



Rovio Entertainment Corporation

Interim Report

October 27, 2023

Q3

INTERIM REPORT FOR JANUARY-SEPTEMBER 2023

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# SEGA acquired 97.7% of Rovio – the redemption procedure of the remaining shares started

## July–September 2023 highlights

- SEGA gained control of 97.7% of Rovio's issued and outstanding shares and commenced redemption proceedings to obtain ownership of the remaining issued and outstanding shares.
- Rovio's group revenue declined by 5.6% to EUR 73.1 million (77.4). On a comparable (\*) basis, revenue declined by 0.3%. The decline was mainly driven by Angry Birds 2 and Angry Birds Journey.
- There were no new game launches during the quarter. Moomin: Puzzle & Design, Wizard Hero and Hunter Assassin 2 continued in soft launch.
- Group EBITDA decreased to EUR 10.0 million (12.2), and the EBITDA margin decreased to 13.7% (15.7).
- Group adjusted EBITDA increased to EUR 15.8 million (15.7), and the adjusted EBITDA margin increased to 21.7% (20.2).
- Group operating profit decreased to EUR 6.7 million (8.6), and the operating profit margin decreased to 9.1% (11.1).
- Group adjusted operating profit increased to EUR 12.5 million (12.1), and the adjusted operating profit margin increased to 17.1% (15.6). Adjustments in the reporting period amounted to EUR 5.8 million and consisted of advisory costs related to the acquisition by SEGA of EUR 10.4 million, one-time long-term incentive and bonus scheme settlements of EUR 1.9 million and changes in the contingent liability of the Ruby Games acquisition of EUR -6.4 million.
- Games' gross bookings declined by 4.7% to EUR 67.5 million (70.8). Comparable (\*) gross bookings increased by 0.7%.
- User acquisition investments decreased to EUR 21.1 million (21.3), representing 29.6% of games' revenue (28.7).
- Operating cash flow decreased to EUR -0.9 million (8.6). The negative cash flow was due to costs related to the acquisition by SEGA.
- Earnings per share increased to EUR 0.12 (0.10). Adjusted earnings per share increased to EUR 0.18 (0.14).

## January–September 2023 highlights

- Rovio's group revenue declined by 7.9% to EUR 221.8 million (240.8). On a comparable (\*) basis, revenue declined by 7.0%. The decline was due to the high spike of Angry Birds Journey launch in Q1'22 and lower revenue from Angry Birds 2.
- Group EBITDA decreased to EUR 32.0 million (37.6), and the EBITDA margin decreased to 14.4% (15.6).
- Group adjusted EBITDA decreased to EUR 38.7 million (44.3), and the adjusted EBITDA margin decreased to 17.4% (18.4).
- Group operating profit decreased to EUR 22.4 million (26.6), and the operating profit margin decreased to 10.1% (11.0).
- Group adjusted operating profit decreased to EUR 29.1 million (33.3), and the adjusted operating profit margin decreased to 13.1% (13.8).
- Games' gross bookings declined by 7.0% to EUR 208.3 million (224.1). Comparable (\*) gross bookings declined by 6.1%.
- User acquisition investments decreased to EUR 66.3 million (73.2), representing 30.7% of games' revenue (31.5).
- Operating cash flow decreased to EUR -1.2 million (37.9) due to changes in working capital, the New Mexico lawsuit settlement payment in January and costs related to the acquisition by SEGA.
- Earnings per share were stable at EUR 0.30 (0.30). Adjusted earnings per share declined to EUR 0.37 (0.38).

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

## Key figures

EUR million	7-9/ 2023	7-9/ 2022	Change, %	1-9/ 2023	1-9/ 2022	Change, %	1-12/ 2022
Revenue	73.1	77.4	-5.6%	221.8	240.8	-7.9%	317.7
EBITDA	10.0	12.2	-17.9%	32.0	37.6	-14.9%	43.3
EBITDA margin	13.7%	15.7%		14.4%	15.6%		13.6%
Adjusted EBITDA	15.8	15.7	1.0%	38.7	44.3	-12.8%	53.9
Adjusted EBITDA margin, %	21.7%	20.2%		17.4%	18.4%		17.0%
Operating profit	6.7	8.6	-22.0%	22.4	26.6	-15.8%	28.6
Operating profit margin, %	9.1%	11.1%		10.1%	11.0%		9.0%
Adjusted operating profit	12.5	12.1	3.8%	29.1	33.3	-12.8%	39.2
Adjusted operating profit margin, %	17.1%	15.6%		13.1%	13.8%		12.3%
Profit before tax	9.3	10.2	-8.9%	26.5	30.4	-12.9%	30.6
Adjusted profit for the period	13.6	10.4	30.8%	28.4	28.2	0.8%	31.4
Capital expenditure	1.8	1.3	34.5%	6.3	4.6	38.7%	7.0
User acquisition	21.1	21.3	-0.9%	66.3	73.2	-9.5%	96.5
Return on equity (ROE), %	11.5%	19.0%		11.5%	19.0%		14.4%
Net gearing ratio, %	-62.6%	-81.3%		-62.6%	-81.3%		-72.7%
Equity ratio, %	86.0%	72.3%		86.0%	72.3%		79.3%
Earnings per share, EUR	0.12	0.10	16.5%	0.30	0.30	-0.4%	0.30
Earnings per share, diluted EUR	0.12	0.10	17.1%	0.30	0.30	-0.5%	0.30
Adjusted earnings per share, EUR	0.18	0.14	29.7%	0.37	0.38	-0.8%	0.42
Net cash flows from operating activities	-0.9	8.6	-110.9%	-1.2	37.9	-103.3%	49.9
Employees (average for the period)	558	522	6.9%	560	506	10.7%	513

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

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

## Alex Pelletier-Normand, CEO

In the third quarter of 2023, Rovio moved on to a new phase, as SEGA gained control of 97.7% of Rovio's issued and outstanding shares. While the market dynamics continued to be weaker than last year, we remained disciplined in our own operations and focused on finding out synergies that our life with SEGA may entail to bring out the best in Rovio.

The global mobile gaming market declined in the third quarter by 0.7% compared to the same period in the previous year but remained stable sequentially. At Rovio, our comparable gross bookings increased by 0.7% and 3.8%, respectively. As in the previous quarters, the growth was primarily driven by Angry Birds Dream Blast.

We have high ambitions in terms of developing our top live games further and launching new ones. We strengthened the team in Stockholm, in the home nest of Angry Birds 2, by appointing Johannes Mang as the new Head of Studio. Johannes brings with him a storied history of working in games as a service, as well as new product and feature development in AAA and mobile games. Regarding our new titles, we are working on improving the monetization of Moomin: Puzzle & Design and are planning the global launch window for the first quarter of 2024.

Our brand licensing business has continued to showcase new content, with Angry Birds Slingshot Stories, one of the IP's most beloved short format series, just returning with a new season in October for the fans to dig into. The previous seasons have boasted over 120 million views on the Angry Birds YouTube channel alone, which demonstrates the enduring popularity of this entertaining franchise.

SEGA's acquisition of Rovio has progressed to the point that they have commenced redemption proceedings in respect of Rovio's minority shares in order to obtain ownership of all the issued and outstanding shares. At the same time, the synergy and integration work that we conduct in good cooperation with SEGA is progressing at full speed. We look forward to reaping the benefits and are beyond excited about the future opportunities that the vibrant IPs and talents we have together will bring.

### **2023 outlook (specified)**

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

### **Additional information on user acquisition investments in Q4 2023**

User acquisition investments in Q4 2023 are expected to be 25–30% of games' revenues.

### **2023 outlook (previous)**

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

### **Rovio in brief**

Rovio Entertainment Corporation is a global mobile-first games company that creates, develops and publishes mobile games, which have been downloaded over 5 billion times. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games to various entertainment, animations and consumer products in brand licensing. Rovio has produced The Angry Birds Movie (2016), and its sequel, The Angry Birds Movie 2 was released in 2019. The company offers multiple mobile games and has eight game studios – one in Espoo (Finland), one in Stockholm (Sweden), one in Copenhagen (Denmark), one in Barcelona (Spain), two in Montreal and one in Toronto (Canada). The studios also include a subsidiary in Izmir (Turkey) called Ruby Games, which was acquired in 2021. Most of the employees are based in Finland where Rovio is headquartered. The company's shares are listed on the main list of NASDAQ Helsinki stock exchange with the trading code ROVIO. Sega Europe Limited has acquired more than 90 percent of Rovio's issued and outstanding shares and will delist the company from NASDAQ Helsinki stock exchange as soon as permitted under applicable laws.

# Rovio Entertainment Corporation

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

### Market review

According to the market intelligence provider Newzoo's latest global mobile gaming market report published in July 2023, the size of the global mobile gaming market in end-user generated revenue was estimated to be USD 91.8 billion in 2022, which represented a 6.7% decline compared to the previous year. This was the first time the global mobile gaming market declined. The market normalized after supercharged growth during the onset of Covid-19 in 2020 and 2021, when the global market grew annually by 30.1% and 12.5%, respectively. Furthermore, Apple's App Tracking Transparency (ATT) framework has heavily impacted game publishers' ability to target high-value players, especially visible in the mid-core genres. There were also fewer major new game launches in 2022, and macroeconomic headwinds worldwide have impacted consumers' behavior and purchasing power.

Short-term uncertainty remains higher than usual, driven by the same headwinds that impacted the market in 2022. This is visible in how the market has developed so far in 2023, and in the full year market estimates prepared by market intelligence providers. In July, Newzoo took down its global mobile gaming market estimate for 2023 after the weak start of the year, and is now expecting only 0.8% annual growth, compared to 4.6% at the beginning of the year, resulting in a USD 92.6 billion market size estimate for 2023. Data.ai anticipates the global market to continue to decline at a rate of -3% in 2023 to USD 107 billion. According to the data provided by data.ai, the global mobile gaming market declined in the third quarter of 2023 by 0.7% compared to the same period in 2022 but remained flat compared to the previous quarter.

In the long term, Newzoo considers the mobile gaming market's growth potential to be attractive, with mobile continuing to be the world's most popular and largest form of gaming. In 2022–2026, the global mobile gaming market is expected to grow annually by 2.4% on average, while the Western market growth is estimated to be 2.2% (CAGR).

### Revenue and result

#### July–September 2023

In the third quarter of 2023, Rovio's group revenue declined by 5.6% to EUR 73.1 million (77.4). On a comparable basis (at constant fx rates), revenue declined by 0.3%. The decrease in revenue was mostly due to a weaker quarter for Rovio's largest game Angry Birds 2 and lower revenue for Angry Birds Journey.

Games' revenue decreased by 4.1% to EUR 71.2 million (74.2). Games' gross bookings declined by 4.7% to EUR 67.5 million (70.8). Comparable (at constant fx rates) gross bookings increased by 0.7%. Sequentially, games' comparable gross bookings increased by 3.8%, which exceeded the US mobile gaming market's growth of 1.8% (source: data.ai).

Brand licensing revenue decreased by 40.7% to EUR 1.9 million (3.2), mainly due to lower revenue from feature films, as expected.

Group EBITDA decreased to EUR 10.0 million (12.2), and the EBITDA margin decreased to 13.7% (15.7). Group adjusted EBITDA increased to EUR 15.8 million (15.7), and the adjusted EBITDA margin increased to 21.7% (20.2).

Group operating profit decreased to EUR 6.7 million (8.6), and the operating profit margin decreased to 9.1% (11.1). Group adjusted operating profit increased to EUR 12.5 million (12.1), and the adjusted operating profit margin increased to 17.1% (15.6). Adjustments in the reporting period amounted to EUR 5.8 million and were advisory costs related to the acquisition by SEGA of EUR 10.4 million, one-time long-term incentive and bonus scheme settlements of EUR 1.9 million and changes in the contingent liability of the Ruby Games acquisition of EUR -6.4 million. The adjustments in the comparable 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).

User acquisition investments decreased to EUR 21.1 million (21.3), representing 29.6% of games' revenue (28.7).

The Group's profit before taxes decreased to EUR 9.3 million (10.2). Earnings per share increased to EUR 0.12 (0.10), and adjusted earnings per share increased to EUR 0.18 (0.14).

### January–September 2023

In January–September 2023, Rovio's group revenue declined by 7.9% to EUR 221.8 million (240.8). On a comparable basis (at constant fx rates), revenue declined by 7.0%. The decrease in revenue was mainly due to the high spike of Angry Birds Journey launch in Q1'22 and lower revenue from Angry Birds 2.

Games' revenue decreased by 7.1% to EUR 215.8 million (232.3). Games' gross bookings declined by 7.0% to EUR 208.3 million (224.1). Comparable (at constant fx rates) gross bookings declined by 6.1%.

Brand licensing revenue decreased by 29.0% to EUR 6.0 million (8.5), mainly due to lower revenue from feature films, as expected.

Group EBITDA decreased to EUR 32.0 million (37.6), and the EBITDA margin decreased to 14.4% (15.6). Group adjusted EBITDA decreased to EUR 38.7 million (44.3), and the adjusted EBITDA margin decreased to 17.4% (18.4).

Group operating profit decreased to EUR 22.4 million (26.6), and the operating profit margin decreased to 10.1% (11.0). Group adjusted operating profit decreased to EUR 29.1 million (33.3), and the adjusted operating profit margin decreased to 13.1% (13.8). Adjustments in the reporting period amounted to EUR 6.7 million and consisted mainly of advisory fees related to the acquisition by SEGA (EUR 11.4 million in total), long-term incentive and bonus scheme settlements (EUR 1.9 million) and changes in the contingent liability of the Ruby Games acquisition (EUR -6.6 million). Adjustments in the comparison 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), the restructuring of Hatch Entertainment (EUR 0.2 million) and legal fees related to the New Mexico lawsuit (EUR 0.5 million).

User acquisition investments decreased to EUR 66.3 million (73.2), representing 30.7% of games' revenue (31.5).

The Group's profit before taxes decreased to EUR 26.5 million (30.4). Earnings per share was stable at EUR 0.30 (0.30), and adjusted earnings per share decreased to EUR 0.37 (0.38).

### Key performance indicators of games

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

In the third quarter of 2023, games' gross bookings declined to EUR 67.5 million (70.8). Comparable (at constant fx rates) gross bookings increased by 0.7%. Ruby Games generated gross bookings of EUR 4.4 million (2.5) and grew by 87.9% in comparable currencies.

The number of daily active users (DAU) declined slightly to 3.0 million (3.1 million in Q2'23) for the top 5 games and increased to 6.0 million (5.8 million in Q2'23) for the whole portfolio, which also includes Ruby Games. The number of monthly active users (MAU) declined slightly to 18.3 million (18.7 million in Q2'23) for the top 5 games and increased to 48.5 million (47.0 million in Q2'23) for the whole portfolio. The increase is mainly attributable to hyper-casual games.

The number of monthly unique payers (MUP) decreased to 386 thousand (406 thousand in Q2'23) for the top 5 games and to 424 thousand (446 thousand in Q2'23) for the whole portfolio.

Average revenue per daily active user (ARPDau) was stable at 21 cents (21 in Q2'23) for the top 5 games and decreased slightly to 12 cents (13 in Q2'23) for the whole portfolio. Monthly average revenue per paying user (MARPPU), excluding Ruby Games, increased to EUR 44.2 (43.1 in Q2'23) for the top 5 games and EUR 43.4 (42.3 in Q2'23) for the whole portfolio.

<b>EUR million</b>	<b>7-9/ 2023</b>	<b>4-6/ 2023</b>	<b>1-3/ 2023</b>	<b>10-12/ 2022</b>	<b>7-9/ 2022</b>	<b>4-6/ 2022</b>
Gross bookings top 5	58.6	60.1	63.7	65.2	61.6	60.8
Gross bookings total	67.5	68.7	72.0	74.0	70.8	72.4

  

<b>Million</b>	<b>7-9/ 2023</b>	<b>4-6/ 2023</b>	<b>1-3/ 2023</b>	<b>10-12/ 2022</b>	<b>7-9/ 2022</b>	<b>4-6/ 2022</b>
DAU top 5	3.0	3.1	3.2	3.2	3.1	3.3
DAU all	6.0	5.8	6.1	6.3	6.3	6.7
MAU top 5	18.3	18.7	18.5	18.9	17.4	18.1
MAU all	48.5	47.0	44.7	43.7	42.1	45.8

  

<b>Thousand</b>	<b>7-9/ 2023</b>	<b>4-6/ 2023</b>	<b>1-3/ 2023</b>	<b>10-12/ 2022</b>	<b>7-9/ 2022</b>	<b>4-6/ 2022</b>
MUP top 5	386	406	411	409	385	390
MUP all	424	446	454	454	435	444

  

<b>EUR</b>	<b>7-9/ 2023</b>	<b>4-6/ 2023</b>	<b>1-3/ 2023</b>	<b>10-12/ 2022</b>	<b>7-9/ 2022</b>	<b>4-6/ 2022</b>
ARPDau top 5	0.21	0.21	0.22	0.22	0.22	0.20
ARPDau all	0.12	0.13	0.13	0.13	0.13	0.12
MARPPU top 5	44.2	43.1	45.1	46.3	46.3	45.5
MARPPU all	43.4	42.3	44.4	45.5	45.6	44.7

## Game-specific gross bookings

In the third quarter of 2023, Angry Birds 2, Rovio's biggest game, recorded gross bookings of EUR 23.9 million, a decrease of 16.7% compared to a year ago. User acquisition investments for the game decreased slightly compared to the previous quarter.

The gross bookings of Angry Birds Dream Blast, Rovio's second biggest game, increased by 27.4% compared to a year ago to EUR 22.4 million. User acquisition investments for the game decreased slightly compared to the previous quarter.

The gross bookings of Angry Birds Friends, Rovio's third biggest game, declined by 4.6% compared to a year ago to EUR 8.0 million.

Angry Birds Journey recorded the fourth highest gross bookings of the portfolio and declined by 46.4% compared to a year ago to EUR 2.7 million. User acquisition investments for the game decreased



compared to the previous quarter.

The hyper-casual category, acquired with Ruby Games in September 2021, generated EUR 4.4 million in gross bookings, which represented an increase of 87.9% in comparable currencies.

The Other games category generated total gross bookings of EUR 4.6 million.

<b>Gross bookings, EUR million</b>	<b>7-9/ 2023</b>	<b>4-6/ 2023</b>	<b>1-3/ 2023</b>	<b>10-12/ 2022</b>	<b>7-9/ 2022</b>	<b>4-6/ 2022</b>
AB 2	23.9	24.1	24.8	28.6	28.7	28.4
AB Dream Blast	22.4	22.7	24.9	21.6	17.6	14.1
AB Friends	8.0	8.5	8.6	8.8	8.4	9.1
AB Journey	2.7	3.2	3.6	4.4	5.1	7.3
AB Pop!	1.5	1.6	1.7	1.9	1.9	1.9
Hyper-casual	4.4	3.7	2.8	2.7	2.5	4.5
Other games	4.6	5.0	5.5	6.1	6.7	7.1
<b>Total</b>	<b>67.5</b>	<b>68.7</b>	<b>72.0</b>	<b>74.0</b>	<b>70.8</b>	<b>72.4</b>

## Consolidated statement of financial position

<b>Consolidated statement of financial position, EUR million</b>	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>	<b>31 Dec 2022</b>
Non-current assets	84.9	95.5	89.0
Current receivables	44.3	37.1	34.6
Money market funds and short-term bank deposits	108.9	49.4	59.9
Cash and bank deposits	43.3	142.6	110.8
<b>Total assets</b>	<b>281.4</b>	<b>324.6</b>	<b>294.3</b>
Equity	235.7	228.3	226.8
Financial liabilities	11.4	54.1	18.9
Advances received and deferred income	7.5	8.7	8.5
Other payables	26.8	33.5	40.1
<b>Total equity and liabilities</b>	<b>281.4</b>	<b>324.6</b>	<b>294.3</b>

Rovio's consolidated statement of financial position amounted to EUR 281.4 million on September 30, 2023 (294.3 on December 31, 2022), with equity representing EUR 235.7 million (226.8 on December 31, 2022) of the total. Cash and cash equivalents amounted to EUR 152.2 million (170.7 on December 31, 2022). Cash deposits amounted to EUR 43.3 million and cash equivalents EUR 108.9 million, consisting of investments in money market funds and fixed rate and -term deposits. The change in cash and cash equivalents was attributable to cash flow from operating activities of EUR -1.2 million, investments of EUR -6.3 million and financing activities of EUR -12.1 million.

Advances received and deferred income amounted to EUR 7.5 million (8.5 on December 31, 2022).

On September 30, 2023 Rovio's non-current assets amounted to EUR 84.9 million (89.0 on December 31, 2022). The decrease in non-current assets consisted mainly of the amortization of development costs of EUR -5.1 million, the amortization of Angry Birds Movies of EUR -1.4 million, depreciation on leased office buildings of EUR -1.9 million, other amortizations and depreciations of EUR -0.9 million and a decrease in the fair value of the investment in the Play Venture fund of EUR -2.9 million. The decrease was offset by investments in development of games of EUR 5.5 million, additions in new offices and increase due to index adjustments in leased office buildings of EUR 1.0 million, other machinery investments of EUR 0.7 million and positive translation differences of EUR 0.3 million, mainly related to the revaluation of USD denominated goodwill. Other changes amounted to EUR 0.7 million.

Rovio's net debt on September 30, 2023 amounted to EUR -147.5 million. Rovio's interest-bearing debt amounted to EUR 4.6 million (5.9 on December 31, 2022), consisting mainly of EUR 4.6 million leasing



liabilities related to office leases. Contingent consideration liabilities related to the Ruby Games acquisition amounted to EUR 6.1 million.

## Cash flow and investments

Consolidated statement of cash flows, EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
Cash flow from operating activities	-0.9	8.6	-1.2	37.9	49.9
Cash flow from investing activities	-1.8	-1.3	-6.3	-4.6	-24.9
Cash flow from financing activities	-0.8	-1.2	-12.1	-6.1	-17.0
<b>Change in cash and cash equivalents</b>	<b>-3.5</b>	<b>6.0</b>	<b>-19.6</b>	<b>27.3</b>	<b>8.0</b>
Net foreign exchange difference and value changes in money market funds	2.8	1.7	1.1	4.0	1.9
Cash and cash equivalents at the beginning of the period	152.8	184.3	170.7	160.8	160.8
<b>Cash and cash equivalents at the end of the period</b>	<b>152.2</b>	<b>192.1</b>	<b>152.2</b>	<b>192.1</b>	<b>170.7</b>

In the third quarter of 2023, Rovio's net cash flow from operating activities amounted to EUR -0.9 million (8.6). The decrease was mainly due to advisory costs related to the acquisition by SEGA of EUR 10.4 million.

Cash flows used in investing activities amounted to EUR -1.8 million (-1.3), consisting of capital expenditure mainly related to external game development.

Cash flows used in financing activities amounted to EUR -0.8 (-1.2), consisting of lease payments.

## Personnel

In the third quarter of 2023, Rovio's average number of employees was 558 (522).

	7-9/ 2023	7-9/ 2022	Change, %	1-9/ 2023	1-9/ 2022	Change, %	1-12/ 2022
Employees (average for the period)	558	522	6.9%	560	506	10.7%	513
Employees (end of period)	549	533	3.0%	549	533	3.0%	534

## Changes in management

Rovio's Chief Technology Officer Petri Hyökyranta and Head of Corporate Development Jakob Longer left the company in August. Rovio's Head of Studios Andy Muesse left the company in September.

## Flagging notifications

Rovio received the following flagging notifications during the reporting period:

Transaction date	Shareholder	Threshold	Direct holding, %	Total holding, %
February 6, 2023	Invesco Ltd.	below 5%	below 5%	below 5%
June 5, 2023	FMR LLC	below 5%	below 5%	below 5%
August 10, 2023	Morgan Stanley	above 5%	5.35%	5.39%
August 15, 2023	Morgan Stanley	below 5%	below 5%	below 5%
August 17, 2023	Brilliant Problems Oy	below 5%	below 5%	below 5%
August 17, 2023	MOOR Holding AB	below 5%	below 5%	below 5%
August 17, 2023	Oy Impera Ab	below 5%	below 5%	below 5%

August 17, 2023	Adventurous Ideas Oy	below 5%	below 5%	below 5%
August 17, 2023	Sega Europe Limited	above 2/3	88.47%	89.29%
September 6, 2023	Sega Europe Limited	above 90%	89.71%	90.54%

## Shares and shareholders

On September 30, 2023, Rovio's share capital amounted to EUR 0.7 million, and the number of shares was 82,963,825.

The ownership of Sega Europe Limited represented 97.7% of all issued and outstanding shares and votes conferred by shares in Rovio. Rovio Entertainment Corporation held a total of 6,784,762 of its own shares.

Shareholder	Number of shares	Percentage of shares and votes
Sega Europe Limited	74,427,345	89.71%
Other shareholders	1,751,718	2.11%
<b>Total</b>	<b>76,179,063</b>	<b>91.82%</b>
Rovio Entertainment Corporation	6,784,762	8.18%
<b>Number of shares total</b>	<b>82,963,825</b>	<b>100.00%</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

During the reporting period as part of the acquisition by SEGA, all outstanding long-term incentive programs were settled in cash, with a total profit impact of EUR -1.3 million.

## Risks

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

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

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

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

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

Further information on risks, uncertainties, and Rovio's risk management can be found online at <https://investors.rovio.com/en> and in the most recently published financial statements.

## **2023 outlook (specified)**

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

## **Additional information on user acquisition investments in Q4 2023**

User acquisition investments in Q4 2023 are expected to be 25–30% of games' revenues.

## **2023 outlook (previous)**

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

## **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 3, 2023, beginning at 1.00 p.m. at Hanaholmen, at the address Hanasaarenranta 5, Espoo, Finland. 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 2022, 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. Niklas Hed, Camilla Hed-Wilson, Kim Ignatius, Björn Jeffery, and Langer Lee as well as Henna Mäkinen as a new member were elected as members of the Board of Directors for the term of office ending at the closure of the Annual General Meeting in 2024. Kim Ignatius was elected Chair of the Board of Directors. Björn Jeffery was elected Vice Chair of the Board of Directors.

The remuneration of the members of the Board of Directors was kept unchanged. Monthly remuneration is 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 is paid. The company compensates the 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 as auditor of the company. Ernst & Young Oy has notified that Terhi Mäkinen, APA, acts as the auditor with principal responsibility. The auditor's term of office will end at the closure of the Annual General Meeting in 2024. The auditor is 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 8,296,382 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 8,296,382 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 8,296,382 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, 2024.

In its organizing meeting, which was held immediately after the General Meeting, the Board of Directors elected from amongst its members Kim Ignatius (Chair), Camilla Hed-Wilson and Henna Mäkinen as members of the Audit Committee, and Camilla Hed-Wilson (Chair), 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 0.13 per share. The remaining part of the distributable funds are retained in shareholders' equity. The dividend was paid to shareholders who on the record date of the dividend payment April 5, 2023 were recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on April 14, 2023.

### **Decisions of the Extraordinary General Meeting and the organizing meeting of the Board of Directors**

The Extraordinary General Meeting of Rovio Entertainment Corporation was held on September 12, 2023, beginning at 1.00 p.m. at the company's premises, at Keilaranta 7, 02150 Espoo, Finland. The Extraordinary General Meeting supported all the proposals made to the meeting.

The General Meeting decided that the Board of Directors shall comprise three (3) members. Mr. Shuji Utsumi, Mr. Tatsuyuki Miyazaki and Mr. Alexandre Pelletier-Normand were elected members of the Board of Directors for the term of office commencing at the close of the Extraordinary General Meeting and ending at the close of the next Annual General Meeting. Shuji Utsumi was elected Chair of the Board of Directors and Tatsuyuki Miyazaki Vice Chair of the Board of Directors.

No remuneration is paid to the elected members of the Board of Directors. The elected members of the Board of Directors shall be compensated for reasonable travel and other expenses directly arising from their Board work. The members of the preceding Board of Directors elected by the Annual General Meeting held on April 3, 2023, are paid remuneration pursuant to the decision of the said Annual General Meeting, in proportion to the length of their term of office.

The General Meeting decided to disband the company's Shareholders' Nomination Board with immediate effect.

In its organizing meeting, which was held immediately after the Extraordinary General Meeting, the Board of Directors resolved to disband the Board committees, the Audit Committee and the Remuneration Committee, with immediate effect, and the Board of Directors shall be responsible for the duties of an Audit Committee.

In consideration of Sega Europe Limited owning more than 90 percent of Rovio Entertainment Corporation's issued and outstanding shares and that the redemption proceeding in respect of the remaining minority shares in Rovio Entertainment Corporation has been initiated and Rovio Entertainment Corporation's shares will be delisted from Nasdaq Helsinki Ltd as soon as permitted and practicable under applicable laws, the Finnish Corporate Governance Code will no longer be complied with in full.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

## Performance measures

EUR million	7-9/ 2023	7-9/ 2022	Change, %	1-9/ 2023	1-9/ 2022	Change, %	1-12/ 2022
Revenue	73.1	77.4	-5.6%	221.8	240.8	-7.9%	317.7
EBITDA	10.0	12.2	-17.9%	32.0	37.6	-14.9%	43.3
EBITDA margin	13.7%	15.7%		14.4%	15.6%		13.6%
Adjusted EBITDA	15.8	15.7	1.0%	38.7	44.3	-12.8%	53.9
Adjusted EBITDA margin, %	21.7%	20.2%		17.4%	18.4%		17.0%
Operating profit	6.7	8.6	-22.0%	22.4	26.6	-15.8%	28.6
Operating profit margin, %	9.1%	11.1%		10.1%	11.0%		9.0%
Adjusted operating profit	12.5	12.1	3.8%	29.1	33.3	-12.8%	39.2
Adjusted operating profit margin, %	17.1%	15.6%		13.1%	13.8%		12.3%
Profit before tax	9.3	10.2	-8.9%	26.5	30.4	-12.9%	30.6
Adjusted profit for the period	13.6	10.4	30.8%	28.4	28.2	0.8%	31.4
Capital expenditure	1.8	1.3	34.5%	6.3	4.6	38.7%	7.0
User acquisition	21.1	21.3	-0.9%	66.3	73.2	-9.5%	96.5
Return on equity (ROE), %	11.5%	19.0%		11.5%	19.0%		14.4%
Net gearing ratio, %	-62.6%	-81.3%		-62.6%	-81.3%		-72.7%
Equity ratio, %	86.0%	72.3%		86.0%	72.3%		79.3%
Earnings per share, EUR	0.12	0.10	16.5%	0.30	0.30	-0.4%	0.30
Earnings per share, diluted EUR	0.12	0.10	17.1%	0.30	0.30	-0.5%	0.30
Adjusted earnings per share, EUR	0.18	0.14	29.7%	0.37	0.38	-0.8%	0.42
Net cash flows from operating activities	-0.9	8.6	-110.9%	-1.2	37.9	-103.3%	49.9
Employees (average for the period)	558	522	6.9%	560	506	10.7%	513

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, legal fees related to claims, and costs relating to enlargement of the ownership base of the company. Adjusted EBITDA and adjusted operating profit are presented as complementing measures to the measures included in the consolidated income statement presented in accordance with IFRS as, in Rovio's view, they increase understanding of Rovio's results of operations.

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

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

### Reconciliation of adjusted operating profit

EUR million	7-9/ 2023	Items affecting comparability	Income statement	
			excluding items affecting comparability	items affecting comparability
<b>Revenue</b>	<b>73.1</b>			<b>73.1</b>
Other operating income	7.3		-6.4	0.9
Materials and services	-17.7			-17.7
Employee benefits expense	-14.1		1.9	-12.3
Depreciation and amortization	-3.3			-3.3
Other operating expenses	-38.6		10.4	-28.2
<b>Operating profit</b>	<b>6.7</b>		<b>5.8</b>	<b>12.5</b>

EUR million	7-9/ 2022	Items affecting comparability	Income statement	
			excluding items affecting comparability	items affecting comparability
<b>Revenue</b>	<b>77.4</b>			<b>77.4</b>
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
<b>Operating profit</b>	<b>8.6</b>		<b>3.5</b>	<b>12.1</b>

EUR million	1-9/ 2023	Items affecting comparability	Income statement	
			excluding items affecting comparability	items affecting comparability
<b>Revenue</b>	<b>221.8</b>			<b>221.8</b>
Other operating income	7.4		-6.4	1.0
Materials and services	-55.4			-55.4
Employee benefits expense	-41.9		1.9	-40.0
Depreciation and amortization	-9.6			-9.6
Other operating expenses	-100.0		11.3	-88.7
<b>Operating profit</b>	<b>22.4</b>		<b>6.7</b>	<b>29.1</b>

EUR million	1-9/ 2022	Items affecting comparability	Income statement	
			excluding items affecting comparability	items affecting comparability
<b>Revenue</b>	<b>240.8</b>			<b>240.8</b>
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
<b>Operating profit</b>	<b>26.6</b>		<b>6.7</b>	<b>33.3</b>

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

### Reconciliation of adjusted operating profit

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Operating profit</b>	<b>6.7</b>	<b>8.6</b>	<b>22.4</b>	<b>26.6</b>	<b>28.6</b>
Change of control costs	12.3		13.3		
Change in fair value of contingent liability	-6.5	2.8	-6.6	6.0	4.9
Asset impairment					
Legal fees related to claims		0.5		0.5	5.1
Restructuring costs arising from employee benefits expenses		0.2		0.2	0.6
Restructuring costs in Other operating expenses					0.0
Restructuring costs in Depreciation and amortization					
<b>Adjusted operating profit</b>	<b>12.5</b>	<b>12.1</b>	<b>29.1</b>	<b>33.3</b>	<b>39.2</b>

### Reconciliation of EBITDA and Adjusted EBITDA

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Operating profit</b>	<b>6.7</b>	<b>8.6</b>	<b>22.4</b>	<b>26.6</b>	<b>28.6</b>
Depreciation and amortization	3.3	3.6	9.6	11.0	14.7
<b>EBITDA</b>	<b>10.0</b>	<b>12.2</b>	<b>32.0</b>	<b>37.6</b>	<b>43.3</b>
Change of control costs	12.3		13.3		
Change in fair value of contingent liability	-6.5	2.8	-6.6	6.0	4.9
Legal fees related to claims		0.5		0.5	5.1
Restructuring costs arising from employee benefits expenses		0.2		0.2	0.6
Restructuring costs in Other operating expenses					0.0
<b>Adjusted EBITDA</b>	<b>15.8</b>	<b>15.7</b>	<b>38.7</b>	<b>44.3</b>	<b>53.9</b>



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

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Equity ratio, %</b>	<b>86.0%</b>	<b>72.3%</b>	<b>86.0%</b>	<b>72.3%</b>	<b>79.3%</b>
Equity	235.7	228.3	235.7	228.3	226.8
Advances received	0.9	1.5	0.9	1.5	1.4
Deferred revenue	6.6	7.2	6.6	7.2	7.1
Total assets	281.4	324.6	281.4	324.6	294.3
<b>Return on equity, %</b>	<b>11.5%</b>	<b>19.0%</b>	<b>11.5%</b>	<b>19.0%</b>	<b>14.4%</b>
Profit/loss before tax	26.6	39.6	26.6	39.6	30.6
Shareholder's equity beginning of period	228.3	187.2	228.3	187.2	197.5
Shareholder's equity end of period	235.7	228.3	235.7	228.3	226.8
<b>Net gearing ratio, %</b>	<b>-62.6%</b>	<b>-81.3%</b>	<b>-62.6%</b>	<b>-81.3%</b>	<b>-72.7%</b>
Total interest-bearing debt	4.6	6.4	4.6	6.4	5.9
Cash and cash equivalents	152.2	192.1	152.2	192.1	170.7
Equity	235.7	228.3	235.7	228.3	226.8
Non-current interest-bearing loans and borrowings	2.4	3.7	2.4	3.7	3.1
Current interest-bearing loans and borrowings	2.3	2.6	2.3	2.6	2.8
Cash and cash equivalents	152.2	192.1	152.2	192.1	170.7
<b>Net debt</b>	<b>-147.5</b>	<b>-185.7</b>	<b>-147.5</b>	<b>-185.7</b>	<b>-164.8</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	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
Gross bookings	67.5	70.8	208.3	224.0	298.0
Change in deferred revenue	0.2	-0.1	0.4	-0.7	-0.7
Custom contracts	3.1	1.8	6.8	5.1	7.1
Other adjustments	0.4	1.7	0.2	3.9	2.3
<b>Games' revenue</b>	<b>71.2</b>	<b>74.2</b>	<b>215.7</b>	<b>232.3</b>	<b>306.7</b>

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

## Calculation principles of IFRS performance measures

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

## Calculation principles of alternative performance measures

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

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

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

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

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

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

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

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

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

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

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

**User acquisition share of games' revenue, %**, which is user acquisition costs as a percentage of games' revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

# Interim Report

## January 1 – September 30, 2023 – Tables

The figures in the Interim report are unaudited.

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

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Revenue</b>	<b>73.1</b>	<b>77.4</b>	<b>221.8</b>	<b>240.8</b>	<b>317.7</b>
Other operating income	7.3	0.4	7.4	2.7	2.8
Materials and services	17.7	19.4	55.4	59.6	79.6
Employee benefits expense	14.1	14.0	41.9	41.9	57.8
Depreciation and amortization	3.3	3.6	9.6	11.0	14.7
Other operating expenses	38.6	32.2	100.0	104.4	139.9
<b>Operating profit</b>	<b>6.7</b>	<b>8.6</b>	<b>22.4</b>	<b>26.6</b>	<b>28.6</b>
Finance income and expenses	2.6	1.7	4.1	3.8	2.0
<b>Profit (loss) before tax</b>	<b>9.3</b>	<b>10.2</b>	<b>26.5</b>	<b>30.4</b>	<b>30.6</b>
Income tax expense	-0.4	-2.6	-3.4	-7.6	-7.7
<b>Profit for the period</b>	<b>9.0</b>	<b>7.6</b>	<b>23.1</b>	<b>22.8</b>	<b>22.9</b>
Equity holders of the parent company	9.0	7.6	23.1	22.8	22.9
<b>Other comprehensive income/expense</b>					
Other comprehensive income that will not be reclassified to profit and loss (net of tax):					
Change in fair value, investments valued through other comprehensive income	-1.7	0.5	-1.7	1.6	1.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	1.4	3.6	-0.1	8.2	4.6
<b>Total comprehensive income for the period net of tax</b>	<b>8.7</b>	<b>11.7</b>	<b>21.3</b>	<b>32.6</b>	<b>28.5</b>
<b>Equity holders of the parent company</b>	<b>8.7</b>	<b>11.7</b>	<b>21.3</b>	<b>32.6</b>	<b>28.5</b>
<b>Earnings per share for net result attributable to owners of the parent:</b>					
Earnings per share, EUR	0.12	0.10	0.30	0.30	0.30
Earnings per share, diluted EUR	0.12	0.10	0.30	0.30	0.30

## Consolidated statement of financial position

EUR million	30 Sept 2023	30 Sept 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>84.9</b>	<b>95.5</b>	<b>89.0</b>
Property, plant and equipment	1.7	1.3	1.6
Intangible assets	19.2	22.3	20.8
Goodwill	40.1	43.5	39.8
Right-of-use assets	4.7	6.0	5.4
Investments	7.5	12.9	12.1
Non-current receivables	3.4	1.0	0.9
Deferred tax assets	8.4	8.4	8.4
<b>Current assets</b>	<b>196.5</b>	<b>229.2</b>	<b>205.3</b>
Trade receivables	28.2	24.7	25.3
Prepayments and accrued income	10.5	9.8	8.0
Other current financial assets	5.6	2.6	1.3
Money market funds and short-term bank deposits	108.9	49.4	59.9
Cash and cash equivalents	43.3	142.6	110.8
<b>Total assets</b>	<b>281.4</b>	<b>324.6</b>	<b>294.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	0.7	0.7	0.7
Reserves	51.9	51.9	51.9
Translation differences	4.6	8.2	4.7
Treasury shares	-35.6	-36.3	-35.9
Fair value reserve	2.3	4.6	3.9
Retained earnings	188.8	176.3	178.6
Profit for the period	23.1	22.8	22.9
<b>Equity holders of the parent company</b>	<b>235.7</b>	<b>228.3</b>	<b>226.8</b>
Non-controlling interests	0.0	0.0	0.0
<b>Total equity</b>	<b>235.7</b>	<b>228.3</b>	<b>226.8</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>9.8</b>	<b>20.7</b>	<b>18.0</b>
Interest-bearing loans and borrowings	0.0	0.2	0.1
Contingent consideration liabilities	5.7	13.4	12.0
Lease liabilities	2.3	3.5	3.0
Deferred tax liabilities	1.7	3.5	2.8
<b>Current liabilities</b>	<b>35.9</b>	<b>75.7</b>	<b>49.5</b>
Trade and other payables	11.6	10.8	12.1
Interest-bearing loans and borrowings	0.0	0.0	0.1
Contingent consideration liabilities	0.3	33.6	0.3
Lease liabilities	2.3	2.6	2.6
Other current financial liabilities	0.7	0.7	0.7
Advances received	0.9	1.5	1.4
Deferred revenue	6.6	7.2	7.1
Income tax payable	0.7	2.9	1.9
Provisions	0.0	0.0	0.3
Accrued liabilities	12.8	16.2	23.0
<b>Total liabilities</b>	<b>45.7</b>	<b>96.3</b>	<b>67.5</b>
<b>Total equity and liabilities</b>	<b>281.4</b>	<b>324.6</b>	<b>294.3</b>

## Consolidated statement of changes in equity

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
<b>Balance at Jan 1, 2022</b>	<b>0.7</b>	<b>46.0</b>	<b>-36.9</b>	<b>184.6</b>	<b>3.0</b>	<b>0.1</b>	<b>197.5</b>	<b>0.0</b>	<b>197.5</b>
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
<b>September 30, 2022</b>	<b>0.7</b>	<b>51.9</b>	<b>-36.3</b>	<b>199.1</b>	<b>4.6</b>	<b>8.2</b>	<b>228.3</b>	<b>0.0</b>	<b>228.3</b>

Attributable to the equity holders of the parent on September 30, 2023

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, 2023</b>	<b>0.7</b>	<b>51.9</b>	<b>-35.9</b>	<b>201.5</b>	<b>3.9</b>	<b>4.7</b>	<b>226.8</b>	<b>0.0</b>	<b>226.8</b>
Profit for the period				23.1			23.1		23.1
Option subscriptions							0.0		0.0
Treasury shares acquisition							0.0		0.0
Other comprehensive income						-0.1	-0.1		-0.1
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax					-1.7		-1.7		-1.7
Cash dividends				-9.9			-9.9		-9.9
Share-based payments			0.3	-2.8			-2.5		-2.5
<b>September 30, 2023</b>	<b>0.7</b>	<b>51.9</b>	<b>-35.6</b>	<b>211.9</b>	<b>2.3</b>	<b>4.6</b>	<b>235.7</b>	<b>0.0</b>	<b>235.7</b>

## Consolidated statement of cash flows

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Operating activities</b>					
Profit (loss) before tax	9.3	10.2	26.5	30.4	30.6
<b>Adjustments:</b>					
Depreciation and amortization on tangible and intangible assets	3.3	3.6	9.6	11.0	14.7
Net foreign exchange differences	-1.1	-1.5	-1.5	-3.8	-1.7
Gain on disposal of property, plant and equipment	-0.0	0.0	-0.0	-0.0	0.0
Finance costs	-1.6	-0.2	-2.6	-0.0	-0.3
Other non-cash items	-7.6	3.5	-9.9	6.5	5.6
<b>Change in working capital:</b>					
Change in trade and other receivables and prepayments	-2.1	-2.9	-3.5	-0.6	1.1
Change in trade and other payables	0.5	-2.2	-12.7	4.2	11.6
Interest received	1.3	0.3	3.2	0.4	1.3
Interest paid	-0.2	-0.1	-0.6	-0.4	-0.6
Income tax paid (received)	-2.9	-2.2	-9.7	-9.8	-12.3
<b>Net cash flows from operating activities</b>	<b>-0.9</b>	<b>8.6</b>	<b>-1.2</b>	<b>37.9</b>	<b>49.9</b>
<b>Investing activities</b>					
Purchase of tangible and intangible assets	-1.8	-1.3	-6.3	-4.6	-7.0
Other investments	0.0	0.0	0.0	0.0	-0.3
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	0.0	0.0
Proceeds from sales of other investments	0.0	0.0	0.0	0.0	2.0
Acquisition of subsidiaries, net of cash acquired	0.0	0.0	0.0	0.0	-19.6
<b>Net cash flows used in investing activities</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-6.3</b>	<b>-4.6</b>	<b>-24.9</b>
<b>Financing activities</b>					
Finance lease repayments	-0.8	-0.7	-2.2	-2.0	-2.7
Proceeds from and repayments of borrowings	0.0	-0.0	0.0	-0.5	-0.5
Share subscriptions based on option rights	0.0	0.0	0.0	5.9	5.9
Acquisition of treasury shares	0.0	-0.5	0.0	-0.5	-10.7
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	-9.9	-8.9	-8.9
<b>Net cash flows from/(used in) financing activities</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-12.1</b>	<b>-6.1</b>	<b>-17.0</b>
<b>Change in cash and cash equivalents</b>	<b>-3.5</b>	<b>6.0</b>	<b>-19.6</b>	<b>27.3</b>	<b>8.0</b>
Net foreign exchange difference and value changes in money market funds	2.8	1.7	1.1	4.0	1.9
Cash and cash equivalents at beginning of period	152.8	184.3	170.7	160.8	160.8
<b>Cash and cash equivalents at the end of the period</b>	<b>152.2</b>	<b>192.1</b>	<b>152.2</b>	<b>192.1</b>	<b>170.7</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	43.3	142.6	43.3	142.6	110.8
Money market funds and ST bank deposits at the end of period	108.9	49.4	108.9	49.4	59.9
<b>Cash and cash equivalents at the end of the period</b>	<b>152.2</b>	<b>192.1</b>	<b>152.2</b>	<b>192.1</b>	<b>170.7</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 2022.

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

This interim report does not include all the information or disclosures as presented in the consolidated financial statements of December 31, 2022.

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

Rovio has previously defined its operating segments as Games, Brand Licensing (BLU) and Other. Starting from January 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 at the group level. EBITDA is the primary performance measure that the 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	On Sept 30, 2023	On Sept 30, 2022	On December 31, 2022
Venture Capital investment commitment	0.1	0.4	0.4
<b>Total</b>	<b>0.1</b>	<b>0.4</b>	<b>0.4</b>

#### Venture Capital investments

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

### 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 abnormal related party transactions during the reporting period.

## 5. Calculation of earnings per share

	<b>7-9/ 2023</b>	<b>7-9/ 2022</b>	<b>1-9/ 2023</b>	<b>1-9/ 2022</b>	<b>1-12/ 2022</b>
Earnings per share, EUR	0.12	0.10	0.30	0.30	0.30
Earnings per share, diluted, EUR	0.12	0.10	0.30	0.30	0.30
Shares outstanding at the end of the period (thousands)	76,179	75,470	79,179	75,470	76,107
Weighted average adjusted number of shares during the financial period, basic (thousands)	76,179	75,541	76,159	74,906	75,218
Weighted average adjusted number of shares during the financial period, diluted (thousands)	76,748	76,481	77,081	75,751	76,091