

Rovio Entertainment Corporation

Interim Report

October 28, 2021

Q3

INTERIM REPORT FOR JANUARY-SEPTEMBER 2021

21

 ROVIO

# Games – strong growth and high profitability

## July-September 2021 highlights

- Rovio group revenue was EUR 71.4 million (67.9) and increased 5.1% year-on-year. Organic growth was 3.6%.
- Group adjusted operating profit was EUR 14.3 million (12.8) and adjusted operating profit margin 20.0% (18.9)
- Group adjusted EBITDA was EUR 17.2 million (15.9) and adjusted EBITDA margin 24.1% (23.4)
- Games revenue increased 6.9% year-on-year to EUR 68.6 million (64.2). Organic games revenue growth was 5.3%. In comparable currencies, Games revenue grew by 7.5%. The Games gross bookings were EUR 66.7 million (64.5) and increased by 3.3% year-on-year. In comparable currencies, the gross bookings grew by 3.9%.
- Rovio closed the acquisition of Ruby Games first tranche (20% of shares) in September. Ruby Games soft launched Hunter Assassin 2.
- Angry Birds Friends continued its strong performance and grew its gross bookings to EUR 8.5 million.
- User acquisition investments were EUR 18.1 million (15.3) and 26.4% of the Games segment's revenue (23.8%)
- Operating cash flow was EUR 16.7 million (15.8)
- Earnings per share were EUR 0.16 (0.12)

## January-September 2021 highlights

- Rovio group revenue was EUR 207.3 million (203.8) and increased by 1.7% year-on-year. Organic growth was 1.3%.
- Group adjusted operating profit was EUR 30.5 million (39.7) and adjusted operating profit margin 14.7% (19.5)
- Group adjusted EBITDA was EUR 38.2 million (47.9) and adjusted EBITDA margin 18.4% (23.5)
- Games revenue increased 3.1% year-on-year to EUR 199.9 million (193.8). Organic growth was 2.6%. In comparable currencies, Games revenue grew by 7.7%. The Games gross bookings were EUR 197.4 million (194.4) and increased by 1.6% year-on-year. In comparable currencies, the gross bookings grew by 6.0%.
- User acquisition investments were EUR 56.6 million (42.9) and 28.3% of the Games segment's revenue (22.0%)
- Operating cash flow was EUR 26.7 million (46.0)
- Earnings per share were EUR 0.32 (0.38)

## Key figures

EUR million	7-9/ 2021	7-9/ 2020	Change, %	1-9/ 2021	1-9/ 2020	Change, %	1-12/ 2020
Revenue	71.4	67.9	5.1%	207.3	203.8	1.7%	272.3
EBITDA	16.9	15.9	6.5%	37.4	47.8	-21.8%	60.0
EBITDA margin	23.7%	23.4%		18.0%	23.5%		22.0%
Adjusted EBITDA	17.2	15.9	8.4%	38.2	47.9	-20.2%	60.1
Adjusted EBITDA margin, %	24.1%	23.4%		18.4%	23.5%		22.1%
Operating profit	14.0	12.8	9.2%	29.7	39.6	-25.0%	42.5
Operating profit margin, %	19.6%	18.9%		14.3%	19.4%		15.6%
Adjusted operating profit	14.3	12.8	11.6%	30.5	39.7	-23.1%	47.2
Adjusted operating profit margin, %	20.0%	18.9%		14.7%	19.5%		17.3%
Profit before tax	14.6	12.1	20.7%	31.1	38.4	-19.0%	40.7
Capital expenditure	0.9	0.9	-1.7%	2.7	2.8	-3.2%	3.9
User acquisition	18.1	15.3	18.6%	56.6	42.7	32.6%	58.7
Return on equity (ROE), %	19.2%	22.6%		19.2%	22.6%		24.4%
Net gearing ratio, %	-72.6%	-69.7%		-72.6%	-69.7%		-77.6%
Equity ratio, %	73.5%	81.0%		73.5%	81.0%		82.3%
Earnings per share, EUR	0.16	0.12	25.1%	0.32	0.38	-15.7%	0.43
Earnings per share, diluted EUR	0.16	0.12	25.3%	0.32	0.38	-15.9%	0.43
Net cash flows from operating activities	16.7	15.8	5.6%	26.7	46.0	-41.9%	63.6
Employees (average for the period)	490	475	3.2%	486	467	4.1%	470

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-appurchases in United States and global ad network sales.

### Alex Pelletier-Normand, CEO:

Yet another eventful quarter behind us! Q3 was marked by more face-to-face interactions, record Games revenues and notable strategic evolvement. The profitability was at a high level, mainly due to higher revenue, incremental income from Angry Birds Reloaded on Apple Arcade and somewhat lower user acquisition investments.

In September, we made meaningful changes that are also new building blocks for our future. Firstly, we announced that Heini Kaihu will transition from Head of HR to take on the new role of Rovio's Chief Sustainability Officer. The creation of this position highlights the increasing importance of sustainability as part of our vision and our commitment to lead the charge within the industry. Our aim remains to create long-term value for employees and shareholders in a responsible way, and this role strengthens our commitment to have sustainability rooted in our strategy, operations, products and practices. Secondly, we announced the opening of a new free-to-play casual mobile game studio in Toronto, Canada, headed by the experienced studio manager Julie Beaugrand. We are very happy to see Julie join us and build a team which will add a new foothold for Rovio in the casual space.

Launching this studio is also in line with an adjustment we made to our portfolio strategy. In order to maximise our chances of achieving our goals, we will focus further on more casual and wide appeal games. This has multiple benefits, namely building on our proven expertise, maximising the value of our network of users, and moving away from mid-core, a category increasingly characterised by expensive development costs and dependence on high-CPIs market niches.

Our key live games continued to perform strongly in Q3. Angry Birds Friends kept on growing and had its best quarter since Q2-2017. Our largest two games Angry Birds 2 and Angry Birds Dream Blast were relatively stable year-on-year and quarter-on-quarter. As mentioned in our last quarterly report, we reduced marketing spend for Small Town Murders and Darkfire Heroes and consequently this had a negative impact on these games revenues in the third quarter. Small Town Murders's team continues to work on improving the game with the target to scale up the game further in the future. For Darkfire Heroes, given the limited size of the game and the aforementioned focus on casual, we decided to assign the team to more promising and wide-appeal projects while moving the game to lean maintenance.

In September, we finalised the first part of the Ruby Games acquisition. The team continued to show their mastery in hyper-casual by launching Forensic Master in September which reached the no. 1 position in US download charts. They also soft launched Hunter Assassin 2, the awaited sequel to the hit game Hunter Assassin.

Our new product pipeline is healthy with Angry Birds Journey and Supernatural City continuing their soft launch and our first Moomin game preparing to join them later this year. In addition, we will see our Angry Birds brand strategy unfold in different formats and platforms. We will announce different initiatives in the coming months for what we're dubbing "Angry New Year"!

We are excited to enter the last quarter of the year which is typically a busy season with elevated fan engagement and seasonal events across our key games. After 19 months of Rovians showing great agility and resilience while working from home, it is energising to be able to see and engage with our colleagues face-to-face at the office in a hybrid environment. I am very grateful for their continuous commitment and dedication.

## **2021 outlook (unchanged)**

The mobile gaming market continues to grow with casual gaming being a major growth driver. The ongoing changes in consumer behavior and underlying market trends are accelerated by the COVID pandemic and plays an important role in both current games' operation and new game development. This combined with industry changes like Apple's privacy policy fuels the near-term uncertainty in the market environment.

We will focus on improving the performance of our key live games and on launching new innovative products. We continue to show diligence in our UA spend. Depending on market conditions, the performance of our investments, and the launch of new games, we aim to increase our UA investments to build growth for the coming years. This may have implications on short-term profitability.

We will continue investing in our Future of Gaming initiatives, taking advantage of the trends we see in consumer behavior and building our positioning in the rapidly evolving market.

In addition, we seek growth through synergistic acquisitions that can deliver long-term value growth.

## **Audiocast and conference call:**

Rovio will host an English language audiocast and phone conference on the Q3 2021 financial results, including a Q&A session, for analysts, media and institutional investors at 14:00-15:00 EEST on October 28, 2021. The audiocast can be viewed live at: <https://investors.rovio.com/en>, and as a recording later the same day.

### **Conference call details:**

PIN: 83237280#

Finland: +358 981710310

Sweden: +46 856642651

United Kingdom: +44 3333000804

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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 4.5 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 game 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. Rovio also has locations in China and the United States. 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. ([www.rovio.com](http://www.rovio.com))

# Rovio Entertainment Corporation

## Interim Report 1–9/2021

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 2021, the global mobile gaming market size in end-user generated revenue was estimated to be USD 86.9 billion in 2020 which represented 27.1% year-on-year growth driven by a heightened global gaming activity because of physical limitations due to Covid-19 pandemic. Newzoo estimates the global mobile gaming market to grow somewhat slower, i.e., 4.4% in 2021 due to the extraordinary high growth in the previous year. In 2020-2024, the global mobile gaming market is expected to grow at 7.6% CAGR and the Western market at 5.5% CAGR.

### Revenue and result

#### July-September 2021

In the third quarter 2021, Rovio group revenue was EUR 71.4 million (67.9) and increased by 5.1% year-on-year. The Ruby games acquisition was closed in September which was also the first month that Ruby games was consolidated into Rovio group financials. The organic growth in the third quarter (excluding Ruby Games acquisition) was 3.6%.

The Games segment revenue increased by 6.9% year-on-year and amounted to EUR 68.6 million (64.2). Games organic growth (excluding Ruby Games acquisition) was 5.3%. In comparable currencies, games revenue grew by 7.5%. The Games segment gross bookings were EUR 66.7 million (64.5) and increased 3.3% year-on-year. In comparable currencies, the games gross bookings grew by 3.9% year-on-year.

The gross bookings of Rovio's largest game Angry Birds 2 were EUR 26.6 million and grew 0.5% year-on-year. Rovio's second largest game Angry Birds Dream Blast gross bookings were EUR 15.0 million and was 3% lower year-on-year. Angry Birds Friends continued its strong performance and grew gross bookings by 17.9% year-on-year to EUR 8.5 million. Small Town Murders reached EUR 4.1 million gross bookings and grew 36.7% year-on-year but decreased by 12% from Q2-21 due to lower level of user acquisition. Rovio's newest game Darkfire Heroes user acquisition was scaled down during the quarter and the game's gross bookings declined from Q2-21.

The revenue of Ruby Games studio that was acquired in the beginning of September, was EUR 1.0 million for the month of September, which was at the similar level as the run-rate during the first half of 2021 before the acquisition.

The revenue of Brand Licensing segment was EUR 2.8 million (3.7) and decreased 24.6% year-on-year. The revenue consisted of EUR 2.1 million (2.9) from Content Licensing and EUR 0.7 million (0.8) from Consumer Products.

The Group's adjusted EBITDA increased to EUR 17.2 million (15.9), and adjusted EBITDA margin increased to 24.1% (23.4).

The Group's adjusted operating profit increased to EUR 14.3 million (12.8) and adjusted operating profit margin increased to 20.0% (18.9). The adjustments in the reporting period amounted to EUR 0.3 million and were related to Ruby Games acquisition expenses. There were no adjustments in the comparable period.

The Games segment's adjusted EBITDA increased to EUR 17.5 million (16.2) and the adjusted EBITDA margin increased to 25.6% (25.3). Games user acquisition investments in the reporting period were EUR 18.1 million (15.3) or 26.4% of revenues (23.8%). The higher user acquisition investments compared to last year were mainly related to scaling up user acquisition for Small Town Murders and Darkfire Heroes.

The Brand Licensing segment's adjusted EBITDA decreased to EUR 1.9 million (2.5) and adjusted EBITDA margin increased to 70.0% (68.6). The lower EBITDA of Brand Licensing in the reporting period was due to lower revenues.

The Group's profit before taxes was EUR 14.6 million (12.1) and earnings per share EUR 0.16 (0.12).

### January-September 2021

In the reporting period January-September 2021, Rovio group revenue was EUR 207.3 million (203.8) and increased 1.7% year-on-year.

The Games segment revenue was EUR 199.9 million (193.8) and increased by 3.1% year-on-year. In comparable currencies, the revenue increased by 7.7%.

The revenue of the Brand Licensing segment was EUR 7.4 million (9.8) and declined 24.8% year-on-year. The revenue consisted of EUR 5.1 million (6.1) from Content Licensing, the majority of which was income from the first Angry Birds Movie, and EUR 2.3 million (3.8) from Consumer Products.

The Group's adjusted EBITDA was EUR 38.2 million (47.9), and 18.4% (23.5) of revenues.

The Group's adjusted operating profit decreased to EUR 30.5 million (39.7) and adjusted operating profit margin decreased to 14.7% (19.5). The adjustments in the reporting period amounted in total to EUR 0.9 million and were related to the ramp-down of Hatch Kids service and to the transaction expenses in the Ruby Games acquisition. The adjustments in the comparable period amounted to EUR 0.1 million and were related to the restructuring of Brand Licensing and Hatch Entertainment and the acquisition of Darkfire Games -studio.

The Games segment's adjusted EBITDA decreased to EUR 41.0 million (52.1) and adjusted EBITDA margin to 20.5% (26.9%) of revenues and decreased year-on-year mainly due to higher user acquisition investments of EUR 56.6 million (42.7) and 28.3% of games revenues (22.0%).

The Brand Licensing segment's adjusted EBITDA was EUR 4.6 million (6.0) and adjusted EBITDA margin was 62.0% (61.3). The decline in EBITDA from last year was due to lower revenues.

The Group's profit before taxes was EUR 31.1 million (38.4) and earnings per share EUR 0.32 (0.38).

### Financing and investments

Rovio's capital expenditure was EUR 0.9 million (0.9) in the third quarter of 2021.

Rovio refers to the user acquisition costs of the Games segment as investments, but pursuant to accounting regulations, they are recognized as expenses rather than investments due to their average payback period being about a year.

The Games segment's capital expenditure was EUR 0.7 million (0.5) in the third quarter and related to external game development. Brand Licensing segment's capital expenditure was EUR 0.1 million (0.1) and related to external development of animated series. The Other-segment's investments were EUR 0.2 million (0.2) for the quarter and consisted mainly of machinery and equipment and registration fees of trademarks.

On August 12, 2021, Rovio announced that the company has entered into an agreement to acquire 100% of the shares in Ruby Games. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. During the reporting period, Rovio acquired 20% of Ruby's shares for EUR 9.3 million in cash, offset by the cash received of EUR 1.6 million.

Cash flow from financing amounted to EUR -0.7 million (-7.1) in the third quarter and consisted mainly of finance lease repayments.

At the end of the third quarter, Rovio's total interest-bearing loans and financial liabilities amounted to EUR 7.7 million (11.2) consisting of EUR 0.9 million product development loans from Business Finland (the Finnish Funding Agency for Innovation) as well as EUR 6.8 million leasing liabilities mostly related to office leases.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 143.6 million (123.5).

## Development per business segment

### Games

#### July-September 2021

The Games segment's revenue in the reporting period amounted to EUR 68.6 million (64.2) and increased by 6.9% year-on-year. In comparable currencies, revenue increased by 7.5%. Gamers gross bookings increased 3.3% to EUR 66.7 million (64.5). In comparable currencies, games gross bookings increased by 3.9%. Custom contracts amounted to EUR 1.7 million of which EUR 1.6 million were from Angry Birds Reloaded game on Apple Arcade service. The gross bookings of Rovio's latest acquisition, Ruby Games, amounted to 1.0 million in September, the first month that Ruby Games was consolidated into Rovio.

Rovio's largest game Angry Birds 2 recorded gross bookings of EUR 26.6 million and grew 0.3% from Q2 2021. Rovio's top five games were Angry Birds 2, Angry Birds Dream Blast, Angry Birds Friends, Small Town Murders and Angry Birds Match, which replaced Sugar Blast in the top 5.

The Games segment's adjusted EBITDA increased to EUR 17.5 million (16.2) and the adjusted EBITDA margin increased to 25.6% (25.3). The adjusted EBITDA increase was mainly a result of larger share of high margin advertising revenues and Angry Birds Reloaded revenues in the reporting period, even if the user acquisition investments were on a higher-level year-on-year.

The Games segment's user acquisition investments increased to EUR 18.1 million (15.3), and to 26.4% (23.8%) of the Games segment's revenue in the reporting period. Compared to Q2-21, the Angry Birds 2 user acquisition investments were stable, while the investments for Angry Birds Dream Blast were slightly decreased. Also, Small Town Murders user acquisition investments were decreased from the previous quarter. Darkfire Heroes user acquisition was scaled down at the end of Q2 and it remained on that lower level throughout the third quarter.

The user acquisition investments in the third quarter were divided between the different categories of games as follows: 61.2% into the "Grow" -category (Angry Birds Dream Blast, Small Town Murders and Darkfire Heroes and Angry Birds Journey) and 33.0% into the "Earn" -category (Angry Birds 2, Angry Birds Match, Angry Birds Friends), of which practically all was invested into Angry Birds 2. 3.2% of the user acquisition investments were made into the new hyper-casual-category (i.e., Ruby Games) and 2.6% into catalogue-category. Active development of Sugar Blast ended in the third quarter and the game was moved to Catalogue games.

The Games segment's capital expenditure in the third quarter amounted to EUR 0.7 million (0.5).



## January-September 2021

The Games segment's revenue in the first three quarters of 2021 was EUR 199.9 million (193.8) and increased by 3.1% y-o-y. In comparable currencies, revenue increased by 7.7%. Gross bookings increased 1.6% to EUR 197.4 million (194.4). In comparable currencies, games gross bookings increased by 6.0%.

The Games segment's adjusted EBITDA decreased to EUR 41.0 million (52.1) and the adjusted EBITDA margin decreased to 20.5% (26.9) during the reporting period. The adjusted EBITDA decrease was mainly a result of higher user acquisition investments, but also operating expenses increased year-on-year, driven mostly by increased headcount.

The Games segment's user acquisition investments increased to EUR 56.6 million (42.7) and to 28.3% (22.0%) of the Games segment's revenue in the reporting period.

The Games segment's capital expenditure in the reporting period amounted to EUR 1.9 million (1.8)

EUR million	7-9/ 2021	7-9/ 2020	Change, %	1-9/ 2021	1-9/ 2020	Change, %	1-12/ 2020
Gross bookings	66.7	64.5	3.3%	197.4	194.4	1.6%	259.2
Revenue	68.6	64.2	6.9%	199.9	193.8	3.1%	258.2
Adjusted EBITDA	17.5	16.2	8.1%	41.0	52.1	-21.3%	65.8
Adjusted EBITDA margin, %	25.6%	25.3%		20.5%	26.9%		25.5%
EBITDA	17.5	16.2	8.1%	41.0	52.1	-21.3%	65.8
EBITDA margin, %	25.6%	25.3%		20.5%	26.9%		25.5%
User acquisition	18.1	15.3	18.6%	56.6	42.7	32.6%	58.7
User acquisition share of revenue, %	26.4%	23.8%		28.3%	22.0%		22.7%
Capital expenditure	0.7	0.5	24.5%	1.9	1.8	4.5%	2.4

## Key performance indicators of the Games segment

The key performance indicators of the Games segment 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 third quarter of 2021, the Games segment's gross bookings increased by 3.3% to EUR 66.7 million (64.5). In comparable currencies gross bookings increased by 3.9%. Ruby Games, that was acquired in September impacted gross bookings by EUR 1.0 million in the quarter (only including September sales).

The number of daily active users increased to 3.2 million for top 5 games and to 4.9 million for the whole portfolio, which also includes the Ruby Games average DAU for the quarter but only month of September is included. At end of the quarter, Rovio's DAU, including Ruby Games was over 6 million. Also, the whole portfolio monthly active users (MAU) increased when including the Ruby Games MAU September impact, to 32.0 million (26.0). The MAU at the end of the quarter was over 42 million.

The amount of monthly unique payers (MUP) increased by 1% to 402 thousand (397 thousand in Q2-21) for the top 5 games and by 3% to 471 thousand (455 thousand in Q2-21) for the whole portfolio.

The average revenue per daily active user dropped slightly, to 19 cents (20 in Q2 2021) for the top-5 games. The whole portfolio ARPDau declined to 15 cents (17 in Q2 2021) when including the acquired hyper-casual portfolio impact. MARPPU (not including Ruby Games impact) decreased slightly, to 40.6 EUR (41.7 in Q2-21) for the top-5 games and to 40.2 (42.5 in Q2-21) for the whole portfolio.

<b>EUR million</b>	<b>7-9/2021</b>	<b>4-6/2021</b>	<b>1-3/2021</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>
Gross bookings top 5	56.4	57.0	55.0	55.7	55.1	58.6
Gross bookings total*	66.7	66.6	64.2	64.9	64.5	67.7
<b>Million</b>	<b>7-9/2021</b>	<b>4-6/2021</b>	<b>1-3/2021</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>
DAU top 5	3.2	3.1	3.1	3.2	3.2	3.7
DAU all*	4.9	4.2	4.2	4.4	4.5	5.1
MAU top 5	17.9	17.1	16.6	17.6	18.1	20.1
MAU all*	32.0	26.0	25.6	27.3	29.4	32.5
<b>Thousand</b>	<b>7-9/2021</b>	<b>4-6/2021</b>	<b>1-3/2021</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>
MUP top 5	402	397	394	404	380	390
MUP all	471	455	454	467	445	453
<b>EUR</b>	<b>7-9/2021</b>	<b>4-6/2021</b>	<b>1-3/2021</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>
ARPPU top 5	0.19	0.20	0.20	0.19	0.19	0.17
ARPPU all*	0.15	0.17	0.17	0.16	0.16	0.15
MARPPU top 5	40.6	41.7	40.7	39.8	42.6	44.9
MARPPU all	40.2	42.5	41.1	39.9	42.5	44.7

\*Includes Ruby Games for month of September

### Game-specific performance in the Games segment

During the third quarter, games gross bookings increased from Q2-21 by 0.2%. Most significant changes were the addition of Ruby Games' hyper-casual portfolio, with its EUR 1.0 million impact to gross bookings as well as the 3% increase of Angry Birds Friends to EUR 8.5 million and the 12% decrease of Small Town Murders to EUR 4.1 million.

Angry Birds 2, Rovio's largest game's gross bookings were EUR 26.6 million, an increase of 0.5% year-on-year. The user acquisition investments for the game remained stable in Q3-21.

Rovio's second biggest game in the reporting period was Angry Birds Dream Blast with gross bookings of EUR 15.0 million. The Q3 gross bookings decreased by 3% versus Q3-20. The user acquisition investments were somewhat decreased from Q2-21.

Angry Birds Friends continued to grow and recorded its highest quarterly gross bookings since Q2-17 with a total of EUR 8.5 million.

Angry Birds Match gross bookings declined to EUR 2.1 million in the quarter as the user acquisition investments virtually ended in 2020.

The hyper-casual category, acquired with the Ruby Games in Q3 2021 generated EUR 1.0 million in gross bookings.

The Other games category generated total gross bookings of EUR 9.2 million during the quarter (9.4 in Q3-20). Darkfire Heroes, that was launched in April generated gross bookings of EUR 0.6 million.

<b>Gross bookings, EUR million</b>	<b>7-9/2021</b>	<b>4-6/2021</b>	<b>1-3/2021</b>	<b>10-12/2020</b>	<b>7-9/2020</b>	<b>4-6/2020</b>
AB 2	26.6	26.6	25.2	26.2	26.5	28.8
AB Dream Blast	15.0	15.0	15.4	15.2	15.5	16.4
AB Friends	8.5	8.3	8.1	8.0	7.2	7.3
Small Town Murders	4.1	4.7	3.9	3.8	3.0	1.0
AB Match	2.1	2.2	2.4	2.5	2.9	3.6
Hyper-casual	1.0					
Other games	9.2	9.8	9.3	9.2	9.4	10.7
<b>Total</b>	<b>66.7</b>	<b>66.6</b>	<b>64.2</b>	<b>64.9</b>	<b>64.5</b>	<b>67.7</b>

## Brand Licensing

### July-September 2021

The revenue of Brand Licensing segment in the reporting period was EUR 2.8 million (3.7) and declined 24.6% year-on-year. The revenue consisted of EUR 2.1 million (2.9) from Content Licensing and EUR 0.7 million (0.8) from Consumer Products. Consumer products sales was weakened by the Covid-19 pandemic that has impacted sales across categories. The revenues of the Angry Birds movies within Content Licensing are expected to decline over time; however, the timing and size of the revenue streams can vary significantly on a quarterly basis.

The Brand Licensing segment's adjusted EBITDA in the reporting period decreased to 1.9 million (2.5) and adjusted EBITDA margin was 70.0% (68.6). The lower EBITDA in the reporting period was due to lower revenues.

### January-September 2021

The revenue of the Brand Licensing segment in the reporting period was EUR 7.4 million (9.8) and declined 24.8% year-on-year. The revenue consisted of EUR 5.1 million (6.1) from Content Licensing and EUR 2.3 million (3.8) from Consumer Products. Consumer products sales was weakened by the Covid-19 pandemic that has impacted sales across categories. The revenues of the Angry Birds movies within Content Licensing are expected to decline over time; however, the timing and size of the revenue streams can vary significantly on a quarterly basis.

The Brand Licensing segment's adjusted EBITDA in the reporting period decreased to 4.6 million (6.0) and adjusted EBITDA margin was 62.0% (61.3). The lower EBITDA in the reporting period was due to lower revenues.

EUR million	7-9/ 2021	7-9/ 2020	Change, %	1-9/ 2021	1-9/ 2020	Change, %	1-12/ 2020
Revenue	2.8	3.7	-24.6%	7.4	9.8	-24.8%	14.0
Consumer products	0.7	0.8	-13.5%	2.3	3.8	-39.2%	4.9
Content licensing	2.1	2.9	-27.6%	5.1	6.1	-15.8%	9.1
Adjusted EBITDA	1.9	2.5	-23.0%	4.6	6.0	-23.9%	8.9
Adjusted EBITDA margin, %	70.0%	68.6%		62.0%	61.3%		64.1%
EBITDA	1.9	2.5	-23.0%	4.6	5.9	-21.8%	8.8
EBITDA margin, %	70.0%	68.6%		62.0%	59.7%		62.9%
Capital expenditure	0.1	0.1	-35.1%	0.2	0.3	-33.9%	0.3
Amortization	1.5	2.0	-28.3%	3.5	4.5	-22.2%	8.1

## Other segment

### July-September 2021

The adjusted EBITDA in the Other segment (consisting of Group functions & expenses and Hatch Entertainment) in the reporting period was EUR -2.3 million (-2.9). The adjustments in the reporting period amounted to EUR 0.3 million and were related to Ruby Games acquisition expenses. There were no adjustments in the comparable period.

### January-September 2021

The adjusted EBITDA in the Other segment (consisting of Group functions & expenses and Hatch Entertainment) in the period January-September 2021 was EUR -7.4 million (-10.2). The adjustments in the reporting period amounted to EUR 0.8 million and were related to ramp-down of Hatch Kids service and Ruby Games acquisition expenses. The adjustments in the comparable period amounted to EUR -0.1 million and were related to Hatch Entertainment and acquisition of Darkfire Games studio.

## Consolidated statement of financial position

<b>Consolidated statement of financial position, EUR million</b>	<b>30 Sept 2021</b>	<b>30 Sept 2020</b>	<b>31 Dec 2020</b>
Non-current assets	81.7	43.5	38.6
Current receivables	37.0	39.7	31.0
Money market funds	50.7	70.2	50.5
Cash and bank deposits	92.9	53.4	88.4
<b>Total assets</b>	<b>262.3</b>	<b>206.8</b>	<b>208.5</b>
Equity	187.2	161.1	165.4
Financial liabilities	40.4	11.2	10.5
Advances received and deferred income	7.7	7.8	7.5
Other payables	27.0	26.6	25.1
<b>Total equity and liabilities</b>	<b>262.3</b>	<b>206.8</b>	<b>208.5</b>

Rovio's consolidated statement of financial position amounted to EUR 262.3 million on September 30, 2020 (206.8), with equity representing EUR 187.2 million (161.1) of the total. Cash and cash equivalents amounted to EUR 143.6 million (123.5). The cash deposits amounted to EUR 92.9 million and the cash equivalents to EUR 50.7 million, consisting of investments in money market funds. The net increase in cash and cash equivalents during the third quarter was mainly attributable to cash flow from operating activities of EUR 16.7 million, which was partially offset by acquisition costs of the Ruby Games shares of EUR 7.7 million.

Total advances received, and deferred income were 7.7 million (7.8).

On September 30, 2021 Rovio's non-current assets were EUR 81.7 million (43.5). On August 12, 2021 Rovio announced that the company had entered into an agreement acquiring 100% of the shares in Ruby Games. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. In the first tranche, Rovio acquired 20% of Ruby's shares for EUR 9.3 million in cash. The acquisition preliminary resulted in EUR 31.4 million of goodwill and EUR 9.5 million of intangible assets, which increases the non-current assets during the reporting period. The amortization of the intangible assets consists mainly 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 75% 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 September 30, 2021 amounted to negative EUR 135.9 million. Rovio's debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 0.9 million as well as EUR 6.8 million in leasing debt.

Increase in the financial liabilities was mainly due to the contingent consideration liability, related to the purchase agreement of Ruby Games whereby Rovio purchases the remaining 80% of Ruby Games shares. At the acquisition date, the fair value of the contingent consideration was estimated to be EUR 32.7 million, which was recognized as contingent consideration liability in financial liabilities.

## Cash flow and financing

<b>Consolidated statement of cash flows, EUR million</b>	<b>7-9/2021</b>	<b>7-9/2020</b>	<b>1-9/2021</b>	<b>1-9/2020</b>	<b>1-12/2020</b>
Cash flow from operating activities	16.7	15.8	26.7	46.0	63.6
Cash flow from investing activities	-8.6	-1.3	-15.6	-3.3	-4.7
Cash flow from financing activities	-0.7	-7.1	-8.2	-43.3	-43.7
<b>Change in cash and cash equivalents</b>	<b>7.3</b>	<b>7.3</b>	<b>3.0</b>	<b>-0.7</b>	<b>15.2</b>
Net foreign exchange difference and value changes in money market funds	0.7	-0.4	1.7	-0.6	-1.1
Cash and cash equivalents at the beginning of the period	135.5	116.7	138.9	124.7	124.7
<b>Cash and cash equivalents at the end of the period</b>	<b>143.6</b>	<b>123.5</b>	<b>143.6</b>	<b>123.5</b>	<b>138.9</b>

Rovio's net cash flow from operating activities amounted to EUR 16.7 million (15.8) in the third 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 -8.6 million (-1.3) in the third quarter. Investments in Games of EUR 0.7 million, Brand Licensing segment of EUR 0.1 million and Other segment of EUR 0.2 million, which include investments in machinery and equipment and registrations of the trademarks. Rovio closed the acquisition of Ruby Games in September and acquires the Ruby Games in multiple tranches. During the reporting period, Rovio acquired first tranche (20% of Ruby's shares) for EUR 9.3 million in cash, which was offset by the cash received of EUR 1.6 million.

Cash flows used in financing activities amounted to EUR -0.7 million (-7.1) in the third quarter, which includes mainly the EUR 0.7 million lease payments.

## Personnel

From July to September 2021, Rovio's average number of employees was 490 (475). The Games business unit employed 404 people (390), the Brand Licensing business unit 11 people (18), Group functions 63 people (47) and Hatch Entertainment 12 people (20). Group functions reported headcount increased partially due to centralizing some roles that were earlier reported as part of business units.

	<b>7-9/ 2021</b>	<b>7-9/ 2020</b>	<b>Change, %</b>	<b>1-9/ 2021</b>	<b>1-9/ 2020</b>	<b>Change, %</b>	<b>1-12/ 2020</b>
Employees (average for the Period)	490	475	3.2%	486	467	4.1%	470
Employees (end of period)	513	479	7.1%	513	479	7.1%	480

## Flagging notifications

Rovio received the following flagging notifications during the reporting period:

On September 9, 2021, Rovio Entertainment Corporation received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Adventurous Solutions AB. According to the notification the holding of Adventurous Solutions AB in the Company's shares and votes has decreased under 5 percent threshold on July 2, 2021. After the transaction, Adventurous Solutions AB holds 0 Company's shares. Each share entitles its holder to one (1) vote.

On September 9, 2021, Rovio Entertainment Corporation received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Adventurous Ideas Oy. According to the notification the holding of Adventurous Ideas Oy in the Company's shares and votes has risen above the 5 percent threshold on July 2, 2021. After the transaction, Adventurous Ideas Oy holds 6,459,500 Company's shares. Each share entitles its holder to one (1) vote.

The shareholder of Adventurous Solutions AB has on 28 June 2021 resolved to distribute as dividends shares in Rovio Entertainment Corporation. As a result, the ownership of Rovio Entertainment Corporation shares and votes of Adventurous Solutions AB has decreased to less than 5 percent and the ownership of Adventurous Ideas Oy (which is beneficially owned by Jonathan Hed) in Rovio Entertainment Corporation shares and votes has increased to 7,87%.

## Shares and shareholders

On September 30, 2021, Rovio's share capital amounted to EUR 0.7 million and the number of shares was 82,101,203.

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 September 30, 2021, Rovio Entertainment Corporation held 7,715,684 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Brilliant Problems Oy	6,459,500	7.9%
Adventurous Ideas Oy	6,459,500	7.9%
Impera Oy Ab	5,559,500	6.8%
Ilmarinen Mutual Pension Insurance Company	1,586,810	1.9%
Sijoitusrahasto Aktia Capital	1,425,074	1.7%
Hed Niklas Peter	1,365,345	1.7%
Danske Invest Finnish Institutional Equity Fund	1,078,593	1.3%
The State Pension Fund	1,000,000	1.2%
Elo Mutual Pension Insurance Company	958,004	1.2%
Sijoitusrahasto Aktia Nordic Small Cap	800,000	1.0%
<b>Total</b>	<b>26,692,326</b>	<b>32.5%</b>
Other shareholders	47,693,193	58.1%
Rovio Entertainment Oyj	7,715,684	9.4%
<b>Number of shares total</b>	<b>82,101,203</b>	<b>100.0%</b>

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 long-term incentive program that consists of an employee share savings plan, a performance share plan for key employees including the CEO and members of the Leadership Team, and a restricted share plan for selected key employees. In addition to these, Rovio has a long-term incentive program consisting of an option plan, which was originally provided for all employees, including the CEO and the Leadership Team.

Rovio has an ESS (employee share savings) plan with the objective 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 annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The first launch of the ESS plan was offered to approximately 420 Rovio employees in Finland and Sweden (excluding employees in Hatch Entertainment Ltd). The second launch of the ESS plan took place in March 2021 and was offered also to employees in Denmark and Canada.

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. During the first two plan periods, the savings shares, and the matching shares will be acquired by purchasing shares from the markets.

Participation in the ESS plan is voluntary and the employees are invited to participate in one plan period at a time. The first plan period commenced on April 1, 2020 and will end on August 31, 2022. The holding period of the first plan period ends on August 31, 2022, after which matching shares will be paid out as soon as practicably possible. The second plan period commenced on April 1, 2021 and will end on August 31, 2023. The total amount of all savings during the plan period may not exceed 2,100,000 euros. The Board of Directors will decide on potential following plan periods and their details separately.

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 consists of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period is directly followed by a one-year waiting period. Waiting periods cover calendar years 2021, 2022 and 2023.

The Performance Share Plan offers 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 relevant waiting period in spring 2022, 2023 and 2024. 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 first performance period of the plan were Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%) and for the second performance period Rovio's Sales Growth (%) and Rovio's Adjusted Operating Profit Margin (%).

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 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 first period of the plan continues with a one year waiting period.

The performance criteria for the second performance period 2021 are 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. These shares are subject to performance criteria, and they were allocated as per March 31, 2021.

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 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 a specific restriction period, which differs from 12 to 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 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. Currently total 675,500 rights entitling to shares had been allocated under the restricted share plan as of September 30, 2021.

The option plan provided for the issuance of up to 5,000,000 options. The option plan included three lots of options that were allocated to 2017, 2018, and 2019. These options had a vesting period of two years. Each option entitles its holder to subscribe for one share. The option plan participants can execute their reward during a one-year subscription period following each vesting period through either subscribing for shares or selling options. The option plan participants generally lose the right to their reward if their employment terminates during the vesting period.

As of September 30, 2021, only the 2019 option plan has an ongoing subscription period. The initial subscription price for the 2019 options, the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2 -31, 2019. A total of 873,251 options were allocated under the 2019 option program as of September 30, 2021.

On May 28 2021 Rovio Entertainment Corporation announced that it will apply for the listing of its series 2019A and 2019B stock options, complying with its 2017-2019 option scheme, on the Nasdaq Helsinki Ltd (First North) as of June 1, 2021. The total number of the 2019A series option rights under the 2017-2019 option scheme is 1,616,666 and the total number of 2019B series option rights is 50,000. Each option right entitles its holder to subscribe to one (1) Rovio Entertainment Corporation new share or Company's treasury share. Rovio Entertainment Corporation holds 728,916 series 2019A option rights and 40,000 series 2019B option rights.



On September 30, 2021, the share subscription price under the 2019A series option rights was EUR 6.92 per share. The share subscription price under the 2019B series option rights is EUR 7.13 per share. In accordance with the terms and conditions of the option scheme, the subscription price has been reduced by the amount of dividends decided before the share subscription, on the record date of each dividend payment. The share subscription price shall, nevertheless, always amount to at least EUR 0.01. The adjustment based on the distribution of assets does not apply to 2019B options.

In accordance with the terms and conditions of the option scheme, the share subscription period for series 2019A and 2019B option rights began on June 1, 2021 and the subscription period ends on May 31, 2022.

The option holders can subscribe the shares during the subscription period by giving the payment and subscription details to their own bank. New shares subscribed with option rights 2019A and 2019B will be listed as additional lots of Company shares on the main list of Nasdaq Helsinki together with the old shares after the share capital increase has been registered.

## Risks

As a result of the worldwide coronavirus pandemic Covid-19 the company's business environment has changed, and changes are expected to continue. The pandemic and especially the impact it has on the global economy, may affect Rovio's business and business performance either directly or indirectly.

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.

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](http://www.rovio.com) and in the most recent published financial statements.

## Legal actions

While we have not been served, we have become aware of a lawsuit brought against Rovio in New Mexico, USA by the state's Attorney General. The lawsuit makes 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 believe the Attorney General's allegations and claims lack merit and overlook our investments into providing a safe and responsible gaming environment for our players and we intend to defend ourselves against the lawsuit in all respects.

## 2021 outlook (unchanged)

The mobile gaming market continues to grow with casual gaming being a major growth driver. The ongoing changes in consumer behavior and underlying market trends are accelerated by the COVID pandemic and plays an important role in both current games' operation and new game development. This combined with industry changes like Apple's privacy policy fuels the near-term uncertainty in the market environment.

We will focus on improving the performance of our key live games and on launching new innovative products. We continue to show diligence in our UA spend. Depending on market conditions, the performance of our investments, and the launch of new games, we aim to increase our UA investments to build growth for the coming years. This may have implications on short-term profitability.

We will continue investing in our Future of Gaming initiatives, taking advantage of the trends we see in consumer behavior and building our positioning in the rapidly evolving market.

In addition, we seek growth through synergistic acquisitions that can deliver long-term value growth.

## 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 March 30, 2021 at the Company's headquarters, Keilaranta 7, FI-02150 Espoo, Finland. 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, approved the financial statements for the financial year 2020, approved the remuneration report for the company's governing bodies and discharged the company's management from liability.

The Annual General Meeting decided that the Board of Directors shall comprise six (6) members. Ms. Camilla Hed-Wilson, Mr. Kim Ignatius, Mr. Björn Jeffery, Mr. Jeferson Valadares and Ms. Leemon Wu as well as Mr. Niklas Hed 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 2022. Mr. Kim Ignatius was elected Chairman of the Board of Directors. Mr. Björn Jeffery was elected Vice Chairman 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 Chairman of the Board of Directors EUR 9,500, to the Vice Chairman 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 Chairman of the Audit Committee EUR 2,500. If the Chairman of the Audit Committee is the Chairman or Vice Chairman 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 2022. 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 8,146,565 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 8,146,565 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 8,146,565 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).

Both authorizations are in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2022.

The Annual General Meeting decided to establish a Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors to the next Annual General Meetings and, if needed, to Extraordinary General Meetings. In addition, The Annual General Meeting decided to adopt the Charter of the Shareholders' Nomination Board.

According to the decision of the Annual General Meeting, the Nomination Board shall comprise representatives appointed by the four largest shareholders of the Company, however so that at least one of the members has to be appointed by an institutional investor. If there is no institutional investor among the four largest shareholders, the right of the fourth largest shareholder transfers to the next largest institutional investor who would not otherwise have an appointment right. The Chairman of the Board of Directors shall act as an expert member in the Nomination Board. The Chairman of the Board of Directors shall not take part in the decision-making of the Shareholders' Nomination Board.

The right to appoint representatives shall be vested with the four shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on the first workday of September preceding the Annual General Meeting. The right to nominate representatives is determined based on the shareholders' register maintained by Euroclear Finland Ltd. If a shareholder who has an obligation under the Finnish Securities Market Act to take holdings of shares e.g., in several funds or group companies into account when disclosing changes in share ownership or who holds nominee registered shares makes a written request to the Chairman of the Board of Directors no later than on 31 August, such holdings of the shareholder will be taken into account when determining the nomination right.

Such shareholders are also required to present a reliable account of the number of shares in their ownership on the above date to the Chairman of the Board of Directors by the fourth workday of September at the latest. The Chairman of the Board of Directors invites the four largest shareholders, who have the right to nominate representatives as determined above, to nominate one member each to the Shareholders' Nomination Board.

Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member. The Shareholders' Nomination Board is established to serve until further notice until the General Meeting decides otherwise. The term of office of the members of the Shareholders' Nomination Board expires annually after the new Nomination Board has been nominated. Members of the Shareholders' Nomination Board are not remunerated for their membership in the Nomination Board. Travel expenses of the members are reimbursed in accordance with the Company's travel policy. The Shareholders' Nomination Board may, when necessary, use external experts in connection with the performance of its duties in accordance with costs approved by the Company.

The establishment of the Shareholders' Nomination Board changes the method of preparation of the remuneration proposal defined in the Remuneration Policy regarding the members of the Board of Directors; going forward, the Shareholders' Nomination Board prepares the remuneration proposals concerning the Board of Directors.

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. Björn Jeffery and Mr. Jeferson Valadares 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 1, 2021, were recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on April 12, 2021.

## **Changes in management**

On September 23, 2021, Rovio announced the appointment of Heini Kaihu as Chief Sustainability Officer. Heini Kaihu also continues as interim head of HR and will continue as a member of the leadership team in her new role.

## **Events after the review period**

On October 1, 2021, Rovio announced the Composition of the Shareholders' Nomination Board.

According to the decision of the Rovio Entertainment Corporation's 2021 Annual General Meeting, the Shareholders' Nomination Board consists of representatives of the four largest shareholders of Rovio Entertainment Corporation, however so that at least one of the members must be appointed by an institutional investor. The following persons have been appointed to the Shareholders' Nomination Board:

- Kaj Hed, Chairman of Board of Directors, Moor Holding AB
- Matthew Wilson, Deputy Member of the Board of Directors, Brilliant Problems Ltd
- Esko Torsti, Head of Cross Asset Allocation, Ilmarinen Mutual Pension Insurance Company
- Markus Lindqvist, Director, Sustainability, Aktia Bank Plc, legal representative for funds managed by Aktia Fund Management Company Ltd.

In addition, the Nomination Board includes Kim Ignatius, Chairman of the Board of Directors of Rovio Entertainment Corporation. The now appointed Nomination Board will forward its proposals for the 2022 Annual General Meeting to the Board of Directors by 31 January 2022.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

## Performance measures

EUR million	7-9/ 2021	7-9/ 2020	Change, %	1-9/ 2021	1-9/ 2020	Change, %	1-12/ 2020
Revenue	71.4	67.9	5.1%	207.3	203.8	1.7%	272.3
EBITDA	16.9	15.9	6.5%	37.4	47.8	-21.8%	60.0
EBITDA margin	23.7%	23.4%		18.0%	23.5%		22.0%
Adjusted EBITDA	17.2	15.9	8.4%	38.2	47.9	-20.2%	60.1
Adjusted EBITDA margin, %	24.1%	23.4%		18.4%	23.5%		22.1%
Operating profit	14.0	12.8	9.2%	29.7	39.6	-25.0%	42.5
Operating profit margin, %	19.6%	18.9%		14.3%	19.4%		15.6%
Adjusted operating profit	14.3	12.8	11.6%	30.5	39.7	-23.1%	47.2
Adjusted operating profit margin, %	20.0%	18.9%		14.7%	19.5%		17.3%
Profit before tax	14.6	12.1	20.7%	31.1	38.4	-19.0%	40.7
Capital expenditure	0.9	0.9	-1.7%	2.7	2.8	-3.2%	3.9
User acquisition	18.1	15.3	18.6%	56.6	42.7	32.6%	58.7
Return on equity (ROE), %	19.2%	22.6%		19.2%	22.6%		24.4%
Net gearing ratio, %	-72.6%	-69.7%		-72.6%	-69.7%		-77.6%
Equity ratio, %	73.5%	81.0%		73.5%	81.0%		82.3%
Earnings per share, EUR	0.16	0.12	25.1%	0.32	0.38	-15.7%	0.43
Earnings per share, diluted EUR	0.16	0.12	25.3%	0.32	0.38	-15.9%	0.43
Net cash flows from operating activities	16.7	15.8	5.6%	26.7	46.0	-41.9%	63.6
Employees (average for the period)	490	475	3.2%	486	467	4.1%	470

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	7-9/2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>71.4</b>		<b>71.4</b>
Other operating income	0.0		0.0
Materials and services	-18.3		-18.3
Employee benefits expense	-11.3		-11.3
Depreciation and amortization	-2.9		-2.9
Other operating expenses	-24.8	0.3	-24.5
<b>Operating profit</b>	<b>14.0</b>	<b>0.3</b>	<b>14.3</b>

EUR million	7-9/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>67.9</b>		<b>67.9</b>
Other operating income	0.0		0.0
Materials and services	-18.5		-18.5
Employee benefits expense	-11.2		-11.2
Depreciation and amortization	-3.1		-3.1
Other operating expenses	-22.4		-22.4
<b>Operating profit</b>	<b>12.8</b>		<b>12.8</b>

EUR million	1-9/2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>207.3</b>		<b>207.3</b>
Other operating income	0.6		0.6
Materials and services	-55.2		-55.2
Employee benefits expense	-37.6	0.3	-37.3
Depreciation and amortization	-7.7	0.0	-7.7
Other operating expenses	-77.7	0.6	-77.2
<b>Operating profit</b>	<b>29.7</b>	<b>0.9</b>	<b>30.5</b>

EUR million	1-9/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>203.8</b>		<b>203.8</b>
Other operating income	0.3	-0.2	0.0
Materials and services	-56.3		-56.3
Employee benefits expense	-34.5	0.2	-34.3
Depreciation and amortization	-8.2		-8.2
Other operating expenses	-65.4	0.2	-65.2
<b>Operating profit</b>	<b>39.6</b>	<b>0.1</b>	<b>39.7</b>

EUR million	1-12/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>272.3</b>		<b>272.3</b>
Other operating income	0.6	-0.2	0.4
Materials and services	-74.6		-74.6
Employee benefits expense	-48.9	0.2	-48.7
Depreciation and amortization	-17.5	4.6	-12.9

Other operating expenses	-89.4	0.2	-89.2
<b>Operating profit</b>	<b>42.5</b>	<b>4.7</b>	<b>47.2</b>

### Reconciliation of adjusted operating profit

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Operating profit</b>	<b>14.0</b>	<b>12.8</b>	<b>29.7</b>	<b>39.6</b>	<b>42.5</b>
Income from Bargain Purchase				-0.2	-0.2
M&A transaction costs	0.3		0.3		
Restructuring costs arising from employee benefits expenses			0.3	0.2	0.2
Restructuring costs in Other operating expenses			0.3	0.2	0.2
Restructuring costs in Depreciation and amortization			0.0		4.6
<b>Adjusted operating profit</b>	<b>14.3</b>	<b>12.8</b>	<b>30.5</b>	<b>39.7</b>	<b>47.2</b>

### Reconciliation of EBITDA and Adjusted EBITDA

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Operating profit</b>	<b>14.0</b>	<b>12.8</b>	<b>29.7</b>	<b>39.6</b>	<b>42.5</b>
Depreciation and amortization	2.9	3.1	7.7	8.2	17.5
<b>EBITDA</b>	<b>16.9</b>	<b>15.9</b>	<b>37.4</b>	<b>47.8</b>	<b>60.0</b>
Income from Bargain Purchase				-0.2	-0.2
M&A transaction costs	0.3		0.3		
Restructuring costs arising from employee benefits expenses			0.3	0.2	0.2
Restructuring costs in Other operating expenses			0.3	0.2	0.2
<b>Adjusted EBITDA</b>	<b>17.2</b>	<b>15.9</b>	<b>38.2</b>	<b>47.9</b>	<b>60.1</b>

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

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Equity ratio, %</b>	<b>73.5%</b>	<b>81.0%</b>	<b>73.5%</b>	<b>81.0%</b>	<b>82.3%</b>
Equity	187.2	161.1	187.2	161.1	165.4
Advances received	1.8	2.4	1.8	2.4	2.0
Deferred revenue	5.9	5.4	5.9	5.4	5.5
Total assets	262.3	206.8	262.3	206.8	208.5
<b>Return on equity, %</b>	<b>19.2%</b>	<b>22.6%</b>	<b>19.2%</b>	<b>22.6%</b>	<b>24.4%</b>
Profit/loss before tax	33.4	37.7	33.4	37.7	40.7
Shareholder's equity beginning of period	161.1	173.3	161.1	173.3	168.0
Shareholder's equity end of period	187.2	161.1	187.2	161.1	165.4
<b>Net gearing ratio, %</b>	<b>-72.6%</b>	<b>-69.7%</b>	<b>-72.6%</b>	<b>-69.7%</b>	<b>-77.6%</b>
Total interest-bearing debt	7.7	11.2	7.7	11.2	10.5
Cash and cash equivalents	143.6	123.5	143.6	123.5	138.9
Equity	187.2	161.1	187.2	161.1	165.4
Non-current interest-bearing loans and borrowings	5.0	8.7	5.0	8.7	6.9
Current interest-bearing loans and borrowings	2.7	2.5	2.7	2.5	3.6
Cash and cash equivalents	143.6	123.5	143.6	123.5	138.9

<b>Net debt</b>	<b>-135.9</b>	<b>-112.3</b>	<b>-135.9</b>	<b>-112.3</b>	<b>-128.4</b>
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## 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	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Gross bookings	66.7	64.5	197.4	194.4	259.2
Change in deferred revenue	-0.2	0.3	-0.8	0.2	0.3
Custom contracts	1.7	0.1	2.6	0.4	0.5
Other adjustments	0.5	-0.8	0.7	-1.1	-1.8
<b>Revenue</b>	<b>68.6</b>	<b>64.2</b>	<b>199.9</b>	<b>193.8</b>	<b>258.2</b>

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.

# Interim Report

## January 1–September 30, 2021 - Tables

The figures in the Interim report are unaudited.

### Statement of consolidated profit or loss and other comprehensive income

EUR million	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
<b>Revenue</b>	<b>71.4</b>	<b>67.9</b>	<b>207.3</b>	<b>203.8</b>	<b>272.3</b>
Other operating income	0.0	0.0	0.6	0.3	0.6
Materials and services	18.3	18.5	55.2	56.3	74.6
Employee benefits expense	11.3	11.2	37.6	34.5	48.9
Depreciation and amortization	2.9	3.1	7.7	8.2	17.5
Other operating expenses	24.8	22.4	77.7	65.4	89.4
<b>Operating profit</b>	<b>14.0</b>	<b>12.8</b>	<b>29.7</b>	<b>39.6</b>	<b>42.5</b>
Finance income and expenses	0.6	-0.7	1.4	-1.2	-1.8
Share of profit of associates	0.0	0.0	0.0	0.0	0.0
<b>Profit (loss) before tax</b>	<b>14.6</b>	<b>12.1</b>	<b>31.1</b>	<b>38.4</b>	<b>40.7</b>
Income tax expense	-3.1	2.9	-7.2	9.2	-8.6
<b>Profit for the period</b>	<b>11.6</b>	<b>9.2</b>	<b>23.9</b>	<b>29.2</b>	<b>32.1</b>
Attributable to: Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Equity holders of the parent company	11.6	9.2	23.9	29.2	32.1
<b>Other comprehensive income/expense</b>					
Other comprehensive income that will not be reclassified to profit and loss (net of tax):					
Investments in equity instruments	0.0	0.0	1.7	0.0	0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	-0.5	-0.1	-0.4	-0.2	-0.0
<b>Other comprehensive income for the year net of tax</b>	<b>11.1</b>	<b>-0.1</b>	<b>1.3</b>	<b>-0.2</b>	<b>-0.0</b>
<b>Total comprehensive income for the period net of tax</b>	<b>11.1</b>	<b>9.1</b>	<b>25.3</b>	<b>29.0</b>	<b>32.1</b>
<b>Equity holders of the parent company</b>	<b>11.1</b>	<b>9.1</b>	<b>25.3</b>	<b>29.0</b>	<b>32.1</b>
<b>Earnings per share for net result attributable to owners of the parent:</b>					
Earnings per share, EUR	0.16	0.12	0.32	0.38	0.43
Earnings per share, diluted EUR	0.16	0.12	0.32	0.38	0.43

## Consolidated statement of financial position

EUR million	30 Sept 2021	30 Sept 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>81.7</b>	<b>43.5</b>	<b>38.6</b>
Property, plant and equipment	1.1	1.2	1.3
Intangible assets	24.9	26.4	18.7
Goodwill	31.4	0.0	0.0
Right-of-use assets	6.6	8.9	8.4
Investments	6.9	1.7	2.0
Non-current receivables	3.3	0.7	0.7
Deferred tax assets	7.5	4.6	7.5
<b>Current assets</b>	<b>180.6</b>	<b>163.2</b>	<b>169.9</b>
Trade receivables	23.4	27.2	21.1
Prepayments and accrued income	12.0	9.3	8.0
Other current financial assets	1.7	3.2	1.8
Money market funds	50.7	70.2	50.5
Cash and cash equivalents	92.9	53.4	88.4
<b>Total assets</b>	<b>262.3</b>	<b>206.8</b>	<b>208.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	0.7	0.7	0.7
Reserves	46.0	41.8	42.1
Translation differences	-0.9	-0.7	-0.5
Treasury shares	-36.9	-37.5	-37.5
Fair value reserve	1.7	0.0	0.0
Retained earnings	152.6	127.6	128.4
Profit for the period	23.9	29.2	32.1
<b>Equity holders of the parent company</b>	<b>187.2</b>	<b>161.1</b>	<b>165.4</b>
Non-controlling interests	0.0	0.0	0.0
<b>Total equity</b>	<b>187.2</b>	<b>161.1</b>	<b>165.4</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>40.4</b>	<b>8.7</b>	<b>7.0</b>
Interest-bearing loans and borrowings	0.9	2.1	0.9
Contingent consideration liabilities	32.7	0.0	0.0
Lease liabilities	4.2	6.6	6.1
Deferred tax liabilities	2.7	0.0	0.0
<b>Current liabilities</b>	<b>34.7</b>	<b>36.9</b>	<b>36.1</b>
Trade and other payables	9.0	12.2	7.4
Interest-bearing loans and borrowings	0.0	0.1	1.1
Lease liabilities	2.6	2.5	2.5
Other current financial liabilities	1.3	0.6	0.8
Advances received	1.8	2.4	2.0
Deferred revenue	5.9	5.4	5.5

Income tax payable	2.5	0.7	1.9
Provisions	0.0	0.1	0.7
Accrued liabilities	11.5	13.1	14.1
<b>Total liabilities</b>	<b>75.1</b>	<b>45.6</b>	<b>43.0</b>
<b>Total equity and liabilities</b>	<b>262.3</b>	<b>206.8</b>	<b>208.5</b>

## Consolidated statement of changes in equity

### Attributable to the equity holders of the parent on September 30, 2020

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
<b>Balance at Jan 1, 2020</b>	<b>0.7</b>	<b>41.8</b>	<b>-7.1</b>	<b>133.0</b>	<b>0.0</b>	<b>-0.5</b>	<b>168.0</b>	<b>0.0</b>	<b>168.0</b>
Profit for the period				29.2			29.2		29.2
Option subscriptions		0.0					0.0		0.0
Treasury share acquisition			-30.7				-30.7		-30.7
Other comprehensive income						-0.2	-0.2		-0.2
Cash dividends				-6.9			-6.9		-6.9
Share-based payments			0.3	1.5			1.8		1.8
<b>September 30, 2020</b>	<b>0.7</b>	<b>41.8</b>	<b>-37.5</b>	<b>156.8</b>	<b>0.0</b>	<b>-0.7</b>	<b>161.1</b>	<b>0.0</b>	<b>161.1</b>

### Attributable to the equity holders of the parent on September 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
<b>Balance at Jan 1, 2021</b>	<b>0.7</b>	<b>42.1</b>	<b>-37.5</b>	<b>160.5</b>	<b>0.0</b>	<b>-0.5</b>	<b>165.4</b>	<b>0.0</b>	<b>165.4</b>
Profit for the period				23.9			23.9		23.9
Option subscriptions		3.9					3.9		3.9
Other comprehensive income					1.7	-0.4	1.3		1.3
Cash dividends				-8.8			-8.8		-8.8
Share-based payments			0.6	0.9			1.5		1.5
<b>September 30, 2021</b>	<b>0.7</b>	<b>46.0</b>	<b>-36.9</b>	<b>176.5</b>	<b>1.7</b>	<b>-0.9</b>	<b>187.2</b>	<b>0.0</b>	<b>187.2</b>

## Consolidated statement of cash flows

EUR million	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
<b>Operating activities</b>					
Profit (loss) before tax	14.6	12.1	31.1	38.4	40.7
<b>Adjustments:</b>					
Depreciation and amortization on tangible and intangible assets	2.9	3.1	7.7	8.2	17.5
Net foreign exchange differences	-0.6	1.0	-1.8	0.6	1.3
Gain on disposal of property, plant and equipment	-0.0	0.0	-0.0	0.0	-0.0
Finance costs	0.0	0.2	0.3	0.6	0.6
Other non-cash items	0.7	0.0	1.6	1.6	2.3
<b>Change in working capital:</b>					
Change in trade and other receivables and prepayments	1.9	-1.4	-3.0	5.0	11.8
Change in trade and other payables	-1.4	3.0	-2.4	-1.6	-4.2
Interest received	0.1	0.0	0.2	0.1	0.2
Interest paid	-0.2	-0.3	-0.5	-0.6	-0.8
Income tax paid (received)	-1.4	-2.0	-6.4	-6.2	-5.8
<b>Net cash flows from operating activities</b>	<b>16.7</b>	<b>15.8</b>	<b>26.7</b>	<b>46.0</b>	<b>63.6</b>
<b>Investing activities</b>					
Purchase of tangible and intangible assets	-0.9	-0.9	-2.7	-2.8	-3.9
Other investments	0.0	-0.4	-2.8	-0.9	-1.2
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0	0.0	0.0
Loans granted, investments	0.0	0.0	-2.5	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	-7.7	-0.0	-7.7	0.4	0.4
<b>Net cash flows used in investing activities</b>	<b>-8.6</b>	<b>-1.3</b>	<b>-15.6</b>	<b>-3.3</b>	<b>-4.7</b>
<b>Financing activities</b>					
Finance lease repayments	-0.7	-0.7	-2.1	-2.0	-2.7
Proceeds from and repayments of borrowings	-0.0	0.0	-1.0	-4.0	-4.0
Share subscriptions based on option rights	0.0	0.0	3.9	0.0	0.3
Acquisition of treasury shares	0.0	-6.5	0.0	-30.7	-30.7
Share-based payments	0.0	0.0	0.0	0.3	0.3
Dividends paid to equity holders of the parent	0.0	0.0	-8.8	-6.9	-6.9
<b>Net cash flows from/(used in) financing activities</b>	<b>-0.7</b>	<b>-7.1</b>	<b>-8.2</b>	<b>-43.3</b>	<b>-43.7</b>
<b>Change in cash and cash equivalents</b>	<b>7.3</b>	<b>7.3</b>	<b>3.0</b>	<b>-0.7</b>	<b>15.2</b>
Net foreign exchange difference and value changes in money market funds	0.7	-0.4	1.7	-0.6	-1.1
Cash and cash equivalents at beginning of period	135.5	116.7	138.9	124.7	124.7
<b>Cash and cash equivalents at the end of the period</b>	<b>143.6</b>	<b>123.5</b>	<b>143.6</b>	<b>123.5</b>	<b>138.9</b>
<b>Reconciliation of cash and cash equivalents in statement of financial position</b>					
Cash and cash equivalents in statement of financial position at the end of period	93.0	53.4	93.0	53.4	88.4
Money market funds at the end of period	50.7	70.2	50.7	70.2	50.5

Cash and cash equivalents at the end of the period	143.6	123.5	143.6	123.5	138.9
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## 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 interim financial statements are not presented in accordance with IAS 34 standard, as Rovio applies the statutes of the Finnish Securities Markets Act (1278/2015) regarding the regular disclosure requirements. 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 2020.

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, 2020.

### 2. Notes to the statement of profit or loss

#### 2.1 Segment disclosures

Rovio has defined its operating segments as Games, Brand Licensing (BLU) and Other.

Rovio defines the Group's Board of Directors as its chief operating decision maker (CODM). The CODM follows Rovio's performance on the segment level, which is presented in section 2.2 Segment operating performance. EBITDA is the primary performance measure that CODM follows. There are no revenues between the operating segments of Rovio Group.

The segment assets and liabilities except for non-current assets are not reported and reviewed by the chief operating decision maker and have not been included in the table below. 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).

#### 2.2 Segment operating performance

The allocations between segments consist of shared functions employee benefits expense as well as general and administrative expenses that are recognized centrally and allocated to the reportable segments as a separate line item in management reporting.

### Segment profit and loss 7-9/2021

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>68.6</b>	<b>2.8</b>	<b>0.0</b>		<b>71.4</b>
Other operating income	0.0	0.0	0.0		0.0
Materials and services	18.1	0.2	0.0		18.3
Employee benefits expense	8.9	0.3	1.1	1.0	11.3
User acquisition	18.1	0.0	0.0		18.1
Other operating expenses	4.5	0.1	1.2	0.9	6.8
Allocations	1.4	0.2	0.3	-1.9	0.0
<b>EBITDA</b>	<b>17.5</b>	<b>1.9</b>	<b>-2.6</b>	<b>0.0</b>	<b>16.9</b>
Depreciation and amortization	1.3	1.5	0.1		2.9
<b>Operating profit</b>	<b>16.2</b>	<b>0.5</b>	<b>-2.7</b>		<b>14.0</b>
<b>EBITDA</b>	<b>17.5</b>	<b>1.9</b>	<b>-2.6</b>		<b>16.9</b>
Adjustments	0.0	0.0	0.3		0.3
<b>Adjusted EBITDA</b>	<b>17.5</b>	<b>1.9</b>	<b>-2.3</b>		<b>17.2</b>
<b>Operating profit</b>	<b>16.2</b>	<b>0.5</b>	<b>-2.7</b>		<b>14.0</b>
Adjustments	0.0	0.0	0.3		0.3
<b>Adjusted operating profit</b>	<b>16.2</b>	<b>0.5</b>	<b>-2.4</b>		<b>14.3</b>

### Segment Capital expenditure 7-9/2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.7	0.1	0.2	0.9

### Segment assets September 30,2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	44.4	10.6	26.7	81.7

### Segment profit and loss 7-9/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>64.2</b>	<b>3.7</b>	<b>0.0</b>		<b>67.9</b>
Other operating income	0.0	0.0	0.0		0.0
Materials and services	18.2	0.3	0.0		18.5
Employee benefits expense	8.7	0.5	1.3	0.7	11.2
User acquisition	15.3	0.0	0.0		15.3
Other operating expenses	4.7	0.2	1.3	0.9	7.1
Allocations	1.2	0.2	0.3	-1.7	0.0
<b>EBITDA</b>	<b>16.2</b>	<b>2.5</b>	<b>-2.9</b>	<b>0.0</b>	<b>15.9</b>
Depreciation and amortization	0.9	2.0	0.2		3.1
<b>Operating profit</b>	<b>15.4</b>	<b>0.5</b>	<b>-3.0</b>		<b>12.8</b>
<b>EBITDA</b>	<b>16.2</b>	<b>2.5</b>	<b>-2.9</b>		<b>15.9</b>
Adjustments	0.0	0.0	0.0		0.0
<b>Adjusted EBITDA</b>	<b>16.2</b>	<b>2.5</b>	<b>-2.9</b>		<b>15.9</b>
<b>Operating profit</b>	<b>15.4</b>	<b>0.5</b>	<b>-3.0</b>		<b>12.8</b>
Adjustments	0.0	0.0	0.0		0.0
<b>Adjusted operating profit</b>	<b>15.4</b>	<b>0.5</b>	<b>-3.0</b>		<b>12.8</b>

### Segment Capital expenditure 7-9/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.5	0.1	0.2	0.9

### Segment assets September 30, 2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.4	17.1	19.0	43.5



### Segment profit and loss 1-9/2021

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>199.9</b>	<b>7.4</b>	<b>0.0</b>		<b>207.3</b>
Other operating income	0.5	0.0	0.1		0.6
Materials and services	54.5	0.7	0.0		55.2
Employee benefits expense	29.1	1.0	4.2	3.3	37.6
User acquisition	56.6	0.0	0.0		56.6
Other operating expenses	14.6	0.4	3.1	3.0	21.1
Allocations	4.6	0.7	1.0	-6.3	0.0
<b>EBITDA</b>	<b>41.0</b>	<b>4.6</b>	<b>-8.2</b>	<b>0.0</b>	<b>37.4</b>
Depreciation and amortization	3.7	3.5	0.5		7.7
<b>Operating profit</b>	<b>37.3</b>	<b>1.1</b>	<b>-8.6</b>		<b>29.7</b>
<b>EBITDA</b>	<b>41.0</b>	<b>4.6</b>	<b>-8.2</b>		<b>37.4</b>
Adjustments	0.0	0.0	0.8		0.8
<b>Adjusted EBITDA</b>	<b>41.0</b>	<b>4.6</b>	<b>-7.4</b>		<b>38.2</b>
<b>Operating profit</b>	<b>37.3</b>	<b>1.1</b>	<b>-8.6</b>		<b>29.7</b>
Adjustments	0.0	0.0	0.9		0.9
<b>Adjusted Operating profit</b>	<b>37.3</b>	<b>1.1</b>	<b>-7.8</b>		<b>30.5</b>

### Segment Capital expenditure 1-9/2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	1.9	0.2	0.6	2.7

### Segment assets September 30, 2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	44.4	10.6	26.7	81.7

### Segment profit and loss 1-9/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>193.8</b>	<b>9.8</b>	<b>0.1</b>		<b>203.8</b>
Other operating income	0.0	0.0	0.3		0.3
Materials and services	55.5	0.8	0.0		56.3
Employee benefits expense	26.1	1.5	4.8	2.1	34.5
User acquisition	42.7	0.0	0.2		42.9
Other operating expenses	13.8	1.1	4.6	3.0	22.5
Allocations	3.6	0.5	1.0	-5.1	0.0
<b>EBITDA</b>	<b>52.1</b>	<b>5.9</b>	<b>-10.2</b>	<b>0.0</b>	<b>47.8</b>
Depreciation and amortization	3.1	4.5	0.5		8.2
<b>Operating profit</b>	<b>49.0</b>	<b>1.4</b>	<b>-10.7</b>		<b>39.6</b>
<b>EBITDA</b>	<b>52.1</b>	<b>5.9</b>	<b>-10.2</b>		<b>47.8</b>
Adjustments	0.0	0.2	-0.1		0.1
<b>Adjusted EBITDA</b>	<b>52.1</b>	<b>6.0</b>	<b>-10.2</b>		<b>47.9</b>
<b>Operating profit</b>	<b>49.0</b>	<b>1.4</b>	<b>-10.7</b>		<b>39.6</b>
Adjustments	0.0	0.2	-0.1		0.1
<b>Adjusted Operating profit</b>	<b>49.0</b>	<b>1.5</b>	<b>-10.8</b>		<b>39.7</b>

### Segment Capital expenditure 1-9/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	1.8	0.3	0.7	2.8

### Segment assets September 30, 2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.4	17.1	19.0	43.5

### Segment profit and loss 1-12/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>258.2</b>	<b>14.0</b>	<b>0.1</b>		<b>272.3</b>
Other operating income	0.2	0.0	0.4		0.6
Materials and services	73.5	1.1	0.0		74.6
Employee benefits expense	36.5	1.9	7.5	3.1	48.9
User acquisition	58.7	0.0	0.1		58.9
Other operating expenses	19.1	1.5	6.0	3.9	30.5
Allocations	4.9	0.7	1.4	-7.0	0.0
<b>EBITDA</b>	<b>65.8</b>	<b>8.8</b>	<b>-14.5</b>	<b>0.0</b>	<b>60.0</b>
Depreciation and amortization	8.7	8.1	0.7		17.5
<b>Operating profit</b>	<b>57.1</b>	<b>0.7</b>	<b>-15.3</b>		<b>42.5</b>
<b>EBITDA</b>	<b>65.8</b>	<b>8.8</b>	<b>-14.5</b>		<b>60.0</b>
Adjustments	0.0	0.2	-0.1		0.1
<b>Adjusted EBITDA</b>	<b>65.8</b>	<b>8.9</b>	<b>-14.6</b>		<b>60.1</b>
<b>Operating profit</b>	<b>57.1</b>	<b>0.7</b>	<b>-15.3</b>		<b>42.5</b>
Adjustments	4.6	0.2	-0.1		4.7
<b>Adjusted operating profit</b>	<b>61.7</b>	<b>0.9</b>	<b>-15.3</b>		<b>47.2</b>

### Segment Capital expenditure 1-12/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	2.4	0.3	1.2	3.9

### Segment assets December 31, 2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	3.2	13.6	21.7	38.6

### **3. Acquisitions**

#### **Acquisition of Ruby Games**

On August 12, 2021 Rovio announced that the company had entered into an agreement to acquire 100% of the shares in Ruby Games. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. In the first tranche, Rovio acquired 20% of Ruby's shares for USD 10 million in cash net of debt and net working capital. In the second tranche, Rovio will acquire 50% of Ruby's outstanding shares for an amount that is dependent on Ruby's financial performance as measured by revenue and EBITDA in the previous 12-month period before October 2022, however, not exceeding USD 80 million. The second tranche will be paid 60% in cash and 40% in Rovio's shares. The remaining 30% of Ruby's outstanding shares will be purchased in five equal tranches over the next five years (first tranche in October 2022) with a minimum of 50% in cash and rest in cash or shares at a valuation based on Ruby's financial performance measured by EBITDA for each period, however not exceeding total EBITDA generated during this period. The number of shares for the consideration paid with Rovio shares is determined by the volume-weighted average daily price during the 20 trading days prior to the closing date of each tranche. Under the terms of the agreement Ruby Games becomes a Rovio subsidiary at closing of the first tranche.

The acquisition resulted in EUR 31.4 million of goodwill relating to strengthening the Group's hyper-casual and hybrid-casual games portfolio. The calculation of the allocation of the acquisition price is preliminary, as the valuation of the acquired net assets has not been fully completed. Possible adjustments are not expected to have a material impact on the Group. The goodwill generated is not tax deductible.

As part of the agreement a contingent consideration has been agreed. As the acquisitions date, the fair value of the contingent consideration was estimated to be EUR 32.7 million.

The consideration transferred and the acquired identifiable assets and assumed liabilities are measured at fair value at the date of acquisition.

### Consideration transferred

#### EUR million

Cash paid	9.3
Contingent consideration	32.7
Total cost of acquisition	42.0

### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Ruby Games at the date of acquisition were:

Eur million	Fair value recognised on acquisition
Tangible assets	0.1
Intangible assets	9.5
Deferred tax assets	0.2
Trade and other receivables	3.1
Cash and cash equivalents	1.6
<b>Total assets</b>	<b>14.4</b>
Deferred tax liabilities	-2.4
Trade payable and other liabilities	-1.4
<b>Total liabilities</b>	<b>-3.7</b>
<b>Total identifiable net assets at fair value</b>	<b>10.6</b>

EUR million	Effects of acquisition on cash flow
Purchase price paid in cash	-9.3
Cash and cash equivalents of the acquired entries	1.6
<b>Net cash flow on acquisition</b>	<b>-7.7</b>

Goodwill arising from business combination EUR million	Goodwill arising from business combination
Consideration transferred	42.0
Net identifiable assets acquired	-10.6
<b>Goodwill</b>	<b>31.4</b>

### Contingent considerations liabilities

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. The key variables are the estimate of financial performance as measured by revenue and EBITDA. At the end of the reporting period, the contingent consideration liability amounted to EUR 32.7 million.

#### 4.Changes in contingent liabilities or contingent assets

Future non-cancelable other commitments are as follows.

EUR million	At September 30,	At September 30,	At December 31,
	2021	2020	2020
Venture Capital investment commitment	0.4	0.9	0.6
<b>Total</b>	<b>0.4</b>	<b>0.9</b>	<b>0.6</b>

#### Venture Capital investments

The fund value does not have directly observable inputs (such as comparable traded assets in the market). Best available other measures have been used, such as the subsequent investment rounds and associated fund mark-ups.

#### 5.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.

#### 6.Calculation of earnings per share

	7-9/ 2021	7-9/ 2020	1-9/ 2021	1-9/ 2020	1-12/ 2020
Earnings per share, EUR	0.16	0.12	0.32	0.38	0.43
Earnings per share, diluted, EUR	0.16	0.12	0.32	0.38	0.43
Shares outstanding at the end of the period (thousands)	74,386	73,417	74,386	73,417	73,479
Weighted average adjusted number of shares during the financial period, basic (thousands)	74,386	73,747	73,943	75,903	75,287
Weighted average adjusted number of shares during the financial period, diluted (thousands)	74,688	74,184	74,312	76,138	75,537