

# REMUNERATION REPORT 2021

## Introduction

This report describes how the guidelines for remuneration to senior executives of Starbreeze AB, adopted by the Annual General Meeting 2020, were applied during 2021. The report also contains information about remuneration to the CEO and a summary of the company's outstanding share and share price related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the *Swedish Corporate Governance Board Rules on remuneration to senior executives and on incentive programs*.

Further information on remuneration to senior executives can be found in Note 13 (Remuneration to the Board of Directors and senior executives) on page 83 of the Annual Report for 2021. Information on remuneration the committee's work in 2021 can be found in the corporate governance report on pages 40-48 of the Annual Report for 2021.

Remuneration to the Board is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and is reported in Note 13 on page 83 in the Annual Report for 2021.

## Development in 2021

The CEO summarizes the company's overall results in his statement on page 7-8 of the Annual Report for 2021.

## The Company's remuneration guidelines: scope, purpose and deviations

A prerequisite for a successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition, the Board of Directors shall annually evaluate whether share-based or share price-related incentive programs should be proposed to the Annual General Meeting. The variable remuneration shall be paid in the form of a cash bonus and shall be linked to predetermined and measurable criteria. In addition to annual variable cash remuneration, variable cash remuneration may be paid in the form of a long term incentive bonus (LTI bonus) that shall comprise four financial years. The criteria for the payment of variable remuneration shall be designed to promote the company's business strategy and long-term interests, including its sustainability.

The guidelines can be found on pages 42-45 of the Annual Report for 2021. During 2021 the Company has followed the applicable remuneration guidelines adopted by the General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied in order to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available on [www.starbreeze.com](http://www.starbreeze.com). No compensation has been claimed back.

**Table 1 – Total remuneration to the CEO in 2021 (KSEK)\***

CEO Name	Fixed Compensation		Variable Compensation		Pension	Total Compensation	Fixed / Variable %
	Base Salary KSEK**	Other Benefits (Car, Healthcare)	One Year Variable	Multiple Year Variable			
Tobias Sjögren	3 001 KSEK	0 KSEK	N/A	0 KSEK	645 KSEK	3 646 KSEK	100 % / 0 %

\* With the exception of multi-year variable remuneration, the table reports remuneration that is due to 2021. Multi-year variable remuneration is recognized to the extent that it has been subject to vesting during 2021 and in this sense vesting has been earned (see further under Variable remuneration below). This applies regardless of whether or not the payment has been made in the same year. \*\* Including holiday compensation of KSEK 158.

## Share based remuneration

### Outstanding share-based and share price-related incentive programs

Starbreeze implemented a warrant program in 2018, series 2018/2021. The warrant program expired during the year without any warrants being exercised for subscription of shares. As of December 31, 2021, there were no outstanding warrants.

### Remuneration to the CEO in shares and share options

During 2021, no remuneration to the CEO has been made in shares or stock options.

## Variable Compensation

In 2021, there has been no possibility for the CEO to receive annual variable remuneration in the form of cash bonuses, and the Board of Directors has not established any criteria for the payment of such remuneration in 2021 (see Table 1 above). During 2021, in accordance with the remuneration guidelines adopted at the Annual General Meeting 2021, the Board of Directors has implemented the possibility of multi-year variable cash remuneration in the form of a long term incentive bonus (LTI Bonus) covering four financial years. The CEO is covered by this LTI Bonus based on milestones related to the launch, datametrics reviews and sale of PAYDAY 3 during the years covered by the LTI Bonus. For the CEO, the total variable cash remuneration under the LTI bonus may amount to a maximum of 48 months' salary. Part of the LTI bonus is also subject to deferred payment for a certain period of time, in order to contribute to long-term growth. No part of the LTI bonus has been earned in 2021.

## Comparative information regarding changes in remuneration and the company's results

**Table 2 – Changes in remuneration and the company's results in the last three reported financial years (KSEK)**

KSEK	RR 2019	RR 2020	RR 2021
Ersättning till verkställande direktören <i>förändring</i>	8 364	8 600 <i>+236 (+2,8%)</i>	3 646 <i>-4 954 (-57,6%)</i>
Koncernens rörelseresultat <i>förändring</i>	-504 362	10 875 <i>+11 379</i>	-53 720 <i>-64 595</i>
Ersättning per anställd* <i>förändring</i>	436	652 <i>49,5%</i>	657 <i>0,8%</i>

\* Average remuneration based on average employee (excluding CEO).