

Rovio Entertainment Corporation

Interim Report

April 29, 2021

Q1

INTERIM REPORT FOR JANUARY-MARCH 2021

21

 ROVIO

# Games revenue grew 10% in comparable currencies

## January–March 2021 highlights

- Rovio group revenue was EUR 67.1 million (66.6) and grew 0.7% year-on-year.
- Group adjusted operating profit was EUR 10.1 million (13.0) and adjusted operating profit margin 15.0% (19.6)
- Group adjusted EBITDA was EUR 12.3 million (16.2) and adjusted EBITDA margin 18.3% (24.3)
- Games revenue grew 3.4% year-on-year to EUR 64.9 million (62.7). In comparable currencies, Games revenue grew approximately by 10%. The Games gross bookings were EUR 64.2 million (62.1) and grew 3.4% year-on-year. In comparable currencies, the gross bookings grew approximately by 10%.
- Gradual scaling up of Small Town Murders continued and it reached a gross bookings of EUR 3.9 million
- Angry Birds Friends continued its strong performance and made its best quarter since Q3 2018 with gross bookings growing 44% y-o-y to EUR 8.1 million (5.6)
- User acquisition investments were EUR 17.3 million (13.5) and 26.7% of the Games segment's revenue (21.5%)
- Brand Licensing revenue was EUR 2.2 million (3.9) and declined 41.8% year-on-year. Consumer products revenue in the quarter were impacted by Covid-19 that has weakened sales across categories.
- Operating cash flow was EUR 2.5 million (11.5)
- Earnings per share were EUR 0.10 (0.11)

## Key figures

EUR million	1-3/ 2021	1-3/ 2020	Change, %	1-12/ 2020
Revenue	67.1	66.6	0.7%	272.3
EBITDA	11.8	15.9	-25.9%	60.0
EBITDA margin	17.5%	23.8%		22.0%
Adjusted EBITDA	12.3	16.2	-24.1%	60.1
Adjusted EBITDA margin, %	18.3%	24.3%		22.1%
Operating profit	9.5	12.7	-25.1%	42.5
Operating profit margin, %	14.2%	19.1%		15.6%
Adjusted operating profit	10.1	13.0	-22.7%	47.2
Adjusted operating profit margin, %	15.0%	19.6%		17.3%
Profit before tax	10.4	11.5	-9.7%	40.7
Capital expenditure	0.9	0.8	19.2%	3.9
User acquisition	17.3	13.5	28.5%	58.7
Return on equity (ROE), %	23.3%	13.3%		24.4%
Net gearing ratio, %	-75.1%	-69.5%		-77.6%
Equity ratio, %	83.4%	80.8%		82.3%
Earnings per share, EUR	0.10	0.11	-11.3%	0.43
Earnings per share, diluted EUR	0.10	0.11	-11.7%	0.43
Net cash flows from operating activities	2.5	11.5	-78.3%	63.6
Employees (average for the period)	487	466	4.4%	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-app-purchases in United States and global ad network sales.

## **Alex Pelletier-Normand, CEO:**

I can definitely say this first quarter as CEO has been exciting. The Rovio hive has been buzzing with activity during these first months of 2021. The good momentum from last year has carried on to the first quarter of 2021 and resulted in sales growth across our key games. Our Games business grew 3.4% y-o-y in reported currencies and 10% in comparable currencies. Our profitability was healthy during the quarter; our Adjusted Operating Profit Margin reached 15%. This represents a decline y-o-y which can be attributed to an incremental increase in UA spending, building up for the launch of Darkfire Heroes and taking advantage of opportunities we detected in other games, such as Small Town Murders. Our operating expenses also increased y-o-y, as we have added two more game studios, aimed at extending our market footprint.

Our biggest game, Angry Birds 2 grew y-o-y and the game's revenue improved further towards the end of the quarter. In fact, the game reached the half-a-billion euros mark in cumulative gross bookings since its launch in 2015. Angry Birds Dream Blast had a large update in the first quarter, which had a positive impact on monetization. The game grew vs. the seasonally stronger Q4 2020 and we look forward to further improving the game going forward. Angry Birds Friends is our oldest live game, and it continued its impressive momentum and grew 44% y-o-y, reaching its best quarter since Q3 2018. Small Town Murders ended the first quarter with seven straight weeks of consecutive growth. These games demonstrate well the longevity and tenacity of the games-as-a-service business model and our sophisticated live operations.

Our new game development pipeline made good progress in the first quarter. In January we soft-launched Angry Birds Journey, a casual slingshot game that targets a broad audience. More recently, at the beginning of April, Supernatural City also joined the list of games in soft launch. The game perfectly exemplifies our genre mastery strategy as it is our second narrative puzzle game, building from the experience of Small Town Murders. Finally, we were delighted to virtually celebrate with our Copenhagen studio, the global launch of Darkfire Heroes, a strategic team-based RPG. The game launched on 15th of April and we will now focus on scaling the game gradually and keep on improving it as a live service. I am really pleased to see how this newly acquired studio was able to flourish within the Rovio ecosystem and how together, we were able to reach this milestone with the game.

As stated in the introduction, it has been a busy and exciting quarter! I am proud of the progress achieved by the teams, and at the same time, I see how much potential there is. We made big steps in new game development and improved our live titles across the board. It is worth noting that we released a second game working from home, showing that Rovians adapted well to the situation and continue to deliver consistently. We will continue building on the progress and focus on seeking new sources for organic growth. We will continue to map out and identify potential targets for M&A to gain new growth vectors and diversify our portfolio. We have a positive momentum, and we are determined to keep it up throughout the year.

## 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 conference call on the first quarter 2021 financial results, including a Q&A session for analysts, media and institutional investors at 14:00-15:00 EEST on April 29, 2021. The audiocast can be viewed live at: <https://investors.rovio.com/en>, and later on the same day as a recording.

### Conference call details:

PIN: 72543629#

Finland: +358 981710310

Sweden: +46 856642651

United Kingdom: +44 3333000804

United States: +1 6319131422

### More information:

Alex Pelletier-Normand, CEO, tel. +358 40 485 8985 (media phone)

René Lindell, CFO, tel. +358 40 485 8985 (media phone)

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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 so far. 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 and consumer products in brand licensing. Today, Rovio offers multiple mobile games, animations and produced The Angry Birds Movie in 2016. Its sequel, The Angry Birds Movie 2, was released in 2019. Rovio is headquartered in Finland and 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 1–3/2021

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 games market report published in January 2021, the global mobile gaming market size in end-user generated revenue was estimated to be USD 86.3 billion in 2020 which represented 25.6% year-on-year growth driven by a heightened global gaming activity as a result of Covid-19 physical limitations. Newzoo estimates the global mobile gaming market to grow 10.9% in 2021. In 2020-2023, the global mobile gaming market is expected to grow at 9.8% CAGR and the Western market at 7.8% CAGR.

### Revenue and result

#### January-March 2021

In the first quarter 2021, Rovio group revenue was EUR 67.1 million (66.6) and grew 0.7% year-on-year. The Games segment revenue grew 3.4% year-on-year and amounted to EUR 64.9 million (62.7). In comparable currencies, games revenue grew by approximately 10%. The Games segment gross bookings were EUR 64.2 million (62.1) and grew 3.4% year-on-year. In comparable currencies, the games gross bookings grew by approximately 10% year-on-year.

In the reporting period, the gross bookings of Rovio's largest game Angry Birds 2 were EUR 25.2 million and was 1% higher year-on-year. Rovio's second largest game Angry Birds Dream Blast gross bookings were EUR 15.4 million, which was 5% lower year-on-year due to much lower level of user acquisition. Angry Birds Friends at EUR 8.1 million gross bookings had its best quarter of the year and grew 44% year-on-year. Small Town Murders, a new IP game that was released globally in June 2020, continued to scale up and reached EUR 3.9 million gross bookings.

The revenue of the Brand Licensing segment was EUR 2.2 million (3.9) and declined 41.8% year-on-year. The revenue consisted of EUR 1.6 million (2.4) from Content Licensing and EUR 0.6 million (1.4) from Consumer Products. Content Licensing revenue declined as expected due to the declining revenue profile of the Angry Birds movies. Consumer products revenues in the quarter were impacted by Covid-19 that has weakened sales across categories.

The Group's adjusted EBITDA decreased to EUR 12.3 million (16.2), and adjusted EBITDA margin decreased to 18.3% (24.3).

The Group's adjusted operating profit decreased to EUR 10.1 million (13.0) and adjusted operating profit margin decreased to 15.0% (19.6). The adjustments in the reporting period amounted to EUR 0.6 million and were related to ramp-down of Hatch Kids service. The adjustments in January-March 2020 amounted to EUR 0.3 million and were related to the restructuring of Brand Licensing and Hatch Entertainment.

The Games segment's adjusted EBITDA decreased to EUR 13.8 million (17.8) and EBITDA margin decreased to 21.3% (28.4). Games EBITDA margin was lower compared to last year due higher user acquisition investments in the reporting period: EUR 17.3 million (13.5) or 26.7% of revenues (21.5%) and higher operating expenses mostly related to new game studios and organic growth in game development. The higher user acquisition investments compared to last year were related to scaling up of Small Town Murders and preparing for the launch of Dark Fire Heroes.

The Brand Licensing segment's adjusted EBITDA decreased to EUR 1.2 million (2.6) and adjusted EBITDA margin decreased to 54.0% (66.4%). The lower EBITDA of Brand Licensing in the reporting period was due lower revenues.

The Group's profit before taxes was EUR 10.4 million (11.5) and earnings per share EUR 0.10 (0.11).

## Financing and investments

Rovio's capital expenditure was EUR 0.9 million (0.8) in the first 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 0.6 million (0.6) in the first quarter and related to external game development. The Other-segment's investments were EUR 0.3 million (0.1) for the first quarter and consisted mainly of machinery and equipment and registration fees of trademarks.

Cash flow from financing amounted to EUR 0.1 million (-14.6) in the first quarter and consisted mainly of EUR 0.7 million of finance lease repayments and share subscriptions proceeds of EUR 0.7 million.

At the end of the first quarter, Rovio's total interest-bearing loans and financial liabilities amounted to EUR 9.7 million (10.5) consisting of EUR 1.9 million product development loans from Business Finland (the Finnish Funding Agency for Innovation) and EUR 7.7 million leasing liabilities.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 141.2 million (138.9).

## Development per business segment

### Games

#### January-March 2021

The Games segment's revenue in the reporting period amounted to EUR 64.9 million (62.7) and grew by 3.4% y-o-y. In comparable currencies, revenue increased approximately by 10%. Gross bookings increased 3.4% to EUR 64.2 million (62.1). In comparable currencies, games gross bookings increased approximately by 10%.

Rovio's largest game Angry Birds 2 recorded gross bookings of EUR 25.2 million and grew 1% year-on-year. Rovio's top five games were Angry Birds 2, Angry Birds Dream Blast, Angry Birds Friends, Small Town Murders and Sugar Blast, which replaced Angry Birds Match in the top 5.

The Games segment's adjusted EBITDA decreased to EUR 13.8 million (17.8) and the adjusted EBITDA margin decreased to 21.3% (28.4). The adjusted EBITDA decrease was mainly a result of higher user acquisition investments.

The Games segment's user acquisition investments increased to EUR 17.3 million (13.5), or to 26.7% (21.5%) of the Games segment's revenue in the reporting period. Compared to 2020 Q4, the Angry Birds 2 user acquisition investments were slightly increased, while the investments for Angry Birds Dream Blast were stable. Small Town Murders user acquisition investments decreased from previous quarter but were scaled back up towards the end of Q1. Darkfire Heroes user acquisition was scaled up during the quarter in preparation for the game's global launch in April 2021.

The user acquisition investments in the first quarter were divided between the different categories of games as follows: 72.9% into the "Grow" -category (Angry Birds Dream Blast, Sugar Blast, Small Town Murders and Darkfire Heroes) and 27.1% into the "Earn" -category (Angry Birds 2, Angry Birds Match, Angry Birds Friends), of which practically all was invested into Angry Birds 2.

The Games segment's capital expenditure in the first quarter amounted to EUR 0.6 million (0.6)

<b>EUR million</b>	<b>1-3/ 2021</b>	<b>1-3/ 2020</b>	<b>Change, %</b>	<b>1-12/ 2020</b>
Gross bookings	64.2	62.1	3.4%	259.2
Revenue	64.9	62.7	3.4%	258.2
Adjusted EBITDA	13.8	17.8	-22.2%	65.8
Adjusted EBITDA margin, %	21.3%	28.4%		25.5%
EBITDA	13.8	17.8	-22.2%	65.8
EBITDA margin, %	21.3%	28.4%		25.5%
User acquisition	17.3	13.5	28.5%	58.7
User acquisition share of revenue, %	26.7%	21.5%		22.7%
Capital expenditure	0.6	0.6	5.4%	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 first quarter of 2021, the Games segment's gross bookings increased by 3.4% to EUR 64.2 million (62.1) and by approximately 10% in comparable currencies.

The number of daily active users decreased slightly, from 4.4 million to 4.2 million for all games and from 3.2 million to 3.1 million for top 5 games.

The amount of monthly unique payers (MUP) decreased by 2% to 394 thousand (404 thousand in Q4 2020) for the top 5 games and by 3% to 454 thousand for the whole portfolio (467 thousand in Q4 2020).

The average revenue per daily active user increased to 17 cents for the whole portfolio (16 cents in Q4 2020) and to 20 cents for the top-5 games (19 cents in Q4 2020). In addition, MARPPU increased slightly, to 40.7 EUR (39.8 in Q4 2020) for the top-5 games and 41.1 (39.9 in Q4 2020) for the whole portfolio.

<b>EUR million</b>	<b>1-3/ 2021</b>	<b>10-12/ 2020</b>	<b>7-9/ 2020</b>	<b>4-6/ 2020</b>	<b>1-3/ 2020</b>	<b>10-12/ 2019</b>
Gross bookings top 5	55.0	55.7	55.1	58.6	53.7	57.6
Gross bookings total	64.2	64.9	64.5	67.7	62.1	67.0

  

<b>Million</b>	<b>1-3/ 2021</b>	<b>10-12/ 2020</b>	<b>7-9/ 2020</b>	<b>4-6/ 2020</b>	<b>1-3/ 2020</b>	<b>10-12/ 2019</b>
DAU top 5	3.1	3.2	3.2	3.7	3.7	4.1
DAU all	4.2	4.4	4.5	5.1	5.4	5.9
MAU top 5	16.6	17.6	18.1	20.1	19.7	21.0
MAU all	25.6	27.3	29.4	32.5	36.5	37.3

  

<b>Thousand</b>	<b>1-3/ 2021</b>	<b>10-12/ 2020</b>	<b>7-9/ 2020</b>	<b>4-6/ 2020</b>	<b>1-3/ 2020</b>	<b>10-12/ 2019</b>
MUP top 5	394	404	380	390	393	426
MUP all	454	467	445	453	454	497

  

<b>EUR</b>	<b>1-3/ 2021</b>	<b>10-12/ 2020</b>	<b>7-9/ 2020</b>	<b>4-6/ 2020</b>	<b>1-3/ 2020</b>	<b>10-12/ 2019</b>
ARPDau top 5	0.20	0.19	0.19	0.17	0.16	0.15
ARPDau all	0.17	0.16	0.16	0.15	0.13	0.12
MARPPU top 5	40.7	39.8	42.6	44.9	39.6	38.3
MARPPU all	41.1	39.9	42.5	44.7	39.6	38.3

### Game-specific performance in the Games segment

After a stable second half of 2020, gross bookings stayed very close to the Q4 levels across the portfolio and increased by 3.4% from Q1 2020. Most significant changes were the 44% increase of Angry Birds Friends gross bookings to EUR 8.1 million and Small Town Murders gross bookings increase to EUR 3.9 million. Angry Birds Friends recorded its highest quarterly gross bookings since Q3 2018.

Angry Birds 2, Rovio's largest game, recorded gross bookings of EUR 25.2 million and grew 1% year-on-year. The user acquisition investments for the game increased slightly in Q1 2021.

Rovio's second biggest game in the reporting period was Angry Birds Dream Blast with gross bookings of EUR 15.4 million. The Q1 gross bookings decreased by 5% versus Q1 2020, following the decreased user acquisition investments in 2020. The user acquisition investments remained on the same level as in Q4 2020.

Sugar Blast, which was launched in September 2019, generated EUR 2.5 million gross bookings in the reporting period and grew 11 % year-on-year.

Angry Birds Match gross bookings declined to EUR 2.4 million in the quarter as the user acquisition virtually ended in 2020.

The Other games -category generated total gross bookings of EUR 6.8 million during the quarter (8.4 in Q1 2020).

<b>Gross bookings, EUR million</b>	<b>1-3/ 2021</b>	<b>10-12/ 2020</b>	<b>7-9/ 2020</b>	<b>4-6/ 2020</b>	<b>1-3/ 2020</b>	<b>10-12/ 2019</b>
AB 2	25.2	26.2	26.5	28.8	25.0	24.9
AB Dream Blast	15.4	15.2	15.5	16.4	16.1	18.8
AB Friends	8.1	8.0	7.2	7.3	5.6	5.9
Small Town Murders	3.9	3.8	3.0	1.0	0.2	0.1
Sugar Blast	2.5	2.5	2.5	2.6	2.3	2.2
AB Match	2.4	2.5	2.9	3.6	4.4	5.3
Other games	6.8	6.6	6.9	8.1	8.4	9.8
<b>Total</b>	<b>64.2</b>	<b>64.9</b>	<b>64.5</b>	<b>67.7</b>	<b>62.1</b>	<b>67.0</b>



## Brand Licensing

### January-March 2021

The revenue of the Brand Licensing segment in the reporting period was EUR 2.2 million (3.9) and declined 41.8% year-on-year. The revenue consisted of EUR 1.6 million (2.4) from Content Licensing and EUR 0.6 million (1.4) from Consumer Products. Consumer products sales was weakened by the Covid-19 pandemic. 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 EUR 1.2 million (2.6) and adjusted EBITDA margin decreased to 54.0% (66.4%). The lower EBITDA in the reporting period was due to lower revenues.

EUR million	1-3/ 2021	1-3/ 2020	Change, %	1-12/ 2020
Revenue	2.2	3.9	-41.8%	14.0
Consumer products	0.6	1.4	-54.7%	4.9
Content licensing	1.6	2.4	-34.3%	9.1
Adjusted EBITDA	1.2	2.6	-52.7%	8.9
Adjusted EBITDA margin, %	54.0%	66.4%		64.1%
EBITDA	1.2	2.4	-49.6%	8.8
EBITDA margin, %	54.0%	62.2%		62.9%
Capital expenditure	0.0	0.1	-69.2%	0.3
Amortization	1.0	1.7	-41.8%	8.1

## Other segment

### Hatch Entertainment

The adjusted EBITDA in the Other segment in the reporting period was EUR -2.8 million (-4.2).

During the reporting period Hatch Entertainment was restructured as the Hatch Kids service was discontinued. Total adjustments in the reporting period due to the restructuring were EUR 0.6 million. The adjustments in the comparable period amounted to EUR 0.2 million and were related to restructuring of Hatch Entertainment.

## Consolidated statement of financial position

Consolidated statement of financial position. EUR million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Non-current assets	37.9	44.0	38.6
Current receivables	37.9	40.1	31.0
Money market funds	50.6	68.4	50.5
Cash and bank deposits	90.7	52.7	88.4
<b>Total assets</b>	<b>217.0</b>	<b>205.2</b>	<b>208.5</b>
Equity	175.1	159.1	165.4
Financial liabilities	9.7	10.5	10.5
Advances received and deferred income	7.1	8.2	7.5
Other payables	25.2	27.4	25.1
<b>Total equity and liabilities</b>	<b>217.0</b>	<b>205.2</b>	<b>208.5</b>

Rovio's consolidated statement of financial position amounted to EUR 217.0 million on March 31, 2021 (205.2), with equity representing EUR 175.1 million (159.1) of the total. Cash and cash equivalents amounted to EUR 141.2 million (121.1). The cash and bank deposits amounted to EUR 90.7 million and the investments in money market funds to EUR 50.6 million. The change in cash and cash equivalents was mainly attributable to cash from operating activities amount of EUR 2.5 million that were negatively offset by investments amounted of EUR 1.2 million.

Total advances received, and deferred income were 7.1 million (8.2).

On March 31, 2021 Rovio's non-current assets were EUR 37.9 million (44.0). The intangible asset decrease is due to amortization, 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 67% 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 March 31, 2021 amounted to negative EUR 131.5 million. Rovio's debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 1.9 and EUR 7.7 million in leasing debt.

## Cash flow and financing

<b>Consolidated statement of cash flows, EUR million</b>	<b>1-3/2021</b>	<b>1-3/2020</b>	<b>1-12/2020</b>
Cash flow from operating activities	2.5	11.5	63.6
Cash flow from investing activities	-1.2	-1.3	-4.7
Cash flow from financing activities	0.1	-14.6	-43.7
<b>Change in cash and cash equivalents</b>	<b>1.4</b>	<b>-4.4</b>	<b>15.2</b>
Net foreign exchange difference and value changes in money market funds	0.9	0.8	-1.1
Cash and cash equivalents at the beginning of the period	138.9	124.7	124.7
<b>Cash and cash equivalents at the end of the period</b>	<b>141.2</b>	<b>121.1</b>	<b>138.9</b>

Rovio's net cash flow from operating activities amounted to EUR 2.5 million (11.5) in the first quarter. The decrease year-on-year was mainly due to larger change in working capital.

Cash flows used in investing activities amounted to EUR -1.2 million (-1.3) in the first quarter. The cash flows used in investing activities in the first quarter is mostly attributable to capital expenditure in Games of EUR 0.6 million and Other segment of EUR 0.5 million, which include the Play Ventures gaming fund investment of EUR 0.3 million and investments in machinery and equipment and registrations of the trademarks.

Cash flows used in financing activities amounted to EUR 0.1 million (-14.6) in the first quarter. The cash flows used in financing activities in the first quarter consisted of finance lease payments of EUR 0.7 million offset by the share subscription payments of option rights of EUR 0.7 million.

## Personnel

From January to March 2021, Rovio's average number of employees was 487 (466). The Games business unit employed 400 people (366), the Brand Licensing business unit 12 people (21), Group functions 55 people (38) and Hatch Entertainment 20 people (41). Group functions reported HC increased partially due to centralizing some roles that were earlier reported as part of business units.

	1-3/ 2021	1-3/ 2020	Change, %	1-12/ 2020
Employees (average for the Period)	487	466	4.4%	470
Employees (end of period)	487	462	5.4%	480

## Flagging notifications

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

## Shares and shareholders

On March 31, 2021, Rovio's share capital amounted to EUR 0.7 million and the number of shares was 81,465,659.

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 March 31, 2021 Rovio Entertainment Corporation held 7 819 808 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Adventurous Solutions AB	6,459,500	7.9%
Brilliant Problems Oy	6,459,500	7.9%
Impera Oy Ab	5,559,500	6.8%
Ilmarinen Mutual Pension Insurance Company	1,640,000	2.0%
Danske Invest Finnish Institutional Equity Fund	1,600,000	2.0%
Sijoitusrahasto Aktia Capital	1,425,074	1.8%
Hed Niklas Peter	1,365,345	1.7%
Elo Mutual Pension Insurance Company	1,003,004	1.2%
The State Pension Fund	1,000,000	1.2%
Vesterbacka Jan-Peter Edvin	684,579	0.8%
<b>Total</b>	<b>27,196,502</b>	<b>33.3%</b>
Other shareholders	46,449,349	57.1%
Rovio Entertainment Oyj	7,819,808	9.6%
<b>Number of shares total</b>	<b>81,465,659</b>	<b>100%</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 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 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. In the first plan period, 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 on the basis of 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 potential rewards on the basis of the performance period 2021 correspond to the value of an approximate maximum total of 613,544 Rovio Entertainment Corporation shares, including the proportion to be paid in cash. A total maximum of 613,544 shares (including the proportion to be paid in cash) subject to performance criteria 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 specific restriction period, which differs from 12 to 36 months based on needs of business and with decision by Board of Directors.

The plan's reward will be paid to the participant as soon as possible after the restriction period. The payment of the reward requires that the participant's employment contract is valid, has not been discontinued or terminated, and it will continue until the end of the restriction period. The payment will be made in company shares and taxes and tax-related costs arising from the reward are deducted from the gross reward. The value of share shall be determined based on volume weighted average share price at the payment date. No payment shall be paid if the employment contract is terminated before the end of the restriction period.

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 597,750 rights entitling to shares had been allocated under the restricted share plan as of March 31, 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 have 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 March 31, 2021, the 2018 and 2019 of options plans have an ongoing subscription or vesting period. The initial subscription price for the 2018 options is the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2 -31, 2018, and, for the 2019 options, the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2 -31, 2019.

A total of 408,987 options were allocated under the 2018 option program as of March 31, 2021 and a total of 935,250 options were allocated under the 2019 option program as of March 31, 2021.

On May 28 2020 Rovio Entertainment Corporation announced that it will apply for the listing of its series 2018A and 2018B stock options, complying with its 2017-2019 option scheme, on the Nasdaq Helsinki Ltd (First North) as of June 1,2020. The total number of the 2018A series option rights under the 2017-2019 option scheme is 1,616,667 and the total number of 2018B 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's holds 721,417 series 2018A option rights and 39,500 series 2018B option rights.

On March 31, 2021, the share subscription price under the 2018A series option rights is EUR 5.08 per share. The share subscription price under the 2018B series option rights is EUR 5.26 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 shall not apply to stock option sub-categories 2018B, as resolved by the Board of Directors.

In accordance with the terms and conditions of the option scheme, the share subscription period for series 2018A and 2018B option rights began on June 1, 2020 and the subscription period will end on May 31, 2021. The option rights 2018A and 2018B are freely transferable. 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 2018A and 2018B 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.

## 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 will be paid to shareholders who on the record date of the dividend payment April 1, 2021 are recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend will be paid on April 12, 2021.

## **Share subscriptions with stock options**

On March 1, 2021 Rovio announced Between 23 October 2020 and 9 February 2021, a total of 137,069 Rovio Entertainment Corporation's new shares have been subscribed for with the stock option program 2018. 127,286 new shares have been subscribed for with the 2018A stock options at a subscription price of EUR 5.08 and 9,783 new shares have been subscribed for with the 2018B stock options at a subscription price of EUR 5.26. The entire subscription price of EUR 698,071.46 shall be recorded into the invested unrestricted equity reserve.

As a result of the share subscriptions, the number of Rovio Entertainment shares will increase to 81,465,659 shares.

## **Changes in management**

On February 19, 2021 Rovio announced that it has appointed Ben Mattes, SVP Future of Gaming & Angry Birds Brand Strategy, as a new member of its leadership team.

Ville Heijari, who has been Rovio's CMO and previously part of Rovio's leadership team will lead Rovio's Business development and Brand Licensing, which includes consumer products and content licensing.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

## Performance measures

EUR million	1-3/ 2021	1-3/ 2020	Change, %	1-12/ 2020
Revenue	67.1	66.6	0.7%	272.3
EBITDA	11.8	15.9	-25.9%	60.0
EBITDA margin	17.5%	23.8%		22.0%
Adjusted EBITDA	12.3	16.2	-24.1%	60.1
Adjusted EBITDA margin, %	18.3%	24.3%		22.1%
Operating profit	9.5	12.7	-25.1%	42.5
Operating profit margin, %	14.2%	19.1%		15.6%
Adjusted operating profit	10.1	13.0	-22.7%	47.2
Adjusted operating profit margin, %	15.0%	19.6%		17.3%
Profit before tax	10.4	11.5	-9.7%	40.7
Capital expenditure	0.9	0.8	19.2%	3.9
User acquisition	17.3	13.5	28.5%	58.7
Return on equity (ROE), %	23.3%	13.3%		24.4%
Net gearing ratio, %	-75.1%	-69.5%		-77.6%
Equity ratio, %	83.4%	80.8%		82.3%
Earnings per share, EUR	0.10	0.11	-11.3%	0.43
Earnings per share, diluted EUR	0.10	0.11	-11.7%	0.43
Net cash flows from operating activities	2.5	11.5	-78.3%	63.6
Employees (average for the period)	487	466	4.4%	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	1-3/2021	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>67.1</b>		<b>67.1</b>
Other operating income	0.5		0.5
Materials and services	-18.2		-18.2
Employee benefits expense	-13.4	0.3	-13.1
Depreciation and amortization	-2.2	0.0	-2.2
Other operating expenses	-24.3	0.3	-24.0
<b>Operating profit</b>	<b>9.5</b>	<b>0.6</b>	<b>10.1</b>

EUR million	1-3/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
<b>Revenue</b>	<b>66.6</b>		<b>66.6</b>
Other operating income	0.0		0.0
Materials and services	-18.1		-18.1
Employee benefits expense	-11.2	0.2	-11.0
Depreciation and amortization	-3.1		-3.1
Other operating expenses	-21.5	0.1	-21.3
<b>Operating profit</b>	<b>12.7</b>	<b>0.3</b>	<b>13.0</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	1-3/2021	1-3/2020	1-12/2020
<b>Operating profit</b>	<b>9.5</b>	<b>12.7</b>	<b>42.5</b>
Income from Bargain Purchase			-0.2
Restructuring costs arising from employee benefits expenses	0.3	0.2	0.2
Restructuring costs in Other operating expenses	0.3	0.1	0.2
Restructuring costs in Depreciation and amortization	0.0		4.6
<b>Adjusted operating profit</b>	<b>10.1</b>	<b>13.0</b>	<b>47.2</b>

## Reconciliation of EBITDA and Adjusted EBITDA

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Operating profit</b>	<b>9.5</b>	<b>12.7</b>	<b>42.5</b>
Depreciation and amortization	2.2	3.1	17.5
<b>EBITDA</b>	<b>11.8</b>	<b>15.9</b>	<b>60.0</b>
Income from Bargain Purchase			-0.2
Restructuring costs arising from employee benefits expenses	0.3	0.2	0.2
Restructuring costs in Other operating expenses	0.3	0.1	0.2
<b>Adjusted EBITDA</b>	<b>12.3</b>	<b>16.2</b>	<b>60.1</b>

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

EUR million	1-3/2021	1-3/2020	1-12/2020
<b>Equity ratio, %</b>	<b>83.4%</b>	<b>80.8%</b>	<b>82.3%</b>
Equity	175.1	159.1	165.4
Advances received	1.9	2.1	2.0
Deferred revenue	5.2	6.2	5.5
Total assets	217.0	205.2	208.5
<b>Return on equity, %</b>	<b>23.3%</b>	<b>13.3%</b>	<b>24.4%</b>
Profit/loss before tax	39.6	21.7	40.7
Shareholder's equity beginning of period	165.4	166.9	168.0
Shareholder's equity end of period	175.1	159.1	165.4
<b>Net gearing ratio, %</b>	<b>-75.1%</b>	<b>-69.5%</b>	<b>-77.6%</b>
Total interest-bearing debt	9.7	10.5	10.5
Cash and cash equivalents	141.2	121.1	138.9
Equity	175.1	159.1	165.4
Non-current interest-bearing loans and borrowings	5.5	6.9	6.9
Current interest-bearing loans and borrowings	4.2	3.6	3.6
Cash and cash equivalents	141.2	121.1	138.9
<b>Net debt</b>	<b>-131.5</b>	<b>-110.6</b>	<b>-128.4</b>

## 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	1-3/2021	1-3/2020	1-12/2020
Gross bookings	64.2	62.1	259.2
Change in deferred revenue	-0.1	0.0	0.3
Custom contracts	0.2	0.2	0.5
Other adjustments	0.5	0.5	-1.8
<b>Revenue</b>	<b>64.9</b>	<b>62.7</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. Custom contracts usually 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–March 31, 2021 - Tables

The figures in the Interim report are unaudited.

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

EUR million	1-3/ 2021	1-3/ 2020	1-12/ 2020
<b>Revenue</b>	<b>67.1</b>	<b>66.6</b>	<b>272.3</b>
Other operating income	0.5	0.0	0.6
Materials and services	18.2	18.1	74.6
Employee benefits expense	13.4	11.2	48.9
Depreciation and amortization	2.2	3.1	17.5
Other operating expenses	24.3	21.5	89.4
<b>Operating profit</b>	<b>9.5</b>	<b>12.7</b>	<b>42.5</b>
Finance income and expenses	0.9	-1.2	-1.8
Share of profit of associates	0.0	0.0	0.0
<b>Profit (loss) before tax</b>	<b>10.4</b>	<b>11.5</b>	<b>40.7</b>
Income tax expense	-3.0	-2.6	-8.6
<b>Profit for the period</b>	<b>7.4</b>	<b>8.9</b>	<b>32.1</b>
Equity holders of the parent company	7.4	8.9	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	0.7	0.0	0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Translation differences	0.0	-0.2	-0.0
<b>Other comprehensive income for the year net of tax</b>	<b>0.7</b>	<b>-0.2</b>	<b>-0.0</b>
<b>Total comprehensive income for the period net of tax</b>	<b>8.1</b>	<b>8.7</b>	<b>32.1</b>
<b>Equity holders of the parent company</b>	<b>8.1</b>	<b>8.7</b>	<b>32.1</b>
<b>Earnings per share for net result attributable to owners of the parent:</b>			
Earnings per share, EUR	0.10	0.11	0.43
Earnings per share, diluted EUR	0.10	0.11	0.43

## Consolidated statement of financial position

EUR million	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>37.9</b>	<b>44.0</b>	<b>38.6</b>
Property, plant and equipment	1.2	1.0	1.3
Intangible assets	18.2	28.3	18.7
Right-of-use assets	7.7	7.1	8.4
Investments	2.9	1.3	2.0
Non-current receivables	0.8	0.7	0.7
Deferred tax assets	7.1	5.7	7.5
<b>Current assets</b>	<b>179.1</b>	<b>161.2</b>	<b>169.9</b>
Trade receivables	27.8	29.0	21.1
Prepayments and accrued income	8.6	7.4	8.0
Other current financial assets	1.5	3.8	1.8
Money market funds	50.6	68.4	50.5
Cash and cash equivalents	90.7	52.7	88.4
<b>Total assets</b>	<b>217.0</b>	<b>205.2</b>	<b>208.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	0.7	0.7	0.7
Reserves	42.8	41.8	42.1
Translation differences	-0.5	-0.6	-0.5
Treasury shares	-37.3	-18.1	-37.5
Fair value reserve	0.7	0.0	0.0
Retained earnings	161.2	126.4	128.4
Profit for the period	7.4	8.9	32.1
<b>Equity holders of the parent company</b>	<b>175.1</b>	<b>159.1</b>	<b>165.4</b>
Non-controlling interests	0.0	0.0	0.0
<b>Total equity</b>	<b>175.1</b>	<b>159.1</b>	<b>165.4</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>5.5</b>	<b>6.9</b>	<b>7.0</b>
Interest-bearing loans and borrowings	0.9	2.1	0.9
Lease liabilities	4.6	4.8	6.1
Deferred tax liabilities	0.0	0.0	0.0
<b>Current liabilities</b>	<b>36.5</b>	<b>39.1</b>	<b>36.1</b>
Trade and other payables	9.9	8.3	7.4
Interest-bearing loans and borrowings	1.1	1.1	1.1
Lease liabilities	3.1	2.4	2.5
Other current financial liabilities	2.3	7.3	0.8
Advances received	1.9	2.1	2.0
Deferred revenue	5.2	6.2	5.5
Income tax payable	0.7	0.0	1.9
Provisions	0.5	0.2	0.7
Accrued liabilities	11.8	11.5	14.1
<b>Total liabilities</b>	<b>42.0</b>	<b>46.1</b>	<b>43.0</b>
<b>Total equity and liabilities</b>	<b>217.0</b>	<b>205.2</b>	<b>208.5</b>



## Consolidated statement of changes in equity

### Attributable to the equity holders of the parent on March 31, 2020

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	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>-0.5</b>	<b>168.0</b>	<b>0.0</b>	<b>168.0</b>
Profit for the period				8.9		8.9		8.9
Treasury share acquisition			-11.1			-11.1		-11.1
Other comprehensive income					-0.2	-0.2		-0.2
Cash dividends				-6.9		-6.9		-6.9
Share-based payments			0.1	0.4		0.4		0.4
<b>March 31, 2020</b>	<b>0.7</b>	<b>41.8</b>	<b>-18.1</b>	<b>135.3</b>	<b>-0.6</b>	<b>159.1</b>	<b>0.0</b>	<b>159.1</b>

### Attributable to the equity holders of the parent on March 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
<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				7.4			7.4		7.4
Option subscriptions		0.7					0.7		0.7
Other comprehensive income					0.7	0.0	0.7		0.7
Share-based payments			0.1	0.7			0.8		0.8
<b>March 31, 2021</b>	<b>0.7</b>	<b>42.8</b>	<b>-37.4</b>	<b>168.6</b>	<b>0.7</b>	<b>-0.5</b>	<b>175.1</b>	<b>0.0</b>	<b>175.1</b>

## Consolidated statement of cash flows

EUR million	1-3/ 2021	1-3/ 2020	1-12/ 2020
<b>Operating activities</b>			
Profit (loss) before tax	10.4	11.5	40.7
<b>Adjustments:</b>			
Depreciation and amortization on tangible and intangible assets	2.2	3.1	17.5
Net foreign exchange differences	-0.9	-0.8	1.3
Gain on disposal of property, plant and equipment	0.0	-0.0	-0.0
Finance costs	0.1	0.2	0.6
Other non-cash items	0.5	0.5	2.3
<b>Change in working capital:</b>			
Change in trade and other receivables and prepayments	-7.0	6.0	11.8
Change in trade and other payables	0.9	-6.8	-4.2
Interest received	0.0	0.1	0.2
Interest paid	-0.2	-0.3	-0.8
Income tax paid (received)	-3.6	-2.0	-5.8
<b>Net cash flows from operating activities</b>	<b>2.5</b>	<b>11.5</b>	<b>63.6</b>
<b>Investing activities</b>			
Purchase of tangible and intangible assets	-0.9	-0.8	-3.9
Other investments	-0.3	-0.5	-1.2
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	0.0	0.0	0.4
<b>Net cash flows used in investing activities</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-4.7</b>
<b>Financing activities</b>			
Finance lease repayments	-0.7	-0.7	-2.7
Proceeds from and repayments of borrowings	0.0	-3.0	-4.0
Share subscriptions based on option rights	0.7	0.1	0.3
Acquisition of treasury shares	0.0	-11.1	-30.7
Share-based payments	0.1	0.0	0.3
Dividends paid to equity holders of the parent	0.0	0.0	-6.9
<b>Net cash flows from/(used in) financing activities</b>	<b>0.1</b>	<b>-14.6</b>	<b>-43.7</b>
<b>Change in cash and cash equivalents</b>	<b>1.4</b>	<b>-4.4</b>	<b>15.2</b>
Net foreign exchange difference and value changes in money market funds	0.9	0.8	-1.1
Cash and cash equivalents at beginning of period January 1	138.9	124.7	124.7
<b>Cash and cash equivalents at the end of the period March 31</b>	<b>141.2</b>	<b>121.1</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	90.7	52.7	88.4
Money market funds at the end of period	50.6	68.4	50.5
<b>Cash and cash equivalents at the end of the period March 31</b>	<b>141.2</b>	<b>121.1</b>	<b>138.9</b>

## 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 1-3/2021

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>64.9</b>	<b>2.2</b>	<b>0.0</b>		<b>67.1</b>
Other operating income	0.4	0.0	0.1		0.5
Materials and services	18.0	0.2	0.0		18.2
Employee benefits expense	10.1	0.4	1.7	1.1	13.4
User acquisition	17.3	0.0	0.0		17.3
Other operating expenses	4.6	0.2	1.3	0.9	7.0
Allocations	1.5	0.2	0.3	-2.0	0.0
<b>EBITDA</b>	<b>13.8</b>	<b>1.2</b>	<b>-3.3</b>	<b>0.0</b>	<b>11.8</b>
Depreciation and amortization	1.0	1.0	0.2		2.2
<b>Operating profit</b>	<b>12.8</b>	<b>0.2</b>	<b>-3.5</b>		<b>9.5</b>
<b>EBITDA</b>	<b>13.8</b>	<b>1.2</b>	<b>-3.3</b>		<b>11.8</b>
Adjustments	0.0	0.0	0.5		0.5
<b>Adjusted EBITDA</b>	<b>13.8</b>	<b>1.2</b>	<b>-2.8</b>		<b>12.3</b>
<b>Operating profit</b>	<b>12.8</b>	<b>0.2</b>	<b>-3.5</b>		<b>9.5</b>
Adjustments	0.0	0.0	0.6		0.6
<b>Adjusted operating profit</b>	<b>12.8</b>	<b>0.2</b>	<b>-2.9</b>		<b>10.1</b>

### Segment Capital expenditure 1-3/2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.6	0.0	0.3	0.9

### Segment assets March 31,2021

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	3.6	12.8	21.5	37.9

### Segment profit and loss 1-3/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
<b>Revenue</b>	<b>62.7</b>	<b>3.9</b>	<b>0.0</b>		<b>66.6</b>
Other operating income	0.0	0.0	0.0		0.0
Materials and services	17.8	0.3	0.0		18.1
Employee benefits expense	8.1	0.5	1.9	0.7	11.2
User acquisition	13.5	0.0	0.1		13.5
Other operating expenses	4.4	0.5	2.1	1.0	7.9
Allocations	1.2	0.2	0.3	-1.7	0.0
<b>EBITDA</b>	<b>17.8</b>	<b>2.4</b>	<b>-4.3</b>	<b>0.0</b>	<b>15.9</b>
Depreciation and amortization	1.2	1.7	0.2		3.1
<b>Operating profit</b>	<b>16.6</b>	<b>0.7</b>	<b>-4.5</b>		<b>12.7</b>
<b>EBITDA</b>	<b>17.8</b>	<b>2.4</b>	<b>-4.3</b>		<b>15.9</b>
Adjustments	0.0	0.2	0.2		0.3
<b>Adjusted EBITDA</b>	<b>17.8</b>	<b>2.6</b>	<b>-4.2</b>		<b>16.2</b>
<b>Operating profit</b>	<b>16.6</b>	<b>0.7</b>	<b>-4.5</b>		<b>12.7</b>
Adjustments	0.0	0.2	0.2		0.3
<b>Adjusted operating profit</b>	<b>16.6</b>	<b>0.8</b>	<b>-4.4</b>		<b>13.0</b>

### Segment Capital expenditure 1-3/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.6	0.1	0.1	0.8

### Segment assets March 31, 2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	6.9	19.5	17.6	44.0

### 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.Changes in contingent liabilities or contingent assets

Future non-cancelable other commitments are as follows.

EUR million	At March 31, 2021	At March 31, 2020	At December 31, 2020
Venture Capital investment commitment	0.3	1.4	0.6
<b>Total</b>	<b>0.3</b>	<b>1.4</b>	<b>0.6</b>

#### 4. 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.

#### 5. Calculation of earnings per share

	1-3/ 2021	1-3/ 2020	1-12/ 2020
Earnings per share, EUR	0.10	0.11	0.43
Earnings per share, diluted, EUR	0.10	0.11	0.43
Shares outstanding at the end of the period (thousands)	73,646	76,965	73,479
Weighted average adjusted number of shares during the financial period, basic (thousands)	73,554	78,414	75,287
Weighted average adjusted number of shares during the financial period, diluted (thousands)	73,906	78,527	75,537