



Rovio Entertainment Corporation

Interim Report

October 28, 2022

Q3

INTERIM REPORT FOR JANUARY-SEPTEMBER 2022

22

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Live games showing strength

July-September 2022 highlights

- Rovio group revenue increased 8.4% to EUR 77.4 million (71.4). On a comparable (*) basis the revenue declined by 4.6%.
- Group adjusted EBITDA declined to EUR 15.6 million (17.2) and adjusted EBITDA margin declined to 20.2% (24.1).
- Group adjusted operating profit declined to EUR 12.1 million (14.3) and adjusted operating profit margin declined to 15.6% (20.0).
- Games gross bookings increased by 6.2% to EUR 70.8 million (66.7). Comparable (*) gross bookings declined by 7.2%.
- Gross bookings of Angry Birds Dream Blast, Rovio's second largest game increased year-on-year by 17.5% to EUR 17.6 million. The run-rate of Dream Blast increased steadily throughout the quarter and approached EUR 20 million per quarter, which is its best level since launch year of 2019.
- Gross bookings of Angry Birds 2, Rovio's largest game, were EUR 28.7 million and grew 7.8% year-on-year
- User acquisition investments were EUR 21.3 million (18.1) and 28.7% of games' revenue (26.4%).
- Operating cash flow was EUR 8.6 million (16.7).
- Earnings per share was EUR 0.10 (0.16).
- 2022 outlook has been updated

January-September 2022 highlights

- Rovio group revenue increased 16.1% to EUR 240.8 million (207.3). Comparable (*) revenue growth was 2.1%.
- Group adjusted EBITDA increased to EUR 44.3 million (38.2) and adjusted EBITDA margin was 18.4% (18.4).
- Group adjusted operating profit increased to EUR 33.3 million (30.5) and adjusted operating profit margin decreased to 13.8% (14.7).
- Games gross bookings increased by 13.5% to EUR 224.1 million (197.5). Comparable (*) gross bookings decreased by 1.0%.
- User acquisition investments increased to EUR 73.2 million (56.6) and 31.5% of games' revenue (28.3).
- Operating cash flow was EUR 37.9 million (26.7).
- Earnings per share was EUR 0.30 (0.32).

*) Comparable growth is calculated at constant USD/EUR exchange rate and including Ruby Games only for the month of September.

Key figures

EUR million	7-9/ 2022	7-9/ 2021	Change, %	1-9/ 2022	1-9/ 2021	Change, %	1-12/ 2021
Revenue	77.4	71.4	8.4%	240.8	207.3	16.1%	286.2
EBITDA	12.2	16.9	-28.1%	37.6	37.4	0.5%	50.8
EBITDA margin	15.7%	23.7%		15.6%	18.0%		17.7%
Adjusted EBITDA	15.7	17.2	-9.0%	44.3	38.2	16.0%	54.8
Adjusted EBITDA margin, %	20.2%	24.1%		18.4%	18.4%		19.1%
Operating profit	8.6	14.0	-38.8%	26.6	29.7	-10.5%	37.7
Operating profit margin, %	11.1%	19.6%		11.0%	14.3%		13.2%
Adjusted operating profit	12.1	14.3	-15.6%	33.3	30.5	9.1%	43.7
Adjusted operating profit margin, %	15.6%	20.0%		13.8%	14.7%		15.3%
Profit before tax	10.2	14.6	-30.0%	30.4	31.1	-2.3%	40.3
Capital expenditure	1.3	0.9	41.6%	4.6	2.7	69.7%	4.0
User acquisition	21.3	18.1	17.7%	73.2	56.6	29.3%	77.2
Return on equity (ROE), %	19.0%	19.2%		19.0%	19.2%		22.2%
Net gearing ratio, %	-81.3%	-72.6%		-81.3%	-72.6%		-77.4%
Equity ratio, %	72.3%	73.5%		72.3%	73.5%		70.8%
Earnings per share, EUR	0.10	0.16	-35.3%	0.30	0.32	-6.0%	0.41
Earnings per share, diluted EUR	0.10	0.16	-35.8%	0.30	0.32	-6.6%	0.41
Net cash flows from operating activities	8.6	16.7	-48.6%	37.9	26.7	41.8%	44.0
Employees (average for the period)	522	490	6.6%	506	486	4.3%	490

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

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

Alex Pelletier-Normand, CEO

I am pleased to see that we have continued to perform well in a challenging market in the third quarter. Our reported revenue grew 8.4% and our comparable revenue declined 4.6%, during a period in which the US market declined over 15% year-on-year. The performance of our live games, especially Angry Birds Dream Blast, the consolidation of Ruby Games, and a favorable fx supported those results.

The same market headwinds continued as in the previous quarter. However, it is interesting to note that the quarter-over-quarter decline was only 1% in the US in Q3, showing a positive development after five consecutive quarters of decline. We continue to believe that long-term growth opportunities look attractive in the mobile gaming market.

We took advantage of the past months to launch meaningful initiatives aimed at strengthening our position for further growth as the market recovers.

Angry Birds Dream Blast leading the way

One of these initiatives is an enhanced focus on our portfolio of live games. We increased the resourcing of our live games and the depth of our live operations, and we can already see the benefits of such actions. For instance, our second biggest title, Angry Birds Dream Blast, grew double digits both year-on-year and quarter-on-quarter. This is an amazing achievement from the team, who have worked relentlessly to improve the game's quality and marketability since its launch. The run-rate of the game grew to around EUR 20 million per quarter at the end of September.

Angry Birds 2 continued to perform well, growing both quarter-on-quarter and year-on-year driven by good live operations and solid UA performance. We have exciting new content coming to the game later this year. For instance, for the first time since the release of the second Angry Birds Movie in 2019, we plan on introducing a new bird in the game.

Angry Birds Friends declined slightly from the previous quarter. The game was impacted by an issue with our partner Meta, causing some players to temporarily lose access to their progress. This resulted in a short-lived gap in revenues. After remedying the issue, we saw the game's daily active users and revenue run-rate recovering.

Two new studios supporting the growth

To support the growth of our top live games, we are opening a new studio in Barcelona, Spain. This initiative will widen our talent pool particularly in live operations and level design – an activity that is today widely outsourced. Recruitment is ongoing and we aim to hire 15 developers in the next 12 months, who will support our Puzzle studio in Espoo.

In other exciting news, in Montreal, a team of industry veterans decided to jointly leave their former employer to join Rovio. They are specialized in very fast prototyping and market tests and aim at producing hybrid-casual games. They are internally called “Studio 6” and we are delighted to have them on board.

Healthy pipeline of new titles

We've also made good progress in our new games development. Moomin: Puzzle & Design is developing as planned and enters the next soft launch test at the beginning of the year. Our Puzzle Studio is also working on a new Match-3 game that builds upon the learnings of Small Town Murders. The game looks promising and will have its first marketability and early retention test in December. In Montreal Studio, we refocused our team on expanding Angry Birds beyond mobile with a multiplayer cross-platform game targeted for Gen Z. As of November 7th, the studio will be led by console gaming veteran Andréane Meunier who has over a decade experience at Ubisoft. Ruby Games, Toronto and Copenhagen are also advancing well in their new games. Overall, our pipeline is healthy with 10 new titles in development across our studios.

In brand news, as part of our Angry Birds content strategy beyond games, the third season of Angry Birds Summer Madness was released on Netflix in August. The success of Angry Birds animation was highlighted in a recent Rovio commissioned consumer study where, among teenagers aged 12-16 in the USA, Angry Birds was the third most watched series on Netflix.

We are excited to enter the last quarter of the year, which is typically the most eventful season in games. We start the quarter with good momentum in our top games and a stream of seasonal events to drive fan engagement across the portfolio.

With our two new studios, a strong focus on live games already showing results, and new games progressing well, we see Rovio well positioned to capture growth opportunities in 2023 and beyond. I am excited to continue leading these efforts and I am proud of Rovians' resourcefulness in continuously finding growth opportunities.

2022 updated outlook

We are expecting the reported revenue to be significantly higher and the revenue at comparable fx to be somewhat higher year-on-year. Depending on the speed of growth and the investments in user acquisition to fuel that growth, especially in the case of new games, and our larger investments in new games development, the adjusted operating profit is expected to be lower year-on-year.

Additional information on user acquisition investments in Q4 2022

The user acquisition investments for Q4 2022 are expected to be 28–33% of games revenues.

2022 previous outlook

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

Audiocast and conference call

Rovio will host an English language audiocast and phone conference on the Q3 2022 financial results, including a Q&A session, for analysts, media and institutional investors at 14:00–15:00 EEST on October 28, 2022. The audiocast can be viewed live at: <https://investors.rovio.com/en>, and as a recording later the same day.

Details for the phone conference:

<https://call.vsy.io/access-8620>

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 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 nine game studios – two 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.

Rovio Entertainment Corporation

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

Market review

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

For the year 2022, Newzoo estimates the global mobile gaming market to grow by 5.1% to USD 103.5 billion. However, based on quarterly data provided by market intelligence provider data.ai, the global mobile gaming market continued to decline on a year-on-year basis in Q3 by 8.7% and 7.4% in the first nine months of 2022. The US market was especially weak: market declined 15.3% in Q3 year-on-year basis and the fifth consecutive quarter. This data is in line with market intelligence provider Sensor Tower's Q3 data, which presents a 12.7% year-on-year decline in the global mobile gaming market. However, the quarter-on-quarter decline slowed down in Q3, showing a positive development. The market declined only 0.3% globally and 1.2% in the US according to data.ai.

The market is normalizing after supercharged growth during the onset of Covid-19. Furthermore, ATT has heavily impacted game publishers' ability to target high-value players, especially visible in Mid-Core genres, there has been less major new game launches this year, and macroeconomic headwinds worldwide are impacting consumers' behavior and purchasing power.

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

Revenue and result

July–September 2022

In the third quarter of 2022, Rovio group revenue was EUR 77.4 million (71.4) and grew by 8.4% year-on-year. On a comparable basis (at constant fx and including Ruby Games only for the month of September) the revenue declined by 4.6%.

Games revenue increased by 8.1% year-on-year and amounted to EUR 74.2 million (68.6). Games gross bookings increased by 6.2% to EUR 70.8 million (66.7). The comparable gross bookings (at constant fx and including Ruby Games only for the month of September) declined by 7.2%.

The gross bookings of Rovio's largest game, Angry Birds 2, were EUR 28.7 million and grew 7.8% year-on-year. Rovio's second largest game Angry Birds Dream Blast gross bookings were EUR 17.6 million and grew 17.5% year-on-year. The growth was driven by significant increase in user acquisition throughout Q2 and Q3 2022. Angry Birds Friends generated gross bookings of EUR 8.4 million and declined 2.1% year-on-year. Angry Birds Friends had a technical issue with Facebook during the quarter that impacted the revenues for a few weeks. The technical issues were solved, and Angry Birds Friends revenue started to recover.

Rovio's newest slingshot game Angry Birds Journey, that was launched globally on January 20 2022, generated 5.1 million gross bookings with much lower user acquisitions vs. during its launch months. Angry Birds Pop! reached EUR 1.9 million gross bookings which was a 6.4% decrease year-on-year.

Revenue of hyper-casual studio Ruby Games was EUR 2.5 million and had pro forma decline of 28.9% in comparable currencies. The hyper-casual business is more volatile than other free-to-play genres and during the quarter Ruby Games did not have new hyper-casual game launches. During the quarter, Ruby Games increased their development resources to accelerate their strategic transition to hybrid-casual games, and in addition to two Hunter Assassin IP based games, has two other hybrid-casual games in development.

Brand licensing revenues were EUR 3.2 million (2.8) and increased 16.8% year-on-year mainly due to higher revenues from consumer products and location-based entertainment. As the society is moving back to normal after Covid-19 lock-downs, we see an increased interest in branded location-based entertainment.

The Group's adjusted EBITDA declined to EUR 15.7 million (17.2), and adjusted EBITDA margin declined to 20.2% (24.1).

The Group's adjusted operating profit declined to EUR 12.1 million (14.3) and adjusted operating profit margin declined to 15.6% (20.0). The adjustments in the reporting period amounted to EUR 3.5 million and were related to changes in the contingent liability of the Ruby games acquisition (EUR 2.8 million), restructuring of Hatch Entertainment (EUR 0.2 million) and legal fees related to the New Mexico lawsuit (EUR 0.5 million). The adjustments in the comparable period July-September 2021 amounted to EUR 0.3 million and were related to Ruby Games acquisition expenses.

The user acquisition investments grew to EUR 21.3 million (18.1) and to 28.7% (26.4) of the games' revenue in the reporting period.

The user acquisition investments in the third quarter were divided between the different categories of games as follows: 54.9% into the "Grow" -category (Angry Birds Journey and Angry Birds Dream Blast) and 36.1% into the "Earn" -category (Angry Birds 2, Angry Birds Match, Angry Birds Friends, Small Town Murders), of which practically all was invested into Angry Birds 2. Hyper-casual (i.e., Ruby Games) user acquisition investments amounted to 8.8%. Angry Birds was moved into the "Grow" category during the quarter, as the user acquisition investments were substantially increased.

The Group's profit before taxes was EUR 10.2 million (14.6) and earnings per share EUR 0.10 (0.16).

January-September 2022

In the reporting period January-September 2022, Rovio group revenue was EUR 240.8 million (207.3) and grew by 16.1% year-on-year. On a comparable basis (at constant fx and including Ruby Games only for the month of September) revenue increased by 2.1%.

Games revenue increased by 16.2% year-on-year and amounted to EUR 232.3 million (199.9). Games gross bookings increased by 13.5% to EUR 224.1 million (197.5). Comparable gross bookings (at constant fx and including Ruby Games only for the month of September) decreased by 1.0%.

Brand licensing revenue was EUR 8.5 million (7.4) and increased 14.7% year-on-year mainly due to higher revenues from the first Angry Birds Movie.

The Group's adjusted EBITDA increased to EUR 44.3 million (38.2), and adjusted EBITDA margin was 18.4% (18.4).

The Group's adjusted operating profit increased to EUR 33.3 million (30.5) and adjusted operating profit margin decreased to 13.8% (14.7). The adjustments in the reporting period amounted to EUR 6.7 million and were related to changes in the contingent liability of the Ruby games acquisition (EUR 6.0 million), restructuring of Hatch Entertainment (EUR 0.2 million) and legal fees related to the New Mexico lawsuit (EUR 0.5 million). The adjustments in the comparable period Jan-Sep 2021 amounted in total to EUR 0.9 million and were related to the ramp-down of Hatch Kids service and to the transaction expenses in the Ruby Games acquisition.

User acquisition investments increased to EUR 73.2 million (56.6) and 31.5% of games' revenue (28.3).

The Group's profit before taxes was EUR 30.4 million (31.1) and earnings per share EUR 0.30 (0.32).

Financing and investments

Rovio's capital expenditure was EUR 1.3 million (0.9) in the third quarter of 2022, consisting of EUR 1.0 million related to external game development and intangible assets, and EUR 0.3 million for machinery and equipment and trademark registration fees.

Cash flow from financing amounted to EUR -1.2 million (-0.7) in the third quarter and consisted mainly of EUR 0.7 million finance lease repayments and EUR 0.5 million acquisition costs of treasury shares.

At the end of the third quarter, Rovio's total interest-bearing loans and financial liabilities amounted to EUR 6.4 million (7.7) consisting of EUR 0.2 million product development loans from Business Finland (the Finnish Funding Agency for Innovation) and EUR 6.2 million leasing liabilities mainly related to office leases. Contingent consideration liabilities related to Ruby Games acquisition amounted of EUR 47.0 million.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 192.1 million (143.6).

Key performance indicators of games

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

In the third quarter of 2022, the games gross bookings increased by 6.2% to EUR 70.8 million (66.7). Ruby Games, that was acquired in September 2021, generated gross bookings of EUR 2.5 million in the reporting period.

The number of daily active users (DAU) decreased to 3.1 million (3.3 million in Q2'22) for top 5 games and to 6.3 million (6.7 million in Q2'22) for the whole portfolio, which also includes Ruby Games. Also, the amount of monthly active users (MAU) decreased, to 17.4 million for the top-5 games (18.1 million in Q2'22) and to 42.1 million (45.8 million in Q2'22) for the whole portfolio.

The amount of monthly unique payers (MUP) decreased to 385 thousand (390 thousand in Q2' 22) for the top 5 games and to 435 thousand (444 thousand in Q2'22) for the whole portfolio.

The average revenue per daily active user (ARPDau) increased to 22 cents (20 cents in Q2'22) for the top-5 games. The whole portfolio ARPDau increased to 13 cents (12 in Q2'22). The monthly average revenue per paying user, MARPPU, (not including Ruby Games) increased to 46.3 EUR (45.5 in Q2'22) for the top-5 games and to 45.6 (44.7 in Q2'22) for the whole portfolio.

EUR million	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021
Gross bookings top 5	61.6	60.8	66.7	60.9	56.4	57.0
Gross bookings total	70.8**	72.4**	80.8**	74.0**	66.7*	66.6

Million	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021
DAU top 5	3.1	3.3	3.6	3.2	3.2	3.1
DAU all	6.3**	6.7**	7.3**	6.5**	4.9*	4.2
MAU top 5	17.4	18.1	20.8	18.1	17.9	17.1
MAU all	42.1**	45.8**	53.3**	44.8**	32.0*	26.0

Thousand	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021
MUP top 5	385	390	464	420	402	397
MUP all	435	444	522	485	471	455

EUR	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021
ARPDau top 5	0.22	0.20	0.21	0.21	0.19	0.20
ARPDau all	0.13**	0.12**	0.12**	0.12**	0.15*	0.17
MARPPU top 5	46.3	45.5	41.9	41.4	40.6	41.7
MARPPU all	45.6	44.7	41.5	40.9	40.2	42.5

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

Game-specific gross bookings

The Q3 2022 games gross bookings were EUR 70.8 million and increased year-on-year by 6.2%.

Angry Birds 2, Rovio's largest game's gross bookings were EUR 28.7 million, and grew 7.7% year-on-year. The user acquisition investments for the game were decreased from Q2-2022.

Rovio's second biggest game in the reporting period was Angry Birds Dream Blast with gross bookings of EUR 17.6 million. The Q3 gross bookings increased by 17.5% year-on-year, the user acquisition investments were substantially increased and consequently, the game was moved from the Earn- to the Grow-category.

Angry Birds Friends was Rovio's third biggest game with gross bookings of EUR 8.4 million in Q3, a decrease of 2.2% year-on-year.

Angry Birds Journey, that was launched globally in January 2022 recorded the fourth highest gross bookings of the portfolio at EUR 5.1 million. User acquisition investments on AB Journey were further decreased during the third quarter.

The hyper-casual category, acquired with the Ruby Games in September 2021, generated EUR 2.5 million in Q3 gross bookings and had a pro-forma decline of 28.9% in comparable currencies.

The Other games category generated total gross bookings of EUR 6.7 million during the quarter.

Gross bookings, EUR million	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021
AB 2	28.7	28.4	30.3	29.5	26.6	26.6
AB Dream Blast	17.6	14.1	14.9	16.2	15.0	15.0
AB Friends	8.4	9.1	9.3	9.3	8.5	8.3
AB Journey	5.1	7.3	10.1	3.1	1.2	0.4
AB Pop!	1.9	1.9	2.0	2.3	2.0	2.2
Hyper-casual	2.5	4.5	6.1	4.1	1.0	
Other games	6.7	7.1	8.1	9.6	12.3	14.1
Total	70.8	72.4	80.8	74.0	66.7	66.6

Consolidated statement of financial position

Consolidated statement of financial position, EUR million	30 Sept 2022	30 Sept 2021	31 Dec 2021
Non-current assets	95.5	81.7	90.2
Current receivables	37.1	37.0	36.0
Money market funds	49.4	50.7	50.6
Cash and bank deposits	142.6	92.9	110.2
Total assets	324.6	262.3	287.0
Equity	228.3	187.2	197.5
Financial liabilities	54.1	40.4	48.9
Advances received and deferred income	8.7	7.7	8.0
Other payables	33.5	27.0	32.6
Total equity and liabilities	324.6	262.3	287.0

Rovio's consolidated statement of financial position amounted to EUR 324.6 million on September 30, 2022 (287.0 on December 31, 2021), with equity representing EUR 228.3 million (197.5 on December 31, 2021) of the total. Cash and cash equivalents amounted to EUR 192.1 million (160.8 on December 31, 2021). The cash deposits amounted to EUR 142.6 million and the cash equivalents to EUR 49.4 million, consisting of investments in money market funds. The change in cash and cash equivalents was mainly attributable to cash from operating activities amount of EUR 37.9 million, which was partially offset by investments of EUR 4.6 million and financing activities of EUR 6.0 million.

Total advances received, and deferred income were 8.7 million (8.0 on December 31, 2021).

On September 30, 2022 Rovio's non-current assets were EUR 95.5 million (90.2 on December 31, 2021) and increased by EUR 5.3 million. The increase in non-current assets consisted mainly of EUR 6.1 million of goodwill revaluation due to F/X changes, EUR 2.1 million increase in investments fair value, EUR 4.6 million increase in investments offset by EUR 7.5 decrease in intangible assets, driven mainly by amortization of external game development and 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 46% of movie's revenue for the period. Amortization for the Angry Birds Movie 2 corresponds to 82% of the movie's revenue for the period.

Rovio's net debt on September 30, 2022 amounted to negative EUR 185.7 million. Rovio's interest-bearing debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 0.2, as well as EUR 6.2 million in leasing debt, mainly consisting of office space lease.

Cash flow and financing

Consolidated statement of cash flows, EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Cash flow from operating activities	8.6	16.7	37.9	26.7	43.9
Cash flow from investing activities	-1.3	-8.6	-4.6	-15.6	-15.2
Cash flow from financing activities	-1.2	-0.7	-6.1	-8.2	-8.9
Change in cash and cash equivalents	6.0	7.3	27.3	3.0	19.7
Net foreign exchange difference and value changes in money market funds	1.7	0.7	4.0	1.7	2.2
Cash and cash equivalents at the beginning of the period	184.3	135.5	160.8	138.9	138.9
Cash and cash equivalents at the end of the period	192.1	143.6	192.1	143.6	160.8

Rovio's net cash flow from operating activities amounted to EUR 8.6 million (16.7) in the third quarter. The decrease year-on-year was mainly due to larger change in working capital in the reporting period.

Cash flows used in investing activities amounted to EUR -1.3 million (-8.6) in the third quarter, consisting of EUR 1.0 million investments to external game development and assets and 0.3 million investments in machinery and equipment and registration fees of trademarks.

Cash flows used in financing activities amounted to EUR -1.2 million (-0.7) in the third quarter, which includes mainly the EUR 0.7 million lease payments and EUR 0.5 million acquisition cost of treasury shares.

Personnel

From July to September 2022, Rovio's average number of employees was 522 (490).

	7-9/ 2022	7-9/ 2021	Change, %	1-9/ 2022	1-9/ 2021	Change, %	1-12/ 2021
Employees (average for the Period)	522	490	6.6%	506	486	4.3%	490
Employees (end of period)	533	513	3.9%				496

Flagging notifications

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

Shares and shareholders

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

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

On September 30, 2022, Rovio Entertainment Corporation held 7,493,928 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Brilliant Problems Oy	6,459,500	7.8%
Adventurous Ideas Oy	6,459,500	7.8%
Impera Oy Ab	5,166,722	6.2%
Ilmarinen Mutual Pension Insurance Company	1,550,000	1.9%
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	958,004	1.2%
Pakarinen Janne	682,978	0.8%
Veritas Pension Insurance Company Ltd.	631,715	0.8%
Total	25,698,838	31.0%
Other shareholders	49,771,059	60.0%
Rovio Entertainment Oyj	7,493,928	9.0%
Number of shares total	82,963,825	100.0%

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

Share-based incentive program

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

The objective of the Employee share savings (ESS) plan is to motivate employees to invest in Rovio shares by offering them additional shares in relation to their investment after a designated holding period. The ESS Plan consists of three (3) annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The first plan period commenced on April 1, 2020 and 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 period were offered also to employees in Denmark and Canada. Participation is voluntary.

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

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

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

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

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

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

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

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

The maximum number of shares that can be distributed through the restricted share plan is 1,300,000. Once the maximum number of shares has been allocated, the Board of Directors can decide on a new maximum number. In total, 284,256 rights entitling to shares had been allocated under the restricted share plan as of September 30, 2022.

In February 2022, the Board of Directors resolved to launch a new stock option plan 2022A directed to key employees of the company. As per September 30, 2022, a total of 799,400 series 2022A option rights were allocated to receivers which entitle 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 1 March 2025–28 February 2027. The total theoretical market value of all stock options 2022A is EUR 1,300,000.

Risks

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

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

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

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

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

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

Legal actions

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

Impact of war in Ukraine

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

2022 updated outlook

We are expecting the reported revenue to be significantly higher and the revenue at comparable fx to be somewhat higher year-on-year. Depending on the speed of growth and the investments in user acquisition to fuel that growth, especially in the case of new games, and our larger investments in new games development, the adjusted operating profit is expected to be lower year-on-year.

Additional information on user acquisition investments in Q4 2022

The user acquisition investments for Q4 2022 are expected to be 28-33% of games revenues.

2022 previous outlook

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

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

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

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

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

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

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

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

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

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

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

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

Dividend Distribution

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

Events after the review period

The second tranche of the Ruby Games acquisition (announced on 12th August 2021) was completed on 27th October, 2022 whereby Rovio Entertainment Corporation acquired 50 percent of Ruby Games shares for a total consideration of USD 32.8 million consisting of USD 19.7 million paid in cash and USD 13.1 million to be paid with existing Rovio shares. Rovio's ownership of Ruby Games thus increased to 70 percent.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	7-9/ 2022	7-9/ 2021	Change, %	1-9/ 2022	1-9/ 2021	Change, %	1-12/ 2021
Revenue	77.4	71.4	8.4%	240.8	207.3	16.1%	286.2
EBITDA	12.2	16.9	-28.1%	37.6	37.4	0.5%	50.8
EBITDA margin	15.7%	23.7%		15.6%	18.0%		17.7%
Adjusted EBITDA	15.7	17.2	-9.0%	44.3	38.2	16.0%	54.8
Adjusted EBITDA margin, %	20.2%	24.1%		18.4%	18.4%		19.1%
Operating profit	8.6	14.0	-38.8%	26.6	29.7	-10.5%	37.7
Operating profit margin, %	11.1%	19.6%		11.0%	14.3%		13.2%
Adjusted operating profit	12.1	14.3	-15.6%	33.3	30.5	9.1%	43.7
Adjusted operating profit margin, %	15.6%	20.0%		13.8%	14.7%		15.3%
Profit before tax	10.2	14.6	-30.0%	30.4	31.1	-2.3%	40.3
Capital expenditure	1.3	0.9	41.6%	4.6	2.7	69.7%	4.0
User acquisition	21.3	18.1	17.7%	73.2	56.6	29.3%	77.2
Return on equity (ROE), %	19.0%	19.2%		19.0%	19.2%		22.2%
Net gearing ratio, %	-81.3%	-72.6%		-81.3%	-72.6%		-77.4%
Equity ratio, %	72.3%	73.5%		72.3%	73.5%		70.8%
Earnings per share, EUR	0.10	0.16	-35.3%	0.30	0.32	-6.0%	0.41
Earnings per share, diluted EUR	0.10	0.16	-35.8%	0.30	0.32	-6.6%	0.41
Net cash flows from operating activities	8.6	16.7	-48.6%	37.9	26.7	41.8%	44.0
Employees (average for the period)	522	490	6.6%	506	486	4.3%	490

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

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

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

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

Reconciliation of adjusted operating profit

EUR million	7-9/ 2022	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	77.4		77.4
Other operating income	0.4		0.4
Materials and services	-19.4		-19.4
Employee benefits expense	-14.0	0.2	-13.8
Depreciation and amortization	-3.6		-3.6
Other operating expenses	-32.2	3.3	-29.0
Operating profit	8.6	3.5	12.1

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

EUR million	1-9/ 2022	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	240.8		240.8
Other operating income	2.7		2.7
Materials and services	-59.6		-59.6
Employee benefits expense	-41.9	0.2	-41.7
Depreciation and amortization	-11.0		-11.0
Other operating expenses	-104.4	6.5	-97.9
Operating profit	26.6	6.7	33.3

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

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

Reconciliation of adjusted operating profit

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Operating profit	8.6	14.0	26.6	29.7	37.7
M&A transaction costs		0.3		0.3	0.4
Change in fair value of contingent liability	2.8		6.0		2.9
Asset impairment					1.8
Legal fees related to claims	0.5		0.5		
Restructuring costs arising from employee benefits expenses	0.2		0.2	0.3	0.4
Restructuring costs in Other operating expenses				0.3	0.3
Restructuring costs in Depreciation and amortization				0.0	0.1
Adjusted operating profit	12.1	14.3	33.3	30.5	43.7

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Operating profit	8.6	14.0	26.6	29.7	37.7
Depreciation and amortization	3.6	2.9	11.0	7.7	13.1
EBITDA	12.2	16.9	37.6	37.4	50.8
M&A transaction costs		0.3		0.3	0.4
Change in fair value of contingent liability	2.8		6.0		2.9
Legal fees related to claims	0.5		0.5		
Restructuring costs arising from employee benefits expenses	0.2		0.2	0.3	0.4
Restructuring costs in Other operating expenses				0.3	0.3
Adjusted EBITDA	15.7	17.2	44.3	38.2	54.8

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

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Equity ratio, %	72.3%	73.5%	72.3%	73.5%	70.8%
Equity	228.3	187.2	228.3	187.2	197.5
Advances received	1.5	1.8	1.5	1.8	1.7
Deferred revenue	7.2	5.9	7.2	5.9	6.3
Total assets	324.6	262.3	324.6	262.3	287.0
Return on equity, %	19.0%	19.2%	19.0%	19.2%	22.2%
Profit/loss before tax	39.6	33.4	39.6	33.4	40.3
Shareholder's equity beginning of period	187.2	161.1	187.2	161.1	165.4
Shareholder's equity end of period	228.3	187.2	228.3	187.2	197.5
Net gearing ratio, %	-81.3%	-72.6%	-81.3%	-72.6%	-77.4%
Total interest-bearing debt	6.4	7.7	6.4	7.7	7.9
Cash and cash equivalents	192.1	143.6	192.1	143.6	160.8
Equity	228.3	187.2	228.3	187.2	197.5
Non-current interest-bearing loans and borrowings	3.7	5.0	3.7	5.0	4.2
Current interest-bearing loans and borrowings	2.6	2.7	2.6	2.7	3.7
Cash and cash equivalents	192.1	143.6	192.1	143.6	160.8
Net debt	-185.7	-135.9	-185.7	-135.9	-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	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Gross bookings	70.8	66.7	224.0	197.4	271.4
Change in deferred revenue	-0.1	-0.2	-0.7	-0.8	-1.2
Custom contracts	1.8	1.7	5.1	2.6	4.7
Other adjustments	1.7	0.5	3.9	0.7	1.5
Revenue	74.2	68.6	232.3	199.9	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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interim Report

January 1–September 30, 2022 – Tables

The figures in the Financial Report are unaudited.

Statement of consolidated profit or loss and other comprehensive income

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Revenue	77.4	71.4	240.8	207.3	286.2
Other operating income	0.4	0.0	2.7	0.6	0.9
Materials and services	19.4	18.3	59.6	55.2	74.5
Employee benefits expense	14.0	11.3	41.9	37.6	53.2
Depreciation and amortization	3.6	2.9	11.0	7.7	13.1
Other operating expenses	32.2	24.8	104.4	77.7	108.7
Operating profit	8.6	14.0	26.6	29.7	37.7
Finance income and expenses	1.7	0.6	3.8	1.4	2.5
Profit (loss) before tax	10.2	14.6	30.4	31.1	40.3
Income tax expense	-2.6	-3.1	-7.6	-7.2	-10.1
Profit for the period	7.6	11.6	22.8	23.9	30.1
Equity holders of the parent company	7.6	11.6	22.8	23.9	30.1
Other comprehensive income/expense					
Other comprehensive income that will not be reclassified to profit and loss (net of tax):					
Investments in equity instruments	0.5	0.0	1.6	1.7	3.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	3.6	-0.5	8.2	-0.4	0.6
Other comprehensive income for the year net of tax	4.1	-0.5	9.8	1.3	3.6
Total comprehensive income for the period net of tax	11.7	11.1	32.6	25.3	33.7
Equity holders of the parent company	11.7	11.1	32.6	25.3	33.7
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, EUR	0.10	0.16	0.30	0.32	0.41
Earnings per share, diluted EUR	0.10	0.16	0.30	0.32	0.41

Consolidated statement of financial position

EUR million	30 Sept 2022	30 Sept 2021	31 Dec 2021
ASSETS			
Non-current assets	95.5	81.7	90.2
Property, plant and equipment	1.3	1.1	1.3
Intangible assets	22.3	24.9	24.8
Goodwill	43.5	31.4	37.5
Right-of-use assets	6.0	6.6	6.8
Investments	12.9	6.9	8.3
Non-current receivables	1.0	3.3	3.4
Deferred tax assets	8.4	7.5	8.1
Current assets	229.2	180.6	196.8
Trade receivables	24.7	23.4	27.6
Prepayments and accrued income	9.8	12.0	7.6
Other current financial assets	2.6	1.7	0.9
Money market funds	49.4	50.7	50.6
Cash and cash equivalents	142.6	92.9	110.2
Total assets	324.6	262.3	287.0
EQUITY AND LIABILITIES			
Equity			
Issued capital	0.7	0.7	0.7
Reserves	51.9	46.0	46.0
Translation differences	8.2	-0.9	0.1
Treasury shares	-36.3	-36.9	-36.9
Fair value reserve	4.6	1.7	3.0
Retained earnings	176.3	152.6	154.5
Profit for the period	22.8	23.9	30.1
Equity holders of the parent company	228.3	187.2	197.5
Non-controlling interests	0.0	0.0	0.0
Total equity	228.3	187.2	197.5
Liabilities			
Non-current liabilities	20.7	40.4	20.7
Interest-bearing loans and borrowings	0.2	0.9	0.3
Contingent consideration liabilities	13.4	32.7	13.2
Lease liabilities	3.5	4.2	3.8
Deferred tax liabilities	3.5	2.7	3.3
Current liabilities	75.7	34.7	68.8
Trade and other payables	10.8	9.0	8.8
Interest-bearing loans and borrowings	0.0	0.0	0.5
Contingent consideration liabilities	33.6	0.0	27.8
Lease liabilities	2.6	2.6	3.2
Other current financial liabilities	0.7	1.3	1.0
Advances received	1.5	1.8	1.7
Deferred revenue	7.2	5.9	6.3
Income tax payable	2.9	2.5	4.9
Provisions	0.0	0.0	0.3
Accrued liabilities	16.2	11.5	14.3
Total liabilities	96.3	75.1	89.5
Total equity and liabilities	324.6	262.3	287.0

Consolidated statement of changes in equity

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

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
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				23.9			23.9		23.9
Option subscriptions		3.9					3.9		3.9
Other comprehensive income					1.7	-0.4	1.3		1.3
Cash dividends				-8.8			-8.8		-8.8
Share-based payments			0.6	0.9			1.5		1.5
September 30, 2021	0.7	46.0	-36.9	176.5	1.7	-0.9	187.2	0.0	187.2

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

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2022	0.7	46.0	-36.9	184.6	3.0	0.1	197.5	0.0	197.5
Profit for the period				22.8			22.8		22.8
Option subscriptions		5.9					5.9		5.9
Treasury shares acquisition			-0.8				-0.8		-0.8
Other comprehensive income						8.1	8.1		8.1
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax				1.8	1.6		3.4		3.4
Cash dividends				-8.9			-8.9		-8.9
Share-based payments			1.4	-1.1			0.3		0.3
September 30, 2022	0.7	51.9	-36.3	199.1	4.6	8.2	228.3	0.0	228.3

Consolidated statement of cash flows

EUR million	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Operating activities					
Profit (loss) before tax	10.2	14.6	30.4	31.1	40.3
Adjustments:					
Depreciation and amortization on tangible and intangible assets	3.6	2.9	11.0	7.7	13.1
Net foreign exchange differences	-1.5	-0.6	-3.8	-1.8	-2.9
Gain on disposal of property, plant and equipment	0.0	-0.0	-0.0	-0.0	-0.0
Finance costs	-0.2	0.0	-0.0	0.3	0.2
Other non-cash items	3.5	0.7	6.5	1.6	4.4
Change in working capital:					
Change in trade and other receivables and prepayments	-2.9	1.9	-0.6	-3.0	-3.2
Change in trade and other payables	-2.2	-1.4	4.2	-2.4	0.4
Interest received	0.3	0.1	0.4	0.2	0.2
Interest paid	-0.1	-0.2	-0.4	-0.5	-0.4
Income tax paid (received)	-2.2	-1.4	-9.8	-6.4	-8.2
Net cash flows from operating activities	8.6	16.7	37.9	26.7	43.9
Investing activities					
Purchase of tangible and intangible assets	-1.3	-0.9	-4.6	-2.7	-4.0
Other investments	0.0	0.0	0.0	-2.8	-2.8
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0	0.0	0.0
Loans granted, investments	0.0	0.0	0.0	-2.5	-2.5
Proceeds from sales of other investments	0.0	0.0	0.0	0.0	1.7
Acquisition of subsidiaries, net of cash acquired	0.0	-7.7	0.0	-7.7	-7.7
Net cash flows used in investing activities	-1.3	-8.6	-4.6	-15.6	-15.2
Financing activities					
Finance lease repayments	-0.7	-0.7	-2.0	-2.1	-2.9
Proceeds from and repayments of borrowings	-0.0	-0.0	-0.5	-1.0	-1.1
Share subscriptions based on option rights	0.0	0.0	5.9	3.9	3.9
Acquisition of treasury shares	-0.5	0.0	-0.5	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	-8.9	-8.8	-8.8
Net cash flows from/(used in) financing activities	-1.2	-0.7	-6.1	-8.2	-8.9
Change in cash and cash equivalents	6.0	7.3	27.3	3.0	19.7
Net foreign exchange difference and value changes in money market funds	1.7	0.7	4.0	1.7	2.2
Cash and cash equivalents at beginning of period	184.3	135.5	160.8	138.9	138.9
Cash and cash equivalents at the end of the period	192.1	143.6	192.1	143.6	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	142.6	93.0	142.6	93.0	110.2
Money market funds at the end of period	49.4	50.7	49.4	50.7	50.6
Cash and cash equivalents at the end of the period	192.1	143.6	192.1	143.6	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 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 2021.

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

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

2. Notes to the statement of profit or loss

Rovio has previously defined 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).

3. Changes in contingent liabilities or contingent assets

Future non-cancellable other commitments are as follows.

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

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

	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Earnings per share, EUR	0.10	0.16	0.30	0.32	0.41
Earnings per share, diluted, EUR	0.10	0.16	0.30	0.32	0.41
Shares outstanding at the end of the period (thousands)	75,470	74,386	75,470	74,386	74,386
Weighted average adjusted number of shares during the financial period, basic (thousands)	75,541	74,386	74,906	73,943	74,055
Weighted average adjusted number of shares during the financial period, diluted (thousands)	76,481	74,688	75,751	74,312	74,411