-term targets of the company.	<p>CEO: 26% Base salary, 24% STI-target, 50% LTI-target</p> <p>Leadership team: 22% Base salary, 24% STI-target, 53% LTI-target</p> <p>Legend: Base salary (Red), STI-target (Black), LTI-target (Grey)</p>

Incentive plans in 2019

There is one short-term incentive plan in place in 2019

In order to support the business strategy by rewarding and incentivizing Leadership Team members and other employees for improvements on short-term performance, Rovio has a unified short-term incentive plan in place for all employees. The bonus pool is capped to 50% of total employee salary expense and the pool size varies between 0-50% depending on either business unit and/or Group's pre-bonus adjusted EBITDA. In addition, the maximum individual bonus is 100% of base salary. The board sets the thresholds for minimum and maximum bonus annually.

There are two long-term incentive plans in place in 2019

Rovio's Board of Directors approved on July 27, 2017 a long-term incentive program consisting of an option plan for all employees, including the CEO and the Leadership Team, and a restricted share plan for selected key employees.

The Board has in May 16, 2018 resolved to update the schedule for the stock options 2018 and 2019 while keeping the maximum total number of stock options 2017-2019 unchanged, as well as to add more gross shares to the restricted share unit plan.

The option plan provides for the issuance of up to 5,000,000 options. Each option entitles its holder to subscribe for one share. The option plan includes three lots of options that can be allocated to 2017, 2018, and 2019.

Stock option plans are intended to reward personnel from the positive change in company's share value and to align the interest of the employees and shareholders. As of 2017, all new stock option plans are directed to all employees.

Option plan	Exercise period	Exercise price	Options granted	Max number of options	Holders
2015A	August 1, 2017–July 31, 2019	2.85 EUR	2,982,000	3,250,000	48
2015All	August 1, 2017–July 31, 2019	3 EUR	423,500	750,000	6 (For employees in U.S.)
2017A	October 1, 2019–September 30, 2021	11.41 EUR	1,014,650	1,616,667	289
2017B	October 1, 2019–September 30, 2021	11.50 EUR	25,500	50,000	2 (For employees in U.S.)
2018A	June 1, 2021–May 31, 2022	5.26 EUR	1,143,250	1,616,667	340
2018B	June 1, 2021–May 31, 2022	5.26 EUR	25,500	1,616,666	2
2019A	June 1, 2022–May 31, 2023	Volume weighted average price May 2–31/2019	-	1,616,666	All employees excl. U.S.
2019B	June 1, 2022–May 31, 2023	Volume weighted average price May 2–31/2019	-	50,000	All employees in U.S.

The aim of the restricted share plan is to commit the Company's key persons and to link the long-term interests of the participants and the shareholders. The plan offers selected key personnel an opportunity to receive a predetermined number of company's shares after specific restriction period, which differs from 12 to 36 months based on needs of business. The plan's reward will be paid to the participant as soon as possible after the restriction period. The payment of the reward requires that the participant's employment contract is valid, has not been discontinued or terminated, and it will continue until the end of the restriction period. The payment will be made in company shares and taxes and tax-related costs arising from the reward are deducted from the gross reward. The value of share shall be determined based on volume weighted average share price at the payment date. No payment shall be paid if the employment contract is terminated before the end of the restriction period.

	Restriction period	Max number of shares	Shares outstanding	Holders
Restricted share plan	12-36 months	1,300,000	465,890	101

Remuneration report

Remuneration of the Board of Directors in 2018

The Annual General Meeting on May 30, 2017 resolved that the Chairman of the Board of Directors receive a monthly compensation of EUR 12,000, Vice Chairman of the Board of Directors receive a monthly compensation of EUR 10,000 and members of the Board of Directors a monthly compensation of EUR 5,000.

The Annual General Meeting on April 16, 2018 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 (EUR 114,000 per year)
- Vice chairman of the Board Of Directors: EUR 7,500 per month (EUR 90,000 per year)
- Members of the Board of Directors: EUR 5,000 per month (EUR 60,000 per year) and the member of the Board of Directors acting as a Chairman of the Audit Committee additional EUR 2,500 per month

If the Chairman of the Audit Committee is the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors, such separate remuneration shall not be paid. The Company compensates Board members' reasonable travel costs in accordance with government travel rules. 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 494,000 EUR in 2018.

Board member	Member of the Board since	Board fees (EUR)	Shareholding*
Mika Ihmuotila (Chairman)	Chairman since May 2017, Member since 2013	124,000	245,190 shares (0.3%) owned through PowerBank Ventures, a company under his control.
Kaj Hed (Vice chairman)	Vice Chairman since May 2017, Chairman in 2005–2006 and 2008–2017	100,000	12,919,011 shares owned through Oivor AB*. Oivor AB owns in the aggregate 32,297,528 shares in Rovio and forty percent (40%) of the shares of Oivor AB are controlled by Kaj Hed.
*The Rovio shares previously owned by Trema International Holding B.V. have transferred to Oivor AB.			
Kim Ignatius (Chairman of the audit and remuneration committees)	Since 2017	90,000	9,000 shares
Camilla Hed-Wilson	Since 2011	60,000	6,459,596 shares owned through Oivor AB*. Oivor AB owns in the aggregate 32 297 528 shares in Rovio and twenty percent (20%) of the shares of Oivor AB are controlled by Camilla Hed-Wilson.
*The Rovio shares previously owned by Trema International Holding B.V. have transferred to Oivor AB.			
Niklas Zennström	Since 2011	60,000	-
Jenny Wolfram	Since 2017	60,000	-
Total		494,000	19,632,707

* 31.12.2018

Remuneration of the CEO and the members of the Leadership Team in 2018

The remuneration of the CEO and the members of the Leadership Team consists of fixed base salary, fringe benefits, annual short-term incentive plan, stock options and restricted share plan.

In 2018 the total accrual-based cash compensation for the CEO was EUR 405,743, which included base salary of EUR 337,640 and short-term bonus of EUR 68,103. In addition, CEO received 90,000 options based on the applicable option plans. The total accrual-based cash compensation for the members of the Leadership Team was EUR 1 208 541, which included base salary of EUR 1,046,688 and short-term bonus of EUR 161,853. In addition, the members of the Leadership Team received 205,000 options based on the applicable option plans.

	Fixed base salary (EUR)	STI* (EUR)	Vested options 2015A*	Unvested options 2017A**	Unvested options 2018A***	Restricted shares received**	Restricted shares receiveable***
CEO Kati Levoranta	337,640	68,103	270,000	90,000	90,000	20,000	52,390
Leadership Team*	1,046,688	161,853	575,000	187,500	205,000	30,500	97,500
Total	1,384,328	229,956	845,000	277,500	295,000	50,500	149,890

*Includes the STI program bonuses as well as other possible one-off payments of bonus nature that have been recorded as expense during the financial year.

** Number of options/shares received as December 31, 2018.

*** Number of options/shares receiveable as December 31, 2018.