

We craft joy.

# Rovio Entertainment

Q3 2022  
Earnings Call Presentation

October 28, 2022





# Today's speakers



René Lindell  
CFO



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CEO



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VP, IR & Corporate Strategy





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# Q3'22 Highlights.

- **Good performance in a declining market:** Group revenue EUR 77.4 million, +8.4% y-o-y (-4.6% comparable)
  - Market headwinds continued in mobile gaming market in Q3: the US market declined by -15.3% y-o-y according to data.ai
- **Good profitability:** Group adjusted operating profit margin 15.6%
- **Live games showing strength**
  - **Angry Birds 2:** +7.8% y-o-y
  - **Angry Birds Dream Blast:** +17.5% y-o-y
- **Several structural changes to support our growth ambitions**
- **Good progress in new games development**



# Angry Birds animation.

Strong performance on Netflix has continued

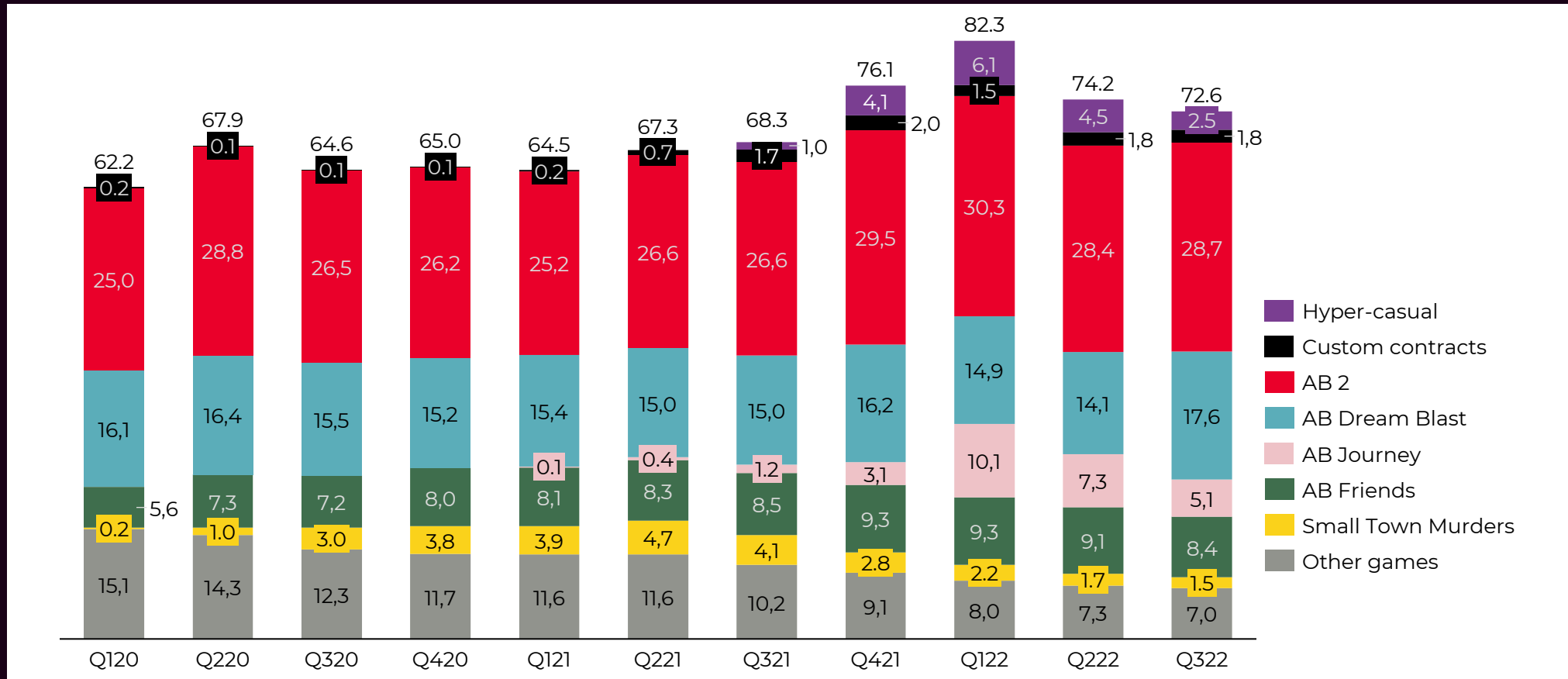
- Third season of Angry Birds Summer Madness was released on Netflix in August
- The series has been one of the most watched Kids content on Netflix
- Based on recent Rovio commissioned consumer study, Angry Birds was the 3<sup>rd</sup> most watched IP on Netflix among teenagers aged 12-16 in the US



# Q3'22: Good performance in a declining market.

Strong performance in AB Dream Blast and continued good performance in AB 2

GAMES GROSS BOOKINGS AND CUSTOM CONTRACTS (EUR MILLION)



# Strategy execution progressing well in all growth drivers.

## Growth drivers

### Double down on top live games

- Growth plans for top games including scaling team sizes



### Invest in new game development

- 10 new games in development



### M&A and agile talent acquisition in a market facing headwinds

- New studio opened by a veteran team joining Rovio



# Studio updates.

New studios opened in Barcelona and Montreal, planning on reorganization for Battle

## Barcelona Studio



- Supports live games, especially Puzzle Studio
- Plan to grow the studio to 15 developers in the next 12 months

## 2<sup>nd</sup> studio in Montreal



- Led by a team of industry veterans who joined Rovio in September
- Genre mastery in hybrid-casual games

## Battle Studio



- Planning on reorganization to allocate our resources to the most attractive growth opportunities



# Refocused strategy in Montreal Studio, and new Studio Head appointed.

## Refocused strategy



- Montreal Studio to focus on expanding Angry Birds beyond mobile
- One game in development: multiplayer cross-platform game targeted for Gen Z audience

## New Studio Head



- Andréane Meunier has been appointed as Head of Studio, Montreal, starting in November
- She has a strong background in console gaming and supports executing our “beyond mobile” strategy
- She has held leadership roles at Ubisoft, Google Stadia, Unity and recently worked as COO at Eidos-Montreal
- Experience include Assassin’s Creed AAA console franchise

# 10 new games in development.



## Moomin: Puzzle & Design

Casual Puzzle & Decorate game  
in soft launch



## Two Hunter Assassin games

Hunter Heroes – multiplayer game  
Hunter Assassin 2 – single player



## “Angry Birds NEXT”

Angry Birds flying beyond mobile with  
multiplayer cross-platform game



## Angry Birds RPG game

New game from  
Copenhagen



## Novel Angry Birds game

First game from Toronto



## Bad Piggies 2

Sequel to a fan  
favorite Bad Piggies



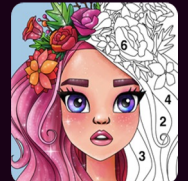
## Match-3 game

New game from  
Puzzle Studio



## 2 hybrid-casual games

New games from Ruby





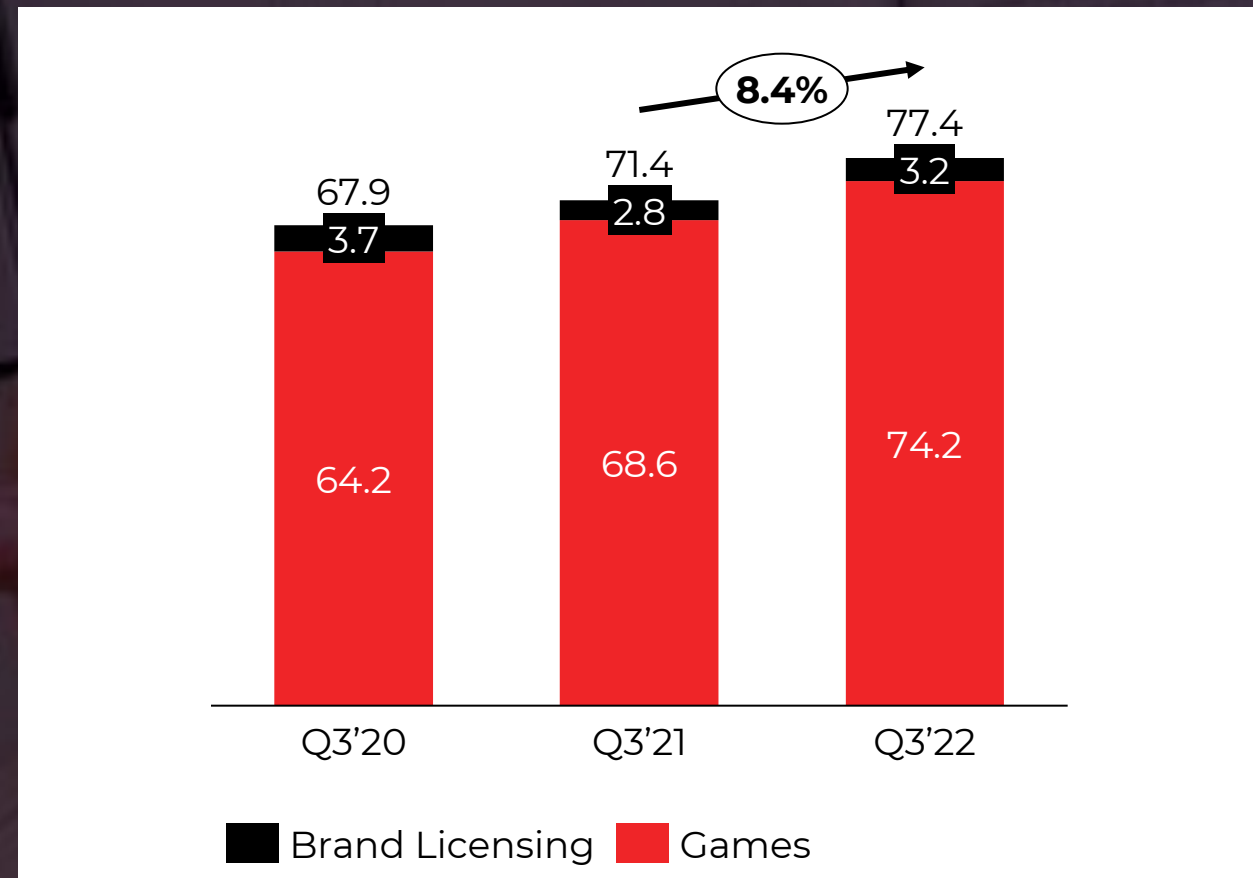
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# Q3'22 Financials

# Q3'22: Group revenue grew 8.4% and declined -4.6% on a comparable basis.

Ruby Games, Angry Birds Journey and strong US dollar increased reported revenues y-o-y

REVENUE (EUR MILLION)

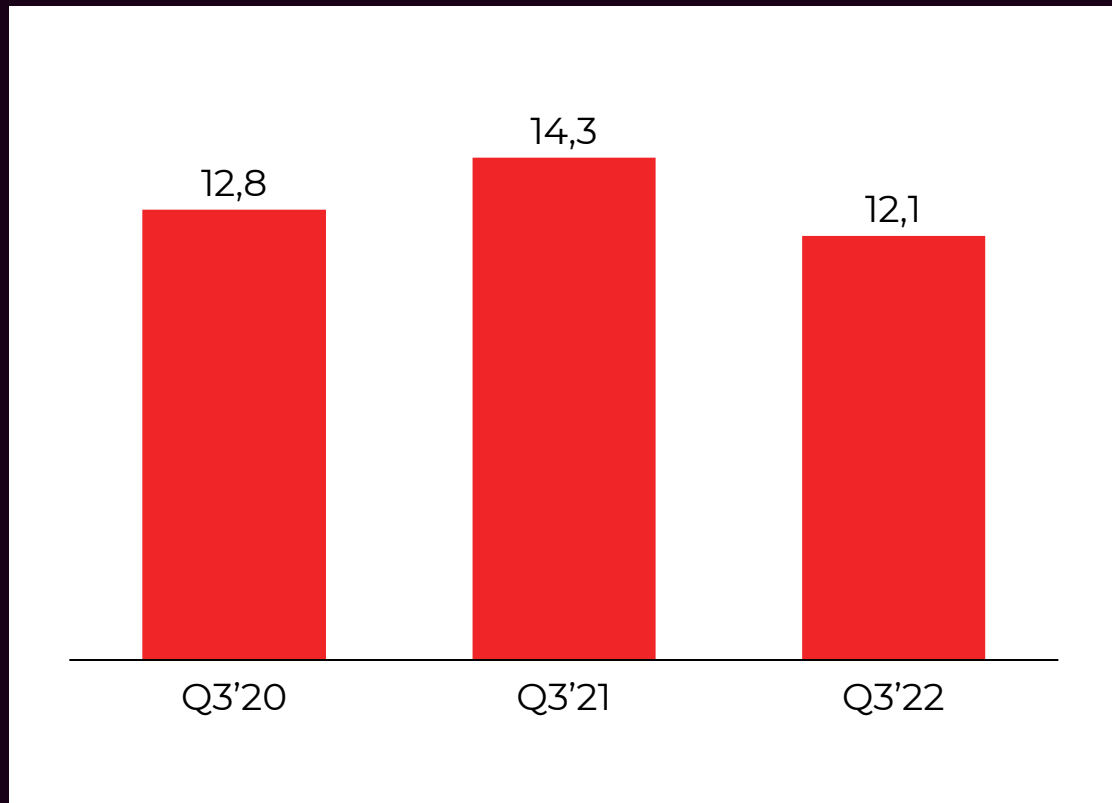




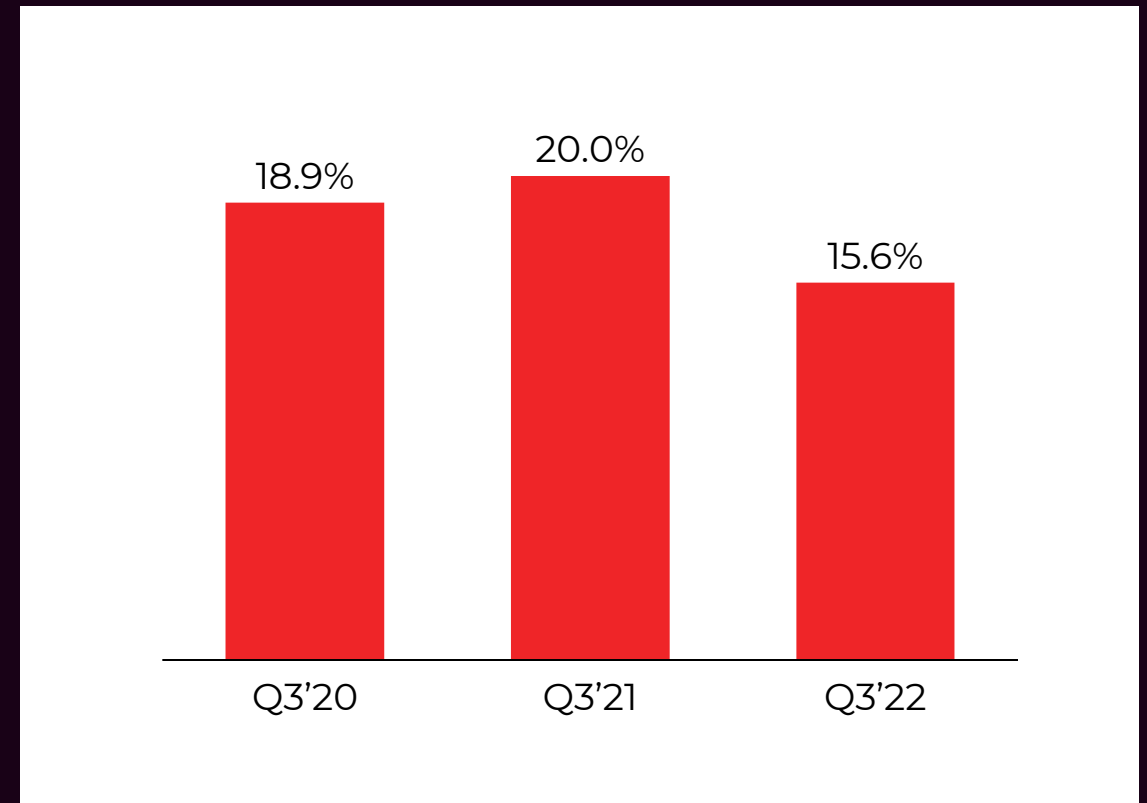
# Q3'22: Adjusted operating profit at good level.

Higher UA spend and growth investments into new studios and top live game teams lowered profit

ADJUSTED OPERATING PROFIT(EUR MILLION) (\*)



ADJUSTED OPERATING PROFIT MARGIN (%)

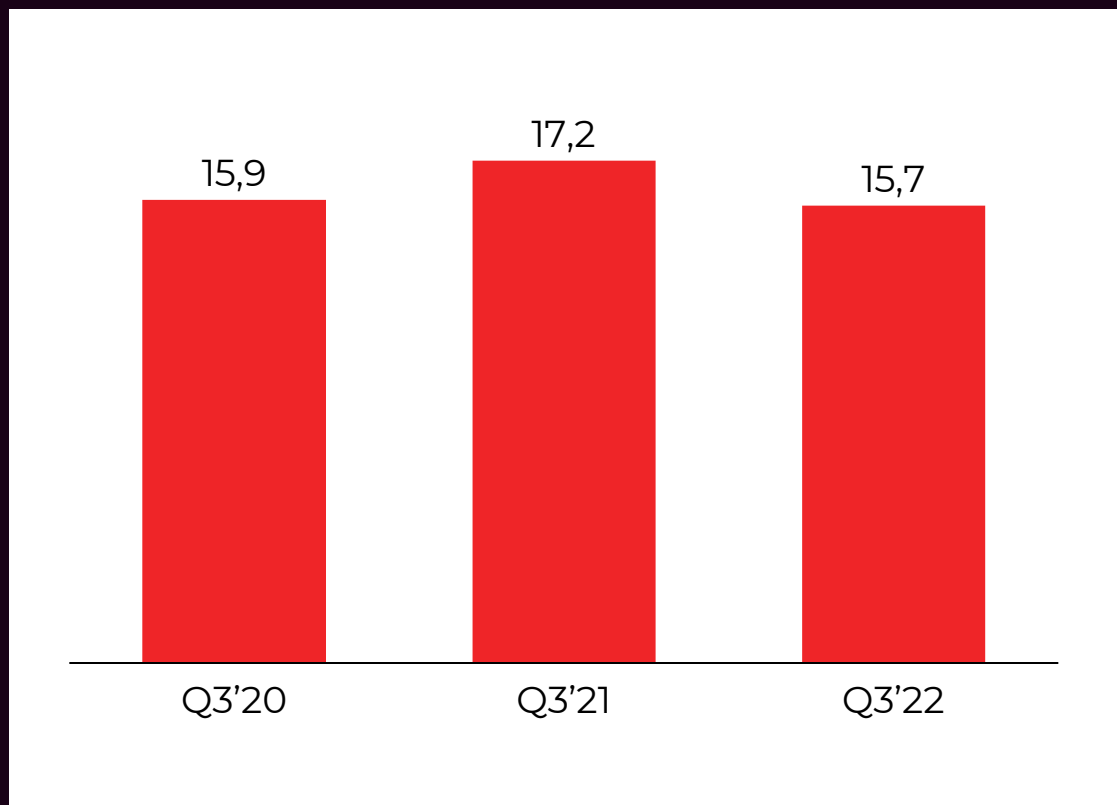


(\*) Adjustments in Q3'20 were EUR 0m, in Q3'21 EUR 0.3m and in Q3'22 EUR 3.5m.

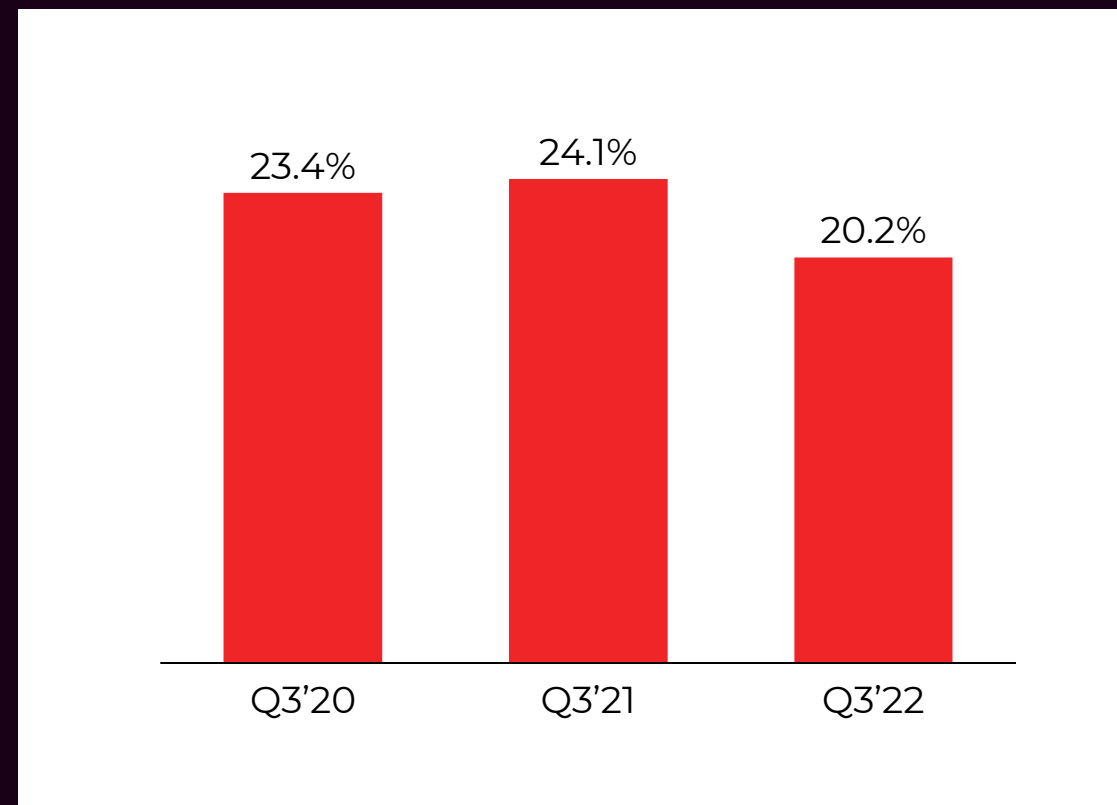
# Q3'22: Adjusted EBITDA at good level.

Higher UA spend and growth investments into new studios and top live game teams lowered EBITDA.

ADJUSTED EBITDA (EUR MILLION) (\*)



ADJUSTED EBITDA MARGIN (%)



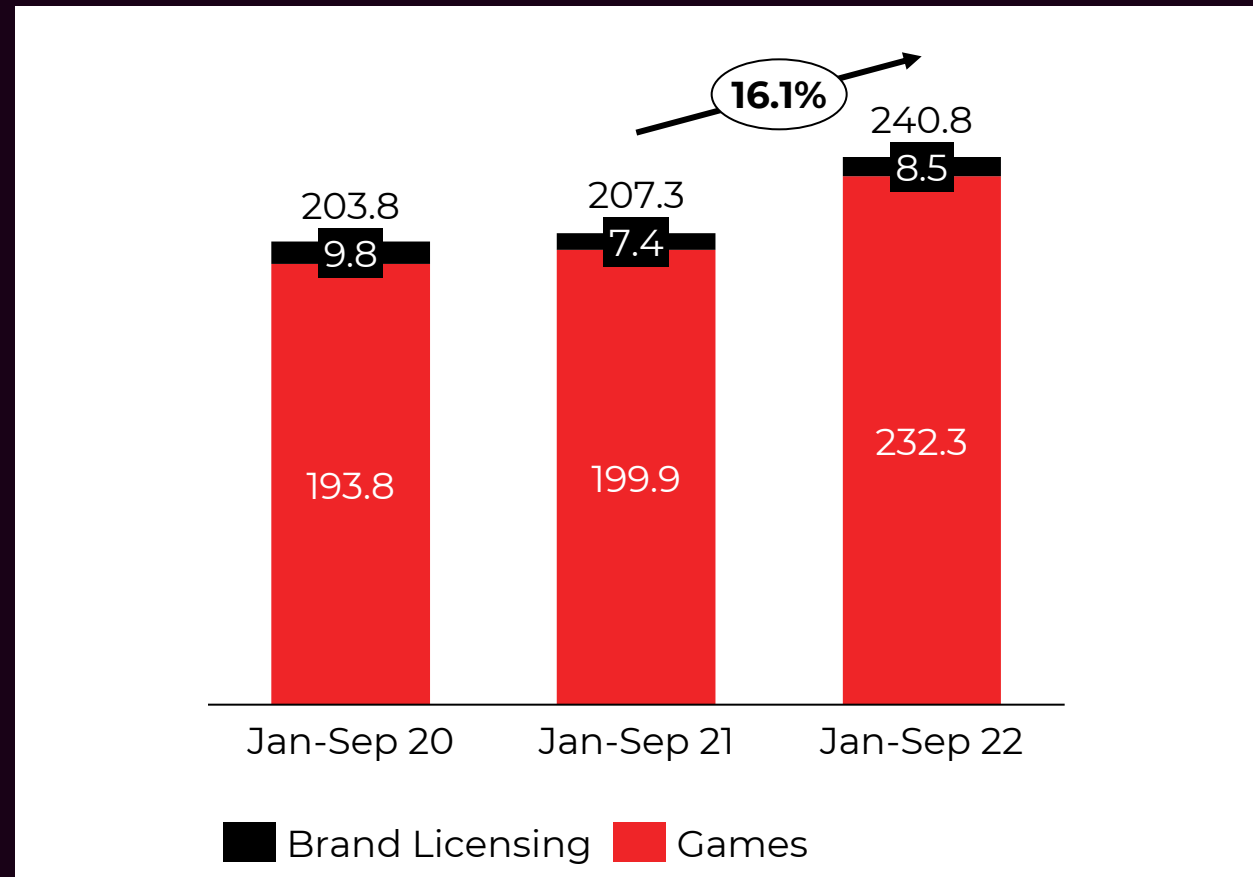
(\*) Adjustments in Q3'20 were EUR 0m, in Q3'21 EUR 0.3m and in Q3'22 EUR 3.5m.



# YTD'22: Group revenue grew 16.1% and 2.1% on a comparable basis.

Ruby Games, Angry Birds Journey and strong US dollar increased reported revenues y-o-y

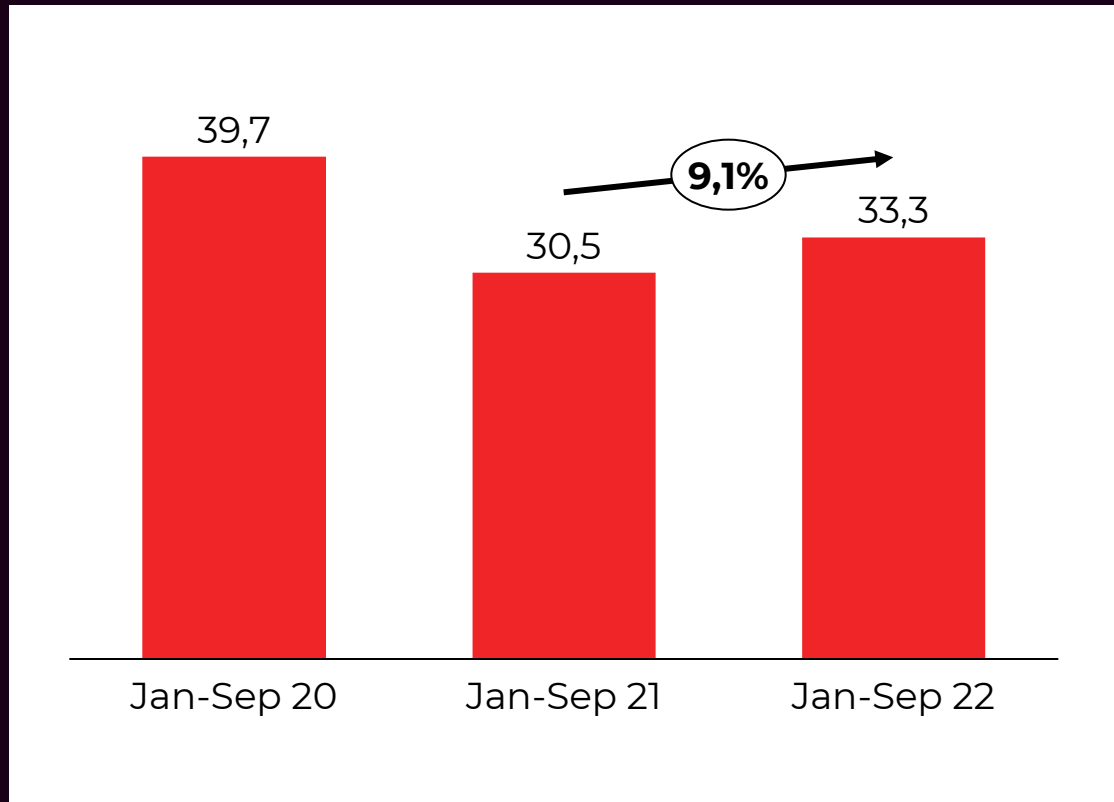
REVENUE (EUR MILLION)



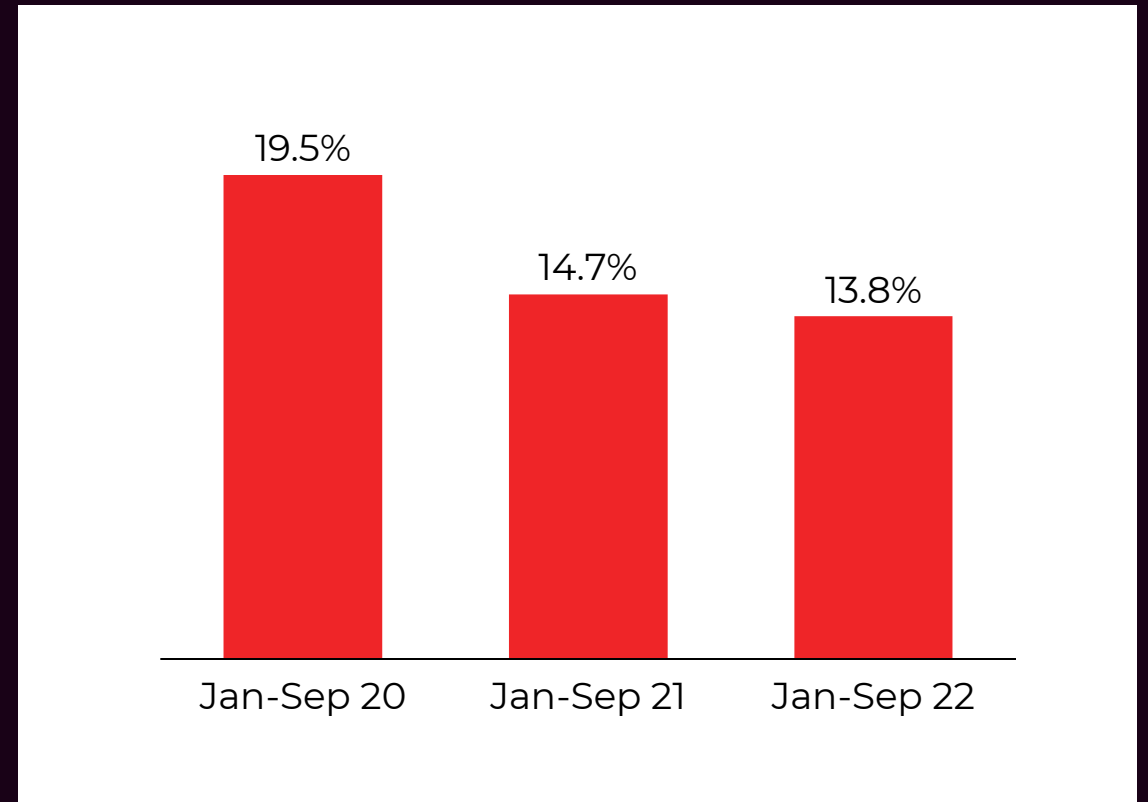
# YTD'22: Adjusted operating profit improved.

Higher revenues drove profit growth, Ruby Games PPA amortizations EUR 29 million

ADJUSTED OPERATING PROFIT(EUR MILLION) (\*)



ADJUSTED OPERATING PROFIT MARGIN (%)

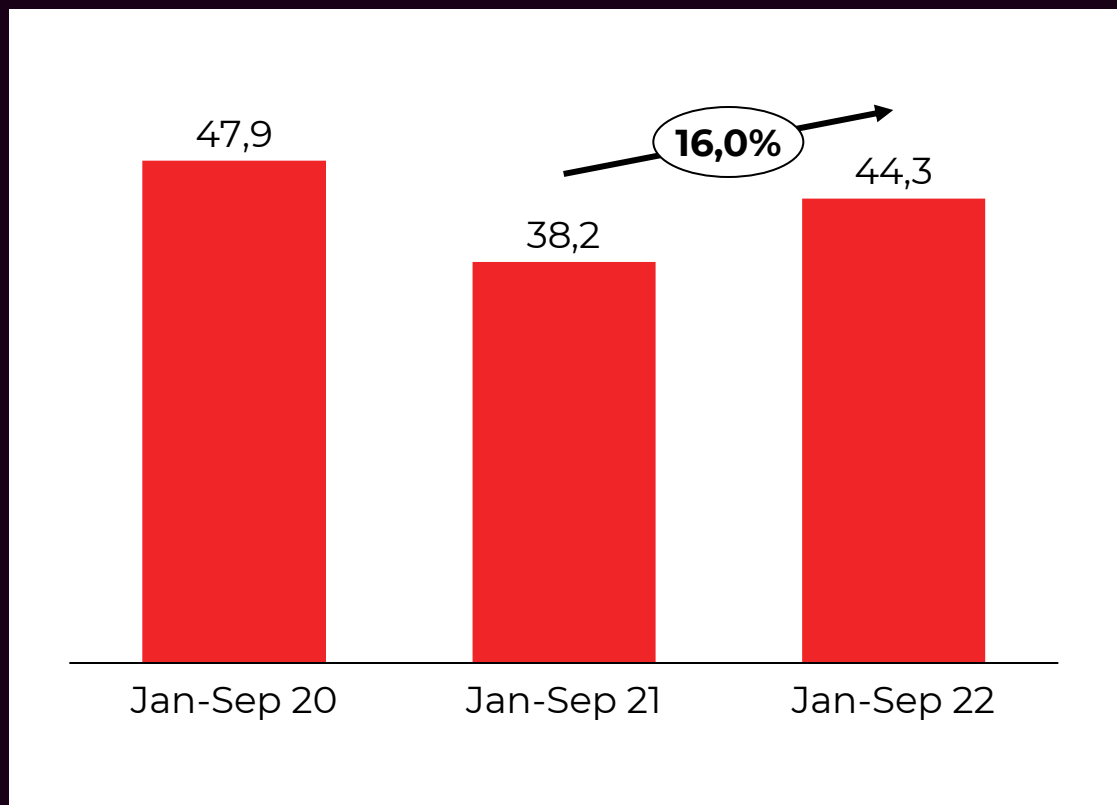


(\*) Adjustments in Jan-Sep 20 were EUR 0.1m, in Jan-Sep 21 EUR 0.9m and in Jan-Sep 22 EUR 6.7m.

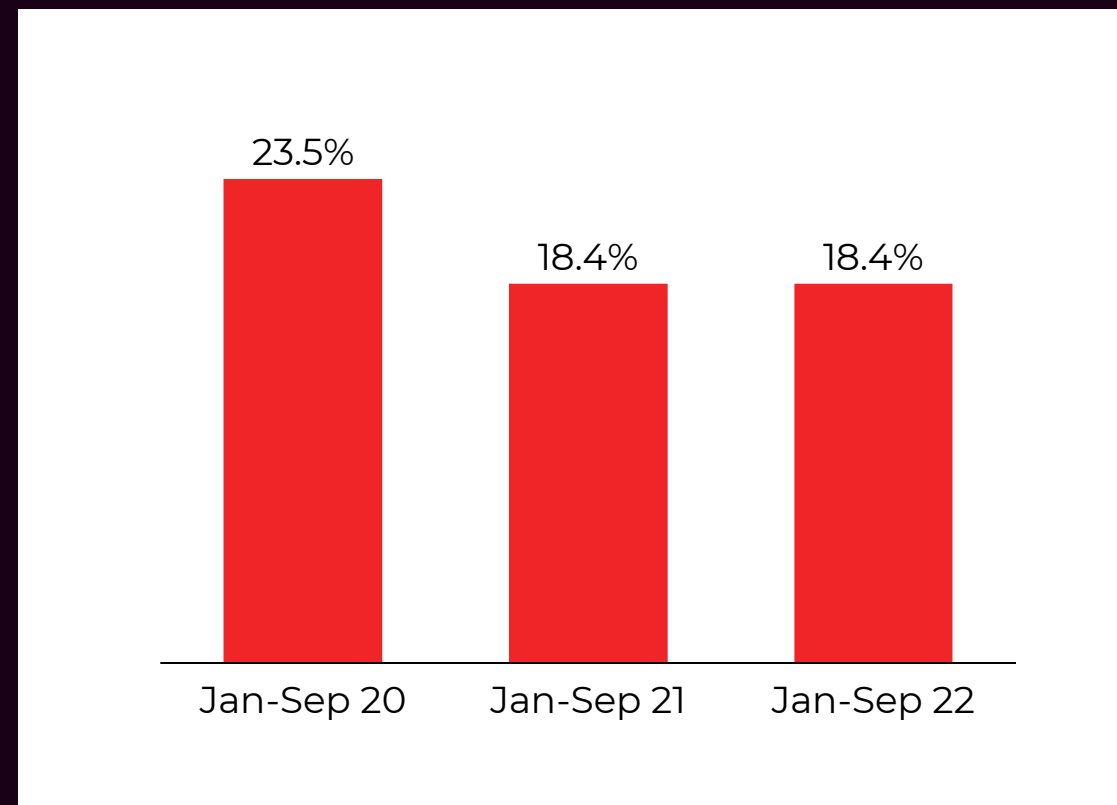
# YTD'22: Adjusted EBITDA improved.

Higher revenues drove profit growth

ADJUSTED EBITDA (EUR MILLION) (\*)



ADJUSTED EBITDA MARGIN (%)

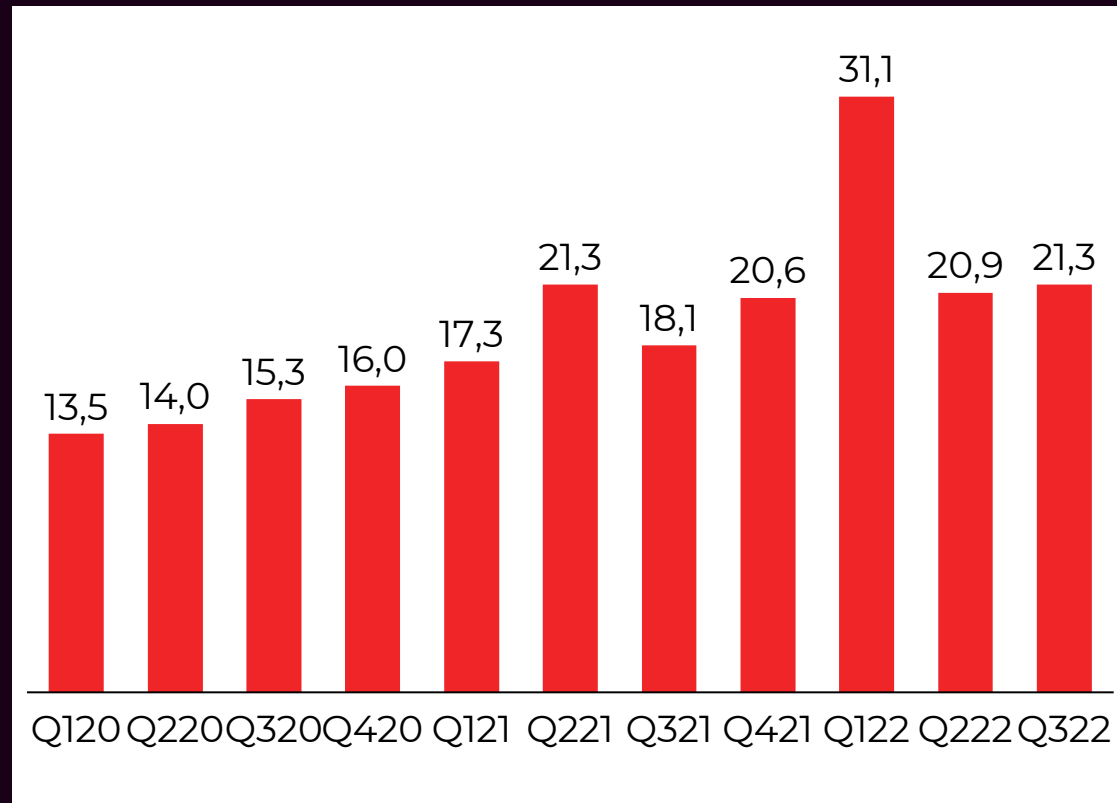


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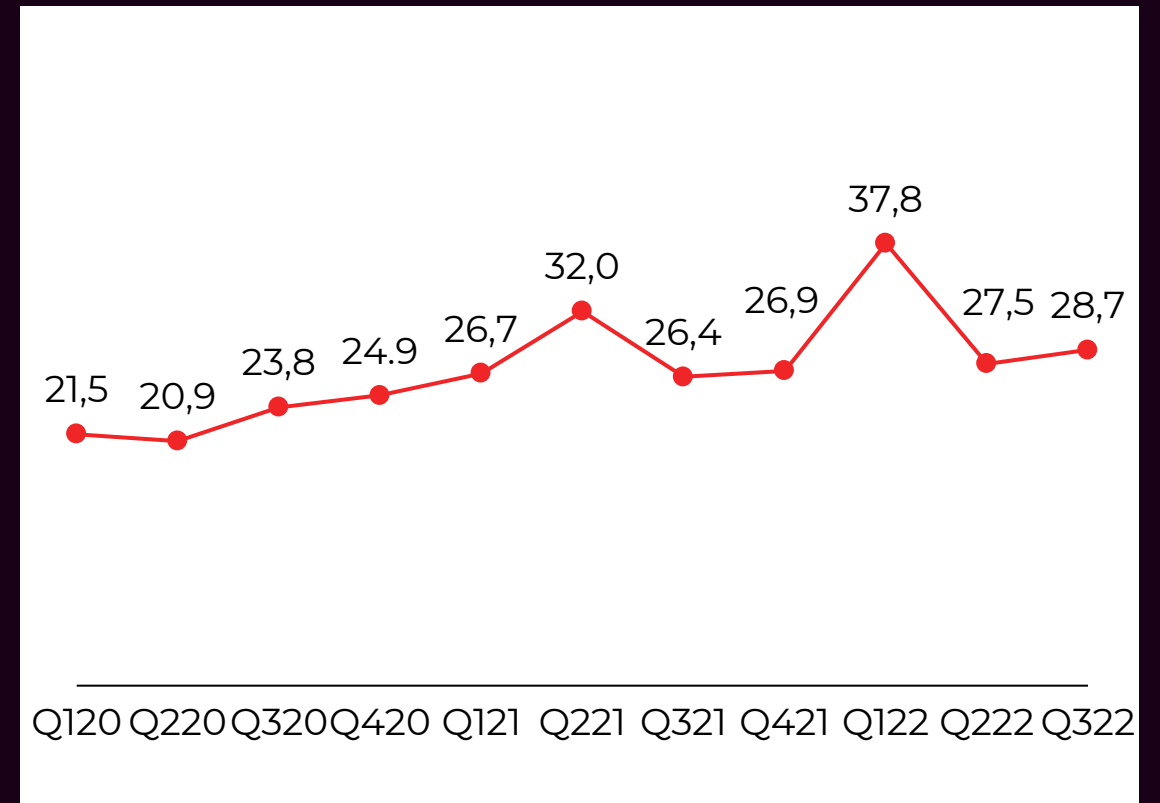


# Q3'22: UA investments increased slightly driven by strong performance in AB Dream Blast.

USER ACQUISITION INVESTMENTS (EUR MILLION)



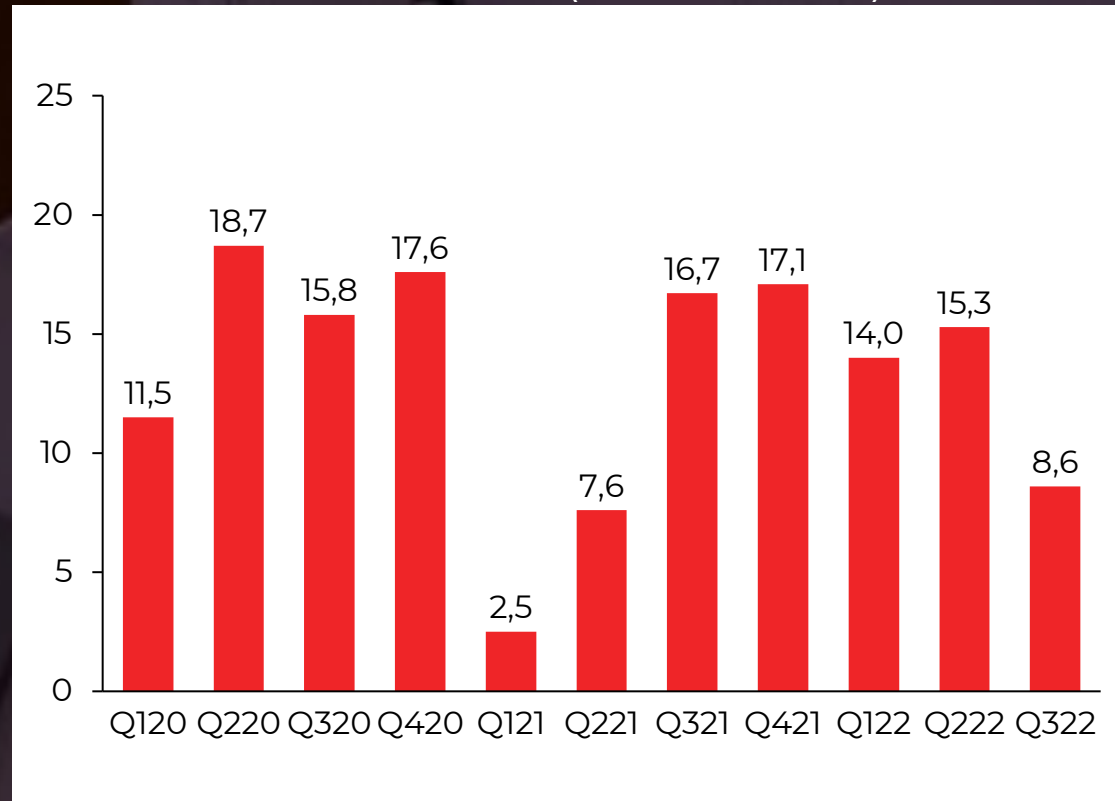
USER ACQUISITION AS % OF GAMES REVENUE



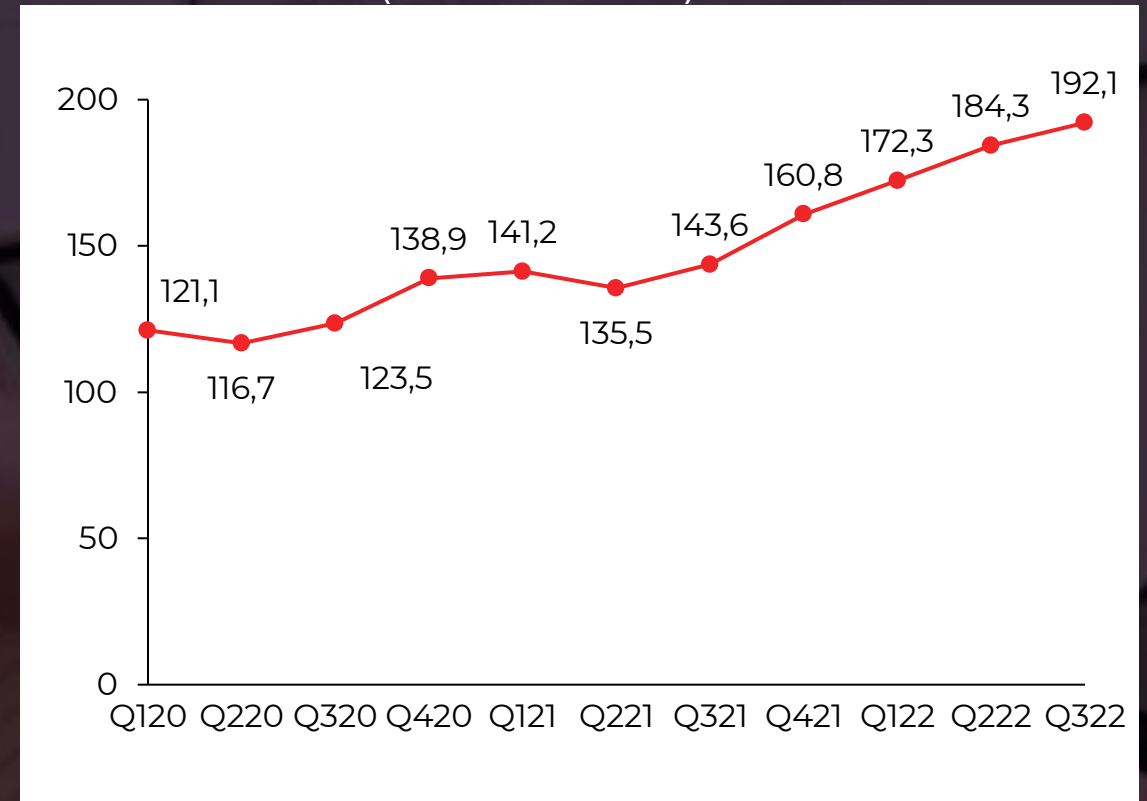
# Q3'22: Good operating cash flow.

Cash balance EUR 192.1 million; lower profit and working capital changes reduced cash flow y-o-y

OPERATING CASH FLOW (EUR MILLION)



CASH BALANCE (EUR MILLION)



# Outlook 2022 - Updated.

*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 is expected to be 28-33% of Games revenues.



# Q&A



## Dial in information:

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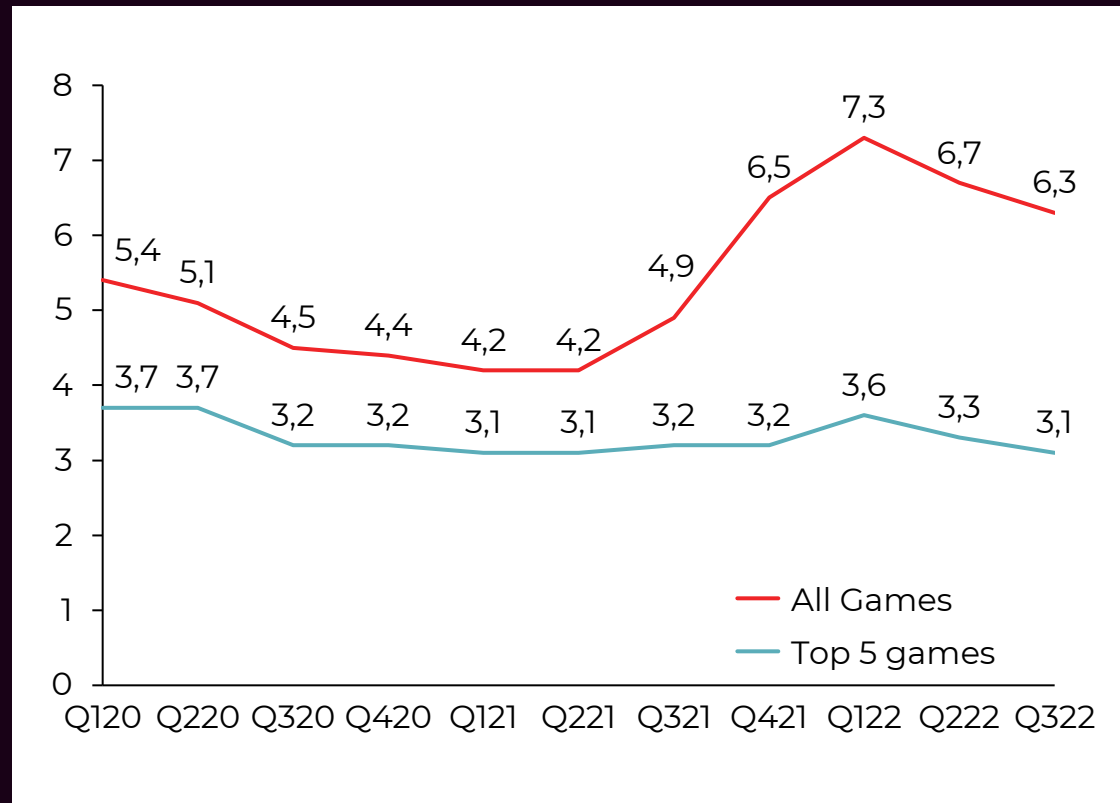
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# Appendix

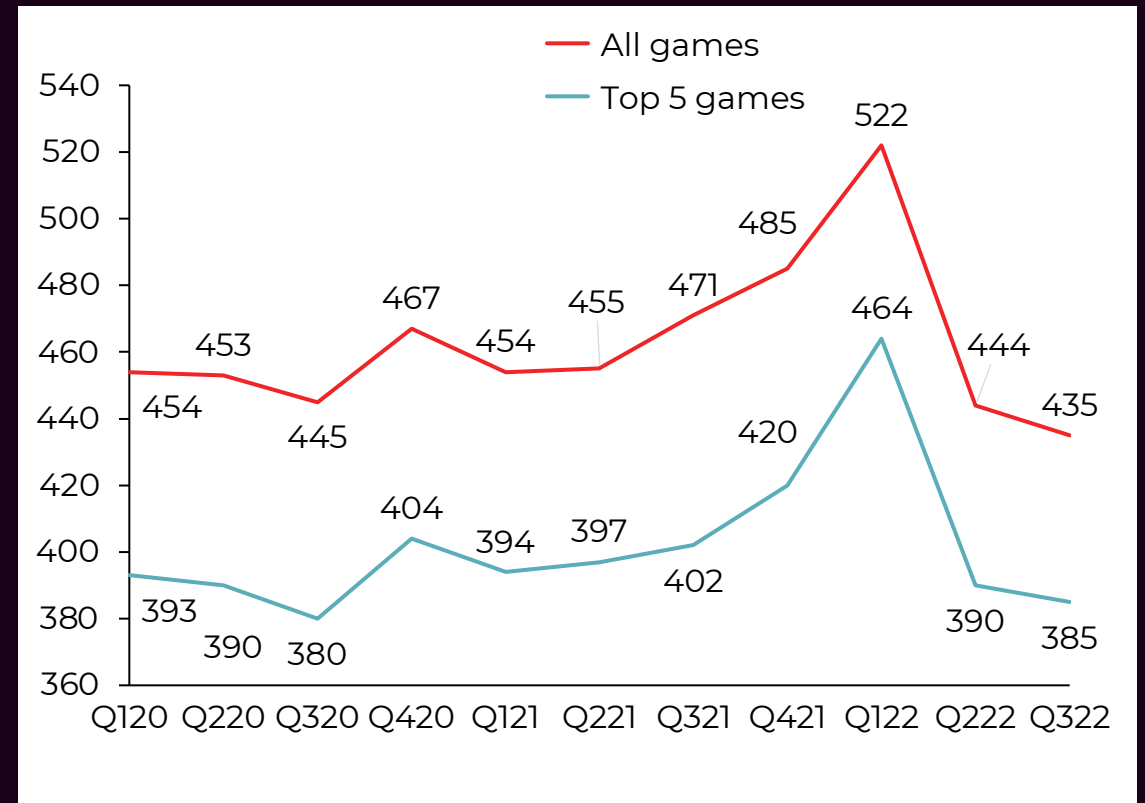


# Q3'22: DAU and MUP decreased.

DAILY ACTIVE USERS (MILLIONS) (\*)



MONTHLY UNIQUE PAYERS (THOUSANDS) (\*)

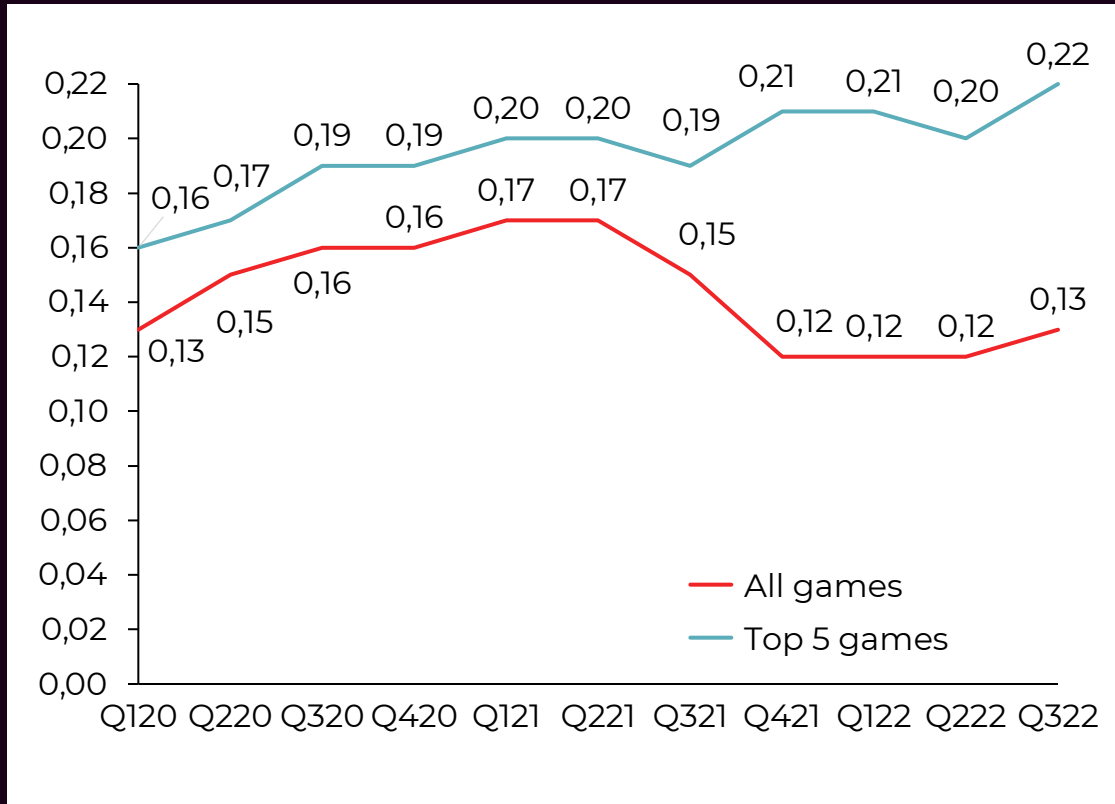


(\*) Ruby Games DAU included starting September 2021. Ruby Games excluded from MUP.

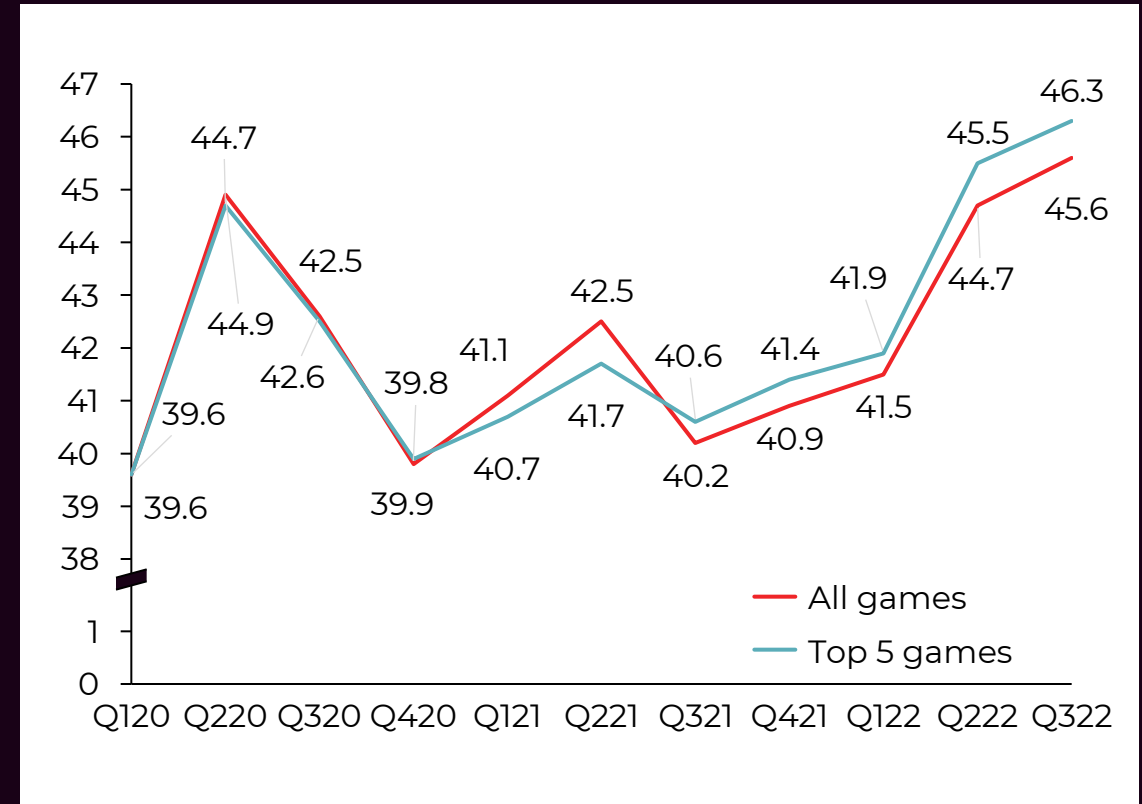


# Q3'22: ARPPDAU improved, record MARPPU.

AVERAGE REVENUE PER DAILY ACTIVE USER (EUR) (\*)



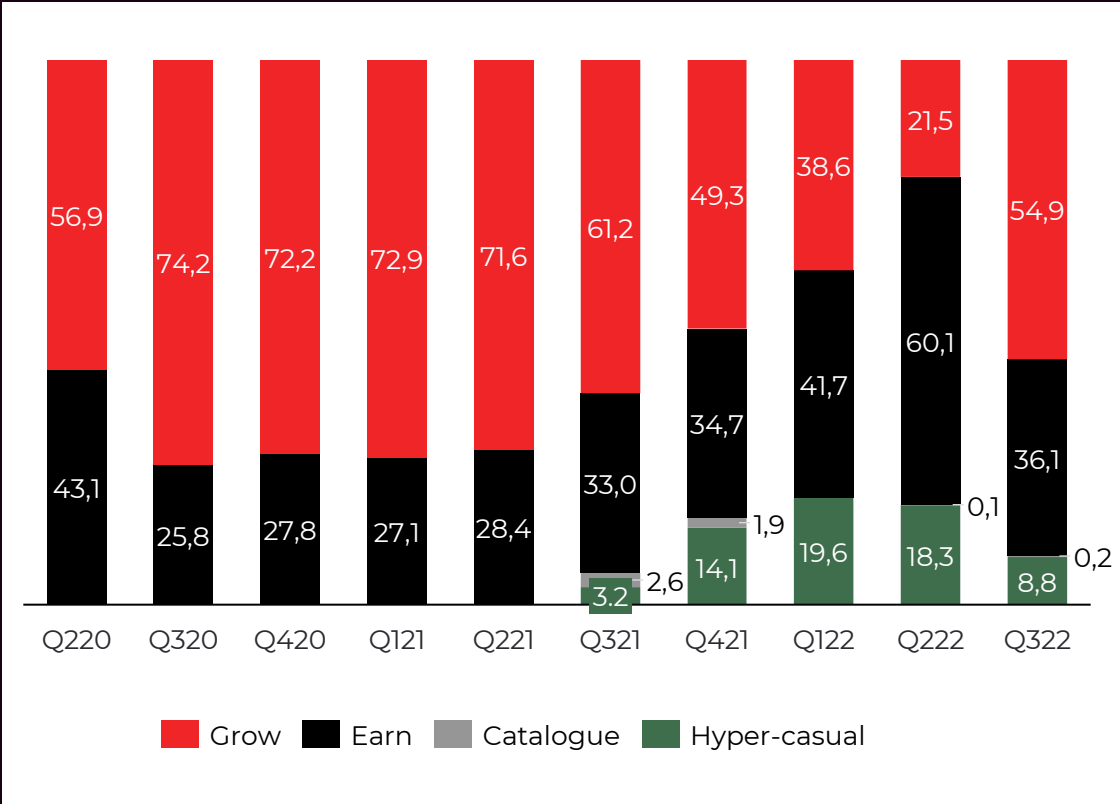
MONTHLY AVERAGE REVENUE PER UNIQUE PAYER (EUR) (\*)



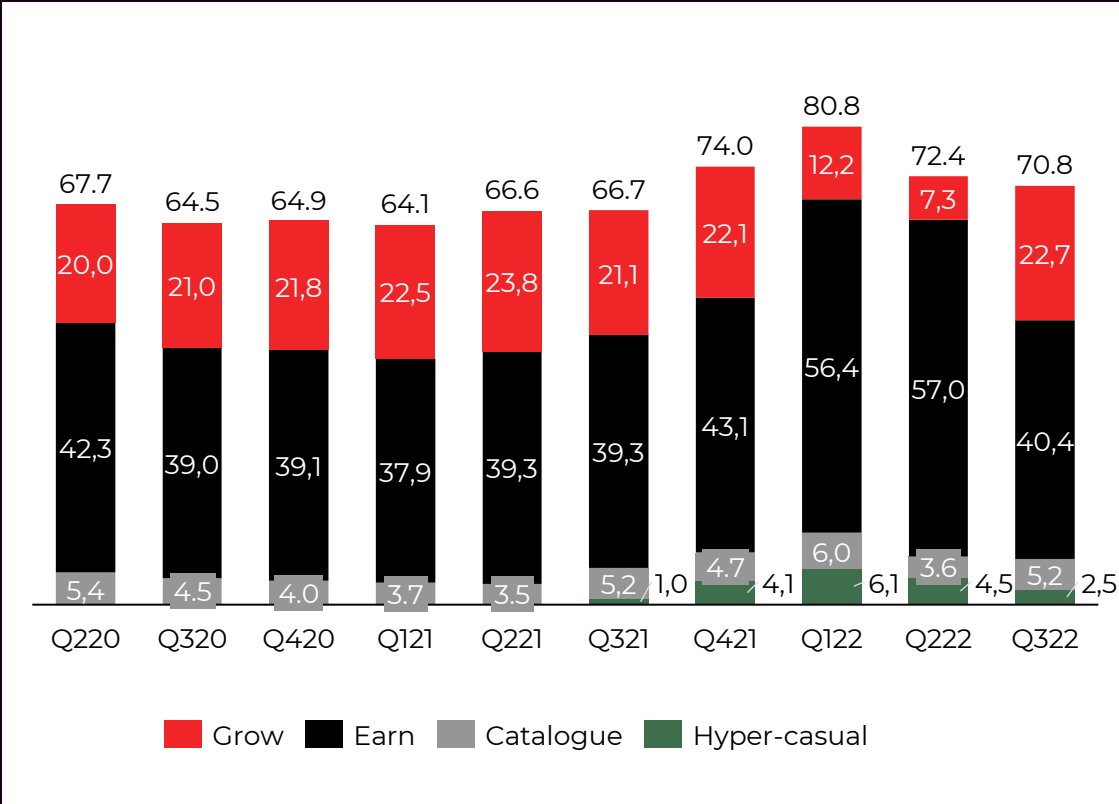
(\*) Ruby Games ARPPDAU included starting in September 2021. Ruby Games excluded from MARPPU.

# Q3'22: Angry Birds Dream Blast moved to Grow

SHARE OF TOTAL UA PER GAME CATEGORY (%) (\*)



GAMES GROSS BOOKINGS (EUR MILLION)



(\*) Games categories per life-cycle. Each quarter presents the categorization during that specific period. Categories in Q3'22:  
**Grow:** Angry Birds Journey, Angry Birds Dream Blast + games in soft launch  
**Earn:** Angry Birds 2, Angry Birds Friends, Small Town Murders, Angry Birds Match  
**Catalogue:** Other games  
**Hyper-casual:** Ruby Games

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A dark, top-down view of a meeting table. Two laptops are open, one on the left and one on the right. A red coffee cup is in the center. Several hands are visible, some resting on the table, others holding pens. The overall scene is dimly lit, with the white text 'ROVIO' standing out prominently in the center.

 ROVIO