



Rovio Entertainment Corporation

Financial Statement Bulletin

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FINANCIAL STATEMENT BULLETIN 2022

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Games' overall performance in line with a soft market in Q4 – Angry Birds Dream Blast took off

October–December 2022 highlights

- Rovio's group revenue declined by 2.5% to EUR 76.9 million (78.9). On a comparable (*) basis, revenue declined by 10.0%.
- Group adjusted EBITDA declined to EUR 9.6 million (16.5), while the adjusted EBITDA margin declined to 12.4% (21.0). The main adjustment was EUR 4.6 million related to the New Mexico lawsuit settlement, including legal fees.
- Group adjusted operating profit declined to EUR 5.9 million (13.1), while the adjusted operating profit margin declined to 7.7% (16.6).
- Games' gross bookings were stable at EUR 74.0 million (74.0). Comparable (*) gross bookings declined by 7.9%, while the global mobile gaming market, excluding China, declined by 7% (**).
- The gross bookings of Angry Birds Dream Blast, Rovio's second largest game, increased by 33.4% to a new record of EUR 21.6 million.
- User acquisition investments increased to EUR 23.3 million (20.6), representing 31.3% of games' revenue (26.9).
- Operating cash flow decreased to EUR 12.0 million (17.1).
- Earnings per share decreased to EUR 0.00 (0.08). Adjusted earnings per share decreased to EUR 0.04 (0.14).

January–December 2022 highlights

- Rovio's group revenue increased by 11.0% to EUR 317.7 million (286.2). On a comparable (***) basis, revenue declined by 1.2%.
- Group adjusted EBITDA decreased to EUR 53.9 million (54.8), while the adjusted EBITDA margin declined to 17.0% (19.1).
- Group adjusted operating profit decreased to EUR 39.2 million (43.7), while the adjusted operating profit margin declined to 12.3% (15.3).
- Games' gross bookings increased by 9.8% to EUR 298.0 million (271.5). Comparable (***) gross bookings declined by 2.8%, while the global mobile gaming market, excluding China, declined by 10% (**).
- User acquisition investments increased to EUR 96.5 million (77.2), representing 31.5% of games' revenue (27.9).
- Operating cash flow increased to EUR 49.9 million (43.9).
- Earnings per share decreased to EUR 0.30 (0.41). Adjusted earnings per share decreased to EUR 0.42 (0.47).
- Dividend proposal EUR 0.13 per share (0.12)

*) Comparable growth is calculated at constant USD/EUR exchange rates.

**) Source: data.ai

***) Comparable growth is calculated at constant USD/EUR exchange rates and including Ruby Games starting in September.

Key figures

EUR million	10-12/ 2022	10-12/ 2021	Change, %	1-12/ 2022	1-12/ 2021	Change, %
Revenue	76.9	78.9	-2.5%	317.7	286.2	11.0%
EBITDA	5.7	13.4	-57.7%	43.3	50.8	-14.9%
EBITDA margin	7.4%	17.0%		13.6%	17.7%	
Adjusted EBITDA	9.6	16.5	-42.1%	53.9	54.8	-1.6%
Adjusted EBITDA margin, %	12.4%	21.0%		17.0%	19.1%	
Operating profit	2.0	8.1	-75.3%	28.6	37.7	-24.3%
Operating profit margin, %	2.6%	10.2%		9.0%	13.2%	
Adjusted operating profit	5.9	13.1	-55.1%	39.2	43.7	-10.2%
Adjusted operating profit margin, %	7.7%	16.6%		12.3%	15.3%	
Profit before tax	0.2	9.2	-98.1%	30.6	40.3	-24.1%
Adjusted profit for the period	3.2	10.3	-68.8%	31.4	34.9	-10.0%
Capital expenditure	2.4	1.3	90.5%	7.0	4.0	76.4%
User acquisition	23.3	20.6	12.9%	96.5	77.2	25.0%
Return on equity (ROE), %	14.4%	22.2%		14.4%	22.2%	
Net gearing ratio, %	-72.7%	-77.4%		-72.7%	-77.4%	
Equity ratio, %	79.3%	70.8%		79.3%	70.8%	
Earnings per share, EUR	0.00	0.08	-98.7%	0.30	0.41	-25.3%
Earnings per share, diluted EUR	0.00	0.08	-98.8%	0.30	0.41	-25.8%
Adjusted earnings per share, EUR	0.04	0.14	-69.6%	0.42	0.47	-11.4%
Net cash flows from operating activities	12.0	17.1	-29.8%	49.9	43.9	13.8%
Employees (average for the period)	534	501	6.6%	513	490	4.7%

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 denominated in-app-purchases in the United States and for global ad network sales.

Dividend proposal

The parent company's distributable funds on December 31, 2022, amounted to EUR 216,685,467.18, of which the profit for the period was EUR 334,327.87. The parent company's low profit in 2022 was due to a write-down of the Hatch Entertainment subsidiary's shares. Rovio's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 per share shall be paid to shareholders in respect of the financial year 2022. Based on the number of shares outstanding as of the balance sheet date, December 31, 2022, the total amount of dividends would be EUR 9,893,971.88.

There have been no significant changes in the Company's financial position after the end of the financial year. In the Board of Directors' view, the proposed dividend distribution does not compromise the Company's solvency.

Alex Pelletier-Normand, CEO

In 2022, we maneuvered well through diverse uncertainties. The mobile gaming market declined compared to the previous year for the first time ever. Rovio's strategy, focusing on widely appealing casual games and the strong Angry Birds brand, allowed us to outperform the market. All our three top live games – Angry Birds 2, Angry Birds Dream Blast and Angry Birds Friends – made record-high revenue during the year. I would like to express my sincere appreciation to all Rovians for their commitment and efforts.

The market showed signs of stabilization

The mobile gaming market showed signs of stabilization towards the end of the year. In the fourth quarter, the global market declined by 1% sequentially, while in the US it increased by 2%. After five consecutive quarters of decline, it was encouraging to see the US market turn to slight growth; however, near-term development remains uncertain.

Strong growth of Angry Birds Dream Blast continued

In the fourth quarter, our games' comparable gross bookings grew by 5.4% compared to the previous quarter but decreased by 7.9% compared to the fourth quarter of 2021, outperforming our largest market, the US, which declined by 11%. At the same time, we saw opportunities and were able to increase our investments in user acquisition. Those investments coupled with our increased focus on our live games have started to pay off: Angry Birds Dream Blast had an amazing second half of the year and grew by 33% in gross bookings in the last quarter. Next, we will try to scale these learnings and duplicate the success with our other top live games.

Game development progressing

Our work on new game titles is progressing. Moomin: Puzzle & Design is being prepared for the next soft launch test in Japan. Ruby Games' latest hybrid-casual game Wizard Hero already entered soft launch with promising early results, while the two new Hunter Assassin games continue in soft launch. Bad Piggies 2 is approaching soft launch as well.

Focused investments in 2023

As the economy recovers, we are expecting 2023 to be a stable year for the mobile gaming market. With a rich pipeline of new titles, our strong brand, and the growth potential of our top live games, we are confident that we can continue to perform well in those conditions. We will continue to invest in projects showing signs of growth, such as our top live games, while remaining disciplined with our investments in new titles, focusing our efforts on brands and projects that show strong market traction. Despite the short-term headwinds, mobile continues to be the largest and fastest growing gaming segment, which we intend to take advantage of.

2023 outlook

We expect our comparable revenue and adjusted operating profit to be at last year's level.

Additional information on user acquisition investments in Q1 2023

User acquisition investments in Q1 2023 are expected to be 29–34% of games' revenues.

Audiocast and conference call

Rovio will host an audiocast and phone conference on the Q4 and full year 2022 financial results, including a Q&A session, for analysts, media and institutional investors in English on February 9, 2023 at 14:00–15:00 EET. The audiocast can be viewed live at <https://investors.rovio.com/en> and as a recording later the same day.

Dial-in details for the phone conference

<https://palvelu.flik.fi/teleconference/?id=10010644>

More information

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Distribution

Nasdaq Helsinki, key media, <https://investors.rovio.com/en>

Rovio in brief

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

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A description of the accounting standards applied in the preparation of this report is provided in Note 1 Key accounting principles.

Market review

According to the market intelligence provider Newzoo's latest global mobile market report published in January 2023, the global mobile gaming market size in end-user generated revenue was estimated to be USD 92.2 billion in 2022, which represented a 6.4% decline compared to the previous year. This was the first time the global mobile gaming market declined. The market normalized after supercharged growth during the onset of Covid-19 in 2020 and 2021, when the global market grew annually by 30.1% and 12.5%, respectively. Furthermore, Apple's App Tracking Transparency (ATT) framework has heavily impacted game publishers' ability to target high-value players, especially visible in the mid-core genres. There were also fewer major new game launches in 2022, and macroeconomic headwinds worldwide have impacted consumers' behavior and purchasing power.

Short-term uncertainty remains higher than usual, driven by the same headwinds that impacted the market in 2022. This is visible in the 2023 market estimates prepared by market intelligence providers. Newzoo estimates the global mobile gaming market to recover in 2023 and grow by 4.6% to USD 96.4 billion. However, data.ai estimates the global market to continue to decline at a rate of -3% in 2023 to USD 107 billion.

In the long term, Newzoo considers the mobile gaming market's growth potential to be attractive, with mobile continuing to be the world's most popular and largest form of gaming. In 2022–2025, the global mobile gaming market is expected to grow annually by 3.8% on average, while the Western market growth is estimated to be 4.2% (CAGR).

Revenue and result

October–December 2022

In the fourth quarter of 2022, Rovio's group revenue decreased by 2.5% to EUR 76.9 million (78.9). On a comparable basis (at constant FX rates), revenue declined by 10.0%.

Games' revenue decreased by 2.8% to EUR 74.4 million (76.5). Games' gross bookings were stable at EUR 74.0 million (74.0). Comparable gross bookings (at constant FX rates) declined by 7.9%.

Brand licensing revenue increased by 5.1% to EUR 2.6 million (2.4).

The Group's adjusted EBITDA declined to EUR 9.6 million (16.5), while the adjusted EBITDA margin declined to 12.4% (21.0).

The Group's adjusted operating profit declined to EUR 5.9 million (13.1), while the adjusted operating profit margin declined to 7.7% (16.6). Adjustments amounted to EUR 3.9 million and were related to the settlement and legal fees related to the New Mexico lawsuit (EUR 4.6 million), changes in the contingent liability of the Ruby Games acquisition (EUR -1.1 million) and the restructuring of the Battle game studio (EUR 0.4 million). Adjustments in the comparison period amounted to EUR 5.1 million and were mainly related to changes in the contingent liability of the Ruby Games acquisition (EUR 2.9 million), a write-off of expired contracts and game content assets related to the discontinued Hatch gaming service (EUR 1.8 million) and the restructuring of the Brand Licensing China operations (EUR 0.3 million).

User acquisition investments increased to EUR 23.3 million (20.6), representing 31.3% of games' revenue (26.9). The investments were split between Rovio's different game categories as follows: 57.0% in the "Grow" category (Angry Birds Journey and Angry Birds Dream Blast) and 31.2% in the "Earn" category (Angry Birds 2, Angry Birds Match, Angry Birds Friends, Small Town Murders), practically all of which concerned Angry Birds 2. The share of user acquisition investments made in hyper-casual games (i.e. Ruby Games) was 10.4%, while 1.4% of the investments were made in the "Catalogue" category.

The Group's profit before taxes decreased to EUR 0.2 million (9.2). Earnings per share amounted to EUR 0.00 (0.08). Adjusted earnings per share amounted to EUR 0.04 (0.14).

January–December 2022

In January–December 2022, Rovio's group revenue increased by 11.0% to EUR 317.7 million (286.2). On a comparable basis (at constant FX rates and including Ruby Games starting in September), revenue declined by 1.2%.

Games' revenue increased by 11.0% to EUR 306.7 million (276.4). Games' gross bookings increased by 9.8% to EUR 298.0 million (271.5). Comparable gross bookings (at constant FX rates and including Ruby Games starting in September) decreased by 2.8%.

Brand licensing revenue increased by 12.3% to EUR 11.0 million (9.8), mainly due to higher revenue from the first Angry Birds Movie.

The Group's adjusted EBITDA decreased to EUR 53.9 million (54.8), while the adjusted EBITDA margin decreased to 17.0% (19.1).

The Group's adjusted operating profit decreased to EUR 39.2 million (43.7), while the adjusted operating profit margin decreased to 12.3% (15.3). Adjustments amounted to EUR 10.6 million and were related to changes in the contingent liability of the Ruby Games acquisition (EUR 4.9 million), settlement and legal fees related to the New Mexico lawsuit (EUR 5.1 million), the restructuring of the Battle game studio (EUR 0.4 million) and the restructuring of Hatch Entertainment (EUR 0.2 million). Adjustments in the comparison period amounted to EUR 5.9 million and were related to the ramp-down of the Hatch Kids service (EUR 0.5 million), transaction expenses in the Ruby Games acquisition (EUR 0.4 million), change in the contingent liability of the Ruby games acquisition (EUR 2.9 million), a write-off of expired contracts and game content assets related to the discontinued Hatch gaming service (EUR 1.8 million) and the restructuring of the Brand Licensing China operations (EUR 0.3 million).

User acquisition investments increased to EUR 96.5 million (77.2), representing 31.5% of games' revenue (27.9).

The Group's profit before taxes totaled EUR 30.6 million (40.3). Earnings per share decreased to EUR 0.30 (0.41). Adjusted earnings per share decreased to EUR 0.42 (0.47).

Key performance indicators of games

Games' key performance indicators use gross bookings instead 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 at 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 reported revenue. The reconciliation of gross bookings to revenue is presented in the notes.

In the fourth quarter of 2022, games' gross bookings were stable at EUR 74.0 million (74.0), out of which Ruby Games generated gross bookings of EUR 2.7 million.

The number of daily active users (DAU) increased to 3.2 million (3.1 million in Q3'22) for the top 5 games and remained stable at 6.3 million (6.3 million in Q3'22) for the whole portfolio, which also includes Ruby Games. The number of monthly active users (MAU) increased to 18.9 million (17.4 million in Q3'22) for the top 5 games and to 43.7 million (42.1 million in Q3'22) for the whole portfolio.

The number of monthly unique payers (MUP) increased to 409 thousand (385 thousand in Q3'22) for the top 5 games and to 454 thousand (435 thousand in Q3'22) for the whole portfolio.

Average revenue per daily active user (ARPDau) was stable at 22 cents (22 in Q3'22) for the top 5 games and at 13 cents (13 in Q3'22) for the whole portfolio. Monthly average revenue per paying user (MARPPU), excluding Ruby Games, was stable at EUR 46.3 (46.3 in Q3'22) for the top 5 games and decreased slightly to EUR 45.5 (45.6 in Q3'22) for the whole portfolio.

EUR million	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
Gross bookings top 5	65.2	61.6	60.8	66.7	60.9	56.4
Gross bookings total	74.0**	70.8**	72.4**	80.8**	74.0**	66.7*

Million	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
DAU top 5	3.2	3.1	3.3	3.6	3.2	3.2
DAU all	6.3**	6.3**	6.7**	7.3**	6.5**	4.9*
MAU top 5	18.9	17.4	18.1	20.8	18.1	17.9
MAU all	43.7**	42.1**	45.8**	53.3**	44.8**	32.0*

Thousand	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
MUP top 5	409	385	390	464	420	402
MUP all	454	435	444	522	485	471

EUR	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
ARPDau top 5	0.22	0.22	0.20	0.21	0.21	0.19
ARPDau all	0.13**	0.13**	0.12**	0.12**	0.12**	0.15*
MARPPU top 5	46.3	46.3	45.5	41.9	41.4	40.6
MARPPU all	45.5	45.6	44.7	41.5	40.9	40.2

*Includes Ruby Games for the month of September

**Includes Ruby Games for the whole quarter

Game-specific gross bookings

The gross bookings of Angry Birds 2, Rovio's biggest game, decreased by 3.2% to EUR 28.6 million. User acquisition investments for the game decreased from Q3 2022.

The gross bookings of Angry Birds Dream Blast, Rovio's second biggest game, increased by 33.4% to a quarterly record of EUR 21.6 million. User acquisition investments for the game increased substantially.

The gross bookings of Angry Birds Friends, Rovio's third biggest game, decreased by 5.6% to EUR 8.8 million.

Angry Birds Journey, which was launched globally in January 2022, recorded the fourth highest gross bookings of the portfolio at EUR 4.4 million. User acquisition investments for the game decreased further during the quarter.

The hyper-casual category, acquired with Ruby Games in September 2021, generated EUR 2.7 million in gross bookings, which represented a decline of 37.5% in comparable currencies.

The Other games category generated total gross bookings of EUR 6.1 million.

Gross bookings, EUR million	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
AB 2	28.6	28.7	28.4	30.3	29.5	26.6
AB Dream Blast	21.6	17.6	14.1	14.9	16.2	15.0
AB Friends	8.8	8.4	9.1	9.3	9.3	8.5
AB Journey	4.4	5.1	7.3	10.1	3.1	1.2
AB Pop!	1.9	1.9	1.9	2.0	2.3	2.0
Hyper-casual	2.7	2.5	4.5	6.1	4.1	1.0
Other games	6.1	6.7	7.1	8.1	9.6	12.3
Total	74.0	70.8	72.4	80.8	74.0	66.7

Consolidated statement of financial position

Consolidated statement of financial position, EUR million	31 Dec 2022	31 Dec 2021
Non-current assets	89.0	90.2
Current receivables	34.6	36.0
Money market funds	59.9	50.6
Cash and bank deposits	110.8	110.2
Total assets	294.3	287.0
Equity	226.8	197.5
Financial liabilities	18.9	48.9
Advances received and deferred income	8.5	8.0
Other payables	40.1	32.6
Total equity and liabilities	294.3	287.0

Rovio's consolidated statement of financial position amounted to EUR 294.3 million on December 31, 2022 (287.0), with equity representing EUR 226.8 million (197.5) of the total. Cash and cash equivalents amounted to EUR 170.7 million (160.8). Cash deposits amounted to EUR 110.8 million and cash equivalents to EUR 59.9 million, consisting of investments in money market funds. The change in cash and cash equivalents was mainly attributable to cash from operating activities of EUR 49.9 million, which was partially offset by investments of EUR 24.9 million and financing activities of EUR 17.0 million.

Advances received and deferred income totaled 8.5 million (8.0).

On December 31, 2022 Rovio's non-current assets amounted to EUR 89.0 million (90.2). The assets amortization was EUR 5.1 million driven mainly by the amortization of external game development expenses and the development expenses of the first Angry Birds Movie. Goodwill translation difference of EUR 2.3 million and actualized Play Ventures fund profits of EUR 1.7 million increased non-current assets.

Rovio's net debt on December 31, 2022 amounted to EUR -164.8 million. Rovio's interest-bearing debt amounted to EUR 5.9 million (6.4), consisting of EUR 0.2 million product development loans from Business Finland (the Finnish Funding Agency for Innovation), as well as EUR 5.7 million leasing liabilities mainly related to office leases. Contingent consideration liabilities related to the Ruby Games acquisition amounted to EUR 12.3 million.

Cash flow and investments

Consolidated statement of cash flows, EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Cash flow from operating activities	12.0	17.1	49.9	43.9
Cash flow from investing activities	-20.4	0.4	-24.9	-15.2
Cash flow from financing activities	-10.9	-0.8	-17.0	-8.9
Change in cash and cash equivalents	-19.3	16.8	8.0	19.7
Net foreign exchange difference and value changes in money market funds	-2.1	0.5	1.9	2.2
Cash and cash equivalents at the beginning of the period	192.1	143.6	160.8	138.9
Cash and cash equivalents at the end of the period	170.7	160.8	170.7	160.8

In the fourth quarter of 2022, Rovio's net cash flow from operating activities amounted to EUR 12.0 million (17.1). The decrease was mainly due to a lower profit, which was partially offset by a decrease in working capital.

Cash flows used in investing activities amounted to EUR -20.4 million (0.4), consisting of EUR 19.6 million of cash transferred in the second tranche acquisition of Ruby shares, EUR 2.0 million of investments, mainly in external game development, and realized profit distribution of EUR 1.7 million from Play Ventures investment.

Cash flows used in financing activities amounted to EUR -10.9 million (-0.8). Acquisition of treasury shares amounted to EUR 10.2 million and lease payments to EUR 0.7 million.

Rovio's capital expenditure totaled EUR 2.4 million (1.3), consisting mainly of EUR 2.0 million related to external game development and EUR 0.2 million related to TV series production.

Personnel

In the fourth quarter of 2022, Rovio's average number of employees was 534 (501).

	10-12/ 2022	10-12/ 2021	Change, %	1-12/ 2022	1-12/ 2021	Change, %
Employees (average for the Period)	534	501	6.6%	513	490	4.7%
Employees (end of period)	534	496	7.7%	534	496	7.7%

Flagging notifications

Rovio received the following flagging notifications during the reporting period:

Transaction date	Shareholder	Threshold	Direct holding, %	Total holding, %
October 28, 2022	FMR LLC	above 5%	5.69	5.69
October 28, 2022	Swedbank Robur Fonder AB	below 5%	below 5%	below 5%

Shares and shareholders

On December 31, 2022, Rovio's share capital amounted to EUR 0.7 million, and the number of shares was 82,963,825.

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

On December 31, 2022, Rovio Entertainment Corporation held a total of 6,856,349 of its own shares.

Shareholder	Number of shares	Percentage of shares and votes
Brilliant Problems Oy	6,459,500	7.8%
Adventurous Ideas Oy	6,459,500	7.8%
Impera Oy Ab	5,084,722	6.1%
Ilmarinen Mutual Pension Insurance Company	1,490,000	1.8%
Sijoitusrahasto Aktia Capital	1,425,074	1.7%
Hed Niklas Peter	1,365,345	1.6%
The State Pension Fund	1,000,000	1.2%
Elo Mutual Pension Insurance Company	971,000	1.2%
Danske Invest Finnish Equity Fund	785,110	0.9%
Veritas Pension Insurance Company Ltd.	631,715	0.8%
Total	25,671,966	30.9%
Other shareholders	50,435,510	60.8%
Rovio Entertainment Corporation	6,856,349	8.3%
Number of shares total	82,963,825	100.0%

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

Share-based incentive program

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

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

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

The employees have an opportunity to save a proportion of their salaries and invest those savings in Rovio shares. The savings are used for acquiring Rovio shares quarterly after the publication 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 day. As a reward for the commitment, Rovio grants the participating employees one free matching share (gross) for every two savings shares acquired with their savings, including the proportion to be paid in cash to cover applicable taxes and tax-related costs. The prerequisites for receiving the matching shares are continued employment and holding of savings shares until the end of the holding period. The savings shares and the matching shares will be acquired by purchasing the shares from the market.

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

The performance share plan launched in 2020 consisted originally of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period was followed by a one-year waiting period, covering the calendar years 2021, 2022 and 2023. The third performance period was canceled, due to an extension in the performance share plan periods, and a new performance share plan was established accordingly. On February 11, 2022 Rovio established a new performance share plan 2022–2026 for key employees. The performance share plan 2022–2026 consists of three performance periods, covering the consecutive calendar years of 2022–2024, 2023–2025 and 2024–2026.

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

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

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

The restricted share plan is constructed as a restricted share pool from which a predetermined number of Rovio shares can be allocated to a limited number of selected key employees. The plan was published on May 17, 2018 and continues according to the same set of terms. The aim of the restricted share plan is to engage the Company's key persons and to link the long-term interests of the participants and the shareholders. The plan offers selected key personnel an opportunity to receive a predetermined number of the Company's shares after a specific restriction period, which varies from twelve (12) to thirty-six (36) months based on business needs and the decision by the Board of Directors.

The plan's reward will be paid to the participant as soon as possible after the restriction period. The prerequisite for the payout is that the receiver has a valid employment relationship without a resignation until the end of the restriction period. The payment will be made in company shares, and taxes and tax-related costs arising from the reward are deducted from the gross reward. The value of the share shall be determined based on the volume weighted average share price at the payment date. No payment shall be paid if the employment contract is terminated before the end of the restriction period.

The maximum number of shares that can be distributed through the restricted share plan is 1,300,000. Once the maximum number of shares has been allocated, the Board of Directors can decide on a new maximum number. In total, 280,756 rights entitling to shares had been allocated under the restricted share plan as of December 31, 2022.

In February 2022, the Board of Directors resolved to launch a new stock option plan 2022A directed to the key employees of the company. As per December 31, 2022, a total of 799,400 series 2022A option rights were allocated to receivers, entitling their owners to subscribe new shares in the Company or existing shares held by the Company. The share subscription price for shares subscribed by virtue of the stock options is EUR 7.90 per share. The share subscription period for stock options will be March 1, 2025–February 28, 2027. The total theoretical market value of all stock options 2022A is EUR 1,300,000.

Risks

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

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

The most significant risks are related to the financial performance of Rovio's top games in the market, the continuous development of these games, and the 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, Rovio's revenue, the size of user acquisition investments and the Group's profit. Changes in governmental regulations in different countries and content distributors' terms and policies can have both short- and long-term implications in the business. Disturbances related to the general network infrastructure and cyber incidents may render gaming services unavailable and cause business disruptions. Macro-economic factors, including inflation and changes in consumers' purchasing power, can have an impact on spending patterns.

Other significant risks relate to the demand for Angry Birds branded consumer products and other content that may impact the brand licensing revenue.

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

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

Legal actions

As stated in our Q3 2021 interim report, the Attorney General of the US State of New Mexico (the "NMAG") brought a lawsuit against Rovio in August 2021, alleging that Rovio's Angry Birds games unlawfully collect and disclose children's personal information for advertising purposes. We have from the start believed the NMAG's allegations lack merit and have defended ourselves vigorously against the lawsuit. At the same time, we explored options for amicable resolution with the NMAG, if and where possible.

On December 30, 2022, Rovio and the NMAG agreed to settle the NMAG's lawsuit. We agreed to settle in order to avoid the expense of continuing litigation and without any admission of liability or wrongdoing. As part of the settlement, we will make a payment of USD 3,132,830.00 towards a charitable initiative and cover the NMAG's legal fees amounting to USD 1,117,170.00. The settlement also includes a full release of claims by the NMAG.

Impact of war in Ukraine

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

2023 outlook

We expect our comparable revenue and adjusted operating profit to be at last year's level.

Additional information on user acquisition investments in Q1 2023

User acquisition investments in Q1 2023 are expected to be 29–34% of games' revenues.

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

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

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

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

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

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

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

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

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

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

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

Dividend Distribution

The parent company's distributable funds on December 31, 2022, amounted to EUR 216,685,467.18, of which the profit for the period was EUR 334,327.87. The parent company's low profit in 2022 was due to a write-down of the Hatch Entertainment subsidiary's shares. Rovio's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 per share shall be paid to shareholders in respect of the financial year 2022. Based on the number of shares outstanding as of the balance sheet date, December 31, 2022, the total amount of dividends would be EUR 9,893,971.88.

There have been no significant changes in the Company's financial position after the end of the financial year. In the Board of Directors' view, the proposed dividend distribution does not compromise the Company's solvency.

Annual General Meeting

Rovio Entertainment Corporation's Annual General Meeting will be held in Espoo at the company's premises on April 3, 2023. More information is available online at <https://investors.rovio.com/en/releases-events/general-meetings/annual-general-meeting-2023>.

Events after the review period

On January 18, 2023, Rovio announced that it has transferred without consideration a total of 12,123 own shares of the Company to the Company's management and key employees based on the Company's share-based incentive scheme. Following the transfer, the Company held a total of 6,844,226 own shares.

On January 20, 2023, Rovio announced that it has received a non-binding indicative proposal from Playtika Holding Corp. The Board of Directors of Rovio noted the announcement on January 19, 2023 by Playtika Holding Corp. ("Playtika") regarding its non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share (the "Indicative Proposal"), corresponding to a premium of approximately 60% to the closing price of the Rovio share on Nasdaq Helsinki on January 19, 2023. The Indicative Proposal that contemplates the making of a cash tender offer by Playtika is subject to a number of pre-conditions, including, but not limited to, satisfactory completion of due diligence, a final approval from Playtika's Board of Directors, a unanimous and unqualified recommendation from the Board of Rovio, as well as negotiation and entry into a combination agreement between Rovio and Playtika. Completion of any such cash tender offer would pursuant to the Indicative Proposal be subject to further conditions, including, but not limited to, an approval by Rovio's shareholders holding at least 90% of the shares of Rovio and a receipt of all necessary regulatory approvals. Rovio will release further information at an appropriate time. There can be no assurance that the Indicative Proposal will result in any cash tender offer or any other transaction.

On February 6, 2023, Rovio announced the commencement of a strategic review and preliminary non-binding discussions with certain parties in relation to a potential tender offer for Rovio's shares. Following the receipt by Rovio of expressions of interest and indicative non-binding proposals to acquire all the issued and outstanding shares in Rovio, the Board of Directors of Rovio has decided to commence a strategic review. As part of its strategic review, the Board has decided to enter into preliminary non-binding discussions with certain parties, including Playtika Holding Corp., who on January 19, 2023 announced a non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share. Pursuant to its fiduciary duties, the Board of Rovio continues to explore all strategic alternatives in order to reach the best possible outcome for Rovio and its shareholders. There can be no assurance that the strategic review and the preliminary non-binding discussions will result in any cash or other tender offer or any other transaction, or the pricing of any such possible transaction. Rovio will release further information at an appropriate time.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	10-12/ 2022	10-12/ 2021	Change, %	1-12/ 2022	1-12/ 2021	Change, %
Revenue	76.9	78.9	-2.5%	317.7	286.2	11.0%
EBITDA	5.7	13.4	-57.7%	43.3	50.8	-14.9%
EBITDA margin	7.4%	17.0%		13.6%	17.7%	
Adjusted EBITDA	9.6	16.5	-42.1%	53.9	54.8	-1.6%
Adjusted EBITDA margin, %	12.4%	21.0%		17.0%	19.1%	
Operating profit	2.0	8.1	-75.3%	28.6	37.7	-24.3%
Operating profit margin, %	2.6%	10.2%		9.0%	13.2%	
Adjusted operating profit	5.9	13.1	-55.1%	39.2	43.7	-10.2%
Adjusted operating profit margin, %	7.7%	16.6%		12.3%	15.3%	
Profit before tax	0.2	9.2	-98.1%	30.6	40.3	-24.1%
Adjusted profit for the period	3.2	10.3	-68.8%	31.4	34.9	-10.0%
Capital expenditure	2.4	1.3	90.5%	7.0	4.0	76.4%
User acquisition	23.3	20.6	12.9%	96.5	77.2	25.0%
Return on equity (ROE), %	14.4%	22.2%		14.4%	22.2%	
Net gearing ratio, %	-72.7%	-77.4%		-72.7%	-77.4%	
Equity ratio, %	79.3%	70.8%		79.3%	70.8%	
Earnings per share, EUR	0.00	0.08	-98.7%	0.30	0.41	-25.3%
Earnings per share, diluted EUR	0.00	0.08	-98.8%	0.30	0.41	-25.8%
Adjusted earnings per share, EUR	0.04	0.14	-69.6%	0.42	0.47	-11.4%
Net cash flows from operating activities	12.0	17.1	-29.8%	49.9	43.9	13.8%
Employees (average for the period)	534	501	6.6%	513	490	4.7%

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' 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	10-12/ 2022	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	76.9		76.9
Other operating income	0.1		0.1
Materials and services	-20.1		-20.1
Employee benefits expense	-15.9	0.4	-15.5
Depreciation and amortization	-3.7		-3.7
Other operating expenses	-35.5	3.5	-32.0
Operating profit	2.0	3.9	5.9

EUR million	10-12/ 2021	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	78.9		78.9
Other operating income	0.3		0.3
Materials and services	-19.3		-19.3
Employee benefits expense	-15.6	0.2	-15.4
Depreciation and amortization	-5.3	1.9	-3.4
Other operating expenses	-30.9	3.0	-28.0
Operating profit	8.1	5.1	13.1

EUR million	1-12/ 2022	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	317.7		317.7
Other operating income	2.8		2.8
Materials and services	-79.6		-79.6
Employee benefits expense	-57.8	0.6	-57.2
Depreciation and amortization	-14.7		-14.7
Other operating expenses	-139.9	10.0	-129.9
Operating profit	28.6	10.6	39.2

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

Reconciliation of adjusted operating profit

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Operating profit	2.0	8.1	28.6	37.7
M&A transaction costs		0.1		0.4
Change in fair value of contingent liability	-1.1	2.9	4.9	2.9
Asset impairment		1.8		1.8
Legal fees related to claims	4.6		5.1	
Restructuring costs arising from employee benefits expenses	0.4	0.2	0.6	0.4
Restructuring costs in Other operating expenses	0.0	0.0	0.0	0.3
Restructuring costs in Depreciation and amortization		0.1		0.1
Adjusted operating profit	5.9	13.1	39.2	43.7

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Operating profit	2.0	8.1	28.6	37.7
Depreciation and amortization	3.7	5.3	14.7	13.1
EBITDA	5.7	13.4	43.3	50.8
M&A transaction costs		0.1		
Change in fair value of contingent liability	-1.1	2.9	4.9	0.4
Legal fees related to claims	4.6		5.1	2.9
Restructuring costs arising from employee benefits expenses	0.4	0.2	0.6	0.4
Restructuring costs in Other operating expenses	0.0	0.0	0.0	0.3
Adjusted EBITDA	9.6	16.5	53.9	54.8

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

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Equity ratio, %	79.3%	70.8%	79.3%	70.8%
Equity	226.8	197.5	226.8	197.5
Advances received	1.4	1.7	1.4	1.7
Deferred revenue	7.1	6.3	7.1	6.3
Total assets	294.3	287.0	294.3	287.0
Return on equity, %	14.4%	22.2%	14.4%	22.2%
Profit/loss before tax	30.6	40.3	30.6	40.3
Shareholder's equity beginning of period	197.5	165.4	197.5	165.4
Shareholder's equity end of period	226.8	197.5	226.8	197.5
Net gearing ratio, %	-72.7%	-77.4%	-72.7%	-77.4%
Total interest-bearing debt	5.9	7.9	5.9	7.9
Cash and cash equivalents	170.7	160.8	170.7	160.8
Equity	226.8	197.5	226.8	197.5
Non-current interest-bearing loans and borrowings	3.1	4.2	3.1	4.2
Current interest-bearing loans and borrowings	2.8	3.7	2.8	3.7
Cash and cash equivalents	170.7	160.8	170.7	160.8
Net debt	-164.8	-152.9	-164.8	-152.9

Gross bookings

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

Reconciliation of gross bookings to revenue

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Gross bookings	74.0	74.0	298.0	271.4
Change in deferred revenue	0.0	-0.3	-0.7	-1.2
Custom contracts	2.0	2.0	7.1	4.7
Other adjustments	-1.6	0.8	2.3	1.5
Games' revenue	74.4	76.5	306.7	276.4

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

Calculation principles of IFRS performance measures

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

Calculation principles of alternative performance measures

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

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

Items affecting comparability, which are defined as material items outside the ordinary course of business such as material net gains and losses from business disposals, direct transaction costs related to business acquisitions, restructuring costs for business operations, legal fees related to claims, 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.

Adjusted profit for the period, which is defined as profit for the period excluding items affecting comparability and their tax impact.

Adjusted earnings per share, which is defined as adjusted profit for the period divided by the average number of shares less treasury shares.

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.

Financial Statement Bulletin

January 1 – December 31, 2022 – Tables

The figures in the Financial Statement Bulletin are based on the audited financial statements for 2022.

Statement of consolidated profit or loss and other comprehensive income

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Revenue	76.9	78.9	317.7	286.2
Other operating income	0.1	0.3	2.8	0.9
Materials and services	20.1	19.3	79.6	74.5
Employee benefits expense	15.9	15.6	57.8	53.2
Depreciation and amortization	3.7	5.3	14.7	13.1
Other operating expenses	35.5	30.9	139.9	108.7
Operating profit	2.0	8.1	28.6	37.7
Finance income and expenses	-1.8	1.1	2.0	2.5
Profit (loss) before tax	0.2	9.2	30.6	40.3
Income tax expense	-0.1	-3.0	-7.7	-10.1
Profit for the period	0.1	6.2	22.9	30.1
Equity holders of the parent company	0.1	6.2	22.9	30.1
Other comprehensive income/expense				
Other comprehensive income that will not be reclassified to profit and loss (net of tax):				
Change in fair value, investments valued through other comprehensive income	-0.7	1.2	1.0	3.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Translation differences	-3.5	1.0	4.6	0.6
Other comprehensive income for the year net of tax	-4.2	8.4	28.5	33.7
Total comprehensive income for the period net of tax	-4.2	8.4	28.5	33.7
Equity holders of the parent company	-4.2	8.4	28.5	33.7
Earnings per share for net result attributable to owners of the parent:				
Earnings per share, EUR	0.00	0.08	0.30	0.41
Earnings per share, diluted EUR	0.00	0.08	0.30	0.41

Consolidated statement of financial position

EUR million	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets	89.0	90.2
Property, plant and equipment	1.6	1.3
Intangible assets	20.8	24.8
Goodwill	39.8	37.5
Right-of-use assets	5.4	6.8
Investments	12.1	8.3
Non-current receivables	0.9	3.4
Deferred tax assets	8.4	8.1
Current assets	205.3	196.8
Trade receivables	25.3	27.6
Prepayments and accrued income	8.0	7.6
Other current financial assets	1.3	0.9
Money market funds	59.9	50.6
Cash and cash equivalents	110.8	110.2
Total assets	294.3	287.0
EQUITY AND LIABILITIES		
Equity		
Issued capital	0.7	0.7
Reserves	51.9	46.0
Translation differences	4.7	0.1
Treasury shares	-35.9	-36.9
Fair value reserve	3.9	3.0
Retained earnings	178.6	154.5
Profit for the period	22.9	30.1
Equity holders of the parent company	226.8	197.5
Non-controlling interests	0.0	0.0
Total equity	226.8	197.5
Liabilities		
Non-current liabilities	18.0	20.7
Interest-bearing loans and borrowings	0.1	0.3
Contingent consideration liabilities	12.0	13.2
Lease liabilities	3.0	3.8
Deferred tax liabilities	2.8	3.3
Current liabilities	49.5	68.8
Trade and other payables	12.1	8.8
Interest-bearing loans and borrowings	0.1	0.5
Contingent consideration liabilities	0.3	27.8
Lease liabilities	2.6	3.2
Other current financial liabilities	0.7	1.0
Advances received	1.4	1.7
Deferred revenue	7.1	6.3
Income tax payable	1.9	4.9
Provisions	0.3	0.3
Accrued liabilities	23.0	14.3
Total liabilities	67.5	89.5
Total equity and liabilities	294.3	287.0

Consolidated statement of changes in equity

Attributable to the equity holders of the parent on December 31, 2021

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2021	0.7	42.1	-37.5	160.5	0.0	-0.5	165.4	0.0	165.4
Profit for the period				30.1			30.1		30.1
Option subscriptions		3.9					3.9		3.9
Other comprehensive income						0.6	0.6		0.6
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax				1.2	3.0		4.2		4.2
Cash dividends				-8.8			-8.8		-8.8
Share-based payments			0.6	1.6			2.2		2.2
December 31, 2021	0.7	46.0	-36.9	184.6	3.0	0.1	197.5	0.0	197.5

Attributable to the equity holders of the parent on December 31, 2022

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2022	0.7	46.0	-36.9	184.6	3.0	0.1	197.5	0.0	197.5
Profit for the period				22.9			22.9		22.9
Option subscriptions		5.9					5.9		5.9
Treasury shares acquisition			-10.7				-10.7		-10.7
Other comprehensive income					2.4	4.6	7.0		7.0
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax				1.4	-1.4		0.0		0.0
Cash dividends				-8.9			-8.9		-8.9
Share-based payments			11.7	1.5			13.2		13.2
December 31, 2022	0.7	51.9	-35.9	201.5	3.9	4.7	226.8	0.0	226.8

Consolidated statement of cash flows

EUR million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Operating activities				
Profit (loss) before tax	0.1	9.2	30.6	40.3
Adjustments:				
Depreciation and amortization on tangible and intangible assets	3.7	5.3	14.7	13.1
Net foreign exchange differences	2.1	-1.1	-1.7	-2.9
Gain on disposal of property, plant and equipment	0.0	-0.0	0.0	0.0
Finance costs	-0.3	0.0	-0.3	0.2
Other non-cash items	-0.9	2.8	5.6	4.4
Change in working capital:				
Change in trade and other receivables and prepayments	1.7	-0.1	1.1	-3.2
Change in trade and other payables	7.4	2.8	11.6	0.4
Interest received	0.8	0.0	1.3	0.2
Interest paid	-0.2	0.1	-0.6	-0.4
Income tax paid (received)	-2.5	-1.8	-12.3	-8.2
Net cash flows from operating activities	12.0	17.1	49.9	43.9
Investing activities				
Purchase of tangible and intangible assets	-2.4	-1.3	-7.0	-4.0
Other investments	-0.3	0.0	-0.3	-2.8
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0	0.0
Loans granted, investments	0.0	0.0	0.0	-2.5
Proceeds from sales of other investments	2.0	1.7	2.0	1.7
Acquisition of subsidiaries, net of cash acquired	-19.6	0.0	-19.6	-7.7
Net cash flows used in investing activities	-20.4	0.4	-24.9	-15.2
Financing activities				
Finance lease repayments	-0.7	-0.8	-2.7	-2.9
Proceeds from and repayments of borrowings	0.0	0.0	-0.5	-1.1
Share subscriptions based on option rights	0.0	0.0	5.9	3.9
Acquisition of treasury shares	-10.2	0.0	-10.7	0.0
Share-based payments	0.0	0.0	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	-8.9	-8.8
Net cash flows from/(used in) financing activities	-10.9	-0.8	-17.0	-8.9
Change in cash and cash equivalents	-19.3	16.8	8.0	19.7
Net foreign exchange difference and value changes in money market funds	-2.1	0.5	1.9	2.2
Cash and cash equivalents at beginning of period	192.1	143.5	160.8	138.9
Cash and cash equivalents at the end of the period	170.7	160.8	170.7	160.8
Reconciliation of cash and cash equivalents in statement of financial position				
Cash and cash equivalents in statement of financial position at the end of period	110.8	110.2	110.8	110.2
Money market funds at the end of period	59.9	50.6	59.9	50.6
Cash and cash equivalents at the end of the period	170.7	160.8	170.7	160.8

Notes

1. Key accounting principles

Rovio's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Financial Statement Bulletin has been drawn up in accordance with IAS 34 and using the same accounting policies and calculation methods as the annual financial statements. The figures in the Financial Statement Bulletin are based on the audited financial statements for 2022.

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, 2022.

2. Notes to the statement of profit or loss

Rovio has previously defined its operating segments as Games, Brand Licensing (BLU) and Other. Starting from Jan 1, 2022 Rovio combined Games, Brand Licensing and Other into one segment.

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

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

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

2.1 Geographical distribution of revenue

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

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

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

EUR Million	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
NAM	52.6	52.4	221.3	191.1
LATAM	0.9	1.1	3.8	3.3
EMEA	15.0	16.4	59.1	59.9
APAC	8.3	9.0	33.5	32.0
Total	76.9	78.9	317.7	286.2

2.2 Disaggregation of revenue from contracts with Customers

EUR million

Revenue stream	Timing of revenue recognition	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
In-application purchases	At a point in time and over time	60.9	59.7	247.2	230.0
Subscription payments	Over time	0.2	0.0	1.0	0.0
Custom contracts	Over time	2.0	2.0	7.1	4.7
Advertising	At a point in time	11.2	14.8	51.3	42.0
IP Licensing and tangible sales	At a point in time and over time	0.8	0.8	3.1	3.1
Animation broadcasting and distribution	At a point in time	1.8	1.6	8.0	6.5
Group revenue		76.9	78.9	317.7	286.2

3. Notes to the statement of financial position

3.1 Non-Current Assets - Intangible Assets

Reconciliation of beginning and ending balances by classes of assets:

EUR million	Development costs - Games	Trademarks	Development costs - Movie	Development costs - Other	Total
Cost					
At January 1, 2021	27.7	1.7	62.9	22.6	114.9
Additions	2.6	0.3	0.0	1.8	4.7
Additions through business acquisition	0.0	0.0	0.0	11.2	11.2
Disposals	-0.0	0.0	0.0	-0.4	-0.4
Reclassification	0.0	0.3	0.0	0.0	0.3
At January 1, 2022	30.3	2.3	62.9	35.3	130.7
Additions	5.3	0.3	0.0	0.8	6.4
Translation differences	0.8	0.0	0.0	-0.5	0.3
Disposals	0.0	-0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.0	0.0
At December 31, 2022	36.4	3.7	62.9	35.6	137.4
Amortization and impairment					
At January 1, 2021	24.2	1.3	50.0	20.7	96.2
Amortization	1.9	0.2	4.0	3.6	9.7
Reclassification	0.0	0.0	0.0	0.0	0.0
At January 1, 2022	26.1	1.4	54.0	24.4	105.9
Amortization	7.0	0.2	3.7	0.4	11.3
Translation differences	-0.2	0.0	0.0	-0.4	-0.6
Reclassification	0.0	0.0	0.0	-0.0	0.0
At December 31, 2022	32.9	2.9	57.6	24.4	117.8
Carrying amount					
At December 31, 2022	3.5	0.8	5.2	11.2	20.8
At December 31, 2021	4.2	0.8	8.9	10.9	24.8

Development expenses still in production at December 31, 2022 amounted to EUR 1.5 million (0.6).

3.2 Non-Current Assets – Tangible Assets

EUR million	Machinery and equipment
Cost	
At January 1, 2021	6.8
Additions	0.7
Additions through business acquisition	0.1
Disposals	-0.9
Translation differences	-0.0
At January 1, 2022	6.8
Additions	1.2
Reclassification	0.1
Disposals	-0.1
Translation differences	-0.1
At December 31, 2022	7.8
Depreciation and amortization	
At January 1, 2021	-5.5
Depreciation charge for the period	-0.7
Deprecation through business acquisition	-0.0
Disposals	0.8
Translation differences	0.0
At January 1, 2022	-5.5
Depreciation charge for the period	-0.8
Reclassification	0.0
Disposals	0.0
Translation differences	0.1
At December 31, 2022	-6.2
Carrying amount	
At December 31, 2022	1.6
At December 31, 2021	1.3

3.3 Non-Current Assets – Right of use assets

EUR million	Property	Machinery and equipment	Total
Cost			
At January 1, 2021	12.9	0.9	13.8
Additions	1.1	0.0	1.1
Disposals	0.0	0.0	0.0
At January 1, 2022	14.0	0.9	14.9
Additions	1.1	0.0	1.1
Disposals	0.0	0.0	0.0
Translation differences	-0.3	-0.0	-0.3
At December 31, 2022	14.9	0.9	15.8
Amortization and Impairment			
At January 1, 2021	4.7	0.7	5.4
Amortization	2.6	0.1	2.7
Disposals	0.0	0.0	0.0
At January 1, 2022	7.3	0.8	8.1
Amortization	2.5	0.1	2.6
Disposals	0.0	0.0	0.0
Translation differences	-0.2	-0.0	-0.2
At December 31, 2022	9.6	0.9	10.5
Carrying amount			
At December 31, 2021	6.7	0.1	6.8
At December 31, 2022	5.4	0.1	5.5

4. Financial assets and liabilities measured at fair value

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

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

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

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

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

Financial assets recognized at fair value through other comprehensive income consist of a capital investment in the Play Ventures fund included in non-current financial assets. The investment in the Play Ventures fund is not a part of the company's core business, and therefore the company has chosen to present the changes in the fair value of the fund in the fair value reserve in equity.

The fair value of the contingent consideration on the acquisition date is recognized 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 recognized in profit or loss.

EUR million	Changes in fair value - through profit and loss	Changes in fair value - through other comprehensive income	Amortized cost	Total
31 Dec 2022				
Non-current assets				
Investments	2.5	7.1		9.6
Non-current receivables	2.5		0.9	3.5
Current assets				
Trade receivables			25.3	25.3
Money market funds	59.9			59.9
Cash and cash equivalents			110.8	110.8
Non-current liabilities				
Interest bearing loans and borrowings			0.1	0.1
Contingent consideration liabilities	12.0			12.0
Current liabilities				
Trade and other payables			12.1	12.1
Interest-bearing loans and borrowings			0.1	0.1
Contingent consideration liabilities	0.3			0.3
31 Dec 2021				
Non-current assets				
Investments	2.5	5.8		8.3
Non-current receivables	2.5		0.9	3.4
Current assets				
Trade receivables			27.6	27.6
Money market funds	50.6			50.6
Cash and cash equivalents			110.2	110.2
Non-current liabilities				
Interest bearing loans and borrowings			0.3	0.3
Contingent consideration liabilities	13.2			13.2
Current liabilities				
Trade and other payables			8.8	8.8
Interest-bearing loans and borrowings			0.5	0.5
Contingent consideration liabilities	27.8			27.8

EUR million	31 Dec, 2022			31 Dec, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value						
Unlisted shares at fair value (through profit and loss)			2.5			2.5
Convertible loan			2.5			2.5
Unlisted shares at fair value (through other comprehensive income)			7.1			5.8
Money market funds		59.9			50.6	
Total		59.9	12.1		50.6	10.8
Liabilities measured at fair value						
Contingent consideration liability			12.4			41.0
Total			12.4			41.0

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

EUR million	2022	2021
Assets		
Fair value on January 1	10.8	2.0
Purchases	0.3	0.3
Sales and deductions	-0.2	-1.4
Other investments	0.0	5.0
Changes in fair value - through other comprehensive income	1.2	4.9
Fair value on December 31	12.1	10.8
Liabilities		
Fair value on January 1	41.0	0.0
Additions, business acquisition	0.0	38.1
Payment of contingent liability	-29.9	0.0
Changes in fair value - through profit and loss	4.9	2.9
Translation difference	-3.6	0.0
Fair value on December 31	12.4	41.0

5. Changes in contingent liabilities or contingent assets

Future non-cancellable other commitments are as follows.

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

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.

6. Related party transactions

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

There were no abnormal related party transactions during the reporting period.

7. Calculation of earnings per share

	10-12/ 2022	10-12/ 2021	1-12/ 2022	1-12/ 2021
Earnings per share, EUR	0.00	0.08	0.30	0.41
Earnings per share, diluted, EUR	0.00	0.08	0.30	0.41
Shares outstanding at the end of the period (thousands)	76,107	74,386	76,107	74,386
Weighted average adjusted number of shares during the financial period, basic (thousands)	76,144	74,386	75,218	74,055
Weighted average adjusted number of shares during the financial period, diluted (thousands)	77,104	74,705	76,091	74,411