



Rovio Entertainment Corporation

Half-Year Financial Report

August 11, 2022

H1

HALF-YEAR FINANCIAL REPORT FOR JANUARY-JUNE 2022

22

We
craft
joy.

Good results in a market facing headwinds in Q2

April-June 2022 highlights

- Rovio group revenue increased 14.0% to EUR 78.4 million (68.8). On a comparable basis the revenue (at constant fx and excluding Ruby Games) declined by -1.1%.
- Group adjusted EBITDA grew to EUR 15.0 million (8.7) and adjusted EBITDA margin increased to 19.1% (12.7).
- Group adjusted operating profit was EUR 11.3 million (6.2) and adjusted operating profit margin increased to 14.3% (8.9).
- Games gross bookings increased by 8.8% to EUR 72.4 million (66.6). Comparable gross bookings (at constant fx and excluding Ruby Games) declined 6.5%.
- Gross bookings of Angry Birds 2, Rovio's largest game, were EUR 28.4 million, an increase of 6.9% year-on-year
- Angry Birds Friends grew 10.0% year-on-year with total gross bookings of EUR 9.1 million.
- Rovio's newest game Angry Birds Journey, which was launched on January 20, 2022, generated EUR 7.3 million gross bookings.
- User acquisition investments were EUR 20.9 million (21.3) and 27.5% of games' revenue (32.0%).
- Operating cash flow was EUR 15.3 million (7.6).
- Earnings per share was EUR 0.13 (0.07).

January-June 2022 highlights

- Rovio group revenue increased 20.2% to EUR 163.4 million (135.9). Comparable growth (at constant fx and excluding Ruby Games) was 5.3%.
- Group adjusted EBITDA grew to EUR 28.6 million (21.0) and adjusted EBITDA margin increased to 17.5% (15.5).
- Group adjusted operating profit was EUR 21.2 million (16.2) and adjusted operating profit margin increased to 13.0% (12.0).
- Games gross bookings increased by 17.2% to EUR 153.2 million (130.8). Comparable gross bookings growth (at constant fx and excluding Ruby Games) was 1.9%.
- User acquisition investments were EUR 52.0 million (38.5) and 32.9% of games' revenue (29.4%).
- Operating cash flow was EUR 29.3 million (10.1).
- Earnings per share was EUR 0.20 (0.17).

Key figures

EUR million	4-6/ 2022	4-6/ 2021	Change, %	1-6/ 2022	1-6/ 2021	Change, %	1-12/ 2021
Revenue	78.4	68.8	14.0%	163.4	135.9	20.2%	286.2
EBITDA	14.3	8.7	63.7%	25.4	20.5	24.1%	50.8
EBITDA margin	18.2%	12.7%		15.5%	15.1%		17.7%
Adjusted EBITDA	15.0	8.7	72.2%	28.6	21.0	36.4%	54.8
Adjusted EBITDA margin, %	19.1%	12.7%		17.5%	15.5%		19.1%
Operating profit	10.5	6.2	70.7%	18.0	15.7	14.7%	37.7
Operating profit margin, %	13.4%	8.9%		11.0%	11.5%		13.2%
Adjusted operating profit	11.3	6.2	82.8%	21.2	16.2	30.7%	43.7
Adjusted operating profit margin, %	14.3%	8.9%		13.0%	12.0%		15.3%
Profit before tax	12.5	6.1	106.4%	20.1	16.5	22.4%	40.3
Capital expenditure	1.1	0.8	34.2%	3.2	1.8	84.4%	4.0
User acquisition	20.9	21.3	-1.9%	52.0	38.5	34.8%	77.2
Return on equity (ROE), %	22.5%	18.5%		22.5%	18.5%		22.2%
Net gearing ratio, %	-82.4%	-72.5%		-82.4%	-72.5%		-77.4%
Equity ratio, %	71.0%	84.9%		71.0%	84.9%		70.8%
Earnings per share, EUR	0.13	0.07	94.3%	0.20	0.17	21.5%	0.41
Earnings per share, diluted EUR	0.13	0.07	92.2%	0.20	0.17	20.8%	0.41
Net cash flows from operating activities	15.3	7.6	101.9%	29.3	10.1	191.2%	44.0
Employees (average for the period)	503	481	4.7%	499	484	4.4%	490

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year. Calculations and definitions are presented in the Performance Measures section.

The changes in comparable currencies have been calculated by translating the reporting period figures with the average USD/EUR exchange rates of the comparison period for the US dollar dominated in-app-purchases in United States and global ad network sales.

Alex Pelletier-Normand, CEO

I am proud to report that we executed well in a challenging environment in the second quarter. We clearly outperformed the market and I would like to thank all Rovians for their dedication and efforts during this period. In Q2, our reported revenue saw healthy growth thanks to the release of Angry Birds Journey, the consolidation of Ruby Games and a favorable fx. Our comparable revenue was virtually flat year-on-year, while our profit clearly grew.

Our biggest game, Angry Birds 2 continued to grow year-over-year and celebrated its 7th anniversary at the end of July with a special player community driven game event. We are truly humbled to see how lively the game remains, and how engaged the fans are in participating in such events. Our hyper-casual game studio Ruby Games grew 23% pro forma year-over-year, but declined from Q1 this year; hyper-casual games, monetising mainly through advertising, were affected by both the global reduction of advertising investments, and by Apple's ATT.

Angry Birds Journey revenues were lower in this quarter from the launch peak of the first quarter. The user acquisition investments have been reduced in Q2 after the launch. The team is now seeking new growth paths, including the dynamic adaptation of the game difficulty to player's personal play styles, as well as the inclusion of a deeper metagame to improve engagement.

In our new games pipeline, Moomin: Puzzle & Design concluded a successful market test in Japan and the team now continues to add content in preparation for the next phase of the soft launch. Ruby games' Hunter Assassin 2 continues to progress in soft launch with the addition of a real-time multiplayer mode and a deeper meta system.

We strongly believe one of our growth vectors to be our Live Games; Angry Birds Friends showed us that there is a lot of potential in those fan favorite titles that are very rich in content and for which a loyal fan base has been built-up throughout the years. We are planning on increasing the investments in our top performing live games in order to enable them to reach their full potential. We are confident that for those titles, the best is yet to come.

Our brand building initiatives continued with the release of the second season of Angry Birds Summer Madness on Netflix in June. The series features a novel style which is very exciting to our fans and also allows us to expand our audience. The first season hit the top 10 spot in the kids category on Netflix in 55 territories in the opening week.

Looking at the market, the second quarter of the year has been challenging. Based on market intelligence provider data.ai's estimates, in-app-purchase revenues declined by 19% year-over-year in the US. This was the fourth consecutive quarter of decline and we believe it was due to three main factors:

First: the normalization of spending habits post lock-downs. As more people go back to normalcy, so do their playing patterns.

Second: Apple's ATT policy is limiting publishers' ability to target players efficiently. Marketing campaigns tend to recruit more customers now, but the fit between product and player is looser.

And third: macroeconomic factors such as rising inflation impact both consumers and companies alike. Players' willingness to pay is reduced, and advertisers are lowering their budgets. This had a negative impact on advertising revenues on one hand, but may open up opportunities in user acquisition. The market fluctuations have also allowed us to strengthen our flock with amazing new talent.

As we enter the third quarter of the year, we are seeing a somewhat improved momentum and performance in user acquisition. While we expect the market headwinds to continue in the short-term, we firmly believe in the growth of the mobile gaming industry. I find it particularly energizing to see all of the exciting game updates, new games and brand projects that the teams are working on. Further, we take pride in knowing that our competitive advantages with the Angry Birds brand and our Beacon growth platform place Rovio in an advantageous position in this market.

2022 outlook (unchanged)

Building on the positive momentum in our top live games, the launch of Angry Birds Journey in January and having the full benefit of the Ruby Games acquisition from the start of the year, we are expecting strong topline growth for the year. Depending on the speed of growth and the investments in user acquisition to fuel that growth, especially in the case of new games, and our larger investments in new games development, the adjusted operating profit is expected to be lower year-on-year.

Additional information on user acquisition investments in Q3 2022

The user acquisition investments for Q3 2022 are expected to be 25-30% of games revenues.

Audiocast and conference call

Rovio will host an English language audiocast and phone conference on the half-year 2022 financial results, including a Q&A session, for analysts, media and institutional investors at 14:00–15:00 EEST on August 11, 2022. The audiocast can be viewed live at: <https://investors.rovio.com/en>, and as a recording later the same day.

Conference call details:

PIN: 19635962#

Finland: +358 981 710 310

Sweden: +46 856 642 651

United Kingdom: +44 3333 000 804

United States: +1 6319 131 422

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Rovio in brief

Rovio Entertainment Corporation is a global mobile-first games company that creates, develops and publishes mobile games, which have been downloaded over 5 billion times. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games to various entertainment, animations and consumer products in brand licensing. Rovio has produced The Angry Birds Movie (2016), and its sequel, The Angry Birds Movie 2 was released in 2019. The company offers multiple mobile games and has seven games studios – two in Espoo (Finland), one in Stockholm (Sweden), Copenhagen (Denmark), Montreal and Toronto (Canada), as well as a subsidiary in Izmir (Turkey) called Ruby Games, which was acquired in 2021. Most of the employees are based in Finland where Rovio is headquartered. The company's shares are listed on the main list of NASDAQ Helsinki stock exchange with the trading code ROVIO.

Rovio Entertainment Corporation

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A description of the accounting standards applied in the preparation of this Interim Report is provided in the notes to this Interim Report, in Note 1 Accounting principles.

Market review

According to market intelligence provider Newzoo's latest global mobile market report published in July 2022, the global mobile gaming market size in end-user generated revenue was estimated to be USD 98.4 billion in 2021 which represented 12.5% year-on-year growth. Annual growth slowed down from the previous year's abnormal growth rate of 30.1%, which was driven by a heightened global gaming activity due to the physical limitations of the Covid-19 pandemic.

For the year 2022, Newzoo estimates the global mobile gaming market to grow by 5.1% to USD 103.5 billion. However, based on quarterly data provided by market intelligence provider data.ai, the global mobile gaming market continued to decline on a year-on-year basis in Q2 by -3.0% and -3.8% in the first half of 2022. The US market was especially weak: market declined -18.8% in Q2 year-on-year basis and the fourth consecutive quarter. This data is in line with market intelligence provider Sensor Tower's H1 data, which presents a -6.6% decline in the global mobile gaming market. The market is normalizing after supercharged growth during the onset of Covid-19. Furthermore, ATT has heavily impacted game publishers' ability to target high-value players, especially visible in Mid-Core genres, there has been less major new game launches in H1, and macroeconomic headwinds worldwide are impacting consumers' behavior and purchasing power.

In the long-term, Newzoo views the mobile gaming market's growth potential attractive, with mobile continuing to be the world's most popular and largest form of gaming. In 2021-2025, the global mobile gaming market is expected to grow at 4.3% CAGR and the Western market growth to be 4.6% CAGR.

Revenue and result

April-June 2022

In the second quarter 2022, Rovio group revenue was EUR 78.4 million (68.8) and grew by 14.0% year-on-year. On a comparable basis (at constant fx and excluding Ruby Games) the revenue declined by 1.1%.

Games revenue increased by 14.2% year-on-year and amounted to EUR 75.9 million (66.4). Games gross bookings increased by 8.8% to EUR 72.4 million (66.6). The comparable gross bookings (at constant fx and excluding Ruby Games) declined 6.5%.

The gross bookings of Rovio's largest game, Angry Birds 2, were EUR 28.4 million and grew 6.9% year-on-year. Rovio's second largest game Angry Birds Dream Blast gross bookings were EUR 14.1 million and declined 6.2% year-on-year. Angry Birds Friends generated gross bookings of EUR 9.1 million and grew 10.0% year-on-year. Angry Birds Pop! reached EUR 1.9 million gross bookings which was a 14.3% decrease year-on-year. Rovio's newest slingshot game Angry Birds Journey was launched globally on January 20, 2022 and generated 7.3 million gross bookings with much lower user acquisitions vs. during its launch months.

Revenue of hyper-casual studio Ruby Games was EUR 4.5 million and had pro forma growth of 22.9% in comparable currencies.

Brand licensing revenues were EUR 2.6 million (2.4) and increased 7.3% year-on-year mainly due to higher revenues from the first Angry Birds Movie.

The Group's adjusted EBITDA increased to EUR 15.0 million (8.7), and adjusted EBITDA margin increased to 19.1% (12.7).

The Group's adjusted operating profit increased to EUR 11.3 million (6.2) and adjusted operating profit margin increased to 14.3% (8.9). The adjustments in the reporting period amounted to EUR 0.7 million and were related to changes in the contingent liability of the Ruby games acquisition. There were no adjustments in the comparable period April-June 2021.

The user acquisition investments were EUR 20.9 million (21.3) and 27.5% (32.0%) of the games' revenue in the reporting period.

The user acquisition investments in the second quarter were divided between the different categories of games as follows: 21.5% into the "Grow" -category (Angry Birds Journey) and 60.1% into the "Earn" -category (Angry Birds 2, Angry Birds Dream Blast, Angry Birds Match, Angry Birds Friends, Small Town Murders), of which practically all was invested into Angry Birds 2 and Angry Birds Dream Blast. Hyper-casual (i.e., Ruby Games) user acquisition investments amounted to 18.3%. Small Town Murders was moved into the "Earn" category during the quarter.

The Group's profit before taxes was EUR 12.5 million (6.1) and earnings per share EUR 0.13 (0.07).

January-June 2022

In the first half of 2022, Rovio group revenue was EUR 163.4 million (135.9) and grew by 20.2% year-on-year. On a comparable basis (at constant fx and excluding Ruby Games) revenue increased by 5.3%.

Games revenue increased by 20.5% year-on-year and amounted to EUR 158.1 million (131.3). Games gross bookings increased by 17.2% to EUR 153.2 million (130.8). Comparable gross bookings growth (at constant fx and excluding Ruby Games) was 1.9%.

Brand licensing revenues were EUR 5.3 million (4.6) and increased 13.4% year-on-year mainly due to higher revenues from the first Angry Birds Movie.

The Group's adjusted EBITDA was EUR 28.6 million (21.0), and 17.5% (15.5) of revenues.

The Group's adjusted operating profit increased to EUR 21.2 million (16.2) and adjusted operating profit margin increased to 13.0% (12.0). The adjustments in the reporting period amounted to EUR 3.2 million and were related to changes in the contingent liability of the Ruby games acquisition. The adjustments in the comparable period January-June 2021 amounted to EUR 0.6 million and were related to the ramp-down of the Hatch Kids service.

User acquisition investments were EUR 52.0 million (38.5) and 32.9% of games' revenue (29.4%).

The Group's profit before taxes was EUR 20.1 million (16.5) and earnings per share EUR 0.20 (0.17).

Financing and investments

Rovio's capital expenditure was EUR 1.1 million (0.8) in the second quarter of 2022, consisting of EUR 0.7 million related to external game development and intangible assets, and EUR 0.3 million for machinery and equipment and trademark registration fees.

Cash flow from financing amounted to EUR -4.2 million (-7.5) in the second quarter and consisted mainly of dividend payments of EUR 8.9 million, repayment of Business Finland (the Finnish Funding Agency for Innovation) EUR 0.4 million loan offset by share subscriptions proceeds of EUR 5.9 million.

At the end of the second quarter, Rovio's total interest-bearing loans and financial liabilities amounted to EUR 7.2 million (8.3) consisting of EUR 0.4 million product development loans from Business Finland (the Finnish Funding Agency for Innovation) and EUR 6.8 million leasing liabilities mainly related to office lease. Contingent consideration liabilities related to Ruby Games acquisition amounted of EUR 44.2 million.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 184.3 million (135.5).

Key performance indicators of games

Games key performance indicators use gross bookings in place of revenue as it gives a more accurate view of Rovio's operating performance at a specific point in time. Gross bookings represent in-app purchases and in-app advertising sales in the given calendar month, reported based on the date of purchase/sale. Gross bookings do not include revenue from custom contracts, revenue deferrals or accounting adjustments due to, for example, foreign exchange rate differences between revenue accruals and actual payments, and thus differ from the reported revenue. The reconciliation of gross bookings to revenue is presented in the notes.

In the second quarter of 2022, the games gross bookings increased by 8.8% to EUR 72.4 million (66.6). Ruby Games, that was acquired in September 2021, generated gross bookings of EUR 4.5 million in the reporting period.

The number of daily active users decreased to 3.3 million (3.6 million in Q1'22) for top 5 games and to 6.7 million (7.3 million in Q1'22) for the whole portfolio, which also includes Ruby Games. Also, the amount of monthly active users (MAU) decreased, to 18.1 million for the top-5 games (20.8 million in Q1'22) and to 45.8 million (53.3 million in Q1'22) for the whole portfolio.

The amount of monthly unique payers (MUP) decreased to 390 thousand (464 thousand in Q1' 22) for the top 5 games and to 444 thousand (522 thousand in Q1'22) for the whole portfolio.

The average revenue per daily active user decreased to 20 cents (21 cents in Q1'22) for the top-5 games. The whole portfolio ARPDau remained at 12 cents (12 in Q1'22). MARPPU (not including Ruby Games) increased to 45.5 EUR (41.9 in Q1'22) for the top-5 games and to 44.7 (41.5 in Q1'22) for the whole portfolio.

EUR million	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
Gross bookings top 5	60.8	66.7	60.9	56.4	57.0	55.0
Gross bookings total	72.4**	80.8**	74.0**	66.7*	66.6	64.2

Million	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
DAU top 5	3.3	3.6	3.2	3.2	3.1	3.1
DAU all	6.7**	7.3**	6.5**	4.9*	4.2	4.2
MAU top 5	18.1	20.8	18.1	17.9	17.1	16.6
MAU all	45.8**	53.3**	44.8**	32.0*	26.0	25.6

Thousand	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
MUP top 5	390	464	420	402	397	394
MUP all	444	522	485	471	455	454

EUR	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021
ARPDau top 5	0.20	0.21	0.21	0.19	0.20	0.20
ARPDau all	0.12**	0.12**	0.12**	0.15*	0.17	0.17
MARPPU top 5	45.5	41.9	41.4	40.6	41.7	40.7
MARPPU all	44.7	41.5	40.9	40.2	42.5	41.1

*Includes Ruby Games for month of September **Includes Ruby Games for the whole quarter

Game-specific gross bookings

The Q2 2022 games gross bookings were EUR 72.4 million and increased year-on-year by 8.8%.

Angry Birds 2, Rovio's largest game's gross bookings were EUR 28.4 million, and grew 6.9% year-on-year. The user acquisition investments for the game were decreased from Q1-2022.

Rovio's second biggest game in the reporting period was Angry Birds Dream Blast with gross bookings of EUR 14.1 million. The Q2 gross bookings decreased by 6.2% year-on-year. The user acquisition investments were decreased from Q1 2022, however during the quarter the user acquisition investments were continuously increased as performance improved.

Angry Birds Friends was Rovio's third biggest game with gross booking of EUR 9.1 million in Q2 and grew 10.0% year-on-year.

Angry Birds Journey, that was launched globally in January 2022 recorded the fourth highest gross bookings of the portfolio at EUR 7.3 million. User acquisition investments on AB Journey were significantly decreased during the second quarter, after the first quarter user acquisition boost to support the global launch.

The hyper-casual category, acquired with the Ruby Games in September 2021, generated EUR 4.5 million in Q2 gross bookings and had a pro-forma growth of 23.0% in comparable currencies.

The Other games category generated total gross bookings of EUR 7.1 million during the quarter.

Gross bookings, EUR million	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
AB 2	28.4	30.3	29.5	26.6	26.6	25.2
AB Dream Blast	14.1	14.9	16.2	15.0	15.0	15.4
AB Friends	9.1	9.3	9.3	8.5	8.3	8.1
AB Journey	7.3	10.1	3.1	1.2	0.4	0.1
AB Pop!	1.9	2.0	2.3	2.0	2.2	2.3
Hyper-casual	4.5	6.1	4.1	1.0		
Other games	7.1	8.1	9.6	12.3	14.1	13.2
Total	72.4	80.8	74.0	66.7	66.6	64.2

Consolidated statement of financial position

Consolidated statement of financial position, EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current assets	93.2	42.9	90.2
Current receivables	33.9	35.9	36.0
Money market funds	49.6	50.7	50.6
Cash and bank deposits	134.7	84.8	110.2
Total assets	311.4	214.3	287.0
Equity	215.0	175.4	197.5
Financial liabilities	51.4	8.3	48.9
Advances received and deferred income	8.5	7.6	8.0
Other payables	36.4	23.0	32.6
Total equity and liabilities	311.4	214.3	287.0

Rovio's consolidated statement of financial position amounted to EUR 311.4 million on June 30, 2022 (287.0 on December 31, 2021), with equity representing 215.0 million (197.5 on December 31, 2021) of the total. Cash and cash equivalents amounted to EUR 184.3 million (160.8 on December 31, 2021). The cash deposits amounted to EUR 134.7 million and the cash equivalents to EUR 49.6 million, consisting of investments in money market funds. The change in cash and cash equivalents in the first half was mainly attributable to cash from operating activities amount of EUR 29.3 million, which was partially offset by investments of EUR 3.2 million and financing activities of EUR 4.9 million.

Total advances received, and deferred income were 8.5 million (8.0 on December 31, 2021).

On June 30, 2022, Rovio's non-current assets were EUR 93.2 million (90.2 on December 31, 2021) and increased by EUR 3.0 million. The increase in non-current assets consisted mainly of EUR 3.4 million of goodwill revaluation due to F/X changes, EUR 1.4 million increase in investments offset by EUR 1.7 decrease in intangible assets, driven mainly by amortization of development expenses of the first Angry Birds Movie. Rovio recognizes amortization on the first Angry Birds Movie in each reporting period in an amount that corresponds to 61% of movie's revenue for the period. Amortization for the Angry Birds Movie 2 corresponds to 77% of the movie's revenue for the period.

Rovio's net debt on June 30, 2022 amounted to negative EUR 177.1 million. Rovio's debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 0.4, as well as EUR 6.8 million in leasing debt, mainly consisting of office space lease.

The parent company Rovio Entertainment Corporation wrote-off EUR 29.9 million of its shareholdings in its subsidiary Hatch Entertainment Ltd. The write-off has no impact on group financials. The distributable funds of the parent company were EUR 220.5 million as of 31st December 2021.

Cash flow and financing

Consolidated statement of cash flows, EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Cash flow from operating activities	15.3	7.6	29.3	10.1	43.9
Cash flow from investing activities	-1.1	-5.8	-3.2	-7.0	-15.2
Cash flow from financing activities	-4.2	-7.5	-4.9	-7.4	-8.9
Change in cash and cash equivalents	10.0	-5.8	21.2	-4.4	19.7
Net foreign exchange difference and value changes in money market funds	2.0	0.1	2.3	1.0	2.2
Cash and cash equivalents at the beginning of the period	172.3	141.2	160.8	138.9	138.9
Cash and cash equivalents at the end of the period	184.3	135.5	184.3	135.5	160.8

Rovio's net cash flow from operating activities amounted to EUR 15.3 million (7.6) in the second quarter. The increase year-on-year was mainly attributable to the increased profit in the reporting period.

Cash flows used in investing activities amounted to EUR -1.1 million (-5.8) in the second quarter, consisting of EUR 0.7 million investments to external game development and assets and 0.4 million investments in machinery and equipment and registration fees of trademarks.

Cash flows used in financing activities amounted to EUR -4.2 million (-7.5) in the second quarter. The cash flows used in financing activities in the second quarter consisted of dividends payment EUR 8.9 million, finance lease payments of EUR 0.7 million and repayment of EUR 0.4 million loan to Business Finland, and EUR 5.9 million of received payments from option right share subscriptions.

Personnel

From April to June 2022, Rovio's average number of employees was 503 (481).

	4-6/ 2022	4-6/ 2021	Change, %	1-6/ 2022	1-6/ 2021	Change, %	1-12/ 2021
Employees (average for the Period)	503	481	4.7%	499	484	4.4%	490
Employees (end of period)	510	479	6.5%	510	479	6.5%	496

Flagging notifications

Rovio did not receive any flagging notifications during the reporting period.

Shares and shareholders

On June 30, 2022, Rovio's share capital amounted to EUR 0.7 million and the number of shares was 82,963,825.

The shareholdings of the 10 largest shareholders are presented in the table below (nominee-registered holdings excluded). Moor Holding AB shareholding is nominee-registered and not explicitly shown in the table.

On June 30, 2022, Rovio Entertainment Corporation held 7,424,173 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Brilliant Problems Oy	6,459,500	7.8%
Adventurous Ideas Oy	6,459,500	7.8%
Impera Oy Ab	5,166,722	6.2%
Ilmarinen Mutual Pension Insurance Company	1,555,000	1.9%
Sijoitusrahasto Aktia Capital	1,425,074	1.7%
Hed Niklas Peter	1,365,345	1.7%
The State Pension Fund	1,000,000	1.2%
Elo Mutual Pension Insurance Company	958,004	1.2%
Veritas Pension Insurance Company Ltd.	566,715	0.7%
Pakarinen Janne	524,778	0.6%
Total	25,475,638	30.8%
Other shareholders	49,726,697	60.2%
Rovio Entertainment Oyj	7,424,173	9.0%
Number of shares total	82,963,825	100.0%

A monthly updated table of Rovio's shareholders is available online at <https://investors.rovio.com/en/share-shareholders/major-shareholders>

Share-based incentive program

Rovio operates a share-based program that consists of an employee share saving plan for employees in Finland, Sweden, Denmark and Canada, as well as a performance share plan, a restricted share plan and an option plan directed to the key employees of the company.

The objective of the Employee share savings (ESS) plan is to motivate employees to invest in Rovio shares by offering them additional shares in relation to their investment after a designated holding period. The ESS Plan consists of three (3) annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The first plan period commenced on April 1, 2020 and will end on August 31, 2022. The second plan period commenced on April 1, 2021 and will end on August 31, 2023. The third plan period will commence on April 1, 2022 and end on August 31, 2024. The total amount of all savings during the plan period may not exceed 2,400,000 euros. The matching shares will be paid out as soon as practicably possible after the applicable holding period.

The first launch of the ESS plan was offered to employees in Finland and Sweden (excluding employees in Hatch Entertainment Ltd) whereas the second and third plan period were offered also to employees in Denmark and Canada. Participation is voluntary.

The employees will have an opportunity to save a proportion of their salaries and invest those savings in Rovio shares. The savings will be used for acquiring Rovio shares quarterly after the publication dates of the respective interim reports. Dividends paid for the shares will be reinvested in additional shares to be purchased from the market on the next potential acquisition date. 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 prerequisites for receiving the matching shares are continued employment and holding of savings shares until the end of the holding period. The savings shares, and the matching shares will be acquired by purchasing shares from the markets.

Rovio has a Performance Share Plan (PSP) for key employees including the CEO and members of the leadership team. The objective of the Performance Share Plan is to motivate the key employees to work to increase shareholder value in the long term by offering them a share-based reward for achieving the set performance criteria established by the Board of Directors of Rovio.

The Performance Share Plan launched in 2020 consisted originally of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period was followed by a one-year waiting period, covering calendar years 2021, 2022 and 2023. Third performance period was canceled due to extension in the performance share plan periods, and accordingly a new performance share plan was established. On 11.2.2022 Rovio established a new performance share plan 2022–2026 for the key employees. The Performance Share Plan 2022–2026 consists of three performance periods, covering the consecutive calendar years of 2022–2024, 2023–2025 and 2024–2026.

The main principles of both Performance Share Plans offer the participants a possibility to earn shares for reaching the required levels set for the performance criteria. The required performance levels are decided by the Rovio Board of Directors on an annual basis for each performance period at a time. The potential rewards will be paid partly in shares and partly in cash after the end of each period. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards. As a rule, no reward will be paid if a participant's employment or service ends before the reward payment.

The performance criteria for the 2020 performance period were Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%). The potential rewards based on the performance period 2020 corresponded to the value of an approximate maximum total of 738,000 Rovio Entertainment Corporation shares, including the proportion to be paid in cash. A total maximum of 565,500 gross shares (including the proportion to be paid in cash) subject to performance criteria were allocated under the plan at the end of the performance period 2020. The performance contributed to the realization of 50% of the maximum allocation. The performance period 2020 continued with a one year waiting period, and the reward was paid in March 2022.

The performance criteria for the 2021 performance period were Rovio's Sales Growth (%) and Rovio's Adjusted Operating Profit Margin (%). Potential rewards based on the performance period 2021 correspond to a total maximum gross amount of 613 548 Rovio Entertainment Corporation shares, including the proportion paid in cash. The performance contributed to the realization of 23.64% of the maximum allocation. The performance period continued with a holding period covering the calendar year 2022. The rewards will be paid in spring 2023.

The performance criteria for the performance period 2022-2024 are Group's EBITDA (EUR) for the financial year 2024 (weight 50 %) and Group's Net Revenue (EUR) for the financial year 2024 (weight 50 %). The rewards to be paid on the basis of the performance period 2022-2024 correspond to the value of an approximate maximum total of 11,000,000 euros. The potential rewards will be paid in spring 2025.

The restricted share plan is constructed as a restricted share pool from which a predetermined number of Rovio shares can be allocated to a limited number of selected key employees. The plan was published on May 17, 2018 and continues according to the same set of terms. The aim of the restricted share plan is to engage 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 a specific restriction period, which differs from twelve (12) to thirty six (36) months based on needs of business and with decision by the Board of Directors.

The plan's reward will be paid to the participant as soon as possible after the restriction period. The prerequisite for the payout is that the receiver has a valid employment relationship without a resignation 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.

The maximum number of shares that can be distributed through the restricted share plan is 1,300,000. Once the maximum number of shares has been allocated, the Board of Directors can decide on a new maximum number. In total, 290,306 rights entitling to shares had been allocated under the restricted share plan as of June 30, 2022.

In February 2022, the Board of Directors resolved to launch a new stock option plan 2022A directed to key employees of the company. The number of stock options issued is 856,500 and they are issued gratuitously. The stock options entitle their owners to subscribe for a maximum total of 856,500 new shares in the Company or existing shares held by the Company. 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. The total theoretical market value of all stock options 2022A is EUR 1,300,000.

Risks

The Company's liquidity and cash flow is strong, and the profitability outlook remains positive, which enables the Company to continue to execute its business in accordance with its strategy.

Based on the Company's assessment, there were no material changes in the risks and uncertainties during the review period.

The most significant risks are related to the financial performance of Rovio's top games in the market, the continuous development of these games, and ability to develop new successful games. Risks in user acquisition relate to the accuracy of the profit models and the impact on the Group's net profit. New games introduced by competitors and changes in the competitive landscape may also impact the success of Rovio's games revenues, size of user acquisition investments, and the Group's profit. Changes in governmental regulations in different countries and content distributor's terms and policies can have both short- and long-term implications for the business. Disturbances related to general network infrastructure and cyber incidents may render gaming services unavailable and cause business disruptions.

Other significant risks relate to the demand for Angry Birds branded consumer products and other content that may impact the revenues of the Brand Licensing business unit.

The Company engages in business in several currencies, with the euro and U.S. dollar being the most significant. Fluctuations in exchange rates, particularly between the euro and the U.S. dollar could have a material impact on the Company's result.

More details on the risks, uncertainties, and Rovio's risk management can be found online at www.rovio.com and in the most recent published financial statements.

Legal actions

As stated in our Q3-2021 report, the Attorney General of the US State of New Mexico has brought a lawsuit against Rovio making certain allegations related to the collection and use of personal information from children under the age of 13 in Rovio's Angry Birds games. We continue to believe the Attorney General's allegations and claims lack merit and intend to vigorously defend ourselves against the lawsuit in all respects. At the same time, we will continue to explore options for resolving the complaint with the Attorney General where possible.

Impact of war in Ukraine

As a result of the war in Ukraine and the boycott of Russia, Rovio removed all its games from distribution in Russia and disabled updates, in-app purchases, and in-game advertising in Q1-2022. Russia represented 1.7% of Rovio games revenues during January-February and this is the level of revenue loss expected as long as the boycott continues.

2022 outlook (unchanged)

Building on the positive momentum in our top live games, the launch of Angry Birds Journey in January and having the full benefit of the Ruby Games acquisition from the start of the year, we are expecting strong topline growth for the year. Depending on the speed of growth and the investments in user acquisition to fuel that growth, especially in the case of new games, and our larger investments in new games development, the adjusted operating profit is expected to be lower year-on-year.

Additional information on user acquisition investments in Q3 2022

The user acquisition investments for Q3-2022 are expected to be 25-30% of games revenues.

Decisions of the Annual General Meeting and the organizing meeting of the Board of Directors

The Annual General Meeting of Rovio Entertainment Corporation was held on April 7, 2022 at the company's headquarters, Keilaranta 7, FI-02150 Espoo, Finland. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without the presence of shareholders or their representatives at the meeting venue. Shareholders and their proxy representatives could participate in the meeting and exercise shareholder rights only by voting in advance or making counterproposals and presenting questions in advance.

The Annual General Meeting adopted all the proposals to the General Meeting by the Board of Directors and the Shareholders' Nomination Board, approved the financial statements for the financial year 2021, approved the remuneration report and the amended remuneration policy for the company's governing bodies as well as discharged the company's management from liability.

The Annual General Meeting decided that the Board of Directors shall comprise six (6) members. Mr. Niklas Hed, Ms. Camilla Hed-Wilson, Mr. Kim Ignatius, Mr. Björn Jeffery and Ms. Leemon Wu as well as Mr. Langer Lee as a new member were elected members of the Board of Directors for the term of office ending at the closure of the Annual General Meeting in 2023. Mr. Kim Ignatius was elected Chair of the Board of Directors. Mr. Björn Jeffery was elected Vice Chair of the Board of Directors.

The remuneration of the members of the Board of Directors was kept unchanged and monthly remuneration will be paid as follows: to the Chair of the Board of Directors EUR 9,500, to the Vice Chair of the Board of Directors EUR 7,500, to the other members of the Board of Directors EUR 5,000 each, and as additional monthly compensation to the Chair of the Audit Committee EUR 2,500. If the Chair of the Audit Committee is the Chair or Vice Chair of the Board of Directors, no additional compensation will be paid. The company will compensate reasonable travel expenses of the Board members and committee members arising from Board or committee work.

Ernst & Young Oy, authorized public accountants, was re-elected auditor of the company. Ernst & Young Oy has notified that Ms. Terhi Mäkinen, APA, will act as the auditor with principal responsibility. The auditor's term of office will end at the closure of the Annual General Meeting in 2023. The auditor will be paid remuneration according to the auditor's reasonable invoice approved by the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,210,120 shares, which corresponds to approximately 10 percent of all the current shares of the company. The company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the company.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act. The number of new shares to be issued on the basis of the authorization may not exceed an aggregate maximum of 8,210,120 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,210,120 own shares held by the company.

The Board of Directors is entitled to decide on all terms of the issuance of shares and of special rights entitling to shares and it is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue).

The authorizations are in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2023.

In its organizing meeting, which was held immediately after the General Meeting, the Board of Directors elected from amongst its members Mr. Kim Ignatius (Chair), Ms. Camilla Hed-Wilson and Ms. Leemon Wu as members of the Audit Committee, and Ms. Camilla Hed-Wilson (Chair), Mr. Kim Ignatius and Björn Jeffery as members of the Remuneration Committee.

Dividend Distribution

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.12 per share. The remaining part of the distributable funds will be retained in the shareholders' equity. The dividend was paid to shareholders who on the record date of the dividend payment April 11, 2022, were recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on April 20, 2022.

Share subscriptions with stock options

On May 9, 2022 Rovio announced that between 2 February 2022 and 19 April 2022, a total of 158,841 Rovio Entertainment Corporation's new shares have been subscribed for with the stock option program 2019. 2,500 new shares have been subscribed for with the 2019A stock options at a subscription price of EUR 6.92 and 156,341 new shares have been subscribed for with the 2019A stock options at a subscription price of EUR 6.80. The entire subscription price of EUR 1,080,418.80 was recorded into the invested unrestricted equity reserve.

As a result of the share subscriptions, the number of Rovio Entertainment shares increased to 82,260,044 shares.

On June 20, 2022 Rovio announced that between 20 April 2022 and 31 May 2022, a total of 703,781 Rovio Entertainment Corporation's new shares have been subscribed for with the stock option program 2019. 693,781 new shares have been subscribed for with the 2019A stock options at a subscription price of EUR 6.80 and 10,000 new shares have been subscribed for with the 2019B stock options at a subscription price of EUR 7.13. The entire subscription price of EUR 4,789,010.80 was recorded into the invested unrestricted equity reserve.

As a result of the share subscriptions, the number of Rovio Entertainment shares increased to 82,963,825 shares.

Changes in management

On June 10, 2022, Rovio announced that it has named Andy Muesse as Head of Studios and member of the leadership team.

Kieran O'Leary, Rovio's COO, has decided to leave the company due to family reasons. O'Leary will leave his current position on August 31, 2022.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	4-6/ 2022	4-6/ 2021	Change, %	1-6/ 2022	1-6/ 2021	Change, %	1-12/ 2021
Revenue	78.4	68.8	14.0%	163.4	135.9	20.2%	286.2
EBITDA	14.3	8.7	63.7%	25.4	20.5	24.1%	50.8
EBITDA margin	18.2%	12.7%		15.5%	15.1%		17.7%
Adjusted EBITDA	15.0	8.7	72.2%	28.6	21.0	36.4%	54.8
Adjusted EBITDA margin, %	19.1%	12.7%		17.5%	15.5%		19.1%
Operating profit	10.5	6.2	70.7%	18.0	15.7	14.7%	37.7
Operating profit margin, %	13.4%	8.9%		11.0%	11.5%		13.2%
Adjusted operating profit	11.3	6.2	82.8%	21.2	16.2	30.7%	43.7
Adjusted operating profit margin, %	14.3%	8.9%		13.0%	12.0%		15.3%
Profit before tax	12.5	6.1	106.4%	20.1	16.5	22.4%	40.3
Capital expenditure	1.1	0.8	34.2%	3.2	1.8	84.4%	4.0
User acquisition	20.9	21.3	-1.9%	52.0	38.5	34.8%	77.2
Return on equity (ROE), %	22.5%	18.5%		22.5%	18.5%		22.2%
Net gearing ratio, %	-82.4%	-72.5%		-82.4%	-72.5%		-77.4%
Equity ratio, %	71.0%	84.9%		71.0%	84.9%		70.8%
Earnings per share, EUR	0.13	0.07	94.3%	0.20	0.17	21.5%	0.41
Earnings per share, diluted EUR	0.13	0.07	92.2%	0.20	0.17	20.8%	0.41
Net cash flows from operating activities	15.3	7.6	101.9%	29.3	10.1	191.2%	44.0
Employees (average for the period)	503	481	4.7%	499	484	4.4%	490

Rovio presents alternative performance measures as additional information to financial measures presented in the consolidated income statements, consolidated balance sheets, and consolidated statements of cash flows prepared in accordance with IFRS. In Rovio's view, the alternative performance measures provide the management, investors, securities analysts, and other parties with significant additional information related to Rovio's results of operations, financial position or cash flows, and are often used by analysts, investors, and other parties.

Rovio presents adjusted EBITDA and adjusted operating profit, which have been adjusted for material items outside the ordinary course of business such as material net gains and losses from business disposals, direct transaction costs related to business acquisitions, restructuring costs for business operations and changes in fair value of contingent considerations, significant impairment losses and reversals, and costs relating to enlargement of the ownership base of the company. Adjusted EBITDA and adjusted operating profit are presented as complementing measures to the measures included in the consolidated income statement presented in accordance with IFRS as, in Rovio's view, they increase understanding of Rovio's results of operations.

EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, operating profit, operating profit margin, adjusted operating profit, and adjusted operating profit margin are shown as complementing measures to assess the profitability and efficiency of Rovio's operations. User acquisition costs, user acquisition costs share of Games business unit's revenue, %, and gross bookings are presented to enhance the comparability to other actors in the industry. Dividend per share, equity ratio, return on equity (ROE), net gearing, and capital expenditure are useful measures in assessing the efficiency of Rovio's operations, and Rovio's ability to obtain financing and service its debts.

The alternative performance measures should not be considered in isolation or as substitutes to the measures under IFRS. All companies do not calculate alternative performance measures in a uniform way and, therefore, the alternative performance measures presented here may not be comparable with similarly named measures presented by other companies.

Reconciliation of adjusted operating profit

EUR million	4-6/ 2022	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	78.4		78.4
Other operating income	1.2		1.2
Materials and services	-19.3		-19.3
Employee benefits expense	-14.6		-14.6
Depreciation and amortization	-3.8		-3.8
Other operating expenses	-31.3	0.7	-30.6
Operating profit	10.5	0.7	11.3

EUR million	4-6/ 2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	68.8		68.8
Other operating income	0.1		0.1
Materials and services	-18.7		-18.7
Employee benefits expense	-12.9		-12.9
Depreciation and amortization	-2.6		-2.6
Other operating expenses	-28.6		-28.6
Operating profit	6.2		6.2

EUR million	1-6/ 2022	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	163.4		163.4
Other operating income	2.3		2.3
Materials and services	-40.2		-40.2
Employee benefits expense	-27.9		-27.9
Depreciation and amortization	-7.4		-7.4
Other operating expenses	-72.2	3.2	-68.9
Operating profit	18.0	3.2	21.2

EUR million	1-6/ 2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	135.9		135.9
Other operating income	0.6		0.6
Materials and services	-36.9		-36.9
Employee benefits expense	-26.3	0.3	-26.0
Depreciation and amortization	-4.8	0.0	-4.8
Other operating expenses	-52.9	0.3	-52.6
Operating profit	15.7	0.6	16.2

EUR million	1-12/ 2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	286.2		286.2
Other operating income	0.9		0.9
Materials and services	-74.5		-74.5
Employee benefits expense	-53.2	0.4	-52.8
Depreciation and amortization	-13.1	2.0	-11.1
Other operating expenses	-108.7	3.5	-105.1
Operating profit	37.7	5.9	43.7

Reconciliation of adjusted operating profit

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Operating profit	10.5	6.2	18.0	15.7	37.7
M&A transaction costs					0.4
Change in fair value of contingent liability	0.7		3.2		2.9
Asset impairment					1.8
Restructuring costs arising from employee benefits expenses				0.3	0.4
Restructuring costs in Other operating expenses				0.3	0.3
Restructuring costs in Depreciation and amortization				0.0	0.1
Adjusted operating profit	11.3	6.2	21.2	16.2	43.7

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Operating profit	10.5	6.2	18.0	15.7	37.7
Depreciation and amortization	3.8	2.6	7.4	4.8	13.1
EBITDA	14.3	8.7	25.4	20.5	50.8
M&A transaction costs					0.4
Change in fair value of contingent liability	0.7		3.2		2.9
Restructuring costs arising from employee benefits expenses				0.3	0.4
Restructuring costs in Other operating expenses				0.3	0.3
Adjusted EBITDA	15.0	8.7	28.6	21.0	54.8

Reconciliation of equity ratio, %, return on equity, %, net gearing ratio, %, and net debt

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Equity ratio, %	71.0%	84.9%	71.0%	84.9%	70.8%
Equity	215.0	175.4	215.0	175.4	197.5
Advances received	1.5	2.0	1.5	2.0	1.7
Deferred revenue	6.9	5.6	6.9	5.6	6.3
Total assets	311.4	214.3	311.4	214.3	287.0
Return on equity, %	22.5%	18.5%	22.5%	18.5%	22.2%
Profit/loss before tax	43.9	30.9	43.9	30.9	40.3
Shareholder's equity beginning of period	175.4	157.9	175.4	157.9	165.4
Shareholder's equity end of period	215.0	175.4	215.0	175.4	197.5
Net gearing ratio, %	-82.4%	-72.5%	-82.4%	-72.5%	-77.4%
Total interest-bearing debt	7.2	8.3	7.2	8.3	7.9
Cash and cash equivalents	184.3	135.5	184.3	135.5	160.8
Equity	215.0	175.4	215.0	175.4	197.5
Non-current interest-bearing loans and borrowings	4.5	5.7	4.5	5.7	4.2
Current interest-bearing loans and borrowings	2.7	2.6	2.7	2.6	3.7
Cash and cash equivalents	184.3	135.5	184.3	135.5	160.8
Net debt	-177.1	-127.2	-177.1	-127.2	-152.9

Gross bookings

The following table sets out reconciliation of gross bookings used in key operational metrics and reported revenue.

Reconciliation of gross bookings to revenue

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Gross bookings	72.4	66.6	153.2	129.8	271.4
Change in deferred revenue	-0.2	-0.5	-0.6	-0.6	-1.2
Custom contracts	1.8	0.7	3.3	0.9	4.7
Other adjustments	1.8	-0.3	2.2	1.1	1.5
Revenue	75.9	66.4	158.1	131.3	276.4

Custom contracts are distribution contracts that are signed with partners who pre-download Rovio's games onto their own devices or distribute Rovio's games through their proprietary distribution platforms, or other types of revenue arrangements, which differ from revenue recognition through gross bookings. Custom contracts can for instance contain a minimum guarantee and revenue share to Rovio. Rovio recognizes corresponding minimum guarantee revenue over the contract period. Custom contracts do not include the application stores operated by Apple and Google.

Calculation principles of IFRS performance measures

Earnings per share, which is the net result for the review period divided by the average number of shares in the review period, less treasury shares.

Calculation principles of alternative performance measures

EBITDA (Earnings before interest, taxes, depreciation and amortization), which is operating profit before depreciations and amortizations.

EBITDA margin, %, which is defined as EBITDA as a percentage of revenue.

Items affecting comparability, which are defined as material items outside the ordinary course of business such as material net gains and losses from business disposals, direct transaction costs related to business acquisitions, restructuring costs for business operations and changes in fair value of contingent considerations, significant impairment losses and reversals, and costs relating to enlargement of the ownership base of the company.

Adjusted EBITDA, which is defined as EBITDA excluding items affecting comparability.

Adjusted EBITDA margin, %, which is defined as comparable EBITDA as a percentage of revenue.

Operating profit margin, %, which is operating profit as a percentage of revenue.

Adjusted operating profit, which is defined as operating profit excluding items affecting comparability.

Adjusted operating profit margin, %, which is defined as adjusted operating profit as a percentage of revenue.

User acquisition, which relate to acquisition of new players in the Company's games through performance marketing campaigns.

User acquisition share of Games revenue, %, which is user acquisition costs as a percentage of Games revenue.

Dividend per share, which is total dividend divided by number of shares, adjusted for share issues, at the end of the financial period less treasury shares.

Equity ratio, %, which is calculated by dividing (i) Total equity by (ii) Total equity and liabilities less advances received and deferred revenue.

Return on equity (ROE), which is calculated by dividing profit before tax, quarterly reports adjusted to correspond with 12 months, by the average of total equity in the opening and closing balance sheet

Capital expenditure, which is cash flow of purchase of tangible and intangible assets.

Net debt, which is calculated by subtracting cash and cash equivalents from current and non-current interest-bearing loans and borrowings.

Net gearing %, which is calculated by dividing net debt by the total equity.

Gross bookings represent in-app purchases and in-app advertising sales in the given calendar month, reported on the basis of the date of purchase/sale. Gross bookings do not include revenue from custom contracts, revenue deferrals or accounting adjustments due to e.g., foreign exchange rate differences between revenue accruals and actual payments, and thus differs from the actual reported revenue.

Player, which is defined as the user who plays one of Rovio's games on at least one device. A player can continue playing the game on multiple devices by synchronizing the game progress. Under the following metrics, a player who plays a given game in two devices is counted as one player.

DAU (Daily Active Users), which is defined as the number of players that played one of our games during a particular day. Under this metric, a player that plays two different games on the same day is counted as two DAUs. We primarily use information provided by Rovio's own technology, but we also use third-party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools. Average DAUs for a particular period is the average of the DAUs for each day during that period.

MAU (Monthly Active Users), which is defined as the number of players that played one of our games during a particular calendar month. Under this metric, a player that plays two different games in the same month is counted as two MAUs. We primarily use information provided by Rovio's own technology, but we also use third party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools.

MUP (Monthly Unique Payers), which is defined as the number of players that made a payment at least once during the calendar month through a payment method for which we can quantify the number of individuals, including payers from our mobile games. MUPs does not include individuals who use certain payment methods for which we cannot quantify the number of unique payers. We only use information provided by Rovio's own payment verification technology.

ARPPU (Average Revenue Per Daily Active User), which is defined as Sum of quarterly Gross Bookings divided by number of days in the quarter divided by average DAU for the quarter.

MARPPU (Monthly Average Revenue Per Paying User), which is defined as Monthly Gross IAP Bookings divided by MUP from verified purchases. MARPPU does not include revenue from custom contracts, revenue deferrals or accounting adjustments such as foreign exchange rate differences between revenue accruals and actual payments.

Half-Year Financial Report

January 1–June 30, 2022 – Tables

The figures in the Financial Report are unaudited.

Statement of consolidated profit or loss and other comprehensive income

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Revenue	78.4	68.8	163.4	135.9	286.2
Other operating income	1.2	0.1	2.3	0.6	0.9
Materials and services	19.3	18.7	40.2	36.9	74.5
Employee benefits expense	14.6	12.9	27.9	26.3	53.2
Depreciation and amortization	3.8	2.6	7.4	4.8	13.1
Other operating expenses	31.3	28.6	72.2	52.9	108.7
Operating profit	10.5	6.2	18.0	15.7	37.7
Finance income and expenses	2.0	-0.1	2.1	0.8	2.5
Profit (loss) before tax	12.5	6.1	20.1	16.5	40.3
Income tax expense	-2.8	-1.1	-5.0	-4.1	-10.1
Profit for the period	9.7	4.9	15.2	12.3	30.1
Equity holders of the parent company	9.7	4.9	15.2	12.3	30.1
Other comprehensive income/expense					
Other comprehensive income that will not be reclassified to profit and loss (net of tax):					
Investments in equity instruments	0.1	1.0	1.1	1.7	3.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	4.6	0.0	4.6	0.1	0.6
Other comprehensive income for the year net of tax	4.6	1.1	5.7	1.8	3.6
Total comprehensive income for the period net of tax	14.3	6.0	20.9	14.1	33.7
Equity holders of the parent company	14.3	6.0	20.9	14.1	33.7
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, EUR	0.13	0.07	0.20	0.17	0.41
Earnings per share, diluted EUR	0.13	0.07	0.20	0.17	0.41

Consolidated statement of financial position

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets	93.2	42.9	90.2
Property, plant and equipment	1.3	1.1	1.3
Intangible assets	23.1	17.2	24.8
Goodwill	40.9	0.0	37.5
Right-of-use assets	6.6	7.2	6.8
Investments	9.7	6.9	8.3
Non-current receivables	3.4	3.3	3.4
Deferred tax assets	8.3	7.2	8.1
Current assets	218.2	171.4	196.8
Trade receivables	24.8	27.4	27.6
Prepayments and accrued income	8.2	7.0	7.6
Other current financial assets	0.8	1.6	0.9
Money market funds	49.6	50.7	50.6
Cash and cash equivalents	134.7	84.8	110.2
Total assets	311.4	214.3	287.0
EQUITY AND LIABILITIES			
Equity			
Issued capital	0.7	0.7	0.7
Reserves	51.9	46.0	46.0
Translation differences	4.6	-0.4	0.1
Treasury shares	-35.5	-36.9	-36.9
Fair value reserve	4.1	1.7	3.0
Retained earnings	189.3	151.9	154.5
Profit for the period	15.2	12.3	30.1
Equity holders of the parent company	215.0	175.4	197.5
Non-controlling interests	0.0	0.0	0.0
Total equity	215.0	175.4	197.5
Liabilities			
Non-current liabilities	22.4	6.2	20.7
Interest-bearing loans and borrowings	0.3	0.9	0.3
Contingent consideration liabilities	14.4	0.0	13.2
Lease liabilities	4.2	4.9	3.8
Deferred tax liabilities	3.4	0.5	3.3
Current liabilities	74.0	32.7	68.8
Trade and other payables	12.5	8.6	8.8
Interest-bearing loans and borrowings	0.1	0.1	0.5
Contingent consideration liabilities	29.8	0.0	27.8
Lease liabilities	2.6	2.5	3.2
Other current financial liabilities	1.9	1.4	1.0
Advances received	1.5	2.0	1.7
Deferred revenue	6.9	5.6	6.3
Income tax payable	2.5	0.6	4.9
Provisions	0.0	0.0	0.3
Accrued liabilities	16.2	11.9	14.3
Total liabilities	96.3	38.9	89.5
Total equity and liabilities	311.4	214.3	287.0

Consolidated statement of changes in equity

Attributable to the equity holders of the parent on June 30, 2021

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2021	0.7	42.1	-37.5	160.5	0.0	-0.5	165.4	0.0	165.4
Profit for the period				12.3			12.3		12.3
Option subscriptions		3.9					3.9		3.9
Other comprehensive income					1.7	0.1	1.8		1.8
Cash dividends				-8.8			-8.8		-8.8
Share-based payments			0.6	0.2			0.8		0.8
June 30, 2021	0.7	46.0	-36.9	164.2	1.7	-0.4	175.4	0.0	175.4

Attributable to the equity holders of the parent on June 30, 2022

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2022	0.7	46.0	-36.9	184.6	3.0	0.1	197.5	0.0	197.5
Profit for the period				15.2			15.2		15.2
Option subscriptions		5.9					5.9		5.9
Other comprehensive income					1.1	4.5	5.7		5.7
Cash dividends				-8.9			-8.9		-8.9
Share-based payments			1.3	-1.6			-0.2		-0.2
June 30, 2022	0.7	51.9	-35.5	189.3	4.1	4.6	215.0	0.0	215.0

Consolidated statement of cash flows

EUR million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Operating activities					
Profit (loss) before tax	12.5	6.1	20.1	16.5	40.3
Adjustments:					
Depreciation and amortization on tangible and intangible assets	3.8	2.6	7.4	4.8	13.1
Net foreign exchange differences	-2.0	-0.2	-2.3	-1.1	-2.9
Gain on disposal of property, plant and equipment	0.0	0.0	-0.0	0.0	-0.0
Finance costs	0.0	0.1	0.2	0.2	0.2
Other non-cash items	-0.1	0.4	3.0	0.9	4.4
Change in working capital:					
Change in trade and other receivables and prepayments	2.6	2.1	2.3	-4.9	-3.2
Change in trade and other payables	0.2	-1.9	6.5	-1.0	0.4
Interest received	0.1	0.0	0.1	0.1	0.2
Interest paid	-0.1	-0.1	-0.3	-0.3	-0.4
Income tax paid (received)	-1.6	-1.4	-7.6	-5.0	-8.2
Net cash flows from operating activities	15.3	7.6	29.3	10.1	43.9
Investing activities					
Purchase of tangible and intangible assets	-1.1	-0.8	-3.2	-1.8	-4.0
Other investments	0.0	-2.5	0.0	-2.8	-2.8
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0	0.0	0.0
Loans granted, investments	0.0	-2.5	0.0	-2.5	-2.5
Proceeds from sales of other investments	0.0	0.0	0.0	0.0	1.7
Acquisition of subsidiaries, net of cash acquired	0.0	0.0	0.0	0.0	-7.7
Net cash flows used in investing activities	-1.1	-5.8	-3.2	-7.0	-15.2
Financing activities					
Finance lease repayments	-0.7	-0.7	-1.4	-1.4	-2.9
Proceeds from and repayments of borrowings	-0.4	-1.0	-0.4	-1.0	-1.1
Share subscriptions based on option rights	5.9	3.2	5.9	3.9	3.9
Acquisition of treasury shares	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	-0.1	0.0	0.0	0.0
Dividends paid to equity holders of the parent	-8.9	-8.8	-8.9	-8.8	-8.8
Net cash flows from/(used in) financing activities	-4.2	-7.5	-4.9	-7.4	-8.9
Change in cash and cash equivalents	10.0	-5.8	21.2	-4.4	19.7
Net foreign exchange difference and value changes in money market funds	2.0	0.1	2.3	-1.0	2.2
Cash and cash equivalents at beginning of period	172.3	141.2	160.8	138.9	138.9
Cash and cash equivalents at the end of the period	184.3	135.5	184.3	135.5	160.8
Reconciliation of cash and cash equivalents in statement of financial position					
Cash and cash equivalents in statement of financial position at the end of period	134.7	50.7	134.7	50.7	110.2
Money market funds at the end of period	49.6	84.8	49.6	84.8	50.6
Cash and cash equivalents at the end of the period	184.3	135.5	184.3	135.5	160.8

Notes

1. Key accounting principles

Rovio's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Half Year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles and methods used in the preparation of the interim report are essentially the same as those applied in the consolidated financial statements for the year 2021.

The figures in the consolidated interim financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

This Financial Statement Bulletin does not include all the information or disclosures as presented in the consolidated financial statements of December 31, 2021.

2. Notes to the statement of profit or loss

Rovio has previously defined as its operating segments as Games, Brand Licensing (BLU) and Other. Starting from 1.1.2022 Rovio combines Games, Brand Licensing and Other into one segment.

Rovio defines the Group's Board of Directors as its chief operating decision maker (CODM).

The CODM follows Rovio's performance on the group level EBITDA is the primary performance measure that CODM follows.

Rovio did not during the interim period have customers that would require disclosure (i.e. 10% or more of revenues from transactions with a single customer).

2.1 Geographical distribution of revenue

The Group's business is very international. North America, and the United States in particular, is Rovio's largest market. The geographical distribution of revenue is presented below.

For in-app purchases and advertising revenue, the revenue has been allocated to the geographical markets based on gross bookings, which can be monitored on a country-specific basis. Revenue from custom contracts is presented based on the customer's home country. Revenue deferrals and other adjustment items have been allocated to the geographical markets in proportion to gross bookings, as they are estimated to largely follow the same structure.

The brand licensing revenue has been allocated to the geographical markets based on reported royalties and, for terminating contracts, according to the partner's home country. Revenue from content sales (movie, short form animations) has been allocated to the geographical markets based on the home country of the distribution partner or contractual partner.

EUR Million	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
NAM	55.5	46.1	114.7	91.1	191.1
LATAM	0.9	0.8	2.0	1.4	3.3
EMEA	14.0	14.3	29.9	28.6	59.9
APAC	8.0	7.5	16.8	14.7	32.0
Total	78.4	68.8	163.4	135.9	286.2

2.2 Disaggregation of revenue from contracts with Customers

EUR million

Revenue stream	Timing of revenue recognition	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
In-application purchases	At a point in time and over time	60.6	57.1	125.9	113.5	230.0
Subscription payments	Over time	0.5	0.0	0.5	0.0	0.0
Custom contracts	Over time	1.8	0.7	3.3	0.9	4.7
Advertising	At a point in time	12.9	8.6	28.4	16.9	41.8
IP Licensing and tangible sales	At a point in time and over time	0.4	1.0	1.1	1.6	3.1
Animation broadcasting and distribution	At a point in time	2.2	1.4	4.2	2.9	6.6
Group revenue		78.4	68.8	163.4	135.9	286.2

3. Notes to the statement of financial position

3.1 Non-Current Assets – Intangible Assets

Reconciliation of beginning and ending balances by classes of assets:

EUR million	Development costs - Games	Trademarks	Development costs - Movie	Development costs - Other	Total
Cost					
At January 1, 2021	32.4	2.0	62.9	22.7	119.9
Additions	1.2	0.3	0.0	0.0	1.7
Disposals	-0.0	0.0	0.0	0.0	-0.0
Reclassification	0.0	-0.1	0.0	-0.2	-0.2
At June 30, 2021	33.6	2.2	62.9	22.4	121.1
At January 1, 2022	30.3	2.3	62.9	35.3	130.7
Additions	2.2	0.2	0.0	0.3	2.7
Disposals	0.0	-0.0	0.0	0.0	-0.0
Translation differences	0.1	0.0	0.0	1.1	1.2
At June 30, 2022	32.6	2.4	62.9	36.6	134.5
Amortization and impairment					
At January 1, 2021	28.8	1.3	50.0	20.7	100.8
Amortization	1.0	0.1	1.6	0.4	3.0
Impairment	0.0	0.0	0.0	0.0	0.0
At June 30, 2021	29.7	1.4	51.6	21.1	103.9
At January 1, 2022	26.1	1.4	54.0	24.4	105.9
Amortization	1.4	0.1	2.3	1.8	5.6
Impairment	0.0	0.0	0.0	0.0	0.0
At June 30, 2022	27.5	1.5	56.2	26.2	111.5
Carrying amount					
At June 30, 2021	3.9	0.8	11.3	1.5	17.2
At June 30, 2022	5.0	0.9	6.7	10.5	23.1
At December 31, 2021	4.2	0.8	8.9	10.9	24.8

Development expenses still in production at June 30, 2022 amounted to EUR 0.2 million.

3.2 Non-Current Assets – Tangible Assets

There were no material changes in tangible assets during the first half of 2022.

EUR million	Machinery and equipment
Cost,	
At January 1, 2021	6.8
Additions	0.2
Disposals	0.0
Translation differences	0.0
At June 30, 2021	7.0
At January 1, 2022	6.8
Additions	0.4
Disposals	0.0
Translation differences	0.1
At June 30, 2022	7.3
Depreciation and amortization	
At January 1, 2021	-5.6
Depreciation charge for the period	-0.3
Disposals	0.0
Translation differences	0.0
At June 30, 2021	-5.8
At January 1, 2022	-5.5
Depreciation charge for the period	-0.4
Disposals	0.0
Translation differences	-0.1
At June 30, 2022	-6.0
Carrying amount	
At June 30, 2021	1.1
At June 30, 2022	1.3
At December 31, 2021	1.3

3.3 Non-Current Assets – Right of use assets

EUR million	Property	Machinery and equipment	Total
At January 1, 2021	12.9	0.9	13.8
Additions	0.2	0.0	0.2
Disposals	0.0	0.0	0.0
At June 30, 2021	13.0	0.9	13.9
At January 1, 2022	14.0	0.9	14.9
Additions	1.0	0.0	1.0
Disposals	0.0	0.0	0.0
At June 30, 2022	14.9	0.9	15.8

Amortization and impairment

At January 1, 2021	4.7	0.7	5.4
Amortization	1,3	0.0	1.3
Disposals	0.0	0.0	0.0
At June 30, 2021	6.0	0.7	6.7
At January 1, 2022	7.3	0.8	8.1
Amortization	1,2	0.0	1.3
Disposals	0.0	0.0	0.0
At June 30, 2022	8.4	0.8	9.2

Carrying amount

At June 30, 2021	7.0	0.1	7.2
At June 30, 2022	6.5	0.1	6.6
At December 31, 2021	6.7	0.1	6.8

4. Financial assets and liabilities measured at fair value

All assets and liabilities for which fair value is measured are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measured at the quoted price in the active market
- Level 2 – Fair value that is calculated using the observable price other than categorised in Level 1 directly or indirectly
- Level 3 – Fair value that is calculated based on valuation techniques which include inputs that are not based on observable market data.

All Rovio Group's financial assets and liabilities are classified to be measured at amortised cost, or at fair value through profit or loss, or at fair value through other comprehensive income, with no effect on profit or loss.

Financial assets carried at amortised costs consist of cash and cash equivalents and trade receivables. Rovio Group's financial instruments measured at amortised cost are classified at level 2. With regard to short-term financial assets and short-term financial liabilities, their fair value approximates the carrying amount.

Financial assets at fair value through profit or loss consist of money market investments. In the non-current asset, convertible capital loan receivable and a private equity investment in Gutsy Animations Oy are recognised at fair value through profit or loss.

Financial assets recognized at fair value through other comprehensive income consist of a capital investment in the Play Ventures fund. Changes in the fair value of the fund are presented in the fair value reserve in equity.

The fair value of the contingent consideration on the acquisition date is recognised as part of the consideration transferred for the acquiree. Contingent consideration liabilities are measured at fair value at the end of each reporting period. Any changes in fair value will be recognised in profit or loss.

EUR million

Fair value hierarchy	30.6.2022				30.6.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset								
Non-current assets								
Investments	-	-	9.7	9.7	-	-	6.9	6.9
Loan receivables	-	-	2.5	2.5	-	-	2.5	2.5
Non-current receivables	-	0.9	-	0.9	-	0.8	-	0.8
Total	-	0.9	12.2	13.1	-	0.8	9.4	10.1
Current assets								
Trade receivables	-	24.8	-	24.8	-	27.4	-	27.4
Other current financial assets	-	0.6	-	0.6	-	0.3	-	0.3
Money market funds	-	49.6	-	49.6	-	50.7	-	50.7
Cash and cash equivalents	-	134.7	-	134.7	-	84.8	-	84.8
Total	-	209.7	-	209.7	-	163.2	-	163.2
Liabilities								
Non-current liabilities								
Interest bearing loans and borrowings	-	0.3	-	0.3	-	0.9	-	0.9
Contingent consideration liabilities	-	-	14.4	14.4	-	-	-	-
Lease liabilities	-	4.2	-	4.2	-	4.9	-	4.9
Total	-	4.5	14.4	18.9	-	5.7	-	5.7
Current liabilities								
Interest-bearing loans and borrowings	-	0.1	-	0.1	-	0.1	-	0.1
Contingent consideration liabilities	-	-	29.8	29.8	-	-	-	-
Trade and other payables	-	12.5	-	12.5	-	8.6	-	8.6
Lease liabilities	-	2.6	-	2.6	-	2.5	-	2.5
Total	-	15.1	29.8	45.0	-	11.1	-	11.1

Reconciliation of level 3 financial assets and liabilities measured at fair value

EUR million	2022	2021
Assets		
Fair value at January 1	10.8	2.0
Purchases	0.0	0.3
Other investments	0.0	5.0
Changes in fair value - through other comprehensive income	1.4	2.2
Fair value at June 30	12.2	9.4
Liabilities		
Fair value at January 1	41.0	0.0
Additions, business acquisition	0.0	-
Changes in fair value - through profit and loss	3.2	-
Fair value at June 30	44.2	0.0

5. Changes in contingent liabilities or contingent assets

Future non-cancellable other commitments are as follows.

EUR million	At June 30, 2022	At June 30, 2021	At December 31, 2021
Venture Capital investment commitment	0.4	0.4	0.4
Total	0.4	0.4	0.4

6. Related party transactions

Rovio's related parties include its subsidiaries, associates, key persons belonging to the management and their close family members and entities controlled by them, and entities with significant influence on Rovio.

There were no related party transactions during the reporting period.

7. Calculation of earnings per share

	4-6/ 2022	4-6/ 2021	1-6/ 2022	1-6/ 2021	1-12/ 2021
Earnings per share, EUR	0.13	0.07	0.20	0.17	0.41
Earnings per share, diluted, EUR	0.13	0.07	0.20	0.17	0.41
Shares outstanding at the end of the period (thousands)	75,540	74,386	75,540	74,386	74,386
Weighted average adjusted number of shares during the financial period, basic (thousands)	74,747	73,881	74,583	73,719	74,055
Weighted average adjusted number of shares during the financial period, diluted (thousands)	75,939	74,230	75,374	73,843	74,411