

2021



ANNUAL REPORT

 ROVIO

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Meet Red

I'm the original angry bird. While I've been around since 2009, no one knows my true age and I thank you in advance for not asking. As a truly solitary soul, I mostly spend my free time alone and online – on purpose, obviously. I'm currently also avoiding Stella because of something awkward I said at her birthday party.

I know what you're thinking: "He must be that cool bird that is all over Twitter!" Yes, I AM that cool bird on Twitter. Despite all my years in the limelight and my vast experience in the entertainment industry, I still remain extremely down to earth, and many people can attest to that. I attribute it to my charming and genuine personality! No autographs please.



5B+ downloads

To be fair, I'm the hero of every download. Clearly I'm doing something very right here.

93% global awareness

Put 10 people in a room and only 1 hasn't heard of me. That's probably the baby who doesn't have the internet yet.

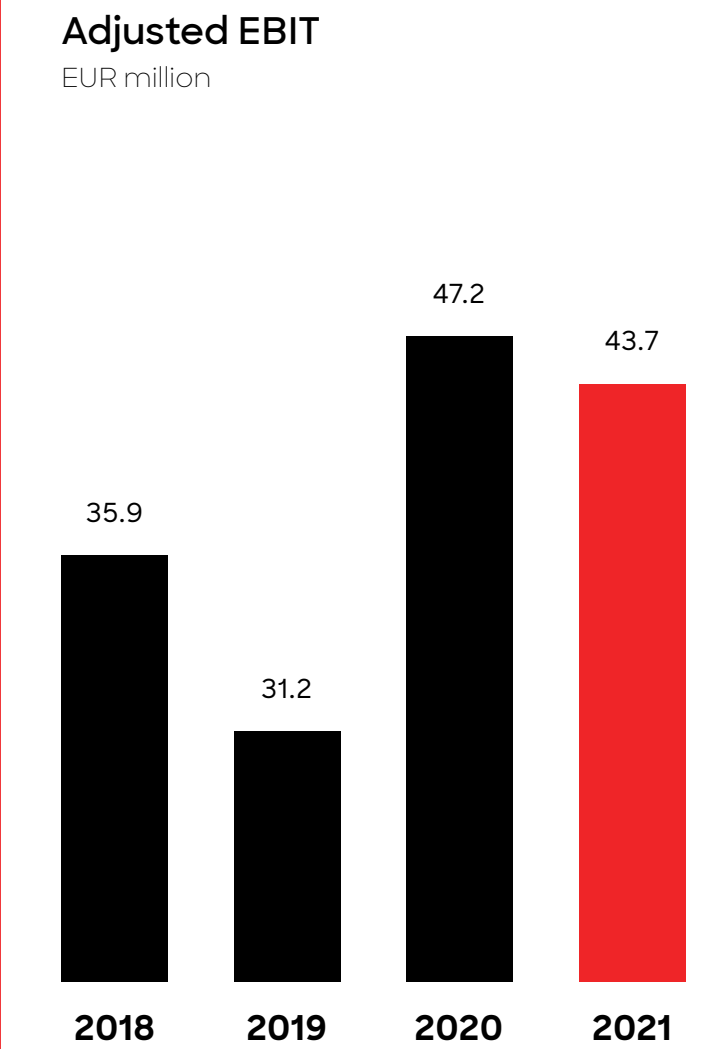
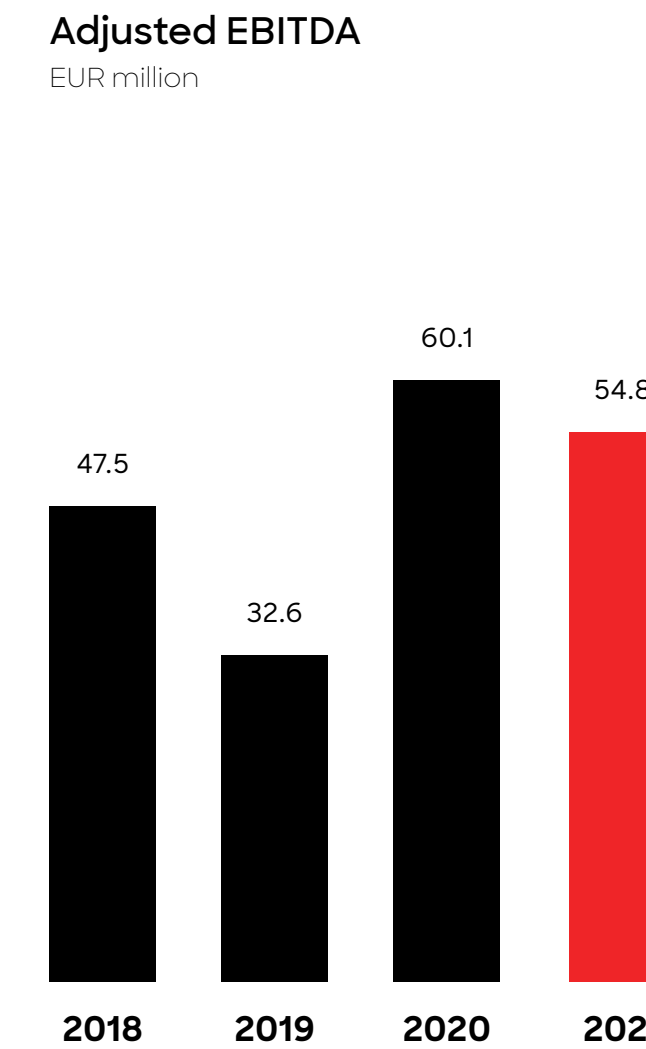
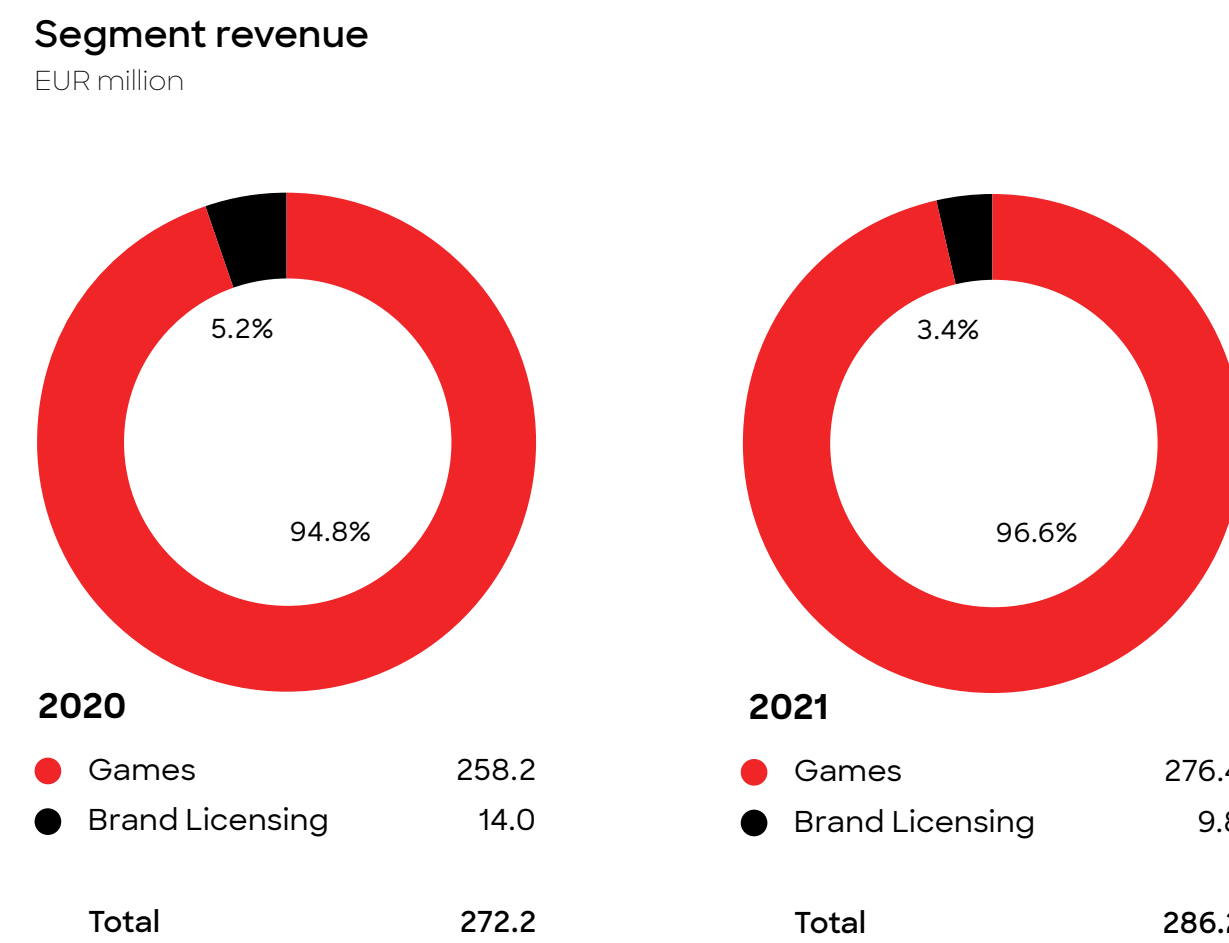
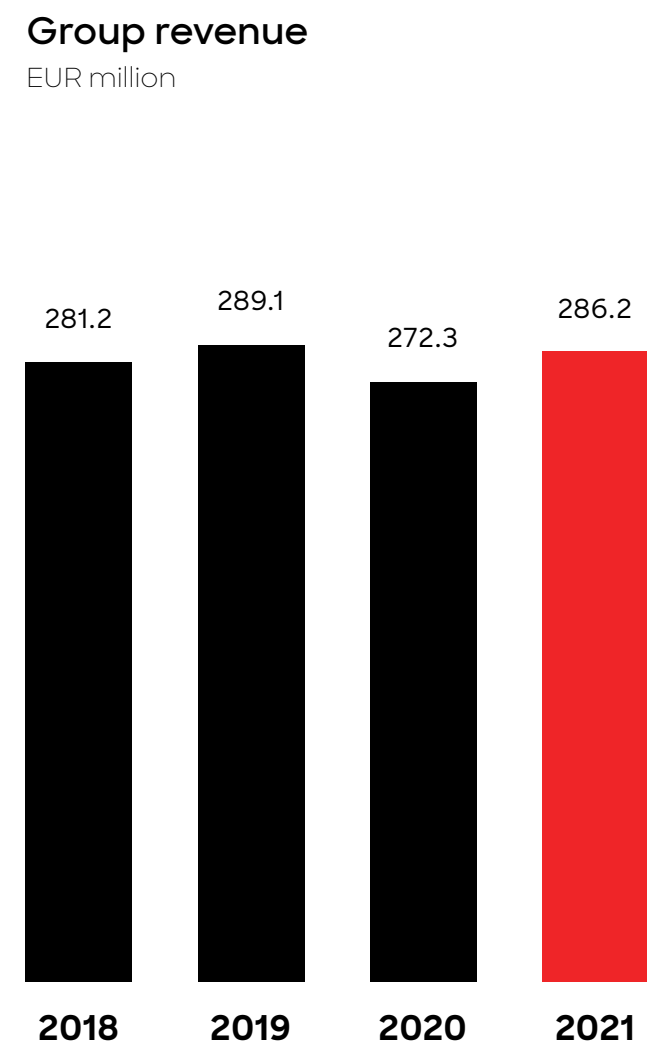
Red fun fact!

The Cobalt Plateaus, the best ever place on Piggy Island, is my absolute favorite getaway spot. Because no one can bother me, and I can be alone.

Rovio in brief

Rovio Entertainment Corporation is a global mobile-first games company that creates, develops, and publishes mobile games, as well as licenses the Angry Birds brand for consumer products, movies, animations and other entertainment. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009 and has since evolved from games to various entertainment and consumer products with brand licensing. Today, Rovio offers multiple mobile games as well as animations. Rovio also produced The Angry Birds Movie in 2016, and its sequel, The Angry Birds Movie 2, was released in 2019. Rovio has seven game studios that all have their own specialities in the casual space. Rovio is headquartered in Espoo, Finland and listed on the main list of NASDAQ Helsinki under the trading code ROVIO.

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67
—
28
—
5

Employees*,
Men % / Women % /
Other %**

75
—
25

Leadership team*,
Men % / Women %

496

Number of employees*

54

Number of nationalities*

Earnings per share,
EUR (EPS)
0.41€

5.0M

Daily Active Users,
(2021 average)

*At the end of 2021
**Trans, non-binary, not self-describing, empty

Highlights of 2021



Ruby Games Acquisition

In August, Rovio entered into an agreement to acquire Ruby Games, a hyper-casual studio based in Izmir, Turkey. Their portfolio includes titles like Hunter Assassin 2 in soft launch, which is the awaited sequel to the hit game Hunter Assassin.



Decision to globally launch Angry Birds Journey

We announced the decision to globally launch Angry Birds Journey in December. Our first new slingshot game in seven years has reached the position as our fourth largest game already during its soft launch.



Games revenue reached all-time high

Group revenue grew 5.1% and Games increased 7.6% year-on-year on comparable basis. Key live games Angry Birds 2 and Angry Birds Dream Blast performed steadily in 2021, and our oldest live-game Angry Birds Friends grew each quarter.

Softlaunching Moomin: Puzzle & Design

In June, Rovio entered into a long-term partnership with Moomin Characters and Gutsy Animations with the rights to develop and publish Moomin IP based games for any platform, with exclusive rights for all mobile platforms.



New studio in Toronto, Canada

In September, we announced the opening of a new free-to-play casual mobile game studio in Toronto, Canada. The studio is headed by Julie Beaugrand, who has extensive experience of the game industry.



Increased focus on sustainability

Heini Kaihu was appointed as Chief Sustainability Officer (CSO) in September. The creation of this position highlights the increasing importance of sustainability as part of our vision, as well as our commitment to lead the change within the industry.



A strong year for Rovio

**Alex Pelletier-
Normand**
CEO

I bet there was not a single annual report from the year 2021 that didn't include the words "it's been an exceptional year" in their CEO review. It was of course true, but the year was also exceptional personally in my case. It was my first year as CEO, and it has been truly rewarding. Although the world at large has been tumultuous, the mobile industry has been growing, and Rovio has taken important steps forward in many strategic areas.

When I spoke to the Rovians in January 2021, I said this would be a year of growth for Rovio. It was. Our Group revenues grew 5.1% and Games revenue reached an all-time high. The two biggest games, Angry Birds 2 and Angry Birds Dream Blast, performed steadily throughout the year, while our third biggest and oldest live game Angry Birds Friends grew each quarter in 2021. We also became richer in terms of human capital: we founded a new studio in Toronto, Canada and we also acquired the Turkish hyper-casual studio Ruby Games.

The mobile gaming market continues to be dynamic and high growth: it increased by 8.0% in 2021 generating USD 93.2 billion. The year was characterised by trends such as the continued dominance of long-lasting top games such as Angry Birds 2, user generated content, and market consolidation. In addition, there were a few buzzwords that were nearly impossible to avoid, including 'metaverse' and 'blockchain'. It remains to be seen how they impact the entire technology industry including gaming, but the hype remains high.

**Rovio has years
of experience
in nurturing and
growing a brand that
is beloved across
demographics.**

One crucial change in the industry in 2021 was a growing concern on privacy matters resulting in increased regulation and the App Tracking Transparency (ATT) launched by Apple in April. It changed the way advertising is done in mobile, and was a new territory for all mobile game companies. Taking advantage of our extensive preparation with our data and user acquisitions teams, and benefiting from having a wide-appeal games portfolio spear-headed by a strong brand, we were able to successfully maneuver this new landscape and are in a good position to continue doing so.

Familiarity in the midst of uncertainty

Amidst yet another pandemic year, we see a global trend of consumers seeking comfort in the familiar. Rovio has years of experience in nurturing and growing a brand that is beloved across demographics. There is already an adult generation that has grown up with Angry Birds. In 2021 we started working together with another treasured Finnish brand, the Moomins. We entered a long-term partnership with Moomin Characters and Gutsy Animations, and thereby were granted exclusive rights to develop Moomin based mobile games. The first Moomin game, Moomin: Puzzle & Design, went into soft launch in December. We are excited to have now two established and iconic brands, Angry Birds and Moomin, as platforms to develop games in the years to come.

At the same time as it's advantageous to leverage familiarity, looking at the future remains paramount in such a dynamic market. Embracing innovation is one of our core values, hence it is natural for us to want to explore the uncharted waters of the future of gaming. Our Montreal studio continued to work on cutting-edge initiatives around industry megatrends

we identified. That includes an entirely new IP developed in-house, and also aims at bringing Angry Birds to new audiences and new ways of playing.

Also our newest game is bringing back some old Angry Birds magic. A completely new slingshot game, Angry Birds Journey, was soft launched in January 2021, and is in global launch by the time you are reading this annual report. Angry Birds Journey is targeted to a broad audience and is our first new game in seven years that employs the classic Angry Birds slingshot gameplay.

Embedding sustainability in everything we do

Many years ago Rovio developed a corporate responsibility program, and since then we have stated our vision regarding sustainability: "We want to lead the industry in creating safe and joyful gaming experiences that are crafted in a diverse and inclusive work culture while respecting our planet". This year we ramped up our commitment, and brought sustainability to the center of operations and appointed industry veteran Heini Kaihu as Chief Sustainability Officer. To demonstrate our commitment to making sustainability strategically central to the company, this position is part of the leadership team.

Listening to our audience

In order to grow our audience network and increase commitment to the brand, many new Angry Birds initiatives were launched this year.

Angry Birds Reloaded was released on Apple Arcade in April and quickly became a fan favorite. As a response to repeated wishes from the community, we promised to bring back some of the older titles. To kick this off, we started working on Angry Birds Classic, a remastered version of the original Angry Birds game. In December the birds flung to a new widely popular gaming platform, Roblox, for the first time. In addition, we continued to produce compelling content to fans all over the world. As a testament to that, the Angry Birds YouTube channel hit 5 million subscribers and has gained over 1 billion views.

Closing this exceptional year, I want to thank all Rovians as well our fans, players, partners and shareholders. We have had a good start for 2022 with a new game launch and many new initiatives in the pipeline. I look forward to writing new chapters of Rovio's story together with you.



Rovio as an investment

1 Angry Birds has high brand recognition and appeal to people of all ages

- The Angry Birds IP in games adds visibility and organic downloads.
- Strong and growing presence in all leading entertainment categories to make sure Angry Birds stays vibrant for decades to come.

4 Strong balance sheet and operating cash flow

- Give financial flexibility and enable growth investments.

2 Rovio has a proven ability to launch successful games and operate them for years through live services

- New game development with both Angry Birds and new IPs safeguards a differentiated revenue stream for years to come.

5 Multiple avenues for future growth

- Strengthening current position in F2P mobile gaming by growing live games and launching new ones.
- Future of Gaming initiatives add additional growth vectors that may expand beyond mobile.
- Inorganic growth through M&A.

3 Diversified and large games portfolio with casual focus

- Reduces single title risk.
- Allows Rovio to leverage core capabilities and expertise.
- Maximizes the value of our network of users with cross-promotion opportunities.

“Toronto is a great multicultural tech hub to attract top talent and build a new strong game team for Rovio.”

Julie Beaugrand, Studio Head

Rovio Toronto

Rovio Toronto is a budding new studio committed to making casual F2P games that reach millions of players. We are utilizing our expertise in deep and engaging experiences and well as delightful action phases to leverage the powerful Angry Birds brand in new ways. Our goal is to complement Rovio’s existing portfolio and tap into new avenues to make fan-favorite games that last for decades. As a new studio, we have a unique opportunity to leverage our experience to be bold and create memorable and impactful games.

IN SEPTEMBER 2021 ROVIO FORMED A NEW GAME TEAM TO TORONTO, CANADA.

Strategy & Operating environment

Rovio is a mobile-first games company operating with a games-as-a-service business model in a highly competitive and dynamic mobile gaming market. We focus on casual and wide appeal games – areas with proven expertise. Our corporate strategy revolves around growing in the mobile free-to-play genres we currently operate in, expanding to new potential genres and exploring growth beyond mobile. We believe in growth through utilizing the strong Angry Birds brand, having new IP games, and carrying out successful M&A.

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 THE WORLD FROM DARKFIRE HEROES
ROLE PLAYING GAME

Strategy

In pursuit of our mission – *We craft joy with player-focused gaming experiences that last for decades* – we focus on three strategic pillars: (1) grow our current core free-to-play (F2P) mobile genres, (2) expand to new casual F2P mobile genres, and (3) explore future growth opportunities beyond core F2P mobile. We operate in a games-as-a-service (GaaS) business model driving player engagement and monetization through live operations. Our goal is to grow through systematic investments into the three areas both organically and inorganically.

To maximize our chances of achieving our goals, we made an adjustment to our games portfolio strategy in 2021 to focus more on casual and wide appeal games – areas with proven expertise. This enables us to maximize the value of our network of users and move away from the mid-core market, which is increasingly characterized by expensive development costs and dependence on high cost-per-installs to acquire users. In 2021 we acquired hyper-casual gaming studio Ruby Games and opened a new casual gaming studio in Toronto to strengthen and expand our position in the casual market.

Our current core business is built around F2P mobile games in the Puzzle and Slingshot genres by applying a genre mastery philosophy to grow both live and new games. We invest in new, carefully selected F2P mobile game genres in the casual market with the aim of building new genre masteries, and enabling new growth vectors in 3-5 years. Our games use both the Angry Birds IP and new IPs depending on the best fit for each product.

We also actively scout market trends and explore opportunities related to the Future of Gaming. We believe that mobile will continue to be the most popular gaming platform in terms of revenue and reach, but social and cross-platform gaming are clear trends in the industry.

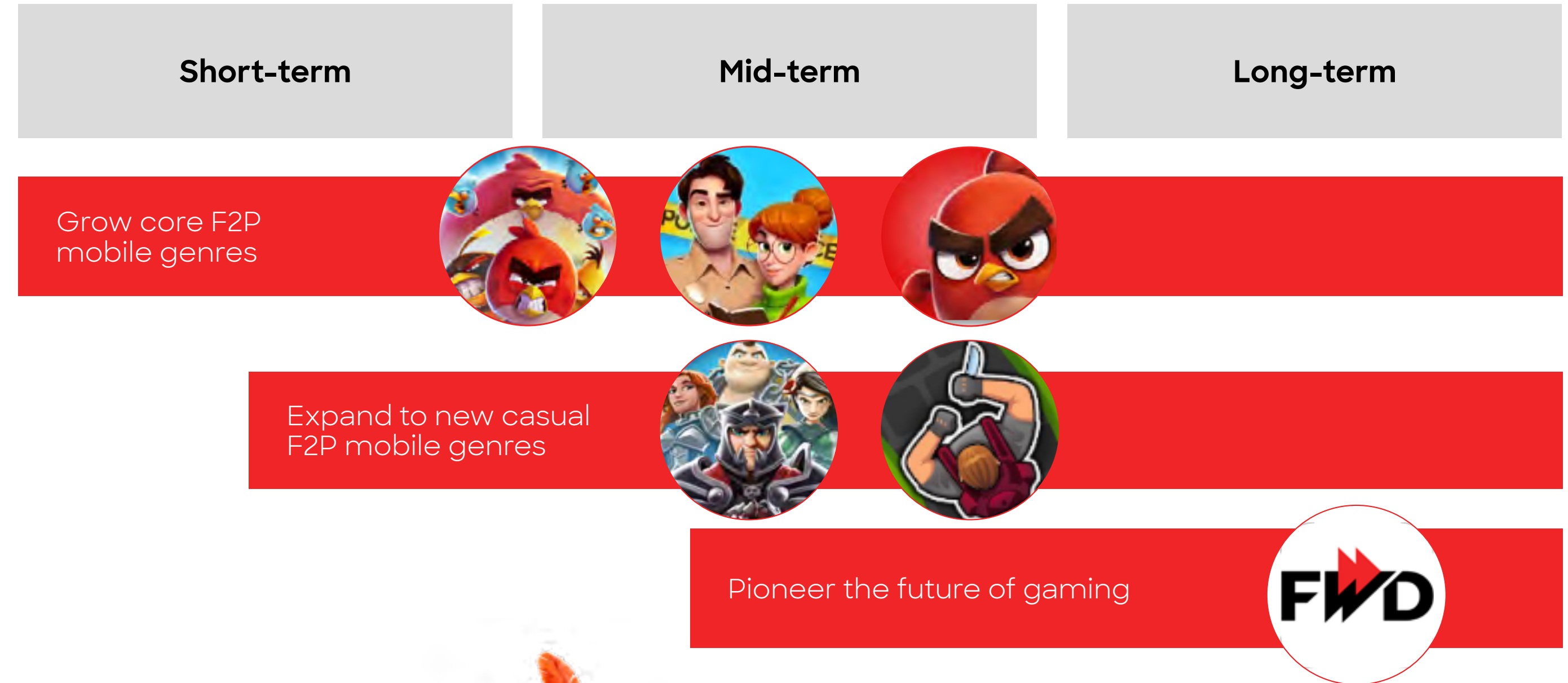
Angry Birds, New IP and M&A as growth drivers

Angry Birds is Rovio’s unique asset and key competitive advantage. The brand has a strong and growing presence in all leading forms of entertainment from games, television, cinema and licensed products to social media. Regardless of age, gender and geography, we want to provide an Angry Birds experience for all. We focus on serving our community of fans together with our strong partner base to strengthen brand love. This drives higher organic installs and lower cost-per-install, enabling games to reach a larger scale. Our ambition is for the brand to stay with fans throughout their lives.

We diversify our games portfolio by developing new IPs and partnering with established IP’s. This lets us iterate new types of games for new audiences and to expand to new genres. Over time, we see new IPs driving genre mastery, and potentially evolving into new brands. In 2021, we entered into a multi-year partnership with Moomin Characters and Gutsy Animations to become an exclusive partner for Moomin IP based mobile games to further strengthen the variety of IP’s that can drive growth.

Through Mergers & Acquisitions (M&A) we aim to build new growth avenues and genre masteries, grow our audience network, and establish value through synergies across our game portfolio and studios.

Our strategy centers around our identity: we are a mobile-first games company. Gaming is a creative industry where success depends on having the most skillful and talented teams.



“Born dynamic and agile, going steady and strong.”

Mert Kurum, Studio Head

Ruby Games

We have a great track record of building hyper-casual games – even in a matter of days – that can reach millions of players and top download charts. We believe that by combining our vast expertise and creativity, we are able to develop games that attain the desired simplicity but also contain rich content that players love. Based upon those values, we developed our most successful title: Hunter Assassin, in 2019, which has so far been downloaded more than 300 million times, making it the 6th most downloaded game in 2020 worldwide. We’ll continue to grow our team and success seamlessly while maintaining a fun and comfortable environment to work in for the years to come.

ROVIO SUBSIDIARY RUBY GAMES IS LOCATED IN IZMIR, TURKEY.

Operating environment

Gaming continues to be mainstream entertainment with nearly 3 billion players globally at the end of 2021. The gaming market generated USD 180.3 billion revenue in 2021 across PC, console and mobile. This is more than movie box office, video streaming and recorded music combined. Out of the three key categories, mobile gaming is the largest and fastest growing market. The global mobile gaming market size in end-user generated revenue (in app purchases, subscriptions and paid installs, not including ad revenue) is estimated to be USD 93.2 billion in 2021, which represents 8.0% year-on-year growth. The growth was driven by continued good performance of top grossing live games, launch of new hit games and increased number of players and payers across the globe.

Rovio's focus is mostly on the western territories (the US and Western Europe) and in order to stay competitive in the highly dynamic mobile gaming market, we are basing our strategy on the market trends we have identified, including industry maturation, games as social platforms, digital ownership and accessible and personalized entertainment, all of which can be characterized as industry megatrends.

Industry maturation is visible in the changing market and marketing dynamics. The number of downloads in western markets are decreasing, but spending per user is increasing, fueled by the dominance of games-as-a-service business model. Hundreds of games are launched in app stores every day, so barriers to success are high. The high brand awareness of Angry Birds helps in visibility and drives organic players to Rovio games, which decreases the user acquisition costs and creates competitive advantage for Rovio. In addition, the ratio of paid downloads to total downloads has continued to grow, highlighting the growing importance of user acquisition to scale games. Privacy shifts are changing how advertising and

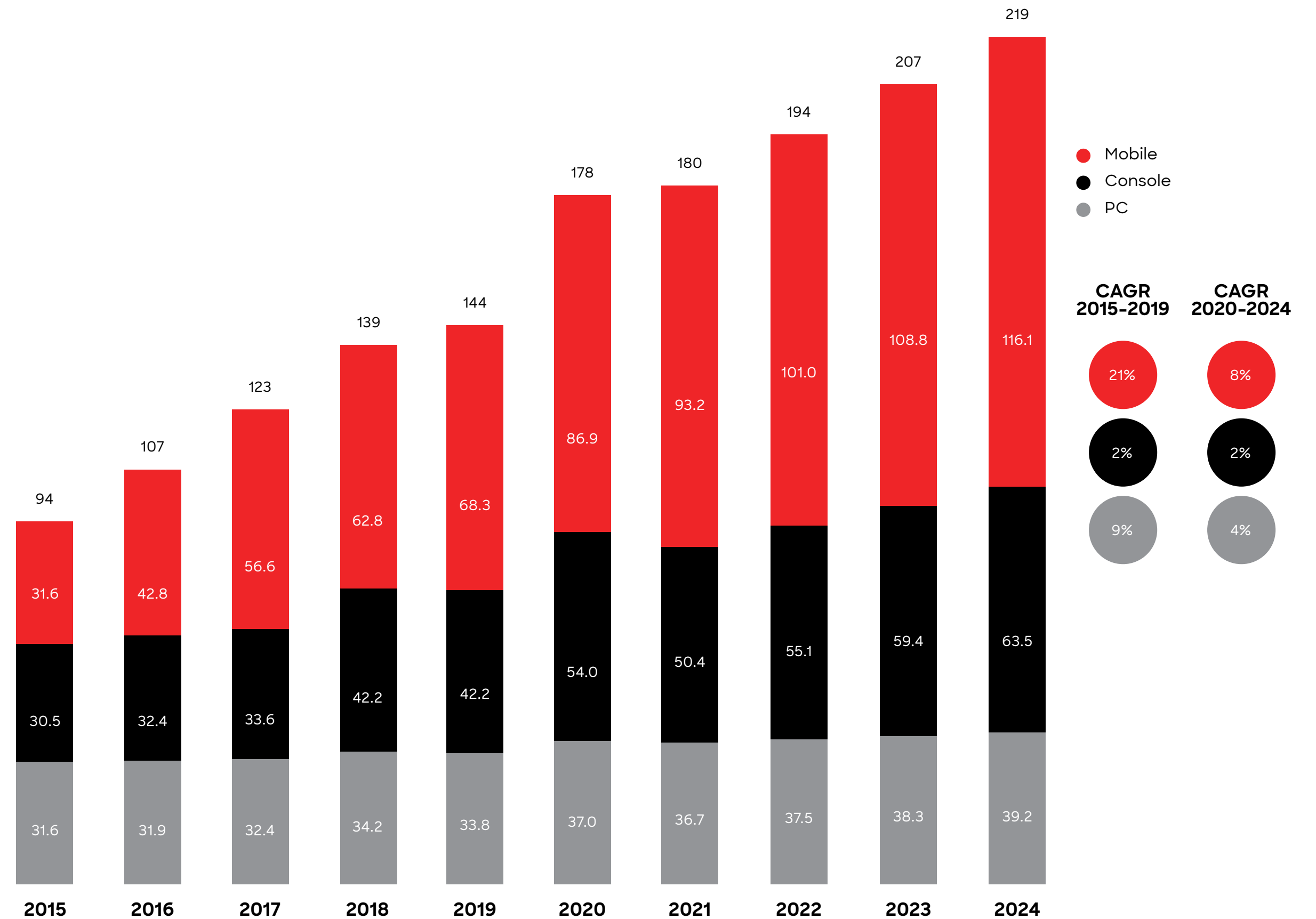
user acquisition is done on mobile. In April 2021 Apple launched App Tracking Transparency (ATT) to require users to opt-in to be tracked, impacting targeted advertising and therefore user acquisition for iOS users – forcing companies to adapt to these changes quickly.

Some games have become social platforms where players can play and spend time with their friends, and meet new ones. This drives engagement and also enables user generated content to become more popular, especially among digital native Generation Z (born 1995–2010). Players who own something valuable in the game can even sell it, for example to other players, which enables a new play-to-earn business model where players can earn money by playing the game. Broader adoption requires solving issues related to digital ownership and especially verification of ownership, for example, through a blockchain.

Ultimately, players want to choose when, how, where and what they play. Multiplayer games in particular are expected to be less platform specific, driven by cross-platform and cloud gaming. However, we expect demand for casual and highly accessible games to continue to be strong in the future. With the help of artificial intelligence and machine learning, players can get even more personalized gaming experiences, for example, by adjusting the game’s difficulty to the player’s skill level.

Strong capabilities in user acquisition, understanding the player audience and having financial resources are required to reach and sustain a top grossing chart position. Rovio has responded to the trends and changes by diversifying its game portfolio while focusing on casual games, strengthening its user acquisition capabilities, building genre mastery in its focus genres, and exploring the future of gaming opportunities around mega-trends in its Montreal Studio.

Global gaming revenue by device type (USD in bn)



Source: Newzoo

Mobile gaming market

7.6%

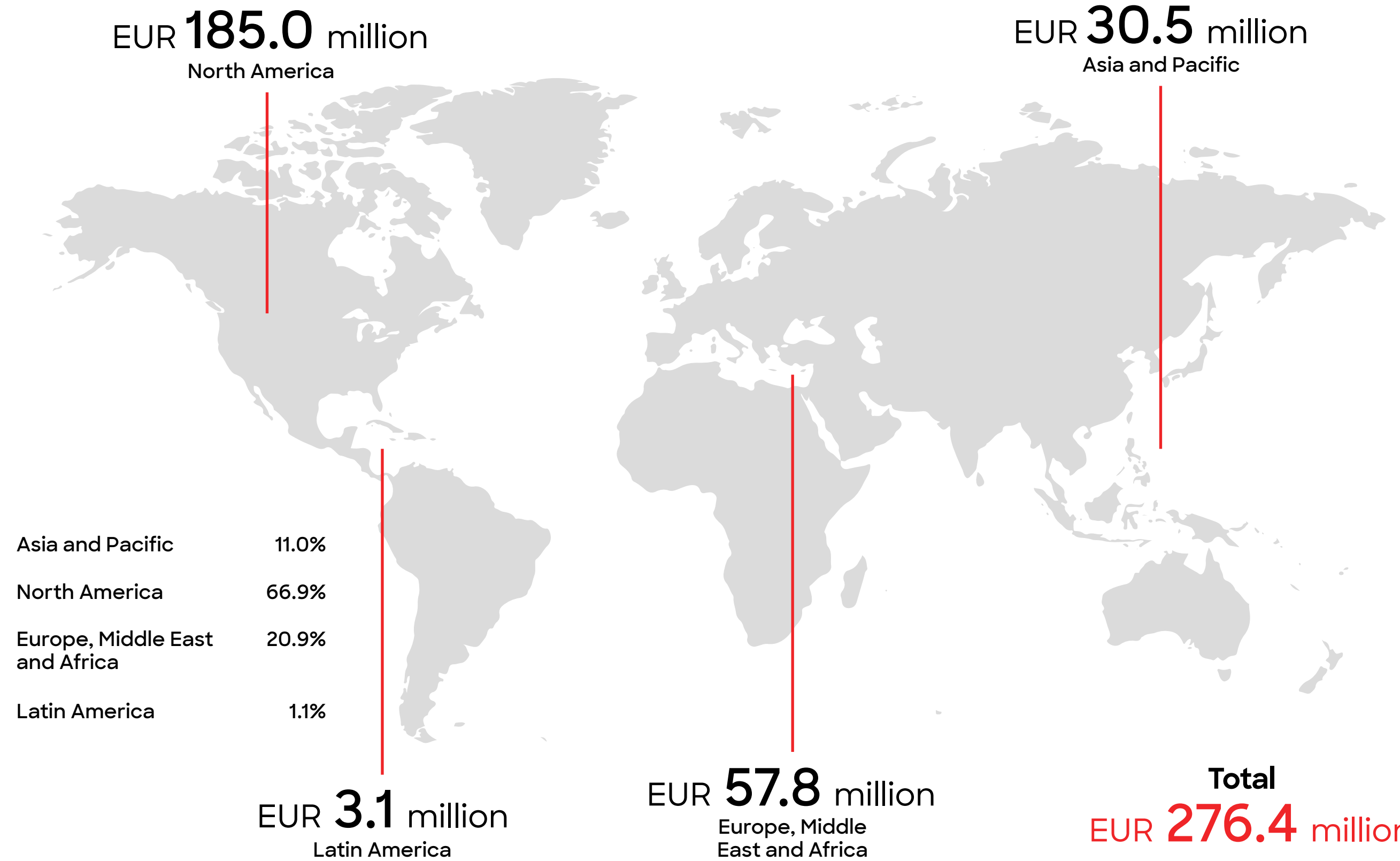
The global mobile gaming market is expected to grow at a Compound Annual Growth Rate (CAGR) of 7.6% during 2021-2024.

6.3%

Rovio's focus is mostly on the western territories (the US and Western Europe), which are expected to grow at a Compound Annual Growth Rate (CAGR) of 6.3% during 2021-2024.

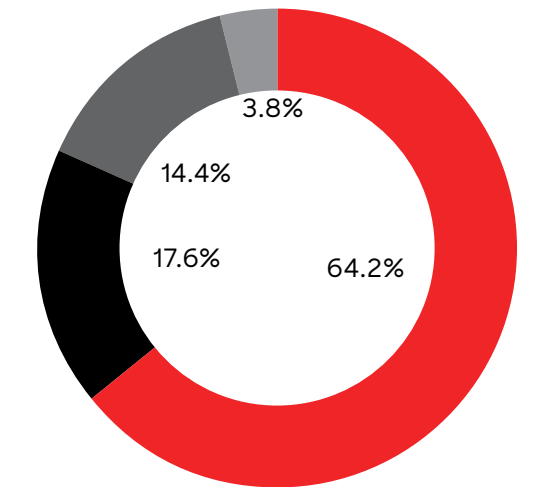
Source: Newzoo, 2022

Rovio's games segment revenue per geographic area



Asia and Pacific	11.0%
North America	66.9%
Europe, Middle East and Africa	20.9%
Latin America	1.1%

Mobile gaming market revenue per geographic area 2021 USD billion



2021

● Asia and Pacific	59.8
● North America	16.4
● Europe, Middle East and Africa	13.4
● Latin America	3.5

Total 93.1



People and culture

Rovio's strengths as an employer include the ability to adapt to our employees' life circumstances and to support individual growth and career development. Although the Covid-19 pandemic has put this to the test, the well-being of our employees remains a top priority.

Hybrid work

At Rovio, we have recommended working remotely from the beginning of the pandemic and utilized the hybrid model whenever possible. We are committed to exploring new ways of working that shift paradigms, embrace flexibility, create enduring connections, promote inclusion, and drive innovation. As a company, we value and support flexibility, allowing every employee to do their best work in a way they define. We encourage all employees to challenge assumptions of what is possible and to find new ways of collaborating as well as working individually.

Our hybrid work is built on a commitment to flexibility, which:

- Welcomes and enables diverse ways of working
- Celebrates togetherness
- Considers project and team needs as well as individual needs
- Relies on constant individual, team, and organization level learning
- Is built on trust and autonomy, focusing on outcomes and results

Every Rovian brings passion to their craft and everything they do. We are not afraid to experiment, take chances and express ourselves. Bringing passion to life requires ambition and fearlessness to take charge and make a statement.

Diversity drives innovation

At the end of 2021, Rovio had 496 employees, of whom 384 work in the Games business unit, 11 in the Licensing unit, 11 in Hatch Entertainment and 30 in Ruby Games. The remaining 60 employees work in group functions. We have people from 54 nationalities, each bringing their own unique perspective to their craft. We believe diversity is the key to gaining knowledge and making the best games through innovation. At the end of December 2021, 67% of Rovio employees categorized themselves as man, 28% as woman and 5% as trans, non-binary, did not categorize themselves, or did not mention gender. The percentage of women among Rovio's employees is higher than the industry average and our employee average age at the end of 2021 was 37 years.

Autonomy and accountability deliver results

We believe the best results are achieved by giving our teams the freedom and independence to truly own and drive their projects. Our approach is to create strong and talented teams with complementary talent to run a successful games business with autonomy. We promote a culture where information and best practices are openly shared between studios and game teams.

Our people carry out our strategy

Talented teams
with high
ambition

Craftmanship,
creativity and
passion

Being the best at
getting better,
together!



Our values

Be BOLD

Embrace
INNOVATION

Act with
INTEGRITY





“We constantly challenge and improve the game features and visuals, striving to deliver a fresh, intuitive and rewarding experience to our players.”

Eduardo Carril , Art lead for Angry Birds 2

Art lead

The overall player experience is a cornerstone for the continual success of Angry Birds 2. As the Art lead of the game, I am responsible for leading the art and user interface (UI) team and making sure the game feels fun and seamless. Together with the talents in the team, we build a cohesive visual experience that makes it easy to explore the game features intuitively and without frustrations. The team is also continuously innovating and expanding the visual universe of the game in order to keep it fresh and satisfying to play every time.

**FIND OUT MORE ABOUT
ANGRY BIRDS 2.**

Business

In Games, we operate our live games and develop new games based on Angry Birds characters as well as new IPs. Innovation is in our DNA and we want to be at the forefront of the future of gaming. With Brand Licensing we produce a variety of experiences for the Angry Birds audiences of all ages by licensing the Angry Birds brand to select product manufacturers and content producers.

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○ THE WORLD FROM ANGRY BIRDS
DREAM BLAST PUZZLE GAME

Business areas in brief

Rovio's operations are divided into two business models: Games and Brand Licensing. Games business unit creates, develops and publishes mobile games. With brand licensing, Rovio licenses Angry Birds brand and its characters to third parties through its exclusive licensing partner. Brand Licensing is part of Rovio's marketing organization.

Both Games and Brand Licensing have their own business models. At the end of 2021, 97% of Rovio's group revenue came from Games and 3% from Brand Licensing. Of Games revenue, 80% came from in-app purchases, 15% from in-game advertising and 2% from custom contracts.

Games, free-to-play business model

Rovio develops games and runs paid and organic user acquisition campaigns in digital media channels



Players download games from application stores for free



Players make in-application purchases



80%

Rovio Group revenue* **

Players watch ads in the game



15%

Rovio Group revenue*

Brand Licensing business model

Rovio licenses Angry Birds brand to product manufacturers and content creators directly or through agents



Manufacturers make the products and are responsible for distribution. Content creators create content and are responsible for distribution



Royalties from licensing



3%

Rovio Group revenue*

* Q4 2021
** 2% in 2021 group revenue came from custom contracts

Games business unit

Rovio's Games business unit operates in the highly dynamic mobile gaming market, which is dominated by the free-to-play business model. The unit focuses on developing, designing and operating innovative F2P mobile games to the global audience. In addition, the unit explores the future of gaming to position Rovio at the forefront of a changing landscape. In 2021 Games generated 97% of Rovio Group revenue, of which 80% came from in-app purchases, 15% from in-game advertising and 2% from custom contracts.

Rovio's largest titles had a good year. Our experienced and talented people worked passionately throughout the year to innovate and deliver the best experiences for our players. A continuous flow of new and exciting content kept our players engaged. Our top game, Angry Birds 2, grew year-on-year, whereas our second biggest game, Angry Birds Dream Blast, showed solid performance throughout the year and had its best quarter in Q4 since Q2 2020. Our third biggest, and oldest live game, Angry Birds Friends, grew each quarter and 16.5% year-on-year. The game has had a passionate core audience since its launch in 2012, and it continues to attract new players every month. It shows a great example of the longevity games can achieve, and the success of the games-as-a-service model: games are evolving through continuous updates.

In January we soft launched a casual slingshot game called Angry Birds Journey. After a successful soft launch period, we started scaling up marketing and the game was launched globally in January 2022. Other games soft launched during the year were a narrative match 3 game Supernatural City in April 2021, and our first Moomin game called Moomin: Design & Puzzle in December 2021. The latter is a narrative puzzle game based on the Moomin IP.

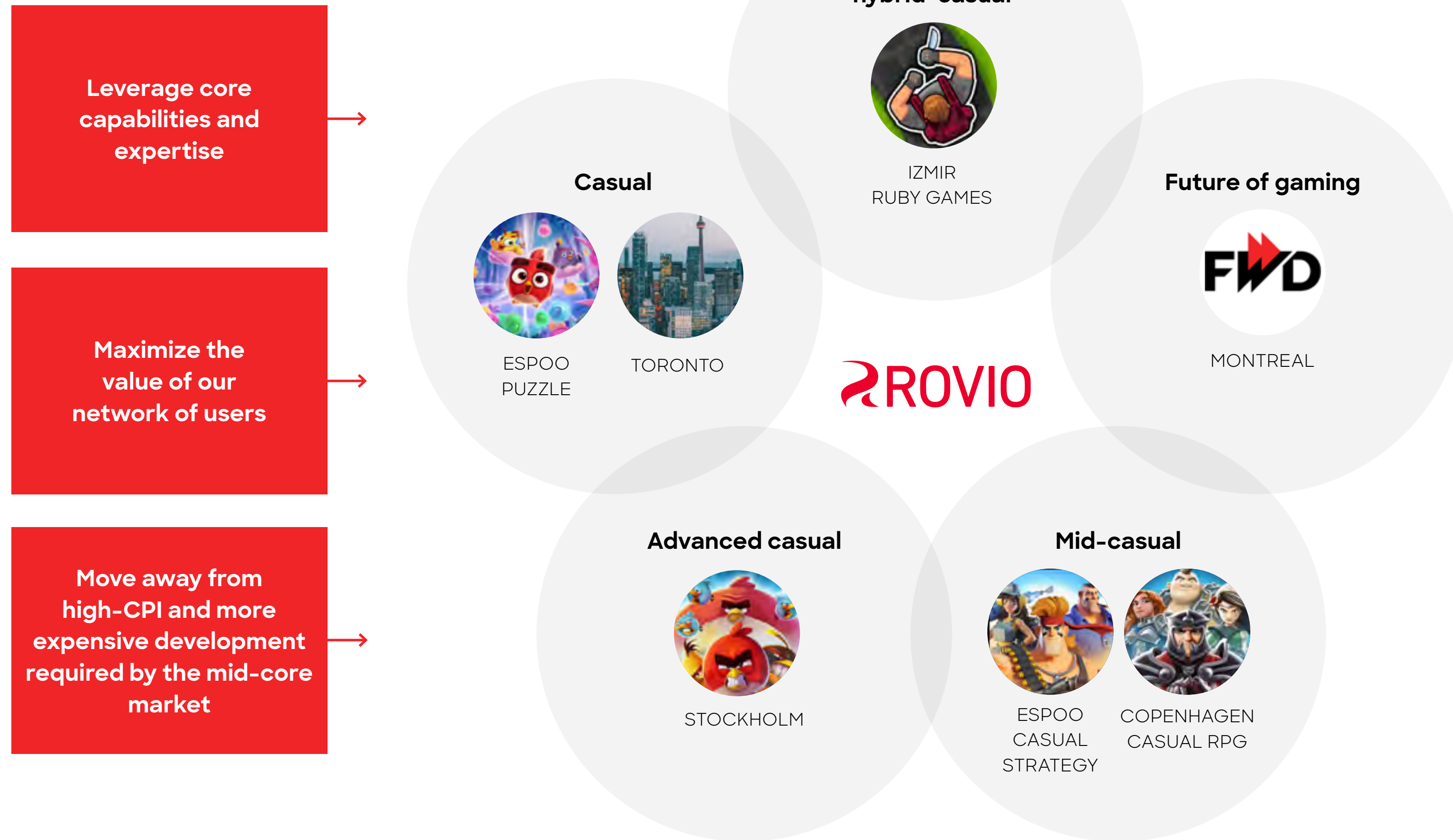
In the F2P mobile gaming business it is beneficial to have a systematic and dynamic approach to game development. At the end of 2021, Rovio had eight games in different stages of development, of which six were Angry Birds games and two were new IP games. Three of these games were in soft launch. We aim to develop innovative games by continuously testing and improving them based on players' needs and behavior. We release our games globally only when we see a potential to reach a large audience, significant revenue, and a long life-cycle. Hence in 2021 we withdrew Hardhead Squad, a 4X strategy game soft launched in June 2020, from the market. Also RPG game Darkfire Heroes and Puzzle game Sugar Blast were scaled down during the year. Teams were reassigned on more promising projects.

In April, Apple introduced a policy requiring players' consent to be tracked across publishers. This changed radically the way companies market their games in a process we call 'user acquisition'. In anticipation, we had started extensive preparations already in 2020 and made significant changes in our systems and partners, allowing us to keep our marketing spend and performance on a stable level throughout 2021. Furthermore, the Angry Birds brand and our positioning on wide-appeal casual games aligned well with these changes.

In September, we closed the acquisition of the Turkey based hyper-casual games developer Ruby Games. With this deal, Rovio entered the rapidly growing hyper-casual market. This acquisition increased Rovio's network of users, and enabled offering players a more diverse selection of titles. The team continued to show their mastery post-acquisition by launching multiple products that reached top US download charts. During the last quarter they soft launched Hunter Assassin 2, the long-awaited sequel to the hit game Hunter Assassin.



Focus on casual



Strong lineup of gaming studios with casual focus

In 2021 we shifted our focus towards casual games. We aim to diversify and increase our foothold in this growing segment of the market. This change will leverage our core capabilities and expertise, and will maximize the value of our network of users. It also strengthens our positioning on a market favoring wide-appeal games.

We are in a good space to execute this. Rovio has seven gaming studios across Europe and Canada. The studios' operations are built on a 'mastery strategy', which means that each studio has a clear focus on a specific part of the market. With this approach they iteratively take advantage of past experiences in order to bring increasingly better games to the market. We lean on experience, not market fads.

The studios in Espoo focus on instantly playable puzzle games and widely accessible strategy games, whereas in the Stockholm studio the focus is on advanced casual games. Our Copenhagen team develops casual role-playing games (RPG), and the Toronto team explores new avenues in the casual market. Our Montreal studio focuses on Future of Gaming initiatives around gaming megatrends.

The studios operate independently and are supported by central functions managing user acquisition, business intelligence and technology. Important learnings and best practices are also shared across the studios through our in-house technology platform, which helps foster innovation and continuous improvement across the company.

Balanced portfolio - life-cycle view

GROW

“Games that grow future earnings”

- Games we scale up with significant user acquisition investments
- Fully staffed teams
- Low or negative profit margin

EARN

“Games where we earn today and can have potential to earn more”

- Games where we target to maintain or grow slightly
- May still have significant user acquisition, but much lower than “Grow” games
- Live ops teams develop new features & events
- Moderate to high profit margin

CATALOGUE

“Highly profitable but declining games”

- Games where we do not do user acquisition or it is not significant
- Small live ops teams or autopilot
- Revenue declining over time or stable
- Very high profit margin

HYPER-CASUAL

“Profitable fast production games with short life-time”

- User acquisition is not significant and is paid back faster than in F2P games
- Very fast and cheap production
- High revenue peaks that decline quickly
- High profit margin

Games lifecycle

The games-as-a-service model implies that we improve our live games constantly by adding new content throughout the game’s lifecycle. This can be broken down into the following categories and games can move between the categories more than once.

User acquisition (UA)

Finding new users to join our games is a core part of a business and a key to enable growth. Some users find and download our games by themselves – for free – while others join through paid marketing campaigns. The Angry Birds brand is very effective in providing free (also known as ‘organic’) installs. Paid user acquisition is mostly targeted marketing in digital channels such as Facebook and Google. Rovio continuously monitors the life-time value (LTV) of the players in each game and optimizes the user acquisition investments in order to achieve our required return on investment. During 2021 the required payback time on paid user acquisition was 12 months on the portfolio level. Rovio’s user acquisition investments amounted to 27.9% of games revenues in 2021. User acquisition investments in 2021 were mostly directed to Angry Birds 2, Angry Birds Dream Blast and Small Town Murders.



“The growth and longevity of Angry Birds Friends proves that the classic Angry Birds gameplay is a timeless delight for millions of players around the globe.”

Calvin Ou, Game lead for Angry Birds Friends

Game lead

I drive the vision for the game and lead a diverse and multidisciplinary team of talents. With my team, we serve our dedicated Angry Birds Friends fanbase, many of whom have played the game for a decade already. This provides us a unique opportunity to learn from players, leading to great business results and driving the game towards even longer term growth. In addition to having a deep understanding of the game and its future roadmap, collaboration with other teams and stakeholders enables learning about casual games and audiences to support future game development.

Angry Birds 2

The world's best bird flinging, pig popping game. Use the slingshot to fling birds at the piggies' towers and bring them crashing down – all to save the precious eggs. You can complete daily challenges, level up birds with feathers to build the ultimate flock, compete and collaborate with players around the globe, and prove who is the best in the world on global leaderboards. Angry Birds 2 is the best way to get to know all of the iconic characters and experience the fun gameplay that has captured the hearts (and spare time) of millions of players. The game has everything you love about classic Angry Birds with some awesome new additions.

Angry Birds 2 was the biggest Rovio game throughout the year. The team in our Stockholm studio developed numerous exciting in-game events during the year which fans loved! The holiday-themed events and the newest event style Hat Evolution were very well received by the players. The game enjoys a big and loyal fan base, and there are many players who haven't missed a day of Angry Birds 2 who downloaded the game in 2015! Angry Birds 2 performed steadily with a 1.3% increase in revenue during the year with a strong upward trend at the end of the year. The seven-year-old Angry Birds 2 is a great example of a games-as-a-service model that allows game content to be constantly updated, offering a fresh and engaging game experience to players.

Genre:
Slingshot

Stars*

4.4

Launch:
July 2015

**Cumulative
gross sales:**

576 MEUR

Gross sales 2021:

108 MEUR

*Stars for current version in the United States' Apple App Store as of December 2021



Angry Birds Dream Blast

Enter the dream world to pop bubbles and unleash the powerful blasts of your favorite young Angry Birds characters. Discover awesome locations, solve endless puzzles, and enjoy exciting events in this bubble blasting adventure. You can also team up with friends to get some help along the way. Pop groups of similarly colored dream bubbles with a simple tap – blast enough bubbles at once and earn boosters. Angry Birds Dream Blast is a breeze to pick up and play anytime and anywhere.

Rovio's second largest game turned three years old in 2021 and has proven to be another stable pillar for Rovio. The game declined 2.6% during the year, however showing a year-on-year increase in the last quarter. During the year the team developed in-game content that makes the game approachable and fun and is especially loved by the female players who enjoy casual puzzle games. Constant updates to the game content are a key for driving growth, and in the fourth quarter of 2021, growth was especially driven by the strong holiday events. Angry Birds Dream Blast was developed by Rovio's Puzzle studio in Espoo.

Genre:
Puzzle

Stars*

4.6

Launch:
January 2019

**Cumulative
gross sales:**

183 MEUR

Gross sales 2021:

62 MEUR

*Stars for current version in the United States' Apple App Store as of December 2021



Angry Birds Friends

Classic bird-flinging, tower-crumbling and pig-popping condensed into bite-sized, competitive tournaments. Compete against the world in new levels every week and enjoy special themed tournaments throughout the year. Take your chances going head-to-head against other players and collect feathers to level up the birds. Winning the competitive tournaments allows you to advance to higher leagues to prove your skills. Compete with your friends, come out on top, and climb the leaderboards to become the best Angry Birds player in the world.

Angry Birds Friends is a true fan-favorite! This ten-year-old game is Rovio's oldest live game and enjoys a loyal fan base that has been with the game since the beginning. Angry Birds Friends grew 21.6% during the year, ending the year with record quarterly revenue since the fourth quarter since 2016. Rovio doesn't invest any user acquisition into the game, so growth is purely organic and profit margin for the game is very high. Angry Birds Friends is also loved by our partners: during the year, the game hosted in-game events in collaboration with for example World Health Organization and Amazon. The game is developed by Rovio's Puzzle studio in Espoo.

Genre:
Slingshot

Stars*

4.4

Launch:
February 2012

**Cumulative
gross sales:**

208 MEUR

Gross sales 2021:

34 MEUR

*Stars for current version in the United States' Apple App Store as of December 2021



Small Town Murders

Every crime is a puzzle and every investigation is just a game. To get to the bottom of these mysterious crimes, it's going to take a keen eye for detail. Play levels and use a detective's intuition to unravel the match 3 puzzles, investigate crime scenes and uncover hidden objects to solve the murder mystery. It's up to you to uncover the real criminal, make a case and bring them to justice. During the investigation you get to meet friendly townspeople, each with their own story. But be careful - everyone is a suspect.

This narrative murder mystery and Match 3 game is based on non-Angry Birds characters and was Rovio's fourth biggest game in 2021. User acquisition for the game was scaled down in the fourth quarter as the game is undergoing major changes. We want to develop Small Town Murders further to offer best possible experience to the players.

Genre:
Narrative Puzzle

Stars*

4.6

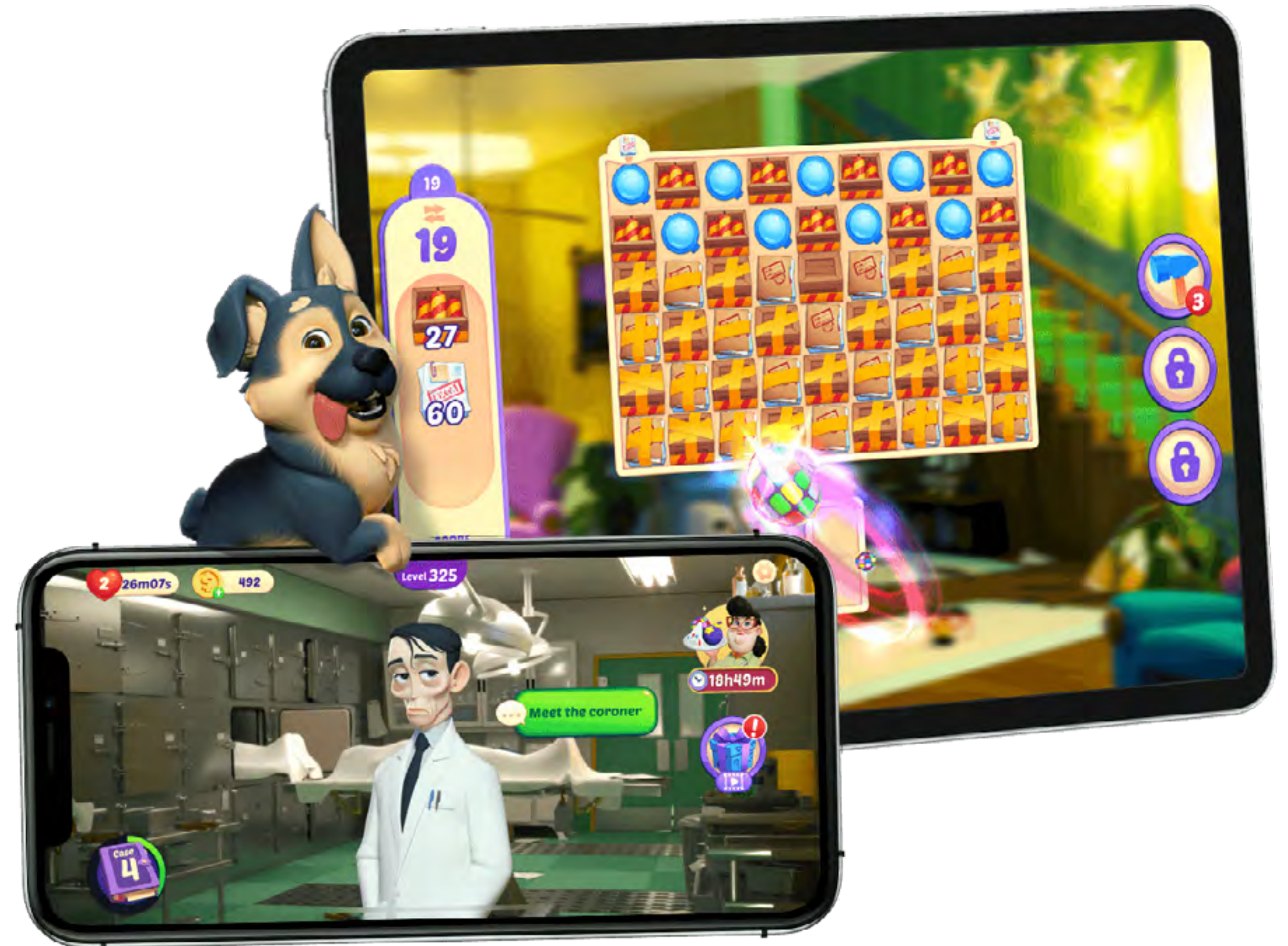
Launch:
June 2020

**Cumulative
gross sales:**

24 MEUR

Gross sales 2021:

15 MEUR



*Stars for current version in the United States' Apple App Store as of December 2021

Angry Birds Match

An adorable match 3 puzzle game where you can collect hatchlings, entertain your flock by decorating scenes with new objects you find, and win new outfits to dress up the hatchlings. Beat levels and enjoy special themed events to help rescue the chicks from the piggies and grow your flock. Nurture your flock and unlock new worlds to explore.

Angry Birds Match is a unique puzzle game with feather ruffling action. The game was globally launched in 2017 and it still has a great amount of daily active players. The game was created in Rovio's Puzzle studio in Espoo and is currently developed by our very capable external partner Gear Inc. This shift in development freed our Espoo studio team to new projects and reduced the development costs. Rovio doesn't invest any user acquisition into the game, and with a stable flow of organic users, the profit margin is very high. Revenue declined 34.4% year-on-year due to stopped user acquisition investments. New features and content is added to the game on a regular basis keeping players happy for years to come.

Genre:
Puzzle

Stars*

4.4

Launch:
August 2017

**Cumulative
gross sales:**

83 MEUR

Gross sales 2021:

9 MEUR



*Stars for current version in the United States' Apple App Store as of December 2021



“Angry Birds Dream Blast team is a dream to work in – together we ensure the game stays relevant and fresh by creating engaging events and features for our players to enjoy for years to come!”

Anastasia Kuprina, Product Manager for Angry Birds Dream Blast

Product Manager

Product Managers are responsible for driving the growth and performance of the game. We make sure the game feels lively with new events and features, as this helps keep players engaged and gives them yet another reason to come back to the game. We also make sure the game stays relevant with player journey personalization and competitor research. Business analysis is also an important part of the role, because it allows us to find opportunities in the product and to experiment with existing features through user experience testing. With these learnings, my team and I can find ways to provide the best possible gaming experience to our players.

**FIND OUT MORE ABOUT
ANGRY BIRDS DREAM BLAST.**

Angry Birds brand

After 12 years of delighting billions, Angry Birds continues to be a worldwide phenomenon as a global brand. Regardless of age, gender and geography, there's an Angry Birds experience for all.

It can be challenging for brands to find the right ways to express their brand in cinema, television, games, licensed products and social media. These disparate media types have very different audiences and the techniques vary for telling compelling stories, and creating memorable characters and entertainment that the fans love and remember. Angry Birds can proudly claim a strong and growing presence in all of these leading forms of entertainment.

Fans seek meaning and connection with the communities that form around their fandom. They happily spend countless hours strategizing in games, discussing their favorite characters and debating the meaning behind the stories they love. That love for a brand drives deep engagement through the portfolio of titles which leads to increased revenue, retention and organic growth through word of mouth.

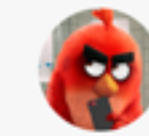
In 2021 Rovio laid the foundation for a growing focus on community that we will prioritize through 2022. In Red – the main character of the Angry Birds brand – we have a deeply iconic, relatable and aspirational voice that can speak directly to fans on their terms. Complementing our key Angry Birds titles with proven revenue streams is the Apple Arcade exclusive, Angry Birds Reloaded which consistently sat in the top three downloads spot on Apple Arcade across many countries from launch throughout 2021.

Angry Birds in 2022

We have exciting content roadmaps planned for Angry Birds 2, Angry Birds Friends and Angry Birds Dream Blast, as well as the charming Angry Birds Journey, which was globally launched in January 2022. In direct response to the community's requests, we are re-releasing a remastered version of the original Angry Birds game, called Angry Birds Classic, to provide a strong nostalgic offering for those Angry Birds fans seeking to rekindle the joy they first felt over a decade ago.

Beyond the mobile market, Red and his friends continue to be a strong draw for gaming partners looking to grow their audience. On December 8th 2021, Angry Birds Bird Island game arrived in the widely popular cross platform game, Roblox, with a fun RPG experience designed to appeal to the fans of that platform – the under 13 youth market. This is a strategic partnership which is critical to help bring Angry Birds gaming to new audiences.

In January 2022 we saw the worldwide Netflix launch of the long-form animated series, Angry Birds Summer Madness. The series offers a fresh take on the familiar Angry Birds characters with some memorable new additions to the flock as well. Angry Birds Summer Madness sees our heroes in their formative teen years, embarking on a journey of self discovery, growth and hilarious antics that encapsulate the summer camp experience.



Red the Angry Bird
@AngryBirds



Wait where can i fix this phone? I need to show people my groundbreaking app, I can see the headlines now...



Sustainability

Acting in a responsible way has always been one of Rovio's overarching principles, and in 2021 we have only strengthened our commitment. Our ambition is to be an industry leader in sustainability and help set standards for continuous improvement. We foster a diverse and inclusive work culture and want to ensure a safe and responsible gaming environment for all players, while respecting the environment. Employees are our greatest asset and being a great workplace where everyone can grow as a professional is the bedrock of Rovio.

[INVESTORS.ROVIO.COM](https://investors.rovio.com)

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Rovio is a mobile-first gaming company that 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 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 seven games studios - two in Espoo (Finland), one in Stockholm (Sweden), Copenhagen (Denmark), Montreal and Toronto (Canada), as well as 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. Rovio became a public company in 2017, and its shares are listed on the main list of NASDAQ Helsinki stock exchange with the trading code ROVIO.

Rovio has reported its Corporate Responsibility activities since 2017 as non-financial reporting. The Sustainability 2021 report already partially follows the international Global Reporting Initiative (GRI) Standards. The Rovio 2022 sustainability reporting is planned to be fully compliant with the GRI standards. The referred standards are listed in the GRI Global Reporting Initiative (GRI) Standard and its Content Index in page 28.

While the new EU taxonomy regulation for sustainable activities does not currently apply to us, we are closely monitoring the development and requirements in relation to the regulation, and are making preparations accordingly.



Rovio

sustainability

in brief



Rovio's mission is to *craft joy with player-focused gaming experiences that last for decades*. Joy is both our end goal and the means for us to get there. The joy we find in our work translates to games and entertainment that spark imagination and put smiles on peoples' faces. We want to deliver high-value experiences to our players, and we never take their time with us lightly. We believe joy can stand the test of time and ultimately create meaningful changes.

Our vision for sustainability is clear: *We want to lead the industry in creating safe and joyful gaming experiences that are crafted in a diverse and inclusive work culture while respecting our planet.*

Focus areas



With **safe & responsible gaming** we aim to create a safe and enjoyable gaming environment for all our players.



People & society. As games are made from people to people, we see that the importance of diverse and inclusive work culture and our support to the larger society continues to be one of the areas of focus.



Climate & environment combines all our efforts to mitigate our negative environmental impacts and to seize the opportunities to raise awareness on important matters everybody can act on.

2021 sustainability highlights

Collaboration with UNICEF Finland

In 2021 we continued the work with UNICEF Finland to support and give a second chance to the most vulnerable adolescent girls in and out of school in Senegal. We are proud to have made a commitment for the next three years 2022–2024 to support UNICEF's education program in Sierra Leone, starting in 2022.

Cooperation with World Health Organisation

During 2021 we worked with WHO on two in-game campaigns in Angry Birds Friends. These events reached millions of people and raised awareness on the importance of mental health, and offered tips on how to stay active at home during the Covid-19 pandemic.

Appointment of Chief Sustainability Officer

Heini Kaihu was appointed as CSO in September 2021. The creation of this role strengthens our commitment to fully integrate sustainability in all of our operations and activities. Reflecting the importance of the CSO role, Heini sits in the leadership team.

Setting sustainability goals

Creating clear goals for each of the sustainability focus areas is key to monitoring our progress. Safe & responsible gaming, people & society, and climate & environment will each have their own annual goals we follow and report on. By committing to these goals, we aim to create engaging gaming experiences to our players in a more sustainable way.

Compensation of CO₂ emissions

In 2021 we made a significant pledge to reach carbon neutrality during 2022. Rovio has been compensating part of its emissions since 2018 and the natural next step was to go carbon neutral by covering all relevant value chain emissions. This includes emissions that are caused by playing our games or watching our YouTube channel.



Message from Chief Sustainability Officer Heini Kaihu



Our mission is to *craft Joy with player-focused gaming experiences that last for decades*. This means that the joy we find in our work translates to what we create. Our games and entertainment spark imagination and put smiles on peoples' faces. We want to deliver high-value experiences to our players, and we never take their time with us lightly.

Looking at the world, as well as our industry, acting responsibly is now more important than ever. It will not be possible to live and work tomorrow if we don't take seriously our responsibility to build and protect our social, economic and environmental capital.

We Craft Joy has truly shown its meaning during 2021 with Covid-19 pandemic still restraining our lives, as during this time we all needed a bit of joy to our days. During the year we have been constantly challenged to learn new ways to do our work and maintain the Rovio spirit and culture. The most important factor has been open and constant communication, and both the physical and mental wellbeing of our colleagues has been and will remain our top priority.

In 2021 we took big leaps forward on defining and creating a detailed strategy for each of our sustainability focus areas. We established the safe & responsible gaming strategy for the coming years to further ensure our games are safe and joyful for everyone. With people & society, we want to create a more inclusive future by focusing on diversity, equity and inclusion. We also continued to drive our climate & environment strategy forward, making sure we do our part in protecting the planet. In November 2021 we pledged to reach carbon neutrality in 2022. This means that any CO₂ released into the atmosphere from our operations is compensated by an equivalent amount through certified climate projects.

We were also successful in defining our sustainability goals. Based on the strategy work, we are proud to commit to continue fostering safe and responsible gaming space and to drive the strategy forward. We want to improve inclusivity & equity, build diversity and promote our values in the society, and we are committed to minimizing negative impacts and maximizing positive impacts for our planet.

We want to deliver the gaming experiences to our players in a sustainable way by devoting our best work to these sustainability goals and objectives, which are detailed later in the report. I'm very proud of our accomplishments in 2021, and in 2022 we will continue to build on this work. Our ambition is to add value to every function in the company and give back to the industry and surrounding world through our activities and commitments.

I was appointed as Chief Sustainability Officer in September 2021. Since joining Rovio nine years ago, I've seen the company grow into the corporate citizen it is today through continuous learning and acting responsibly. We at Rovio want to see sustainability effectively integrated throughout our strategy, operations, products, practices and interactions. The work is guided by our sustainability vision and we want to live up to this vision.

"In 2021 we took big leaps forward in defining and creating a strategy for each of our sustainability focus areas."

Our business



Business model

Rovio's operations are divided into two business models: Games and Brand Licensing, with separate business models for both.

The Games business unit creates, develops and publishes mobile games and explores the future of gaming initiatives. At the end of 2021, Rovio's games had been downloaded more than 5 billion times since 2009. The prevailing revenue model in the mobile gaming market is free-to-play (F2P), which means that games can be downloaded and played for free. However, players can choose to make in-app purchases, e.g. to progress more quickly, gain access to new content or unlock special features. Rovio's games may also contain ads and by watching them players can progress faster or gain alternative in-game benefits. Rovio's subsidiary Ruby Games operates in the hyper-casual market, where revenue streams come mainly from in-game ads.

The Brand Licensing team licenses Rovio's Angry Birds brand and the related characters. Rovio has over 100 licensees around the world, who manufacture products and produce content according to Rovio's approval process. They commit to respecting the guidance on Rovio's trademarks and comply with the Rovio Code of Conduct for Partners and agree to have relevant audits performed.

At the end of 2021, 95% of Rovio's group revenue came from games, and 3% from brand licensing and 2% of revenue came from custom contracts.

Free-to-play business model of games

Rovio develops games and runs paid and organic user acquisition campaigns in digital media channels



Players download games from application stores for free



Players make in-application purchases



80%

Rovio Group revenue* **

Players watch ads in the game



15%

Rovio Group revenue* **

Brand Licensing business model

Rovio licenses Angry Birds brand to product manufacturers and content creators directly or through agents



Manufacturers make the products and are responsible for distribution. Content creators create content and are responsible for distribution



Royalties from licensing



3%

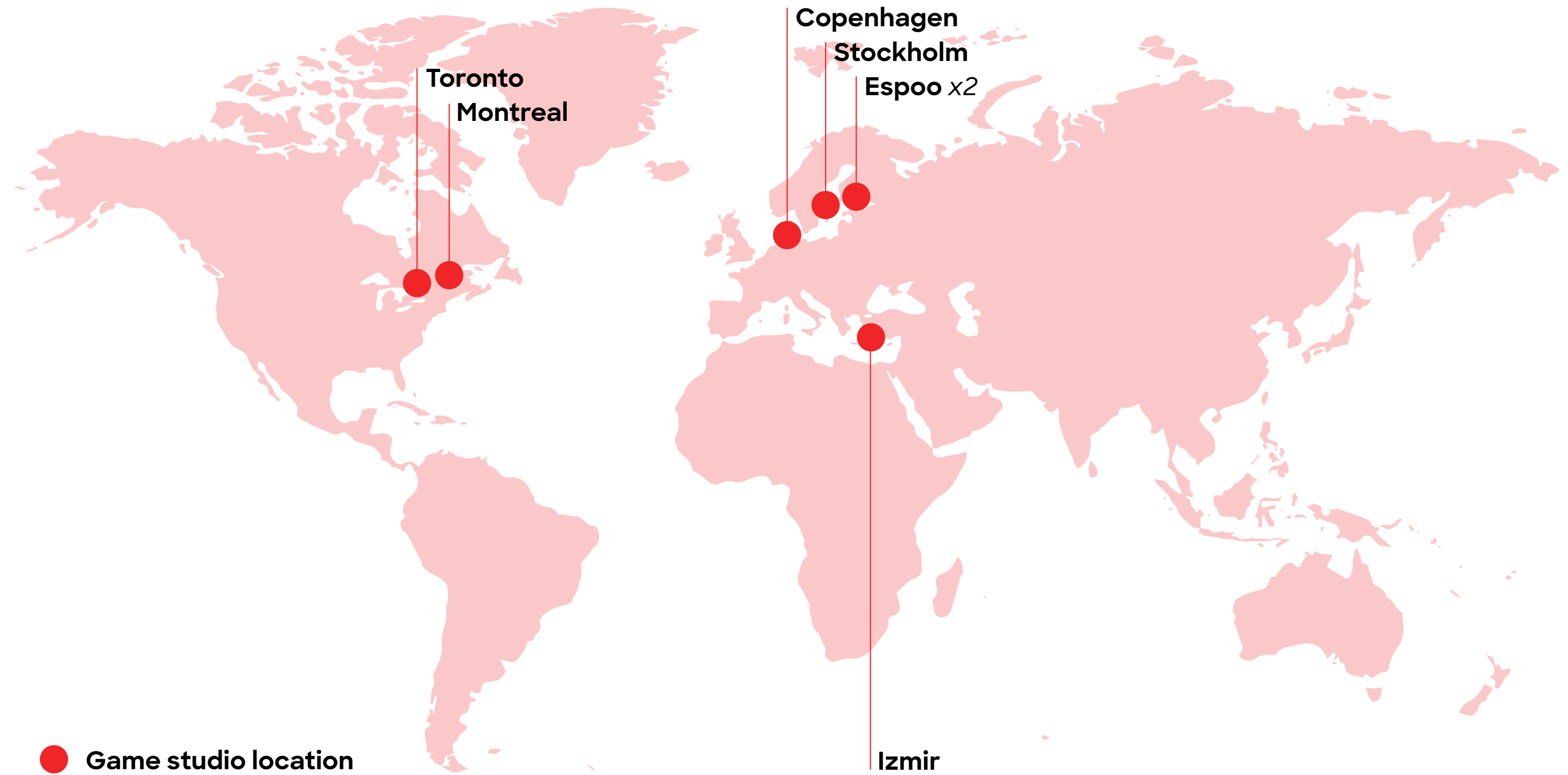
Rovio Group revenue*

*Q4 2021
**2% in 2021 group revenue came from custom contracts

Rovio market presence and key figures

Rovio operates in the highly dynamic mobile gaming market, with the focus mostly on western territories (the US and Western Europe). Gaming continues to be a mainstream entertainment with nearly 3 billion players globally at the end of 2021. The gaming market generated USD 180.3 billion in revenue in 2021 across PC, console and mobile. This is more than movie box office, video streaming and recorded music combined.

Rovio has seven games studios across Europe and Canada. We are headquartered in Espoo, Finland where also our Brand Licensing team is located. We are already well positioned in the market through our Puzzle studio in Espoo and Advanced casual studio in Stockholm, and we aim to grow our presence in new market areas through our other studios. Copenhagen studio focuses on casual RPG, Strategy studio in Espoo focuses on casual strategy, while in 2021 established Toronto studio is exploring new avenues in the traditional casual market. Our Montreal studio focuses on Future of Gaming initiatives around gaming megatrends. Through the acquisition of Ruby Games, we now have a growing presence in hyper- and hybrid-casual.



Group revenue
286.2
EUR million

Games revenue
276.4
EUR million

Group Adjusted Operating Profit
43.67
EUR million

Group adjusted operating profit margin
15.3%

Game downloads*
5 bn
*since 2009

2021 figures

Our strategy

[READ MORE ON](#)

[Strategy](#)



Company strategy

In pursuit of our mission – *We craft joy with player-focused gaming experiences that last for decades* – we focus on three strategic pillars: (1) grow our current core free-to-play (F2P) mobile genres Puzzle and Slingshot, (2) expand to new casual F2P mobile genres, and (3) explore future growth opportunities beyond core F2P mobile. Our strategy focuses on casual and wide appeal games – areas with proven expertise, which enables us to maximize the value of our network of users. We operate in a Games-as-a-Service (GaaS) business model, driving player engagement and monetization through live operations. Our goal is to grow through systematic investments into the three areas both organically and inorganically.

Angry Birds is Rovio's unique asset and key competitive advantage. With four touchpoints of *Play, Engage, Watch and Consume*, we want to address different types of audiences, both new and existing, bringing them experiences in various formats. Our ambition is for the brand to stay with fans throughout their lives. The Angry Birds IP is a key growth driver for Rovio games as it brings more visibility and organic downloads, and lowers Cost-Per-Installs (CPI) for our games.

Short-term

Mid-term

Long-term

Grow core F2P mobile genres



Expand to new casual F2P mobile genres



Pioneer the future of gaming



Sustainability strategy

Sustainability strategy is an important tool for us when we set sustainability guidelines. It puts the most material topics at the forefront of our work and gives us clarity on our focus. The strategy is based on three focus areas. The selection of the focus areas is based on our company strategy, our mission and values, and the sustainability materiality analysis conducted in 2020.

In safe & responsible gaming we focus on the sustainability of our core products, whereas in people & society we are talking about matters that concern our employees and surrounding society. With climate & environment, we want to highlight that we are doing our best to mitigate the burden caused to our dear planet – the only stakeholder that has no voice.

We have also clarified our way of working, as we build our sustainability with continuous improvement and focus on long-term perspective instead of quick wins. Going forward, we want to see sustainability even deeper embedded into our core business and operations, and we ensure that by involving the key stakeholders in defining the strategy and action plan. Lastly, in our work, we want to prioritize those opportunities that can deliver shared value to us and to our stakeholders.

Focus areas



**Safe &
responsible gaming**



**People &
society**



**Climate &
environment**

Way of Working

Continuous improvement
Long-term perspective
Shared value creation

Foundation

Rovio
strategy

Mission &
values

Materiality
analysis

Our sustainability focus areas



We have three strategic focus areas in sustainability, namely **safe & responsible gaming, people & society,** and **climate & environment.** Firstly, we aim to create a safe and enjoyable gaming environment for all our players. Secondly, as games are made for people, by people, we see that the importance of diverse and inclusive work culture fueling innovation. Our support to society also continues to be one part of this focus area. In addition, we combine all our efforts to mitigate our negative environmental impacts and to seize the opportunities to raise awareness on important matters everybody can act on.

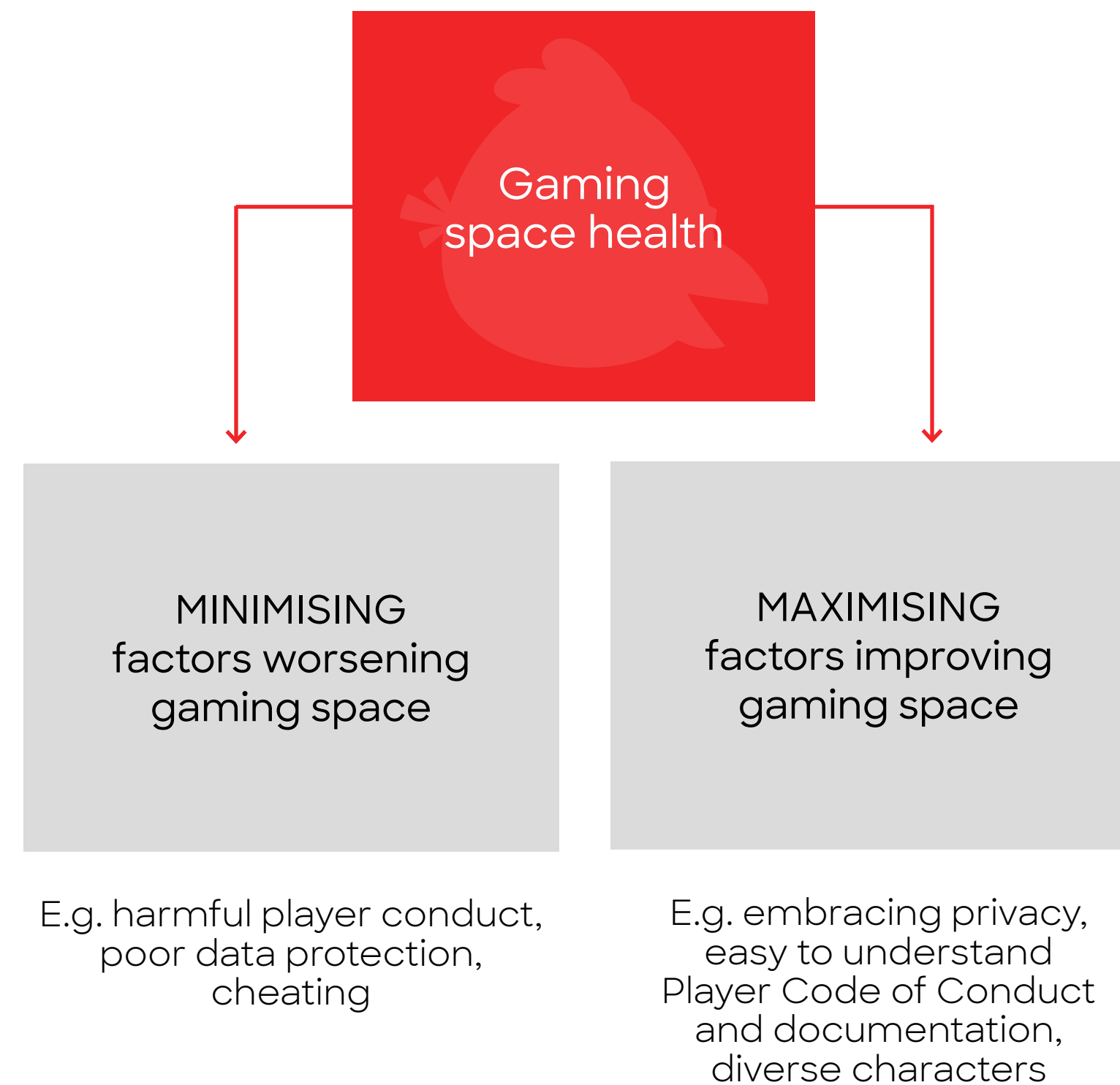
Safe & responsible gaming

Strategy developed in 2021

This focus area is closest to our core products – mobile games – and closely related to the social sustainability of our games. We aim to create a safe space for our players to enjoy a fun and enjoyable gaming experience. We put the player at the center of our activities and constant player feedback is used to refine the games and ensure a safe environment for all.

In 2021, we developed a long-term strategy for a safe and responsible gaming domain. The strategy minimises harmful aspects that our players may face, and enforces positive aspects in the gaming space for the players. Additional important initiatives include streamlining the internal processes and guidelines for the benefit of our players as well as ensuring efficient and effective internal operations.

What is safe and responsible gaming at Rovio



We continuously further develop the ways to minimise harmful user-generated content in our games. User-generated content is defined as any kind of content that can be created or customized by players, such as usernames, chat messages, and guild names or descriptions. Our player experience team actively engages with our player community to prevent and act on poor behavior. We aim for all Rovio games to be free of hate, free of adult-only content, free of harassment, and free of activities damaging to our players. Furthermore, Rovio's Player Code of Conduct stipulates what we expect from our players. To ensure we are fully compliant, Rovio has a designated Player Safety and Compliance Manager for our games.

Active player in the industry

Being actively involved in industry development to promote safe and responsible gaming is very important to us. We will be presenting our safe and responsible gaming strategic framework in the Fair Play Summit, which is part of the Game Developer Conference held in San Francisco in March 2022. Rovio is a member of the international Fair Play Alliance (FPA) established by gaming companies, which has now over 120 members. The goal of the alliance is to promote fair online gaming by sharing best practices and research between members. FPA's "Disruption and Harms in Online Gaming Framework" was used in the development of our strategic framework. In addition, we are regularly in contact with our peers and gaming associations to make sure we all actively pursue important topics in the gaming industry together.

Responsible use of player data

Over the years, we have invested heavily in our technology and data related capabilities. Responsible data processing is a core part of Rovio's technology strategy and an area where we strive for continuous improvement. As part of our privacy governance, Rovio has a designated Data Protection Officer to oversee data protection related matters. Amidst a rapidly evolving regulatory landscape, we actively engage with other gaming companies in an effort to translate new legislative requirements into concrete actions for the industry and Rovio. We continuously monitor regulatory developments, such as EU-level regulations related to safe internet use and the protection of minors.

Identified risks

The risks we have identified in safe & responsible gaming are mainly related to information security, privacy protection as well as inappropriate in-game behavior, user-generated content, and discrimination. Risks related to information security and privacy protection are managed by carefully designed automated in-game processes that minimize the chances of information security breaches, as well as by internal processes and guidelines that guide Rovio employees. Guidelines for game developers, the monitoring of player behavior in games, and user surveys aim to ensure that games are safe and fun for players. We aim to remain at the forefront of any development in the industry, for instance being involved with the Fair Play Alliance and other initiatives, and constantly monitoring the latest industry and regulatory developments in order to manage risks.

READ MORE ON

[Rovio Player Code of Conduct](#)
[Fair Play Alliance](#)



Safe & responsible gaming goals and targets

GOALS

- Continue fostering safe and responsible gaming space for our players
- Drive forward and execute safe & responsible gaming

Targets 2021	Status 2021	Targets 2022	Relevant UN's Sustainable Development Goal
1. Conduct strategic analysis	● Completed	1. Advance strategic initiatives	
2. Set strategic initiatives	● Completed	2. Streamline requirements and monitoring framework	
3. Build a working group for safe & responsible gaming	● Completed	3. Participate and influence in the relevant industry and legislative forums	



People & society

Diversity drives innovation and inclusive leadership

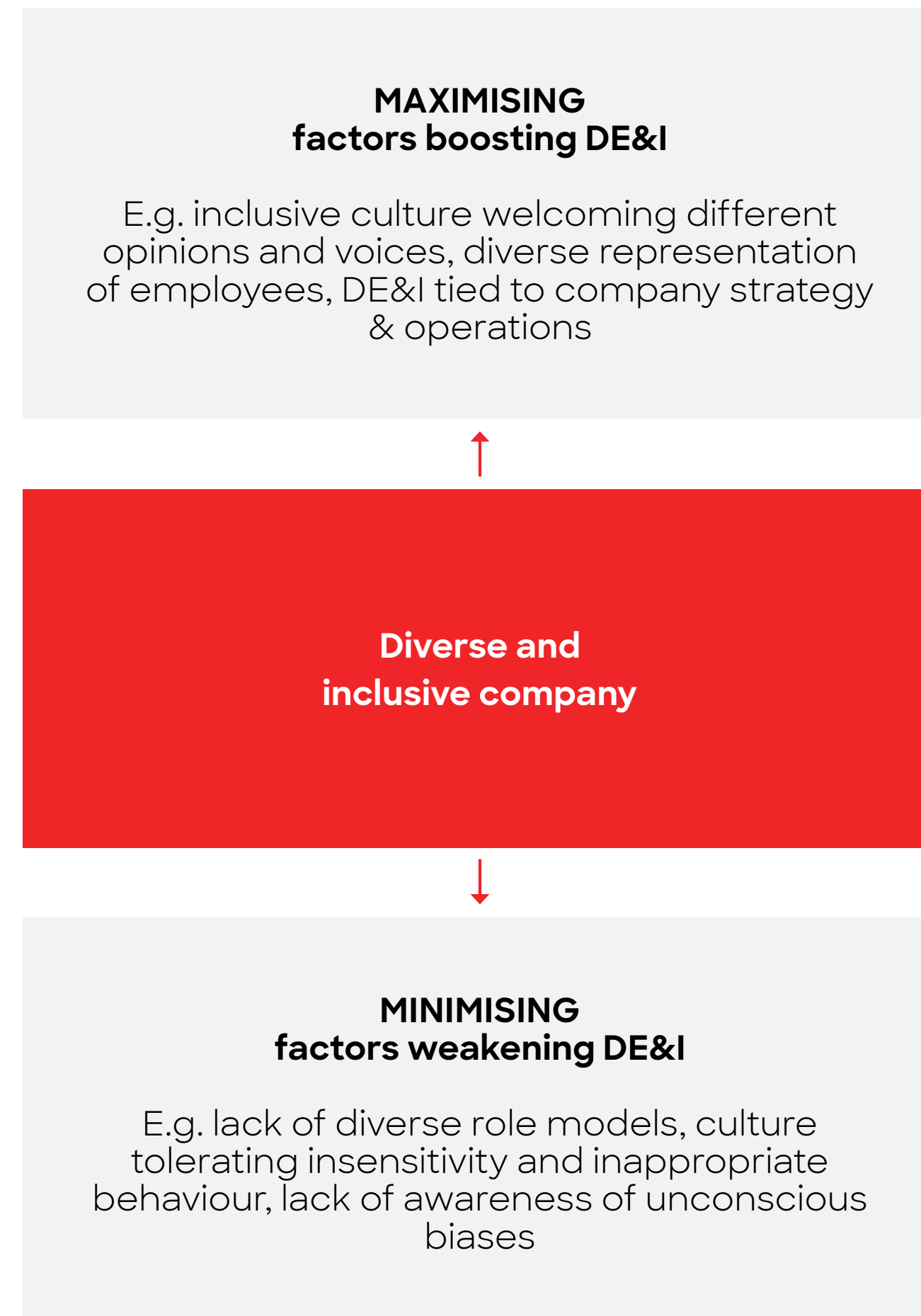
Our ambition is to create growth and to do that, one needs to differentiate. Differentiation requires innovation, and innovation is fueled by diversity. The global player community represents a wide diversity of demographics with players in nearly every country. To create games and experiences that resonate with the players, it is imperative that our employee community reflects that diversity. At the end of 2021, Rovio consisted of people from 54 nationalities, each of whom brings their own unique perspective to their craft.

Diversity leads to deeper understanding of markets, players, and us people. It helps to unleash collaborative creativity, and being a diverse and value-driven workplace helps us attract talent who also sees these as important tools for developing more inclusive games in the future. But diversity alone is not enough. For it to have a true impact, it needs an inclusive work culture that welcomes different viewpoints and enables employees to do the best work while being and feeling respected and valued for who they are.

We support and equip our leaders with training that increases understanding and provides them with the tools and behaviors to be managers that advocate for equity, inclusion and diversity. We have a leadership training program open for all Rovians to become better leaders for themselves and the colleagues around them.

It is also recognized that despite training, some unconscious biases may be difficult to fully remove. For that reason, we ensure our people processes that support systemic inclusion in behaviors and practices. This includes e.g. evaluating our holistic sourcing and hiring process as well as creating a more inclusive career development process.

What is diversity, equity & inclusion (DE&I) at Rovio



54

Number of nationalities*

496

Number of employees*

67

28

5

Employees, %*
Men % / Women % /
Other %**

75

25

Leadership team, %*
Men % / Women %

*At the end of 2021

**Trans, non-binary, not self-describing, empty

Our commitment to equity, inclusion and diversity means compensating our employees fairly based on the work that they perform and the responsibilities they have. We review and validate periodically our compensation philosophy, related practices and actual salaries to secure that they are fair and competitive. To further emphasize commitment to sustainability, and set the direction for the future, we have for the first time included a people-related sustainability target in the 2022 short-term incentive program for the CEO and the Leadership Team.

Our contribution to society

We want to do our part in supporting the surrounding society in a responsible way that is efficient and aligned with our values. In the collaboration with UNICEF Finland, we have been able to support education and development of digital skills of the most vulnerable adolescent girls in Senegal through UNICEF's Salmaïtou project. The project reinforced the social entrepreneurship, innovation and digital skills of 100 girls between the ages of 10 and 18. It helped them to improve self-confidence to join the workforce of emergent sectors, innovate their own businesses, and to be active in their own communities. This was done through training, mentorship, and incubation to selected projects, which are also key ingredients of our own success. We have also supported smaller grassroots initiatives that are aligned with our sustainability strategy. One example of this was our sponsorship of Pride Game Jam Helsinki, which celebrated LGBTQIA+ people by creating a safe space for expressing oneself through art, music and video games.

Our game teams see that in-game content campaigns and integrations are an effective way to amplify and support important social causes. To give a few examples, we were proud to partner with the World Health Organization (WHO) on two Angry Birds Friends tournaments. Stay Active tournament featured 24 brand-new levels themed around sports and healthy living, as well as WHO recommendations and tips to stay active during the Covid-19 pandemic. In a similar manner, the Self-Care tournament was created to raise awareness for mental health issues in honor of World Mental Health Day.

Angry Birds 2 game supported SpecialEffect for the fourth year in row. A UK-based charity dedicated to sharing the joy of gaming with people with disabilities that hinder their ability to play in traditional ways. Angry Birds 2 team donated all daily UK revenues of October 1st to SpecialEffect.

Our values



Be **BOLD**



Embrace **INNOVATION**






Act with **INTEGRITY**



People & society goals and targets

GOALS

- Improve inclusivity & equity
- Build diversity
- Promote our values in the society

Targets 2021	Status 2021	Targets 2022	Relevant UN's Sustainable Development Goals
1. Kick-off strategic DE&I program	● Completed	1. Conduct data and inclusivity analysis	
2. Create a model to track DE&I data	● Completed	2. Publish DE&I strategy and targets	
3. Secure strategic partnership for future years	● Completed	3. Set roadmap for DE&I actions	



Climate & environment

Our approach

We want to minimize negative impacts and maximize positive impacts to the environment. Although our business is heavily focused on immaterial products and services, we acknowledge that running a digital business consumes natural resources – mainly through the use of electricity – and therefore causes negative impacts on the climate & environment.

We recognize our responsibility to drive the change and we have gradually increased our efforts on mitigating negative impacts. This includes our latest commitment to become carbon neutral in 2022. At the same time, we have recognized that minimizing footprint is not everything we can do. We want to maximize our handprint. By handprint, we mean the positive impacts we can create with our actions. As we constantly reach millions of players and followers we can use our position and reach to raise awareness for important climate & environmental actions.

Raising awareness

In 2021 we partnered with a game-based learning platform Kahoot! to create six climate change themed and Angry Birds branded quizzes. With the quizzes, we reached 4.35 million players. We also took part in Playing for the Planet Alliance's Green Game Jam for the second year in a row. The studios participating in Green Game Jam innovate, create and implement in-game features and green nudges that raise awareness for environmental matters and/or drive players towards direct action. In 2021 Rovio's participation was a 'Mariner Hat Event' that raised awareness of the importance of ocean & coral reef protection supporting 'Glowing Glowing Gone' campaign. With this 10 day event Angry Birds 2 reached 5.8 million players.



READ MORE ON

[Kahoot!](#)

[Green Game Jam](#)

[Glowing Glowing Gone](#)





'Glowing Glowing Gone' campaign in Angry Birds 2 raised awareness for ocean and coral reef protection, and it reached 5.8 million players



Climate & environment goals and targets

GOALS

- Minimize negative impact on our planet
- Maximize positive impact on our planet

Targets 2021	Status 2021	Targets 2022	Relevant UN's Sustainable Development Goals
1. Widen carbon accounting system boundaries to cover all relevant emission sources	● Completed	1. Reach verified carbon neutrality	 
2. Set roadmap to go carbon neutral	● Completed	2. Publish roadmap to go beyond carbon neutral	
3. Integrate climate & environmental topics to Angry Birds brand activities	● Completed	3. Launch multiple awareness creation campaigns	
4. Drive forward industry wide climate & environment initiatives	● Completed	4. Develop carbon accounting principles in collaboration with the gaming industry	

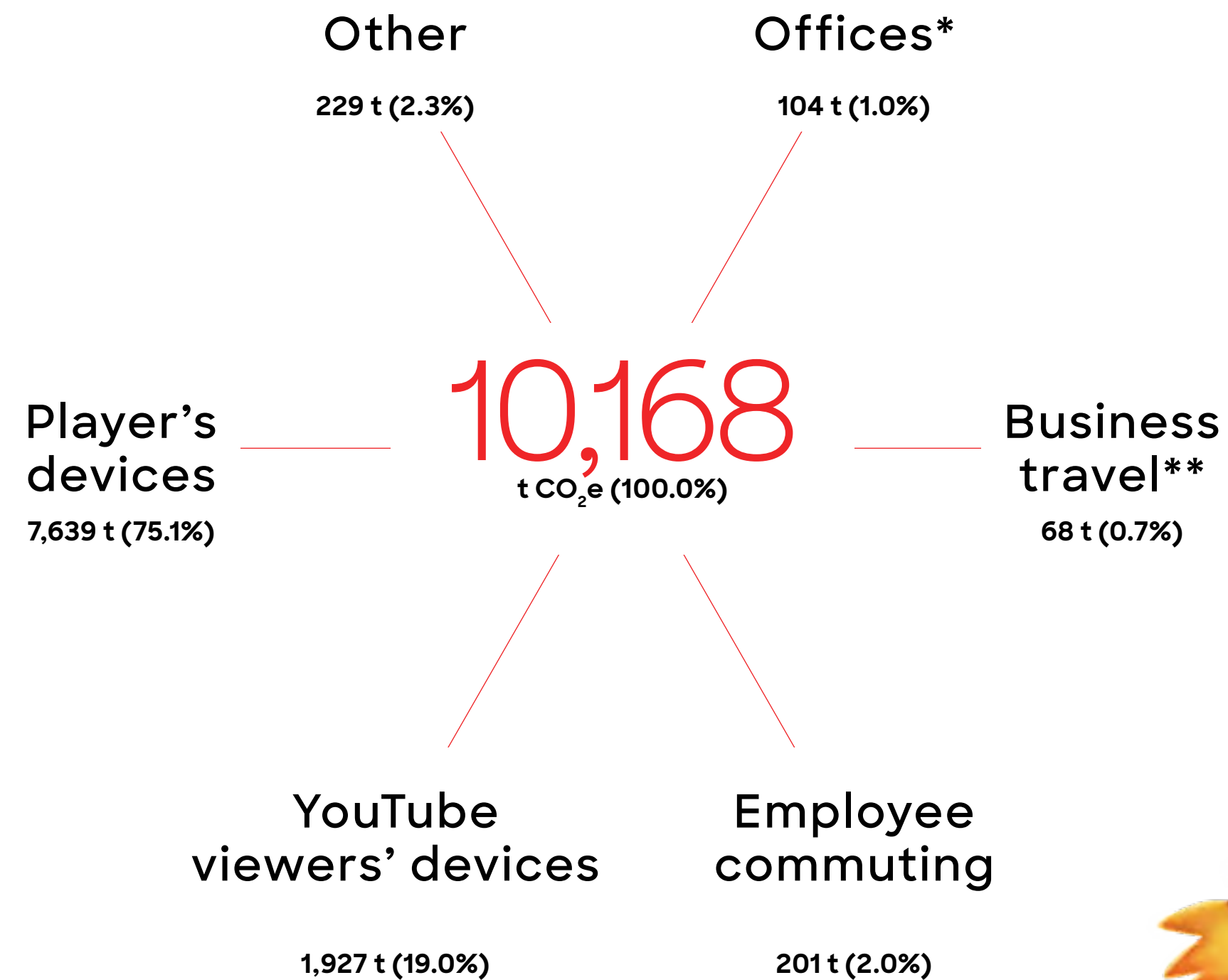


Road to carbon neutral

A mandatory component of our carbon neutral commitment was to improve the coverage of our carbon inventory to be in line with the GHG Protocol. Without including all the necessary emission sources and compensating those through certified projects we could not claim to be carbon neutral.

In previous years we have focused more on the most significant emissions sources that are our headquarters office, employee travels from Espoo and Stockholm offices, and energy consumption of player's devices. For the 2021 emission disclosure, there were a couple of major changes. Firstly we included emissions for all our offices, including employee commuting. One additional emission category was device energy use of our YouTube viewers. For players, we changed the calculation model to be based on actual play/view time instead of the previous rough assumption of one daily active user consuming full battery a day. Our partner, South Pole, helped us to identify all mandatory emissions sources and calculated and verified our emission figures.

As we work mostly with digital products, the carbon footprint is our key environmental metric. Based on our calculations our total carbon footprint for 2021 was 10,168 CO₂e tons. Out of this 10,168 CO₂e tons, 10,115 were categorized as Scope 3 and 53 were categorized as Scope 2 emissions. Rovio did not have any direct Scope 1 emissions as all our offices are leased, we do not manufacture any physical products and we do not own any company vehicles. Rovio's carbon intensity related to revenue was 35.53 (in tons of CO₂ equivalent per million euro of revenue).



*includes Espoo, Stockholm, Copenhagen, Izmir and Shanghai
 **includes air, taxi, hotel



Corporate Governance



Governance structure

The ultimate responsibility for the management and operations of Rovio Group and its subsidiaries lies with the governing bodies of the parent entity Rovio; the General Meeting of Shareholders, the Board of Directors and the CEO, supported by the Leadership Team. The shareholders take part in the supervision and governance of Rovio through the resolutions of General Meetings of Shareholders. The General Meeting of Shareholders is the Company's highest decision-making body.



Board of Directors

The general objective of the Board of Directors is defining and directing strategy for the Rovio Group and duly arranging the business, administration and operations of the entire Rovio Group. The Board of Directors has a quorum when more than half of the members are present. The Board of Directors approves Rovio Group's ethical values, evaluates and monitors issues pertaining to significant risks and risk management activities and risk management policies. Rovio has two Board committees.

Audit Committee

The Board's Audit Committee assists the Board of Directors in matters relating to financial reporting, internal control and risk management systems, and related party transactions in accordance with the duties specified for audit committees in the Finnish Corporate Governance Code. The purpose of the Committee is to assist the Board in ensuring and monitoring the appropriate arrangement of the governance, controls, and risk management and thus releasing the Board's time for strategic matters.

Remuneration Committee

The Board's Remuneration Committee is responsible for preparing matters pertaining to the remuneration and appointment of the Chief Executive Officer (CEO) and the members of the Leadership Team, evaluating the performance of the CEO, and making recommendations to the Board on the Company's remuneration framework. The Committee also prepares the remuneration policy and the remuneration reports.

[READ MORE ON](#)

Governance





Nomination Board

The Annual General Meeting on March 30, 2021, decided to establish a permanent Shareholders' Nomination Board. The primary task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence, and experience to meet the needs of the Company. The nomination board is a corporate body of the Company's shareholders and responsible for preparing proposals and submitting them to the Annual General Meeting and, if needed, to an Extraordinary General Meeting concerning the nomination and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors.



CEO and Leadership Team

The Chief Executive officer (CEO) is responsible for managing and controlling Rovio's business and day-to-day operations in accordance with the directions and instructions of the Board of Directors. It is the duty of the CEO to ensure that Rovio's operations are in compliance with the laws and regulations applicable at the time. The CEO is the Chair of the Leadership Team. The Leadership Team prepares Rovio Group's strategic and annual planning, supervises the implementation of plans and financial reporting, and prepares significant investments as well as mergers and acquisitions. The Leadership Team is the highest governance body for sustainability matters.



Chief Sustainability Officer

In September 2021 Rovio appointed a Chief Sustainability Officer (CSO) to supervise the creation and implementation of sustainability strategy, actions, and reporting. The CSO is part of the Leadership Team and reports to the CEO. In 2021 CSO established a cross-functional sustainability working group to assist in defining and implementing strategies in each focus area, reporting and communication, and identifying sustainability matters that are most relevant for Rovio.

Business conducts

We are committed to respecting human rights and promoting their fulfillment and protection in our operations. Rovio's Code of Conduct outlines the general principles of ethical and responsible behavior standards. The Code of Conduct and sub-policies are applicable to all Rovio employees, including the employees of its subsidiaries and the members of the Board of Directors. Every person to whom the Code of Conduct applies has the obligation to ensure that they understand the guidelines and comply with them. We also require our consultants, freelancers, suppliers, licensees, and any other partners to comply with Rovio's Code of Conduct or similar Rovio guidelines.

We also have a separate anti-bribery policy in place which covers matters such as gifts, hospitality, and conflicts of interest. We have a zero-tolerance approach to bribery and other corruptive practices. When it comes to gifts and hospitality, employees must not give or receive gifts or hospitality to/from current or potential suppliers, customers, or other Rovio stakeholders unless a gift or hospitality is given or received during the ordinary course of business and, in all circumstances, is of moderate value. Cash gifts are never acceptable.

We also have a separate Code to Address Workplace Harassment policy to ensure that all individuals working at Rovio Group are aware and committed to fighting against all kinds of harassment and bullying, and know whom to contact and how to proceed if they have experienced harassment or are accused of harassment. All employees are expected to behave respectfully and courteously towards other employees, clients, customers, and partners at all times.

Rovio organizes regular Code of Conduct, Anti-Corruption, and Compliance training among employees. The training coverage is monitored and the target is to reach 100% coverage. Rovio provides a whistleblower tool for the employees, to report observations and suspected misconduct related to the securities market, corruption, harassment, and other forms of unethical and unacceptable behavior. To ensure proper documentation and to confirm the date and time of the incident, the reports are submitted either anonymously via our whistleblower tool or non-anonymously by sending an email to whistleblowing@rovio.com (which is automatically forwarded to the General Counsel). Two reports were filed via the official whistleblower channels in 2021. We are planning on opening a Rovio Whistleblower tool for external stakeholders in 2022.

READ MORE ON

[Rovio's risk management policy](#)

[Rovio Code of Conducts](#)



Key memberships and organisations

READ MORE ON

UNICEF collaboration
Protect Minors Online
Alliance



UNICEF Finland

In 2021 we continued the work with UNICEF Finland to extend our reach and deliver support to the most vulnerable people. Our core support was directed to the Salmaïtou Project in Senegal, which aims to give a second chance to the most vulnerable adolescent girls in and out of school. Due to COVID-19, the project was delayed but it was successfully relaunched in 2021.

We also continued the Staff for UNICEF donation model that allows Rovio employees to give a voluntary donation which Rovio then doubles. Staff for UNICEF donations were directed to UNICEF's Global Education Program.

The work with UNICEF is closely aligned with our values and sustainability strategy. Therefore Rovio & UNICEF Finland has agreed to continue collaboration for the next three years during 2022-2024.



Playing for the Planet Alliance

Rovio is a founding member of the Playing for the Planet Alliance, which was launched in 2019 during the Climate Summit at UN Headquarters in New York. Together the members of the Alliance have the ability to reach more than 1 billion video game players. In joining the Alliance, members have made commitments ranging from integrating green activations in games, reducing their emissions and supporting the global environmental agenda through initiatives ranging from planting millions of trees to reducing plastic in their products.



Fair Play Alliance

Rovio is a member of international The Fair Play Alliance (FPA). FPA is a coalition of gaming companies and provides a forum for gaming professionals and companies to work together to develop and share best practices to build healthy communities and respectful player interactions in online gaming. The mission of FPA is well in line with our commitments to Safe & Responsible Gaming.



FIBS

Finnish Business Society (FIBS) is the largest corporate responsibility network in the Nordics. We've been a member of FIBS since 2014. Every year, FIBS organizes events that gather thousands of corporate responsibility experts, decision-makers, and influential people from all fields together to learn and be inspired by the latest practices and solutions in the field of sustainable business.

Neogames

Moreover, Rovio is a member of Neogames, which is the Finnish umbrella organization for the gaming industry, as well as a signatory to the European Commission's initiative "Alliance to better protect minors online". Rovio is also a member of the German Entertainment Software Self-Regulation Body USK.

Appendix



Rovio's sustainability key performance indicators and results

People & society		Climate & environment	
Number of employees (average in 2021)	496	Scope 1, 2, 3 emissions	
Nationalities	54 nationalities	Scope 1:	Not applicable
Share of women/men/other among employees	women 28% / men 67% / other* 5%	Scope 2:	53
Share of women/men among leadership team	women 25% / men 75%	<ul style="list-style-type: none"> • Offices • Remote work • Energy consumption 	
Share of women/men among Board of Directors (Includes members for full year 2021)	women 33% / men 67%	Scope 3:	10,115
Employee age structure	45% under 35 51% 35-50 4% over 50 average age 37 years	<ul style="list-style-type: none"> • Air travel • Hotel nights • Energy consumption for players' mobile devices • Energy consumption for YouTube viewers' devices • Employee commute 	
eNPS - yearly average	28 (Q1 31, Q2 27, Q3 26, Q4 28)	Carbon intensity (in tons of CO ₂ equivalent per million euro of revenue)	35.53
		CO ₂ emission offset	100% offset through certified offset program

*Trans, non-binary, not self-describing, empty

Global Reporting Initiative (GRI) Standard and its Content Index

Index No.	Index name	Related page
Organisational profile		
102-1	Name of the organisation	37
102-2	Activities, brands, products, and services	37
102-3	Location of headquarters	43
102-4	Location of operations	43
102-5	Ownership and legal form	37
102-6	Markets served	43
102-7	Scale of the organization	51
102-8	Information on employees and other workers	51
102-13	Membership of associations	62
102-14	Statements from senior decision-maker	40
102-16	Values, principles, standards, and norms of behavior	52
102-17	Mechanism for advice and concerns about ethics	60
Governance		
102-18	Governance structure	58
102-20	Executive-level responsibility for economic, environmental, and social topics	59
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Index No.	Index name	Related page
Energy		
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302-2	Energy consumption outside of the organization	56
Emissions		
305-1	Direct (Scope 1) GHG emissions	56
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305-3	Other indirect (Scope 3) GHG emissions	56
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	51

Governance

Our business is driven by our values: being bold, embracing innovation and acting with integrity. We craft joy with player-focused gaming experiences that last for decades.

[INVESTORS.ROVIO.COM](https://investors.rovio.com)

Corporate governance statement 2021

Introduction

Rovio Entertainment Corporation (“Rovio” or “Company”) is listed on Nasdaq Helsinki Ltd. Rovio complies with Finnish legislation, in particular the Limited Liability Companies Act, Accounting Act and Securities Markets Act, as well as Rovio’s Articles of Association and corporate governance principles ratified by the Company’s Board of Directors. Rovio complies fully with the Corporate Governance Code for Finnish Listed Companies 2020. The Corporate Governance Code is available at www.cgfinland.fi/en/corporate-governance-code/.

This statement includes descriptions of Rovio’s Corporate Governance and internal control procedures, as well as the main features of its risk management systems. This statement has been prepared separately from the Report of the Board of Directors.

Rovio’s Board of Directors and the Board’s Audit Committee have reviewed this Corporate Governance Statement. Rovio’s auditor, Ernst & Young Oy, has verified that the statement has been issued, and that the description of the main features of the internal control and risk management systems related to the financial reporting process contained herein are consistent with the Financial Statements. Rovio’s Board of Directors has approved this Corporate Governance Statement in its meeting on February 10, 2022.

The Corporate Governance Statement 2021 and Rovio’s Annual Report for 2021 were published on March 10, 2022, and they are available at: <https://investors.rovio.com/en/financials-reports/reports-and-presentations/year/2022>.

Corporate governance

The ultimate responsibility for the management and operations of Rovio and its subsidiaries (“Rovio Group”) lies with the governing bodies of the parent entity Rovio; the General Meeting of Shareholders, the Board of Directors and the CEO, supported by the Leadership Team.

General meeting of shareholders

The shareholders take part in the supervision and governance of Rovio through the resolutions of General Meetings of Shareholders. The General Meeting of Shareholders is the Company’s highest decision-making body.

The General Meeting of Shareholders is generally convened by the Board of Directors. In addition to this, a General Meeting of Shareholders shall be held if Rovio’s auditor or shareholders representing a minimum of one-tenth of all outstanding shares in Rovio demand in writing that a General Meeting be convened.

The General Meetings of Rovio are held in Helsinki, Espoo or Vantaa. The Annual General Meeting shall be held annually within six (6) months of the end of the financial year.

The notice convening the General Meeting shall be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, but no later than nine (9) days before the record date of the General Meeting. The notice shall be delivered to the shareholders by means of a notice published on Rovio’s website or at least in one national daily newspaper designated by the Board of Directors.

In order to be entitled to attend the General Meeting, a shareholder must notify Rovio of their attendance by the date specified in the notice convening the General Meeting, which date may not be earlier than ten (10) days prior to the General Meeting.

General meetings of shareholders in 2021

Rovio's Annual General Meeting ("AGM") was held on March 30, 2021 at Company headquarters in Espoo. The AGM was arranged in accordance with an exceptional meeting procedure based on the temporary legislation to limit the spread of Covid-19 pandemic approved by the Finnish Parliament. In line with the temporary legislation, shareholders and their proxy representatives could participate in the AGM and exercise their rights only by voting in advance and by making counterproposals and presenting questions in advance. It was not possible to participate at the meeting venue in person. No other general meetings of shareholders were held in 2021.

Shareholders' Nomination Board

The Annual General Meeting on March 30, 2021 decided to establish a permanent Shareholders' Nomination Board. The term of office of the Nomination Board's members expires annually after the new Nomination Board has been appointed.

The shareholders' nomination board is a corporate body of the Company's shareholders and responsible for preparing proposals and submitting them to the Annual General Meeting and, if needed, to an Extraordinary General Meeting concerning the nomination and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors. The primary task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience to meet the needs of the Company. The Nomination Board must submit its proposals to the Board of Directors no later than on 31 January preceding the Annual General Meeting.

The Nomination Board shall include the representatives nominated by the four largest shareholders as well as the Chair of the Board of Directors, who shall serve as an expert member. The Chair of the Board of Directors shall not take part in the decision-making of the Nomination Board and he/she is not counted in the Quorum

of the Nomination Board. Company's treasury shares shall not be taken into account when determining the right to nominate.

The four shareholders who have the largest share of the votes conferred by all Company shares on the first workday of the September preceding the Annual General Meeting, are entitled to appoint the members who represent shareholders, however so that at least one of the members must be appointed by an institutional investor. The right to appoint shall be determined on the basis of the shareholder register maintained by Euroclear Finland Ltd, unless otherwise required due to notifications received from nominee registered shareholders or shareholders subject to flagging obligations under the Finnish Securities Markets Act. If there is no institutional investor among the four largest shareholders, the right of the fourth largest shareholder transfers to the next largest institutional investor who would not otherwise have the appointment right. If a shareholder does not wish to use his/her appointment right, the right shall be transferred to the next largest shareholder who would otherwise not be entitled to appoint a member.

The members of the Nomination Board do not receive separate remuneration for their membership in the Nomination Board. The members' travel expenses shall be reimbursed in accordance with the Company's travel policy. In addition, the Nomination Board's costs of using external experts shall be paid by the Company.

The Charter of the Nomination Board is available at Rovio's website at <https://investors.rovio.com/en/governance/shareholders-nomination-board>.

2021 Shareholders' Nomination Board

The 2021 Shareholders' Nomination Board consisted of the representatives of the first, fourth, ninth and tenth largest shareholders as at the first working day in September 2021, i.e. Moor Holding AB, Brilliant Problems Ltd, Ilmarinen Mutual Pension Insurance Company and Sijoitusrahasto Aktia Capital.

The composition of the 2021 Nomination Board was the following:

- Kaj Hed, b. 1955, Chair of Board of Directors, Moor Holding AB
- Matthew Wilson, b. 1983, Deputy Member of the Board of Directors, Brilliant Problems Ltd
- Esko Torsti, b. 1964, Head of Cross Asset Allocation, Ilmarinen Mutual Pension Insurance Company
- Markus Lindqvist, b. 1979, Director, Sustainability, Aktia Bank Plc, legal representative for funds managed by Aktia Fund Management Company Ltd.

In addition, the Nomination Board included Kim Ignatius, Chair of the Board of Directors of Rovio Entertainment Corporation as an expert member.

The Nomination Board convened three times in 2021 and one time in 2022 before submitting their proposal. The participation rate was 100%. On 28 January 2022, the Nomination Board submitted to the Board its proposals for the 2022 AGM to be held on 7 April 2022. The proposals are available at Rovio's website at: <https://investors.rovio.com/en/shareholders-nomination-boards-proposals-agm-2022>.

Board of Directors

According to Rovio's Articles of Association, the Board of Directors consists of a minimum of three and a maximum of nine ordinary members. The Annual General Meeting elects the Chair and the Vice Chair of the Board of Directors.

The duties and operating principles of the Board of Directors are based on Finnish legislation, in particular the Finnish Limited Liability Companies Act and the Securities Market Act, as well as on the company's Articles of Association, the rules of Nasdaq Helsinki and the Finnish Corporate Governance Code for companies listed on Nasdaq Helsinki.

The general objective of the Board of Directors is defining and directing strategy for the Rovio Group and duly arranging the business, administration and operations of the entire Rovio Group. The Board of Directors has a quorum when more than half of the members are present.

The Board Charter specifies the duties of the Board of Directors as well as the methods of working at a practical level. In accordance with the Board Charter, the Board of Directors shall approve on the basic strategies of the Rovio Group's business units' business plans and budgets and monitor their implementation, review and adopt the financial statements and interim reports and the stock exchange releases, decide on the dividend policy and the conditions and boundaries concerning the Group's capital expenditure, decide on the principles related to authorization, approval and signing rights and monitor their implementation, decide on any major individual investment or expenditure as well as on any other major and strategically significant investments and financing arrangements, and decide on business acquisitions and divestments by Rovio Group companies.

The Board of Directors approves Rovio Group's ethical values, evaluates and monitors issues pertaining to significant risks and risk management activities and risk management policies.

In addition, the Board of Directors shall appoint the Chief Executive Officer and his/her possible deputy and approves the appointment of the members of the Leadership Team, monitoring issues relating to top management resources, significant changes in the business organization of the Rovio Group, as well as approves the overall remuneration principles and overall framework within the Rovio Group, including the short and long term incentive plans and review and adopt the remuneration report and remuneration policy.

The Board of Directors is also responsible for calling the annual General Meeting of the Shareholders and providing all necessary proposals to the General Meeting.

The Board of Directors conducts an annual self-assessment in order to further develop its work. The Board also annually evaluates the independence of its members in accordance with the recommendations of the Finnish Corporate Governance Code.

Board of Directors meetings in 2021

Until the Annual General Meeting held on March 30, 2021, the Board of Directors comprised of the following six (6) members: Chair Kim Ignatius, Vice Chair Kaj Hed, Camilla Hed-Wilson, Björn Jeffery, Jeferson Valadares and Leemon Wu.

The Annual General Meeting on March 30, 2021 resolved that the Board of Directors comprises six (6) members and re-elected Camilla Hed-Wilson, Kim Ignatius, Björn Jeffery, Jeferson Valadares and Leemon Wu as members of the Board and Niklas Hed was elected as a new member for the term ending at the closure of the Annual General Meeting in 2022. Kim Ignatius was elected as Chair and Björn Jeffery as Vice Chair for the same term of office.

Among the members of the Board of Directors, Kim Ignatius, Björn Jeffery and Jeferson Valadares are independent of Rovio and its significant shareholders. Niklas Hed was not independent of Rovio at the time of the appointment as he had been employed by the Company within the last three years. Based on overall evaluation

Camilla Hed-Wilson and Leemon Wu are considered not to be independent from Rovio's significant shareholders.

The Board of Directors met or held a teleconference 16 times in 2021. The average attendance of members at Board meetings was 99%. The main focus of the Board of Directors in 2021 was on monitoring and supervision of the Company's financial reporting, carrying out the governance duties pertaining to listed companies, Group business strategies including sustainability, strengthening the games portfolio and development of new games and following and reacting to the major changes within the industry, the evaluation and preparation and the balancing of risks and financing of potential M&A activities, monitoring and assessing the resourcing and performance of the management of the company and making the related decisions, reviewing the remuneration models for personnel and management and the balancing of risk and financing of the Rovio Group. Special attention continued to be monitoring the impact of Covid-19 on the personnel and the business. The Board carries out a self-evaluation of its performance.

The fees paid to the Board of Directors in 2021 totaled EUR 444,000.00.

Attendance in 2021	Meetings of the Board of Directors
Kaj Hed (member until March 30, 2021)	2/2
Niklas Hed (member as of March 30, 2021)	13/14
Camilla Hed-Wilson	16/16
Kim Ignatius	16/16
Björn Jeffery	16/16
Jeferson Valadares	16/16
Leemon Wu	16/16

Members of the Board of Directors in 2021



Kim Ignatius

Chair of the Board of Directors

BSc (Econ.), Helsinki School of Economics and Business Administration

Born 1956, Finnish citizen

- Chair of Rovio's Board of Directors since 2020
- Member of Rovio's Board of Directors since 2017
- Chair of Rovio's Audit Committee since 2017
- Member of Rovio's Remuneration Committee 2017-2021 and Chair of the same until 2020
- Independent of the Company and its major shareholders

Primary work experience

- Fortum Oyj, Member of the Board of Directors and Chair of the Audit and Risk Committee in 2012-2020
- Sanoma Corporation, Executive Vice President and Member of the management team in 2017
- Sanoma Corporation, Chief Financial Officer in 2008-2016
- Millicom International Cellular S.A., Member of the Board of Directors and Chair of the Audit Committee in 2011-2014
- TeliaSonera AB, Executive Vice President and CFO in 2003-2008
- Sonera, Executive Vice President and CFO in 2000-2003
- Tamro, CFO in 1997-2000
- Amer Oyj, various domestic and international management positions in 1984-1997

Positions of trust

- Elisa Oyj, Member of the Board and Audit Committee
- Yliopiston Apteekki, Vice Chair of the Board and Chair of the Audit Committee
- Directors' Institute Finland, Chair of the Board
- Duell Corporation, Chair of the Board

Share ownership (December 31, 2021)

- 9,000 shares

Niklas Hed

Member of the Board of Directors

Born 1980, Finnish citizen

- Member of Rovio's Board of Directors since 2021
- Independent of the Company and its major shareholders (was considered as not independent of the Company at the time of the appointment due to his past employment with the Company)

Primary work experience

- Lightneer Oy, Co-founder
- Rovio Entertainment Corporation, Co-founder
- Member of Rovio's Board of Directors in 2003-2005 and 2006-2007
- Chair of Rovio's Board of Directors in 2004-2005
- Various operational management positions at Rovio in 2003-2018

Positions of trust

- Zef Ltd, Chair of the Board
- Lightneer Oy, Member of the Board

Share ownership (December 31, 2021)

- 1,365,345 shares





Camilla Hed-Wilson

Member of the Board of Directors

BBA (Human resource management and Arts Management)

Born 1983, Finnish citizen

- Member of Rovio's Board of Directors since 2011
- Member of Rovio's Remuneration Committee since 2019 and Chair since 2020
- Member of Rovio's Audit Committee since 2020
- Based on overall evaluation Camilla Hed-Wilson is considered not to be independent from the company's significant shareholders

Positions of trust

- Fiilinki Oy, Founder and Chair of the Board of Directors
- Wild Sloths Oy, Chair of the Board of Directors
- Brilliant Problems Oy, CEO and Chair of the Board of Directors
- Oivor AB, Member of the Board of Directors
- New Nordic School Oy, Member of the Board of Directors

Share ownership (December 31, 2021)

- 6,459,500 shares owned through Brilliant Problems Oy, a company under her control.

Björn Jeffery

Vice Chair of the Board of Directors

Born 1981, Swedish citizen

- Vice Chair of Rovio's Board of Directors since 2021
- Member of Rovio's Remuneration Committee since 2021
- Member of Rovio's Board of Directors since 2020
- Independent of the Company and its major shareholders

Primary work experience

- Outer Sunset AB/Jeffery LLC, Advisor since 2018
- Toca Boca, CEO and Co-founder in 2010-2017
- Sago Mini, Member of the Board of Directors in 2013-2017
- The Bonnier Group, Director, Digital Commerce in 2010-2011
- Twingly, Member of the Board of Directors in 2009-2016
- The Bonnier Group, Director, Future Media & Technology of Bonnier R&D in 2009-2010
- Good Old, CEO & Co-founder in 2005-2009
- Manolo.se, Co-founder in 2004-2008
- Jeffery & Edling, Co-founder in 2005-2006
- Sydsvenskan, Journalist in 2003-2005

Positions of trust

- Acast, Member of the Board of Directors and Remuneration Committee
- Kinzoo Technologies Inc, Member of the Board of Directors
- Athanase Innovation AB, Member of the Board of Directors
- Fenix Begravning AB, Member of the Board of Directors

Share ownership (December 31, 2021)

- 1,000 shares





Jeferson Valadares

Member of the Board of Directors

MSc, Computer Science, Artificial Intelligence BS, Computer Science

Born 1975, Brazilian citizen

- Member of Rovio's Board of Directors since 2019
- Member of Rovio's Remuneration Committee since 2020
- Independent of the Company and its major shareholders

Primary work experience

- Doppio, Co-founder and CEO
- Bandai Namco Entertainment America, General Manager, Mobile and Vice President of Product Development in 2014–2018
- BioWare/Electronic Arts, Studio General Manager and Executive Producer in 2012–2014
- Flurry, General Manager, Games in 2011–2012
- Playfish/Electronic Arts, Studio Director in 2009–2011
- Electronic Arts, Creative Director, EA Mobile UK in 2007–2009
- Sumea Studio/Digital Chocolate, Development Director in 2005–2007
- Cinemaware, Producer in 2004–2005
- Jynx Playware, CEO in 2000–2004

Share ownership (December 31, 2021)

- 0 shares

Leemon Wu

Member of the Board of Directors

M.Sc. in Business Administration and Economics

Born 1975, Swedish citizen

- Member of Rovio's Board of Directors since 2020
- Member of Rovio's Audit Committee since 2020
- Based on overall evaluation Leemon Wu is considered not to be independent from the company's significant shareholder Moor Holding AB.

Primary work experience

- Moor Holding AB, Chief Investment Officer since 2018
- Family office advisory, Global equities in 2016–2018
- C WorldWide Asset Management, Senior Portfolio Manager in 2007–2016
- Carnegie Investment Bank, Financial analyst in 2001–2007
- AB Custos, Investment Analyst in 1999–2001

Positions of trust

- Acast, Member of the Board of Directors
- Avanza Bank Holding AB (publ), Member of the Board of Directors
- Avanza AUTO, Member of the Advisory Board

Share ownership (December 31, 2021)

- 0 shares



Kaj Hed**Vice Chair of the Board of Directors until March 30, 2021**

Electrical engineer, studies of financing

Born 1955, Finnish citizen

- Vice Chair of Rovio's Board of Directors in 2017-2021
- Chair of Rovio's Board of Directors in 2005-2006 and 2008-2017
- Member of Rovio's Board of Directors in 2005-2021
- Independent investor

Share ownership (December 31, 2021)

- 12,919,000 shares owned through Moor Holding AB, a company under his control



Performance evaluation of the Board of Directors

The Board of Directors conducted a self-assessment of its work and working methods in 2021. The key objective of the assessment is to evaluate the operations of the Board during the year and to function as basis for the development of the work of the Board and the diversity. The Board discussed the self-assessment results both within the Board and together with the management.

Principles concerning the diversity of the Board of Directors

The Board of Directors has laid out its principles concerning diversity in its Charter as well as in its Principles of Diversity policy issued in 2017. In accordance with the policy, the following diversity principles are taken into account when preparing the proposal for the election of the members of the Board of Directors to the General Meeting: ensure that the Board of Directors as a whole possess the necessary knowledge and experience on the business, social and cultural conditions in the most significant markets to Rovio's business; ensure that the Board of the Directors have a fair and balanced combination of professional experience, skills, gender, nationality, knowledge, and variety of opinions and backgrounds considering Rovio's current and future needs and thus the capability to positively influence the long-term strategic direction and performance of Rovio; ensure that both genders are represented on the Board of Directors.

The Annual General Meeting held on March 30, 2021 confirmed the number of Board members as six and re-elected five of the members who served on the Board in the preceding year and elected one new member. Four of the Board members are men and two are women. The Board members have degrees in four different fields of study, with a majority of the degrees in economics and technology. All of the members have professional experience in various types of positions and from various industries and are from various countries: Finland, Brazil and Sweden. The

members represent different ages between 38 and 65 years, and the duration of their service on the Rovio Board of Directors is 1-10 years.

Board committees

Rovio has two Board committees: Audit Committee and Remuneration Committee.

Audit Committee

The Board's Audit Committee assists the Board of Directors ("Board") in matters relating to financial reporting, internal control and risk management systems and related party transactions in accordance with the duties specified for audit committees in the Finnish Corporate Governance Code. The purpose of the Committee is to assist the Board in ensuring and monitoring the appropriate arrangement of the governance, controls and risk management and thus releasing the Board's time for strategic matters.

The Board of Directors has confirmed the Audit Committee's key duties and operating principles in the Audit Committee Charter.

The Audit Committee consists of the Chair and at least two members. The Committee meets regularly at least four times per year. The term of office of the members is one year. The majority of the Committee members shall be independent of the company and at least one member shall be independent of significant shareholders. The members of the Committee must have sufficient expertise and experience with respect to the Committee's area of responsibility and the mandatory tasks relating to auditing. Due to the mandatory auditing duties, at least one member of the Committee must have expertise specifically in accounting, book-keeping or auditing. A person participating in the day-to-day management of the Company cannot be appointed as a member of the Committee.

In its organizational meeting held on March 30, 2021, Rovio's Board of Directors appointed Kim Ignatius as the Chair of the Audit Committee, with Camilla Hed-Wilson and Leemon Wu as members.

In 2021, the Audit Committee met five times to discuss the following matters: approval of the Audit Committee's annual plan, reviewing interim financial reports and the related external reporting, reviewing the audit plan and audit-related fees, reviewing audit reports, reviewing impairment calculations, approving plans related to internal auditing and internal control and handling reports related to these functions, reviewing the finance function and treasury updates, evaluating the risk management process and reviewing the risk analysis, reviewing Rovio's corporate governance statement, supervising the effectiveness and development of Compliance processes including discussing legal updates, monitoring the changes to IFRS standards, reviewing the dividends, and the outlook and target setting for the company and submitting a proposal to the Board of Directors regarding the selection of auditors. The Audit Committee carries out a self-evaluation of its performance.

The meeting attendance of the members of the Audit Committee in 2021 is shown below:

Attendance in 2021	Meetings of the Audit Committee
Kim Ignatius	5/5
Camilla Hed-Wilson	5/5
Leemon Wu	5/5

Other members of the Board of Directors also attended the meetings occasionally.

Remuneration Committee

The Board's Remuneration Committee is responsible for preparing matters pertaining to the remuneration and appointment of the Chief Executive Officer (CEO) and the members of the Leadership Team, evaluating the performance of the CEO and making recommendations to the Board on Company's remuneration framework.

The Committee also prepares the remuneration policy and the remuneration reports.

The Board of Directors has confirmed the Remuneration Committee's main duties and operating principles in the Remuneration Committee Charter.

The Remuneration Committee consists of the Chair and at least two members. The Committee meets regularly at least four times per year. The term of office of the members is one year. The majority of the Committee members shall be independent of the company and at least one member shall be independent of significant shareholders. Neither the CEO nor a member of the Leadership Team may be appointed as a member of the Committee.

In its organizational meeting held on March 30, 2021, Rovio's Board of Directors appointed Camilla Hed-Wilson as the Chair of the Remuneration Committee, with Björn Jeffery and Jeferson Valadares as members.

In 2021, the Remuneration Committee met six times to discuss the following matters: evaluating the Leadership Team's compensation models and levels, evaluating short-term and long-term incentive programs and preparing a proposal for the Board, discussing the talent management process, reviewing the succession plans and activities concerning key individuals, reviewing and evaluating the results of personnel surveys and monitoring recruitment processes.

In 2021 the Committee continued to focus on the impact of the Covid-19 pandemic including the hybrid working models and ensuring the well-being of employees.

The Committee prepared and supported the appointment of the Chief Sustainability Officer and included people related sustainability targets in the 2022 incentive program for the CEO and senior leaders. The Committee reviewed and evaluated the need to update the Remuneration Policy based on the feedback received in connection with the Annual General Meeting.

The Remuneration Committee carries out a self-evaluation of its performance.

The meeting attendance of the members of the Remuneration Committee in 2021 is shown below:

Attendance in 2021	Meetings of the Remuneration Committee
Camilla Hed-Wilson	7/7
Björn Jeffery (member as of March 30, 2021)	5/5
Jeferson Valadares	6/7
Kim Ignatius (member until March 30, 2021)	2/2

Other members of the Board of Directors also attended the meetings occasionally.



Chief Executive Officer (CEO) and the Leadership Team

CEO

The Chief Executive officer (CEO) is responsible for managing and controlling Rovio's business and day-to-day operations in accordance with the directions and instructions by the Board of Directors. It is the duty of the CEO to ensure that the Rovio's operations are in compliance with the laws and regulations applicable at the time. The CEO is the Chair of the Leadership Team.

The CEO reports on his/her actions to the Board of Directors. The Board of Directors decides on the appointment and dismissal of the CEO. The CEO may have a deputy who will attend to the duties of the CEO in the event that the CEO is prevented from doing so him/herself.

On December 21, 2020, Rovio's Board of Directors appointed Mr. Alexandre Pelletier-Normand as Rovio's CEO as of January 1, 2021.

Leadership Team

In 2021 the Leadership Team consisted of Alexandre Pelletier-Normand, Heini Kaihu, René Lindell, Jakob Longer, Minna Raitanen, Ben Mattes (as of February 2021) and Petri Hyökyranta and Kieran O'Leary (as of June 2021). The Leadership Team assists the CEO in planning operations and operative management, as well as prepares matters for discussion by the Board of Directors. Leadership Team meetings are convened by the CEO on a regular basis.

The Leadership Team prepares Rovio Group's strategic and annual planning, supervises the implementation of plans and financial reporting, and prepares significant investments as well as mergers and acquisitions.

The Leadership Team members have authority within their individual areas of responsibility and have the duty to develop the company's operations in accordance with the targets set by the Board of Directors and the CEO. In addition to their main

duties, the Leadership Team members may also be members in the Boards of subsidiaries.

In 2021, the Leadership Team had an ambitious agenda revolving around 4 pillars.

1. Getting Rovio ready to embrace the future of gaming

Rovio scaled its Montreal studio focused on innovation, advancing on internal projects taking advantage of trends like designer economy, games as social platforms and user generated content. Various workshops across the company was organized to spread the advancements to every team.

2. Execute on external growth

A team was set in place to effectively execute on the external growth ambition, leading to the acquisition of hyper-casual studio Ruby games. Type of targets was narrowed down to optimize synergies. We are now in a better shape strategically, financially and structurally to further execute on acquisitions.

3. Grow organically

Internal teams were strengthened and incentive programs adjusted in order to deliver on organic growth. As a result, our most important live games were either stable or on a growth path at the end of the year. The strategy was also adjusted and it was decided to focus on casual games to increase the success rate for new games and raise the synergies between games.

4. Develop and leverage the AB brand

The brand strategy and organization was reshaped to aim at adding to the Angry Birds' brand equity. More cross-platforms and cross-medias initiatives are now in place to reach new demographics (like gen-z). More AB games are also in production to take advantage of the brand's reach.

Leadership Team



Alexandre Pelletier-Normand

Chief Executive Officer

B.Sc. (Computer Science)

Born 1980, Canadian citizen

- Joined Rovio in 2019
- CEO since January 2021
- Member of Rovio's Leadership Team since 2019
- Head of Games 2019–2020

Primary work experience

- Gameloft SE, several leadership positions in 2003–2012 and 2014–2018, latest Executive Vice President, Games
- Execution Labs, Co-founder

Positions of trust

- Execution Labs, Member of the Board of Directors

Share ownership (December 31, 2021)

- 45,813 shares

Petri Hyökyranta

Chief Technology Officer

BBA (Business Administration)

Born in 1972, Finnish citizen

- Joined Rovio in 2011
- Member of Rovio's Leadership Team since June 2021
- CTO since 2016
- Senior Vice President of Operations, Digital Services, 2013–2016
- Vice President of Development, Digital Services, 2011–2013

Primary work experience

- Various digital and technology R&D management and leadership positions in 1999–2011

Share ownership (December 31, 2021)

- 39,991 shares





Heini Kaihu

Chief Sustainability Officer

M.A. (English Translation, Communication, Interactive and Digital Media)

Born 1973, Finnish citizen

- Joined Rovio in 2012
- Chief Sustainability Officer since September 2021
- Head of HR in 2019–2021
- Member of Rovio's Leadership Team since 2019
- Head of Studio, Games in 2014–2019
- Director Games Portfolio in 2012–2014

Primary work experience

- Sulake, EVP Product and Member of Leadership Team in 2011–2012 and various Product Management and Product Development leadership positions in 2005–2011

Share ownership (December 31, 2021)

- 25,219 shares

René Lindell

Chief Financial Officer

Ph.D. (Tech.), M.Sc. (Econ.)

Born 1976, Finnish citizen

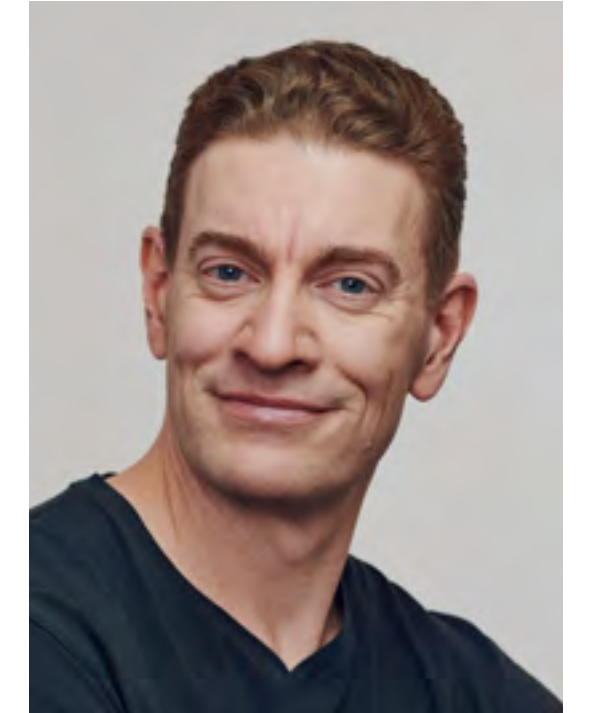
- Joined Rovio in 2014
- Chief Financial Officer at Rovio since 2017
- Chief strategy officer 2016–2017
- Member of Rovio's Leadership Team since 2016
- VP Strategy and Business Development 2014–2016

Primary work experience

- Nokia Oyj, Strategy Director in 2011–2014
- Boston Consulting Group, Management Consultant in 2006–2011

Share ownership (December 31, 2021)

- 34,461 shares





Jakob Longer

Head of Corporate Development

Bachelor of Business – Financial Planning & Financial Management

Born 1989, Australian citizen

- Joined Rovio in 2012
- Head of Corporate Development since 2020
- Member of Rovio's Leadership Team since 2020
- Executive Producer/Product Manager at Match & Build at Rovio in 2016
- Business Development Specialist, Rovio Stars at Rovio in 2013–2016
- Controller, Finance Department at Rovio in 2012–2013

Primary work experience

- Wargaming, Chief of Staff & Director of Operations, Mobile in 2019–2020
- Wargaming, Director of Strategy & Research, Mobile in 2017–2018

Share ownership (December 31, 2021)

- 881 shares

Ben Mattes

SVP of Future of Gaming and Angry Birds Brand Strategy

B.Sc. (Computer Science)

Born 1978, Canadian Citizen

- Joined Rovio in 2020
- Member of Rovio's Leadership Team since February 2021
- Head of Rovio Montreal and SVP of Future of Gaming and Angry Birds Brand Strategy since 2020

Primary work experience

- IntelliSports and dubdub, Several Product management positions in 2016–2020
- WB Games, Several Game Producer positions in 2011–2016
- Ubisoft, Producer and Creative Director positions in 2005–2011
- Gameloft, Producer and Production Studio Manager in 2003–2005

Share ownership (December 31, 2021)

- 242 shares





Kieran O'Leary

Chief Operating Officer

M.Sc. (Management)

Born 1988, French & Irish citizen

- Joined Rovio in 2019
- Chief Operations Officer since 2021
- Member of Rovio's Leadership Team since June 2021
- Vice President of Marketing in 2020-2021
- Director of Growth in 2019-2020

Primary work experience

- Various gaming industry positions, 2012-2019, latest Marketing Director at Gameloft and Outfit7

Share ownership (December 31, 2021)

- 2,501 shares

Minna Raitanen

General Counsel

LL.M.

Born 1974, Finnish citizen

- Joined Rovio in 2012
- General Counsel at Rovio since 2016
- Member of Rovio's Leadership Team since 2016
- Senior Legal Counsel at Rovio in 2012-2015

Primary work experience

- Senior Legal Counsel at Nokia Siemens Networks Oy and Nokia Oyj in 2005-2012
- Attorney-at-law at Veikko Palotie & co in 2000-2004

Share ownership (December 31, 2021)

- 13,640 shares



The following former member of the Leadership Team left their position in 2021

Ville Heijari

CMO

Leadership Team member until February 2021



The main features of Rovio's risk management and internal control

Risk management

Purpose

The Rovio risk management policy defines the objectives and principles, organization, responsibilities and practices of risk management within Rovio.

Risk management is an important part of the Rovio Group business management and corporate governance. The objective of Rovio's risk management is to support the entire organization in achieving its strategic, operational and financial targets. In order to meet the objectives Rovio has incorporated procedures to recognize, assess and manage risks and their consequences. The risk management objective is reached when the Group has identified the uncertainties, risks and opportunities related to the targets and is able to effectively assess and manage the risks.

Rovio's enterprise risk management

Risk management in Rovio aims at ensuring a Group wide risk recognition, assessment, management and control. Risk management is a part of Rovio's day-to-day decision-making and operations. Risk management is handled both centrally and in business units to ensure efficiency and visibility across the organization. Key risks are regularly and systematically recognized, assessed and reported to the Board of Directors as a part of the business operations at a Group and business unit level.

Risk definition and risk categories

Rovio divides risks into external and internal risks and further into strategic, operational and financial risks.

Strategic risks are uncertainties mainly related to changes in Rovio's operating environment and the ability to respond to these changes or to prepare for them.

These can be related to e.g. changes in the macro-economic situation, legislative environment, technologies, consumer behaviors and competitive environment.

The purpose of assessing strategic risks and opportunities is to identify the measures that can and should be taken to achieve objectives by taking controllable risks. Failure to identify or take advantage of opportunities also constitutes a risk.

Operational risks are circumstances or events which can prevent or hinder the achievement of objectives or cause damage to people, property, business or information. The goal is to avoid or reduce operational risks to an extent, where the cost of measures is in a reasonable proportion to the extent of the risk.

Financial risks are risks related to Rovio's financial position. These include currency risk, liquidity and funding risk, interest rate risk, credits and counterparty risk. The management of financial risks is based on the Group's finance policy, confirmed by the Board of Directors.

Risk assessments consider also other aspects than purely financial impacts.

Reputational risks arise if Rovio's operations are inconsistent with the expectations of different stakeholder groups, such as the end consumers for Rovio's products, services, business partners or authorities. Preventing reputational risks requires compliance with Rovio's internal guidelines and corporate governance. The management of reputational risks relies especially on providing timely and appropriate external communication.

The risks are further divided into group level and business unit (i.e. Games and Brand licensing) level risks.

Risk management in 2021

In 2021 risk management, special focus was on understanding and optimizing the business around Apple's tracking transparency implementation and its impact on mobile advertising. Cyber security and Covid-19 pandemic related risks were also constantly monitored. Risk identification and mitigation continued in topics such as privacy matters, the Angry Birds Brand, user acquisition and game portfolio and game production related risks.

Internal control

The goal of Rovio's Internal Control is to ensure profitable and efficient operations, reliable financial reporting, and compliance with applicable laws, regulations, policies and practices.

Rovio's strategic and business objectives as well as Rovio's Corporate Governance set the foundation for the Internal Control processes. Rovio's internal controls are designed to manage, eliminate and mitigate the relevant operational, financial, and compliance risks, and thereby ensure reliable financial reporting, and efficient and compliant operations.

The Board's Audit Committee monitors the efficiency and functioning of the internal control process, Rovio management is responsible for establishing and maintaining adequate internal controls and for monitoring the effectiveness as part of operative management.

Rovio's internal control is determined to be effective, when the Leadership Team and the Board of Directors have reasonable assurance, that the organization:

- Operates effectively
- Reports in conformity with applicable rules, regulations, and standards or with the entity's specified reporting objectives; and
- Complies with applicable laws, rules, regulations, and external standards.

Internal audit

The objective of Rovio's internal audit is to advise and provide assurance on the functionality of Rovio's Internal Control, internal audit and risk management systems and processes.

Rovio does not have its own internal audit team; the Internal Audit at Rovio is more a process than a function. Internal Audit is led by the Audit Committee, who ultimately decides the procedures and activities to be performed. Some of these may be delegated within Rovio, for instance to the CEO, CFO or General Counsel or outsourced to an external party, if that is more efficient and/or adequate. Internal Audit may work closely together also with external auditors, especially in areas where they mutually support each other's objectives.

Internal Audit is responsible for the development and the approval of an audit plan. The plan typically details proposed approach over the next 12 months.

The Audit Committee reviews and approves the Internal Audit plans, which are executed either by Rovio internally or outsourced to reliable partners, especially in areas that require fully independent and/or specialized knowledge and capabilities.

Internal audit in 2021

The previously prepared internal audit plan was followed in 2021 and it was supplemented during the year. In accordance with the plan, various audit areas were presented to the Board of Directors, which selected cybersecurity processes, documentation and operating methods and the M&A process as the focus areas for 2021. Rovio's internal audit partner KPMG carried out the process assessment and validation.

Auditing

Rovio Entertainment Corporation has one external auditor.

The Annual General Meeting of March 30, 2021, elected the audit firm Ernst & Young Oy, a firm of Authorized Public Accountants, as Rovio's auditor. APA Terhi Mäkinen elected as the auditor with principal responsibility. Ernst & Young Oy has been Rovio's auditor since 2013.

In 2021, Rovio paid a fee of EUR 360,000 for auditing services. Additionally, Rovio paid the auditor EUR 64,361.77 for other non-audit related services.

Insider management

Rovio observes the Market Abuse Regulation (EU 596/2014, "MAR") and the regulations and guidance given under it, including the insider guidelines of Nasdaq Helsinki Ltd. In addition to this, Rovio has prepared supplementing internal Rovio Insider Guidelines.

Rovio has defined the members of the Board of Directors, the CEO and other members of the Leadership Team as persons discharging managerial responsibilities ("managerial persons"). The managerial persons and their closely associated persons are required to notify Rovio and the FIN-FSA of every transaction conducted on their own account relating to the Financial Instruments of (or linked to) Rovio without delay and at the latest within three business days after transactions in question were conducted. Rovio discloses via stock exchange releases and its website information on transactions by managerial persons and their closely associated persons.

The managerial persons may not conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to Rovio's shares or other financial instruments during a closed period of thirty (30) calendar days before the announcement of an interim financial report, half-year report or a year-end report, including the day of publication of said report. Rovio has further expanded the trading restrictions during the closed period to cover such employees and other persons, who are not managerial persons but may have access to information on the interim financial report(s) or the year-end report or otherwise

have regular access to essential financial information of Rovio due to their position or duties at Rovio (so-called "closed period employees").

Rovio's insider list comprises one or more project-based insider lists. Rovio may also create a list of "permanent insiders" who, due to the nature of their role or position, continuously have access to all inside information within the company.

Rovio maintains a list of employees and service providers who have access to inside information.

Trading in the shares or other financial instruments of Rovio is always prohibited when holding inside information relating to Rovio or its financial instruments, regardless of whether the person has been entered into an insider list.

Rovio's General Counsel is responsible for insider guidelines and general insider management within the Company.

Related party transactions

Rovio complies with the applicable laws, the Corporate Governance Code and the rules of Nasdaq Helsinki Ltd. regarding related party transactions.

Rovio has a Related Party Transactions Policy approved by the Board of Directors, which describes the process of monitoring, assessing and identifying potential related party transactions and the decision-making process and the disclosure of the related party transactions. The Audit Committee monitors and assesses related party transactions at Rovio and if a transaction is potentially identified as a related party transaction, the transaction will be referred for the decision making at the Board of Directors.

Rovio has defined the parties that are related to the company and maintains a list of individuals and legal persons who are considered as related parties and is monitoring the list regularly. Related party transactions that are material to shareholders and that deviate from normal business operations or are not made according to ordinary business terms and conditions, shall be published in accordance with the Securities Market Act and the Nasdaq Helsinki rules of the Exchange.

Disclosure policy

In its communications, Rovio complies with EU and Finnish legislation, the Market Abuse Regulation (EU No 596/2014) and regulations based on it, the rules and guidelines of Nasdaq Helsinki Ltd, the guidelines of ESMA (European Securities and Markets Authority) and the Finnish Financial Supervisory Authority, the Finnish Corporate Governance Code for listed companies as well as Rovio's Disclosure Policy.

Rovio's Disclosure Policy describes the key principles and practices according to which Rovio communicates with the different capital market participants. The principles set out in the disclosure policy apply to the entire Rovio Group.

The objective of Rovio's financial and investor communications is to ensure that all market participants have simultaneously and without delay an access to equal, fair, sufficient and simultaneous information on the material factors relating to Rovio and its business, which factors may have an effect on the value of Rovio's financial instruments, and that the information disclosed gives correct and sufficient information on Rovio's operations.

In accordance with a pre-announced schedule, Rovio discloses information on its financial performance and financial position in its financial statements and reports of the Board of Directors, financial statements releases, half-year releases and interim reports.

Rovio discloses to the public primarily the information regarding the group and its reporting segments (Games, Brand Licensing and Other). As a general rule, financial information or key performance indicators of the Company's other units or legal persons are not published.

Remuneration report

1. Introduction Letter from the Chair of the Remuneration Committee



Camilla Hed-Wilson
Chair of the
Remuneration Committee

Dear Shareholders,

The year 2021 began under the stewardship of Alexandre Pelletier-Normand who was appointed to the position of CEO as of 1.1.2021. During the year, Rovio had good momentum and important steps were taken in many strategic areas. The number of our studios increased from five to seven after Ruby Games in Izmir, Turkey joined the roster of studios by acquisition, and we founded a new studio in Toronto, Canada focusing on casual, free-to-play mobile games. We were successful in growing our key live games and innovating new gaming concepts. We started the year soft launching the casual slingshot game Angry Birds Journey, which we were excited to globally launch in January 2022. These contributed to a strong performance.

In order to be successful, Rovio needs to employ top talent with specific expertise areas and a high level of passion. This, combined with industry dynamics, requires us to be able to compete not just business-wise but also from the talent perspective in a highly competitive market on a global scale. This naturally sets different pressures in terms of remuneration practises.

With the lead of Alexandre Pelletier-Normand Rovio has taken steps towards empowering, equipping and incentivizing game teams to make even bigger and more ambitious games. Once the game hits the top records, the team involved is awarded directly by the success of the game with an opportunity for competitive total compensation via short-term incentive. At the same, the CEO and Leadership Team total remuneration opportunity is more directly tied to Rovio's overall success and the share price development. The direction we have seen in 2021 sets a promising start for the year 2022.

The performance of 2021 is reflected in accrued remuneration based on 2021 as shown in the section *Remuneration of the CEO in 2021*.

The performance-based remuneration paid during the year 2021, is still based on

Alexandre Pelletier-Normand's previous position as the Head of Games. The same applies to the restricted share programme under which he received full ownership to the shares in January 2021 and 2022.

Although corporate responsibility and sustainable way of our operations has been in the core of Rovio already in the past, during the year, we further increased our focus and commitment to the area by appointing a Chief Sustainability Officer. To emphasise and set the direction for future development, we have included a people-related sustainability target in the 2022 short-term incentive programme for the CEO and the senior leaders of Rovio.

The 2020 Remuneration Report was presented to the shareholders in the AGM in March 2021. The advisory voting received a result in favour for acceptance, but the company was requested to pay attention to long term incentive plan periods as well as non-performance based share incentives to senior leaders. The Board of Directors decided to update the Remuneration Policy as well as revise company long term incentive plans to set stronger connection with the performance objectives. More on the revision in section 1.3. *Application of the Remuneration Policy in 2021*. The updated Remuneration Policy will be presented to the shareholders in the Annual General Meeting in April 2022.

The Remuneration Report 2021 has been prepared and issued in accordance with the Finnish Corporate Governance Code 2020 and the EU's Second Shareholder Rights Directive 'SHRD II'.

1.1. Recap of Company performance in 2021

For the year 2021, growth was utmost important for us. Our Group revenues grew 5.1% and Games revenue reached an all-time high.

The live games create a strong core for Rovio operations. The two biggest games, Angry Birds 2 and Angry Birds Dream Blast, performed steadily throughout the year while our third biggest and oldest live game, Angry Birds Friends, grew each quarter in 2021, driven by strong in-game events and collaborations. As mentioned, Angry Birds Journey was globally launched January 2022. Ruby Games already made an impact on revenue creation and the acquisition proved to be a success from a commercial point of view.

In recent years we have been focused on leveraging the beloved Angry Birds brand to lower the cost of acquiring users and bringing organic downloads but during 2021 and even more so in 2022, the emphasis will be on developing the brand. Many new Angry Birds initiatives were launched throughout the year, and the 'Angry New Year' is just ahead of us.

With a viable brand and a portfolio of games in different maturity stages combined with stable financial performance, Rovio is in a good position to explore future trends in the field of gaming and actively investigate opportunities to craft joy and bring value to the players. Growth is not sought at all cost as we are placing sustainability front and centre in our agenda to ensure our success in the long term.

Targets for the 2021 short-term incentives were revenue growth and profitability, and we were able to grow the revenues while maintaining high profitability. This is a trend we wish to keep and it is also reflected in the targets set for 2022.

1.2. Remuneration Policy at a glance

The aim of the Remuneration Policy is to ensure the alignment of pay and performance in Rovio. To achieve this, Rovio has built a remuneration framework that creates an incentive to drive the Company's success and shareholder value creation in the long term. Framework will also support the Company's growth strategy focusing on games business while leveraging the Angry Birds brand and new IP through games and other entertainment. The Remuneration Policy is set to be consistent with the remuneration framework applied to all Rovio employees.

The General Meeting resolves on the remuneration of the Board. The proposal for the General Meeting is prepared by the Shareholder's Nomination Board as of 2022. In 2021, the Board remuneration proposal was prepared by the Board. The basis for determination of the Board's remuneration is to ensure that the remuneration is competitive in relation to the market and that the remuneration reflects the competencies and efforts required from the members of the Board in order to fulfil their duties.

The Board decides on the remuneration of the CEO. The Remuneration Committee organises practicalities related with the CEO's remuneration and prepares proposals for the Board's decision-making. The Remuneration Committee regularly evaluates the competitiveness of the CEO's remuneration in order to ensure it is aligned with the Company's strategy and shareholder interests.

Remuneration of the CEO is based on the following guiding principles:

- Total remuneration opportunity will be sufficiently competitive in relation to typical market level in relevant peer companies
- Variable remuneration forms a significant part of the total remuneration opportunity in order to align remuneration with achieved performance and shareholder value creation
- The majority of variable remuneration is long-term and share-based, emphasising long term performance and link to shareholder value development
- Requirements for share ownership and clawback provisions are set for the CEO in order to promote continuously accumulating share ownership in Rovio and optimal risk taking.

1.3. Application of the Remuneration Policy in 2021

Rovio appointed Alexandre Pelletier-Normand as the company's new CEO as of January 1, 2021. Before this, Pelletier-Normand had acted as the Head of Games at Rovio since 2019. The remuneration of the new CEO, Alexandre Pelletier-Normand is in line with the Remuneration Policy although the actual payments of variable elements in 2021 are based on his earlier position as the Head of Games. In 2021, the former CEO, Kati Levoranta, received payments for the notice period and severance pay as well as variable payments and accrued remuneration.

During the year, the Board of Directors has evaluated that the total remuneration opportunity is sufficiently competitive by conducting a benchmark study to analyse CEO and Leadership team compensation against peer companies.

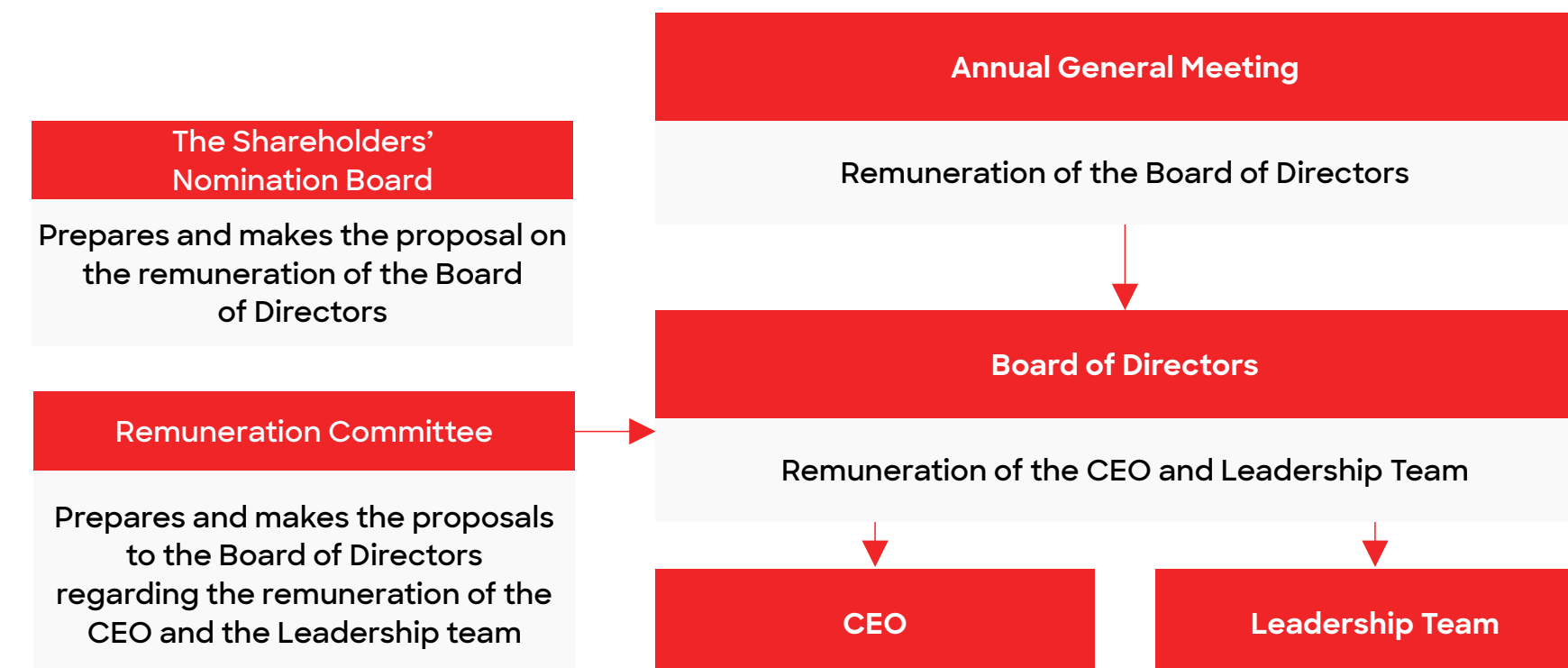
To demonstrate sustainable remuneration practises and connection with the shareholder value creation in the long term, Rovio launched the second earnings period of the Performance Share Plan for key employees including the CEO and members of the Leadership Team as well as the second savings period of the voluntary Employee Share Saving Plan. The restricted shares were granted to key employees of Rovio to share ownership of the company and retain key talent. Restricted shares weren't granted to the CEO in 2021.

The remuneration related decisions taken during the year 2021 followed the initiation and approval process described in the Remuneration Policy. The Board has not deemed it necessary to utilise clawback nor make deviations to the Remuneration Policy during the year 2021.

During the year 2021 the Board of Directors decided to update the Remuneration Policy. The updated policy includes the following changes concerning the remuneration of the CEO:

- long-term incentives have been defined to be performance-based. The event that the share incentives would be granted without performance criteria, would be considered as 'exceptional circumstances'
- the total period length of the long-term incentives program is set to be a minimum of three years
- short-term incentives and one-time bonuses are set a cap of 100% of the annual salary per plan

In addition, changes which are not deemed material have been done to the terminology used in the policy.



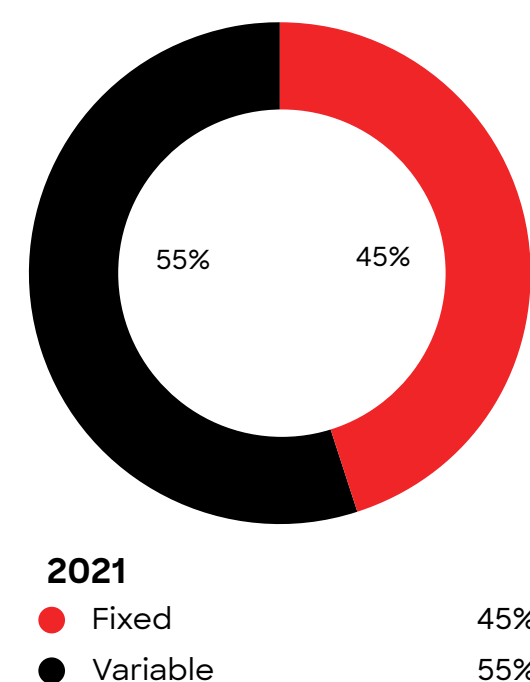
2. Remuneration of the CEO in 2021

2.1. Actual Paid in 2021

Remuneration of the CEO consists of a fixed monthly salary, benefits, and both short and long-term incentive programs. To secure alignment with the expected performance and shareholder value creation, at the target level of performance the fixed base salary is expected to form less than 50%, short term incentives 10–20%, and long-term incentives 30–50% of the total remuneration.

In 2021, the CEO of Rovio, Alexandre Pelletier-Normand, was paid a total remuneration of EUR 900,050. Of the remuneration mix based on year 2021 the actual payout was 45% fixed and 55% variable (Graph 1). The fixed proportion of EUR 403,440 is formed by the fixed monthly salary including fringe benefits. He does not have a supplementary pension plan in place. The variable proportion is formed by the 2020 short-term incentive payment EUR 102,344 paid in 2021 and EUR 394,266

Remuneration of the CEO in 2021



Graph 1

based on vesting of the restricted shares granted in 2019. As Alexandre Pelletier-Normand took the position of CEO as of 1.1.2021 the variable proportion of the payment is based on his earlier position as 'Head of Games'.

2.2. Accrued Remuneration

2.2.1 Short-term incentives

The CEO is eligible for a short-term incentive plan in which the payout is determined by the Group's revenue and adjusted EBIT margin. The targets set for 2021 were met at the level of 36%. The payout of EUR 138,432 will be paid in March 2022. For each performance period, the short-term incentive opportunity is capped at 100% of the base salary annually.

2.2.2 Share-based programmes

Rovio established an employee share savings plan (ESSP) in January 2020. 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 first plan period commenced on April 1, 2020 and ends on August 31, 2022. The CEO has participated in the employee share saving plan, and with the saved amount 4,367 shares have been purchased. Assuming that the CEO maintains the purchased shares until the end of holding period, 2,183 matching shares (gross value) will be granted once the programme has come to an end in August 2022. The second plan period commenced on April 1, 2021 and ends on August 31, 2023. As per December 31, 2021, with the saved amount 2,234 shares have been purchased, and assuming that the CEO maintains the purchased shares until the end of holding period, 1,117 matching shares (gross value) will be granted once the programme has come to an end in August 2023.

The CEO and the members of the Leadership Team and selected key employees have been entitled to the Performance Share Plan (PSP). The PSP offers the participants a possibility to earn shares for reaching the required levels set for the performance criteria. The performance criteria for the plan were Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%). As per December 31, 2021, The Board has decided on two annually commencing performance periods, covering the consecutive calendar years of 2020 and 2021. The performance period is directly followed by a one-year waiting period. Under the first performance period of the PSP applicable to the year 2020, the performance criteria were met as 50% of the maximum. Based on his previous position as the Heads of Games, Alexandre Pelletier-Normand was awarded with 25,500 performance shares including proportion equivalent to cover taxes and tax-related costs. The performance period continued with a one year waiting period covering the year 2021. The participants will receive full ownership of the shares in March 2022. In the second performance period of the PSP, applicable to the

year 2021, the performance criteria were met as 23.64% of the maximum. Based on the position of the CEO, Alexandre Pelletier-Normand is awarded with 21,865 performance shares including proportion equivalent to cover taxes and tax-related costs. The performance period continues with a one year waiting period covering the year 2022.

In his previous position as the Head of Games, Alexandre Pelletier-Normand was granted restricted share units, which were paid after the restriction period. He received full ownership in January 2021 to 29,527 shares allocated in January 2019. The transfer price was EUR 6.5711 totalling EUR 194,025 as well as EUR 200,241 paid to cover taxes and tax-related costs. In January 2022, he received full ownership to 21,791 shares allocated in January 2019. The transfer price was EUR 6.6507 totalling EUR 144,925 as well as EUR 149,568 paid to cover taxes and tax-related costs.

During the years 2017–2019, Rovio had a stock option plan for all employees, including the CEO and the Leadership Team. Whilst in the position of the Head of Games, Alexandre Pelletier-Normand was granted 40,000 2019A stock options.

The subscription period began on June 1, 2021, and will continue until May 31, 2022. As per December 31, 2021, the subscription price is EUR 6.92 per share. He did not exercise any options during the year 2021 and accordingly, as per December 31, 2021, still holds 40,000 options under the programme 2019A.

An overview of the Company share plans can be found in the Annual Report.

The aim is that over time, the CEO's shareholding in Rovio accumulates to a value corresponding to the value of 50% of the CEO's annual gross fixed salary.

The Board may set transfer restrictions to shares paid as reward, or shares subscribed with stock options as it sees appropriate. Alexandre Pelletier-Normand has accumulated shares worth more than 50% of the annual gross fixed base salary based on valuation from December 31, 2021.

Table 1 below illustrates Rovio remuneration components, actual remuneration paid in 2021 and accrued remuneration for the CEO Alexandre Pelletier-Normand.

Component	Actual paid in 2021	Accrued Remuneration
Fixed Salary + Benefits	EUR 403,440	Employee share saving plan 2020-2022*: 4,367 shares purchased with the saved amount which entitle to 2,183 matching shares (gross value). Employee share saving plan 2021-2023: 2,234 shares purchased with the saved amount which entitle to 1,117 matching shares (gross value).
Short-Term Incentives	EUR 102,344* Based on performance period 2020 with payout in March 2021	EUR 138,432 Based on performance period 2021 with payout in March 2022
Long-Term Incentives	EUR 394,266* Based on restricted shares vested in 2021	Ongoing schemes: Performance share plan 2020*: 25,500 performance shares including cash proportion equivalent to cover taxes and tax-related costs. Performance share plan 2021: 21,865 performance shares including cash proportion equivalent to cover taxes and tax-related costs. Restricted share plan*: EUR 294,493 (gross value), based on restricted shares vested in January 2022 Stock option plan*: 2019A plan (vested): 90,000 options

Table 1 Remuneration of the CEO Alexandre Pelletier-Normand (1.1.2021-)

*Based on Alexandre Pelletier-Normand's position as Head of Games.

2.3. Remuneration of the former CEO Kati Levoranta (-31.12.2020)

In 2021, as per contractual obligations, Kati Levoranta received a fixed salary and benefits worth 6 months notice period in addition to 12 months severance pay, totalling EUR 628,860. The final payment took place in April 2021.

As the CEO, Kati Levoranta, was eligible for the 2020 short-term incentive plan. The payout of EUR 108,000 was paid in March 2021.

Kati Levoranta participated in the first saving period of the employee share saving plan, and with the saved amount 628 shares have been purchased. Assuming that she maintains the purchased shares until the end of the holding period, 314 matching shares (gross value) will be granted once the programme has come to an end in August 2022.

Under the first performance period of the Performance Share Plan (PSP). Kati Levoranta was awarded with 45,000 performance shares including proportion equivalent to cover taxes and tax-related costs. She receives full ownership of the shares in March 2022.

Kati Levoranta retained the rights to 15,000 restricted shares (gross value). The restriction period for this lot of restricted share units came to an end in June 2021, and received full ownership of 7,381 shares. The transfer price was EUR 6.8017 totalling EUR 50,203 as well as EUR 51,822 paid to cover taxes and tax-related costs.

Kati Levoranta was entitled to 90,000 2018A stock options. In accordance with the terms and conditions of the option scheme, the share subscription period for series 2018A option rights began on June 1, 2020, and the subscription period continued until May 31, 2021. She sold the 2018A options during the period. In addition, Kati Levoranta retained rights to 90,000 options under the programme 2019A. The subscription period began on June 1, 2021, and will continue until May 31, 2022. On December 31, 2021 the subscription price is EUR 6.92 per share. Kati Levoranta sold 10,000 2019A options during the year 2021. As per December 31, 2021, she still holds 80,000 options under the programme 2019A.

3. Remuneration of the Board of Directors in 2021

The Annual General Meeting on March 30, 2021, resolved that the members of the Board of Directors are entitled to the following monthly compensations:

- Chair of the Board of Directors: EUR 9,500 per month
- Vice Chair of the Board of Directors: EUR 7,500 per month
- Member of the Board of Directors: EUR 5,000 per month
- Additional monthly compensation to the Chair of the Audit Committee: EUR 2,500 per month. When the Chair of the Audit Committee is the Chair of the Board of Directors or the Vice Chair of the Board of Directors, no additional compensation shall be paid. As this has been the case during 2021, no additional remuneration has been paid.

The Company compensates Board members' reasonable travel expenses arising from Board or committee work. Board members do not have an employment relationship or service contract with Rovio and they are not covered by any of Rovio's short or long-term incentive plans. Fees paid to the members of the Board of Directors were 444,000 EUR in 2021 (471,500 EUR in 2020) as shown in the Table 2.

Board Member**	Member of Board	Board fees (EUR)	Shareholding*
Kim Ignatius (Chair of the Board of Directors and Chair of the audit committee)	Chair since April 2020, Member since 2017	114,000	9,000
Björn Jeffery (Vice Chair)	Vice Chair since April 2021, Member since 2020	82,500	1,000
Camilla Hed-Wilson (Chair of the Remuneration Committee)	Since 2011	60,000	6,459,500 shares owned through Brilliant Problems Oy, a company under her control.
Niklas Hed	Member in 2003–2005, 2006–2007, 2021–, Chair in 2004–2005	45,000	1,365,345
Jeferson Valadares	Since 2019	60,000	–
Leemon Wu	Since 2020	60,000	–

Table 2 Remuneration of the Board

*December 31, 2021

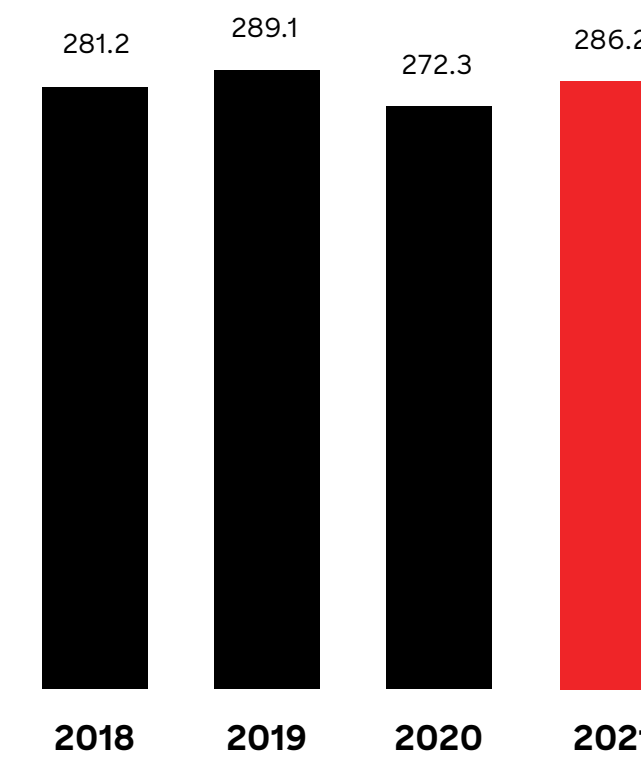
** Kaj Hed acted as a Vice Chair and member of Board until March 30, 2021 (paid Board fees EUR 22,500). His shareholding as per 31.12.2021 is 12,919,000 shares owned through Moor Holding AB, a company under his control.

4. Historical development of remuneration and Company performance

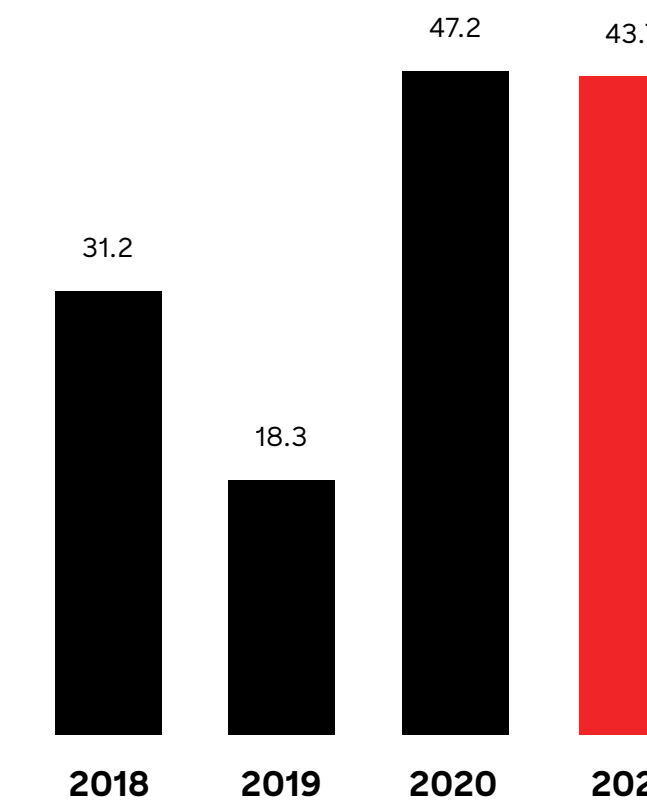
As Rovio is a mobile-first gaming company aiming for long-term growth, its financial performance is best described by revenue and EBIT. Rovio was listed in the Helsinki stock exchange in September 2017, the historical development performance and rewards are shown from the full financial year 2018 onwards. The four-year development of financial figures are illustrated in Graph 2.

In alignment with the pay for performance philosophy and the Remuneration Policy, the variable remuneration forms a significant part of the total remuneration opportunity for the CEO in order to align remuneration with achieved performance and shareholder value creation. In addition, for the CEO, the majority of variable remuneration is long-term and share-based, emphasising long-term performance and a link to shareholder value development. Although the remuneration framework is applied to all employees globally, the employee remuneration is not weighted on the variable remuneration to the same extent as with the CEO. However, the incentive target setting is aligned across the Company.

Revenue,
EUR million



Adjusted EBIT,
EUR million



Graph 2

Remuneration development over a four-year period for the Board of Directors, CEO, and Rovio employees is shown in Table 3. For the Board of Directors, the figure is illustrated as an average of actual Board fees paid during the year. The remuneration for the CEO consists of actual compensation during the respective year, covering fixed base salary, fringe benefits, and paid short and long-term incentives. Rovio employee remuneration is calculated as wages and salaries during the year divided by the average number of employees during the financial year.

The fees for Board of Directors has remained unchanged through the period. The variations in the average compensation of the Board of Directors is due to change in the number of members during the respective periods. The substantial increase in the CEO pay from 2020 to 2021 was a mix of various reasons. Alexandre Pelletier-Normand started in the position of CEO as of 1.1.2021. In 2021, Alexandre Pelletier-Normand received an RSU reward payment which was granted as part of his recruitment process to the previous position as Head of Games. The RSU payment worth EUR 394,266 was paid in January 2021. In addition, the difference in 2020 and 2021 is further emphasized due to short-term incentive payment not paid in 2020 as performance criteria set for 2019 were not met.

Average remuneration (in EUR)	2018	2019	2020	2021
Board of Directors*	82,333	71,340	69,000	74,000
CEO**	568,442	636,632	469,109	900,050
Rovio employee***	80,224	67,964	79,926	81,931

Table 3 Average Remuneration

* Actual paid during the year.

** Actual paid during the year. The years 2018-2020 reflect the payments to the CEO Kati Levoranta and 2021 reflects the payments to the CEO Alexandre Pelletier-Normand. The variable portion of his actual payment in 2021 is based on his previous position as the Head of Games.

*** Wages and salaries during the year (excluding CEO) divided by the average number of employees during the financial year.

Financial Statements

○ THE WORLD FROM THE GAME SMALL TOWN MURDERS -
A MATCH-3 GAME WITH MURDER MYSTERY STORYTELLING

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Report of the Board of Directors

Dividend proposal

The parent company's distributable funds on December 31, 2021, amount to EUR 220,450,449.79, of which the profit for the period is EUR 39,913,244.68. Rovio's Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve on a dividend of EUR 0.12 per share be paid to shareholders in respect of financial year 2021. Based on the number of shares outstanding as of the balance sheet date, December 31, 2021, the total amount of the dividend is EUR 8,926,262.28.

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

Outlook for 2022

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.

The user acquisition investments for Q1-2022 is expected to be around 40% of games revenues.

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 seven games studios – two in Espoo (Finland), one in Stockholm (Sweden), Copenhagen (Denmark), Montreal and Toronto (Canada), as well as 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. (www.rovio.com)

Market review

According to market intelligence provider Newzoo's latest global mobile market report published in January 2022, the global mobile gaming market size in end-user generated revenue was estimated to be USD 93.2 billion in 2021 which represented 7.3% year-on-year growth. Annual growth slowed down from the previous year's abnormal growth rate of 27.1%, which was driven by a heightened global gaming activity due to the physical limitations of the Covid-19 pandemic. Newzoo estimates the global mobile gaming market to grow by 8.3% in 2022. In 2021-2024, the global mobile gaming market is expected to grow at 7.6% CAGR and the Western market growth to be 6.3% CAGR.

Key financial performance indicators

The key financial performance metrics of Rovio Group and the parent company are:

€ 000	Group			Parent company		
	2021	2020	2019	2021	2020	2019
Revenue	286,224	272,293	289,084	280,379	264,018	274,094
EBITDA	50,802	60,031	32,347	52,975	71,870	27,198
EBITDA margin, %	17.7%	22.0%	11.2%	18.9%	27.2%	9.9%
Operating profit	37,746	42,542	18,069	46,303	62,848	23,452
Operating profit margin, %	13.2%	15.6%	6.3%	16.5%	23.8%	8.6%
Profit for the period	30,138	32,124	13,216	39,913	52,856	20,694
Return on equity, %	22.2%	24.4%	10.8%	23.8%	34.6%	15.4%
Equity ratio, %	70.8%	82.3%	80.5%	89.7%	88.6%	87.4%

Group revenue and results 2021

In a year of large changes in the mobile games industry, largely due to Apple's new ATT (app tracking transparency) policy that changed the way user acquisition is done on iOS, Rovio games managed to grow organically, and its top games performed strongly.

Rovio group revenue increased by 5.1% compared to the previous year and amounted to EUR 286.2 million (272.3). The growth was due to successful operations of top live games and the acquisition of Ruby Games, a hyper-casual games developer located in Izmir, Turkey. The organic growth for the year, excluding Ruby Games, was 3.2%.

The Games segment revenue increased by 7.0% to EUR 276.4 million (258.2). Organic growth (excluding Ruby Games revenue of EUR 5.2 million) was 5.0%. In comparable currencies, the revenue of Games segment grew by 9.6% and the organic growth in comparable currencies was 7.6%. The Games segment gross bookings increased by 4.7% to EUR 271.4 million (259.2). In comparable currencies, the games gross bookings grew by 7.2% and the organic growth in comparable currencies was 5.3%.

The revenue of the Brand Licensing segment was EUR 9.8 million (14.0) and declined 29.6% year-on-year. The revenue consisted of EUR 6.8 million (9.1) from Content Licensing, the majority of which was income from the first Angry Birds Movie, and EUR 3.1 million (4.9) from Consumer Products.

The Group's adjusted EBITDA decreased to EUR 54.8 million (60.1), and adjusted EBITDA margin decreased to 19.1% (22.1) of revenues.

The Group's adjusted operating profit decreased to EUR 43.7 million (47.2) and adjusted operating profit margin decreased to 15.3% (17.3). The adjustments in the financial year amounted in total to EUR 5.9 million and were related to the ramp-down of Hatch Kids service (EUR 0.5 million) and to the transaction expenses in the Ruby Games acquisition (EUR 0.4 million), change in contingent liability for Ruby games acquisition (EUR 2.9 million), write-off of expired contracts and game content assets related to the discontinued Hatch gaming service (EUR 1.8 million) and restructuring of Brand licensing China operations (EUR 0.3 million). The adjustments in January-December 2020 amounted to EUR 4.7 million and were related to restructuring of Brand Licensing and Hatch Entertainment, the acquisition of Darkfire Games studio (in total EUR 0.1 million) and the cancelling of the Angry Birds Legends game project with EUR 4.6 million asset write-off.

The Games segment's adjusted EBITDA decreased to EUR 59.1 million (65.8) and adjusted EBITDA margin decreased to 21.4% (25.5%) of revenues. The decrease in EBITDA was mainly due to higher user acquisition investments that grew to EUR 77.2 million (58.7) and 27.9% of games revenues (22.7%).

The Brand Licensing segment's adjusted EBITDA decreased to EUR 6.0 million (8.9) and adjusted EBITDA margin decreased to 61.0% (64.1). The decline in EBITDA from last year was due to lower revenues.

The Group's profit before taxes was EUR 40.3 million (40.7) and earnings per share EUR 0.41 (0.43).

Games - Segment

The Games revenue increased 7.0% year-on-year to EUR 276.4 million (258.2). In comparable currencies, the revenue increased by 9.6%. During the year, the Games-segment focused on developing its live game portfolio according to the Games as a Service strategy, profitable user acquisition and developing new games.

In September 2021, Rovio acquired a hyper-casual game developer based in Izmir, Turkey. Post-acquisition, Ruby Games contributed with EUR 5.2 million revenues during Sep-Dec 2021.

The gross bookings of Rovio's largest game Angry Birds 2 grew by 1.3% year-on-year. Rovio's second largest game Angry Birds Dream Blast declined by 2.6% and Rovio's third largest game Angry Birds grew by 21.7%. At the end of the year Angry Birds Friends reached its highest run-rate since 2016.

In April 2021, Rovio launched Dark Fire Heroes, a game developed by Rovio Copenhagen, but discontinued the game in October due to the game KPI's not being sufficient to scale the game to a meaningful size.

In January 2021, Rovio soft-launched Angry Birds Journey, Rovio's first new slingshot game since 2015, and the game was greenlit for global launch for January 2022.

During 2021, Games segment's user acquisition investments amounted to EUR 77.2 (58.7) million, or 27.9% (22.7) of Games segment's revenue. The user acquisition investments were higher year-on-year due to good performance of UA in top games and the launch of new games. Throughout the year the UA payback target was 12-months.

The Games segment's adjusted EBITDA decreased to EUR 59.1 million (65.8) and the adjusted EBITDA margin decreased to 21.4% (25.5) during the financial year 2021. The adjusted EBITDA decrease was mainly a result of higher user acquisition investments. Also operating expenses increased year-on-year, driven mostly by increased headcount.

The Games segment's capital expenditure in the financial year amounted to EUR 2.6 million (2.4)

Brand Licensing Segment

The revenue of the Brand Licensing segment was EUR 9.8 million (14.0) and declined 29.6% year-on-year. The revenue consisted of EUR 6.8 million (9.1) from Content Licensing, the majority of which was income from the first Angry Birds Movie, and EUR 3.1 million (4.9) from Consumer Products.

Consumer products sales was weakened by the Covid-19 pandemic that has impacted sales across categories. The revenues of the Angry Birds movies within Content Licensing are expected to decline over time.

The Brand Licensing segment's adjusted EBITDA decreased to EUR 6.0 million (8.9) and adjusted EBITDA margin decreased to 61.0% (64.1). The decline in EBITDA from last year was due to lower revenues.

Other segment

The adjusted EBITDA in the Other segment (consisting of Group functions & expenses and Hatch Entertainment) in the 2021 was EUR -10.4 million (-14.6). The adjustments in the amounted to EUR 0.9 million and were related to ramp-down of Hatch Kids service and Ruby Games acquisition expenses. The adjustments in the comparable financial year 2020 amounted to EUR -0.1 million and were related to the acquisition of Darkfire Games studio and ramp-down of Hatch Kids service.

Acquisitions

On August 12, 2021 Rovio announced that the company had entered into an agreement to acquire 100% of the shares in Ruby Games. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. In the first tranche, Rovio acquired 20% of Ruby's shares for USD 10 million in cash net of debt and net working capital. In the second tranche, Rovio will acquire 50% of Ruby's outstanding shares for an amount that is dependent on Ruby's financial performance as measured by revenue and EBITDA in the previous 12-month period before October 2022, however, not exceeding USD 80 million. The second tranche will be paid 60% in cash and 40% in Rovio's shares. The remaining 30% of Ruby's outstanding shares will be purchased in five equal tranches over the next five years (first tranche in October

2022) with a minimum of 50% in cash and rest in cash or shares at a valuation based on Ruby's financial performance measured by EBITDA for each period, however not exceeding total EBITDA generated during this period. The number of shares for the consideration paid with Rovio shares is determined by the volume-weighted average daily price during the 20 trading days prior to the closing date of each tranche. Under the terms of the agreement Ruby Games becomes a Rovio subsidiary at closing of the first tranche.

As part of the agreement a contingent consideration has been agreed. On 31st December, the fair value of the contingent consideration was estimated to be EUR 41.0 million.

Changes in group structure

On August 12, 2021, Rovio announced that the company had entered into an agreement to acquire 100% of the shares in Ruby Games, a mobile hyper-casual games studio in Izmir, Turkey. At the time of the of acquisition Ruby Games had 34 employees. Rovio assume control of Ruby Games post-acquisition through agreement and Ruby Games became a Rovio subsidiary.

In September 2021, Rovio established a new subsidiary, Rovio Toronto Inc., in Canada to develop casual mobile games.

Scale of research and development activities

Due to the nature of Rovio's business, a significant part of the group's costs and investments are directly or indirectly related to the development of new products, IP's, and business models. Depending on the nature and phase of the development, the relevant costs are either treated as operational expenses or capital expenditure and amortized according to plan. During the financial year, capitalised product development costs amounted to EUR 2.9 million (2020: EUR 2.8 million).

Assessment of the most significant risks and uncertainties and other business-related issues

As a result of the worldwide coronavirus pandemic Covid-19 the company's business environment has changed, and changes are expected to continue. The pandemic and especially the impact it has on the global economy, may affect Rovio's business and business performance either directly or indirectly.

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

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

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 can have both short- and long-term implications for the business.

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

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

Personnel

During 2021, Rovio's average number of employees was 490 (470). The Games business unit employed 404 people (381), the Brand Licensing business unit 12

people (18), administrative functions 60 people (43) and Hatch Entertainment 14 people (28).

	2021	2020	2019
Average number of employees during the financial year	490	470	450
Wages and salaries paid during the financial year (EUR thousand)	41,082	38,142	31,350

Governance and management

In its organizing meeting on March 30, 2021, which was held immediately after the General Meeting, the Board of Directors elected from amongst its members Mr. Kim Ignatius, (Chair), Ms. Camilla Hed-Wilson and Ms. Leemon Wu as members of the Audit Committee, and Ms. Camilla Hed-Wilson (Chair), Mr. Björn Jeffery and Mr. Jeferson Valadares as members of the Remuneration Committee.

On January 1st, 2021 Alexandre Normand-Pelletier, Rovio's previous Head of Games started as Rovio's new CEO.

On May 26, 2021 Rovio announced that it has named Kieran O'Leary as Chief Operating Officer and appointed him and CTO Petri Hyökyranta to the leadership team

On September 23, 2021, Rovio announced the appointment of Heini Kaihu as Chief Sustainability Officer. Heini Kaihu also continues as interim head of HR and will continue as a member of the leadership team in her new role.

Rovio's management has been presented in a separate Remuneration Statement, that is available for download at [INVESTORS.ROVIO.COM](https://investors.rovio.com).

Authorised public accountants Ernst & Young Oy was the Company's auditor, with APA Terhi Mäkinen as the responsible auditor.

Corporate Governance Statement

Rovio's Corporate Governance Statement and Remuneration Statement are issued separately from the financial statements and are available for download at

[INVESTORS.ROVIO.COM](https://investors.rovio.com).

Environmental issues

Rovio recognises its responsibility as a global company and strives to work with reputable, environmentally and socially responsible parties.

Financing and investments

Total investments for the financial year 2021 amounted to EUR 4.0 million (3.9). Rovio refers to the user acquisition costs of the Games segment as investments, but they are recognised as expenses rather than investments due to their average payback period being less than one year.

Rovio's net debt on December 31, 2021, amounted to negative EUR 152.9 million. Rovio's debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 0.9 million, as well as EUR 7.0 million in leasing debt.

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 financial year.

Events after the end of the financial year

On January 4, 2022, Rovio announced that it has on January 4, 2022, transferred without consideration a total of 21,791 Company's own shares to Company's management team member based on the Company's share-based incentive scheme. Following the transfer, Company holds total of 7,693,893 its own shares.

On January 20, 2022, Rovio announced that it has on January 19, 2022, transferred without consideration a total of 8,836 Company's own shares to Company's management team member and key employees based on the Company's share-based incentive scheme. Following the transfer, Company holds total of 7,685,057 its own shares.

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

The Annual General Meeting of Rovio Entertainment Corporation was held on March 30, 2021, at the Company's headquarters, Keilaranta 7, FI-02150 Espoo, Finland. To prevent the spread of the Covid-19 pandemic, the Annual General Meeting was held without the presence of shareholders or their representatives at the meeting venue. Shareholders and their proxy representatives could participate in the meeting and exercise shareholder rights only by voting in advance or making counterproposals and presenting questions in advance.

The Annual General Meeting adopted all the proposals to the General Meeting by the Board of Directors, approved the financial statements for the financial year 2020, approved the remuneration report for the company's governing bodies and discharged the company's management from liability.

The Annual General Meeting decided that the Board of Directors shall comprise six (6) members. Ms. Camilla Hed-Wilson, Mr. Kim Ignatius, Mr. Björn Jeffery, Mr. Jeferson Valadares and Ms. Leemon Wu as well as Mr. Niklas Hed as a new member were elected members of the Board of Directors for the term of office ending at the closure of the Annual General Meeting in 2022. Mr. Kim Ignatius was elected Chairman of the Board of Directors. Mr. Björn Jeffery was elected Vice Chairman of the Board of Directors.

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

Ernst & Young Oy, authorized public accountants, was re-elected auditor of the company. Ernst & Young Oy has notified that Ms. Terhi Mäkinen, APA, will act as

the auditor with principal responsibility. The auditor's term of office will end at the closure of the Annual General Meeting in 2022. The auditor will be paid remuneration according to the auditor's reasonable invoice approved by the company.

Authorizations

The Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,146,565 shares, which corresponds to approximately 10 percent of all the current shares of the company. The company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the company.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act. The number of new shares to be issued based on the authorization may not exceed an aggregate maximum of 8,146,565 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,146,565 own shares held by the company.

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

Both authorizations are in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2022.

The Annual General Meeting decided to establish a Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors to the next Annual General Meetings and, if needed, to Extraordinary General Meetings. In addition, The Annual General Meeting decided to adopt the Charter of the Shareholders' Nomination Board.

According to the decision of the Annual General Meeting, the Nomination Board shall comprise representatives appointed by the four largest shareholders of the Company, however so that at least one of the members has to be appointed by an institutional investor. If there is no institutional investor among the four largest shareholders, the right of the fourth largest shareholder transfers to the next largest institutional investor who would not otherwise have an appointment right. The Chairman of the Board of Directors shall act as an expert member in the Nomination Board. The Chairman of the Board of Directors shall not take part in the decision-making of the Shareholders' Nomination Board.

The right to appoint representatives shall be vested with the four shareholders of the Company having the largest share of the votes represented by all the shares in the Company annually on the first workday of September preceding the Annual General Meeting. The right to nominate representatives is determined based on the shareholders' register maintained by Euroclear Finland Ltd. If a shareholder who has an obligation under the Finnish Securities Market Act to take holdings of shares e.g., in several funds or group companies into account when disclosing changes in share ownership or who holds nominee registered shares makes a written request to the Chairman of the Board of Directors no later than on 31 August, such holdings of the shareholder will be taken into account when determining the nomination right.

Such shareholders are also required to present a reliable account of the number of shares in their ownership on the above date to the Chairman of the Board of Directors by the fourth workday of September at the latest. The Chairman of the Board of Directors invites the four largest shareholders, who have the right to nominate representatives as determined above, to nominate one member each to the Shareholders' Nomination Board.

Should a shareholder not wish to exercise his/her nomination right, the right shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member. The Shareholders' Nomination Board is established to serve until further notice until the General Meeting decides otherwise. The term of office of the members of the Shareholders' Nomination Board expires annually after the new Nomination Board has been nominated. Members of the Shareholders'

Nomination Board are not remunerated for their membership in the Nomination Board. Travel expenses of the members are reimbursed in accordance with the Company's travel policy. The Shareholders' Nomination Board may, when necessary, use external experts in connection with the performance of its duties in accordance with costs approved by the Company.

The establishment of the Shareholders' Nomination Board changes the method of preparation of the remuneration proposal defined in the Remuneration Policy regarding the members of the Board of Directors; going forward, the Shareholders' Nomination Board prepares the remuneration proposals concerning the Board of Directors.

Option plans and share-based incentive programs

Rovio operates a share-based program that consists of an employee share saving plan for employees in Finland, Sweden, Denmark and Canada, a performance share plan for key employees including the CEO and members of the Leadership Team, and a restricted share plan for selected key employees. In addition to these, Rovio has a long-term incentive program consisting of an option plan for all employees, including the CEO and the Leadership Team. The last options under the program were allocated in 2019.

Employee share savings (ESS) program

Rovio has an employee share savings (ESS) plan with the objective to motivate employees to invest in Rovio shares by offering them additional shares in relation to their investment after a designated holding period.

The ESS Plan consists of annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The first launch of the ESS plan was offered to approximately 420 Rovio employees in Finland and Sweden (excluding employees in Hatch Entertainment Ltd). The second launch of the ESS plan took place in March 2021 and was offered also to employees in Denmark and Canada.

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

Participation in the ESS plan is voluntary and the employees are invited to participate in one plan period at a time. The first plan period commenced on April 1, 2020, and will end on August 31, 2022, when the one year holding period comes to an end. After this, matching shares will be paid out as soon as practicably possible. The second plan period commenced on April 1, 2021 and will end on August 31, 2023. The total amount of all savings during the plan period may not exceed 2,100,000 euros. The Board of Directors will decide on potential following plan periods and their details separately.

Performance share plan

Rovio has a Performance Share Plan (PSP) for key employees including the CEO and members of the leadership team. The objective of the Performance Share Plan is to motivate the key employees to work to increase shareholder value in the long term by offering them a share-based reward for achieving the set performance criteria established by the Board of Directors of Rovio. The Performance Share Plan consists of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period is directly followed by a one-year waiting period. Waiting periods cover calendar years 2021, 2022 and 2023.

The Performance Share Plan offers the participants a possibility to earn shares for reaching the required levels set for the performance criteria. The required performance levels are decided by the Rovio Board of Directors on an annual basis for each performance period at a time. The potential rewards will be paid partly in shares and partly in cash after the end of each relevant waiting period in spring 2022, 2023 and 2024. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards. As a rule, no reward will be paid if a participant's employment or service ends before the reward payment.

The performance criteria for the first performance period of the plan were Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%). The potential rewards based on the performance period 2020 corresponded to the value of an approximate maximum total of 738,000 Rovio Entertainment Corporation shares, including the proportion to be paid in cash. A total maximum of 565,500 shares (including the proportion to be paid in cash) subject to performance criteria were allocated under the plan at the end of the performance period 2020. The performance contributed to the realization of 50% of the maximum allocation. The first period of the plan continued with a one year waiting period.

The performance criteria for the second performance period of 2021 are 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. These shares were subject to performance criteria, and they were allocated as per March 31, 2021. The performance contributed to the realization of 23.64% of the maximum allocation. Also, the second period of the plan continues with a one year waiting period.

Restricted share plan program

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, 621,800 rights entitling to shares had been allocated under the restricted share plan as of December 31, 2021.

Option plans

The option plan provided for the issuance of up to 5,000,000 options. The option plan included three lots of options that were allocated to 2017, 2018, and 2019. These options have a vesting period of two years. Each option entitles its holder to subscribe for one share. The option plan participants can execute their reward during a one-year subscription period following each vesting period through either subscribing for shares or selling options. The option plan participants generally lose the right to their reward if their employment terminates during the vesting period.

As of December 31, 2021, only the 2019 option plan has an ongoing subscription period. The initial subscription price for the 2019 options was the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2–31,

2019. A total of 781,251 options were allocated under the 2019 option program as of December 31, 2021.

On May 28, 2021, Rovio Entertainment Corporation announced that it will apply for the listing of its series 2019A and 2019B stock options, complying with its 2017–2019 option scheme, on the Nasdaq Helsinki Ltd (First North) as of June 1, 2021. The total number of the 2019A series option rights under the 2017–2019 option scheme is 1,616,666 and the total number of 2019B series option rights is 50,000. Each option right entitles its holder to subscribe to one (1) Rovio Entertainment Corporation new share or Company's treasury share. Rovio Entertainment Corporation holds 728,916 series 2019A option rights and 40,000 series 2019B option rights.

On December 31, 2021, the share subscription price under the 2019A series option rights was EUR 6.92 per share. The share subscription price under the 2019B series option rights is EUR 7.13 per share. In accordance with the terms and conditions of the option scheme, the subscription price is reduced by the amount of dividends decided before the share subscription, on the record date of each dividend payment. The share subscription price shall, nevertheless, always amount to at least EUR 0.01. The adjustment based on the distribution of assets does not apply to 2019B options.

In accordance with the terms and conditions of the option scheme, the share subscription period for series 2019A and 2019B option rights began on June 1, 2021, and the subscription period ends on May 31, 2022. The option rights 2019A and 2019B are freely transferable. The option holders can subscribe the shares during the subscription period by giving the payment and subscription details to their own bank. New shares subscribed with option rights 2019A and 2019B will be listed as additional lots of Company shares on the main list of Nasdaq Helsinki together with the old shares after the share capital increase has been registered.

Option programs in effect during the financial year

2015C: No options outstanding on December 31, 2021. The subscription price has not been decided.

Subscription period August 1, 2019–July 31, 2021. Each option right entitles its holder to subscribe for one new share.

2015CII: No options outstanding on December 31, 2021. The subscription price has not been decided. Subscription period August 1, 2019–July 31, 2021. Each option right entitles its holder to subscribe for one new share.

2018A: No options outstanding on December 31, 2021. Subscription price EUR 4.96 per share. Subscription period June 1, 2020–May 31, 2021. Each option right entitles its holder to subscribe for one new share.

2018B: No options outstanding on December 31, 2021. Subscription price EUR 5.26 per share. Subscription period June 1, 2020–May 31, 2021. Each option right entitles its holder to subscribe for one new share.

2019A: 771,251 outstanding options on December 31, 2021. Subscription price EUR 6.92 per share. Subscription period June 1, 2021–May 31, 2022. Each option right entitles its holder to subscribe for one new share.

2019B: 10,000 outstanding options on December 31, 2021. Subscription price EUR 7.13 per share. Subscription period June 1, 2021–May 31, 2022. Each option right entitles its holder to subscribe for one new share.

Shares

On December 31, 2021, the company had 82,101,203 shares outstanding. All shares have equal voting rights and entitle the shareholders to an equal share of the company's profits per share.

On December 31, 2021, Rovio Entertainment Corporation held 7,715,684 of its own shares.

Performance Measures

€ 000	2021	2020	2019
Revenue	286,224	272,293	289,084
EBITDA	50,802	60,031	32,347
EBITDA margin	17.7%	22.1%	11.2%
Adjusted EBITDA	54,762	60,130	32,627
Adjusted EBITDA margin, %	19.1%	22.1%	11.3%
Operating profit	37,746	42,542	18,069
Operating profit margin, %	13.2%	15.6%	6.3%
Adjusted operating profit	43,670	47,203	18,349
Adjusted operating profit margin, %	15.3%	17.3%	6.3%
Profit before tax	40,258	40,725	17,724
Capital expenditure	3,967	3,884	3,072
User acquisition	77,231	58,724	99,701
Return on equity, %	22.2%	24.4%	10.8%
Net gearing ratio, %	-77.4%	-77.6%	-65.7%
Equity ratio, %	70.8%	82.3%	80.5%
Earnings per share, EUR	0.41	0.43	0.17
Earnings per share, diluted EUR	0.41	0.43	0.17
Net cash flows from operating activities	43,873	63,591	10,512
Employees (average for the period)	490	470	450

Per-share indicators

	2021	2020	2019
Earnings per share, EUR	0.41	0.43	0.17
Earnings per share, diluted EUR	0.41	0.43	0.17
Shareholder's equity per share, EUR	2.66	2.27	2.11
Dividend per share, proposed	0.12	0.12	0.09
Dividend payout ratio, %	29.5%	28.1%	54.3%
Effective dividend yield, %	1.8%	1.9%	2.0%
Price/earnings ratio	16.2	14.8	26.7
Highest price	7.93	7.19	7.59
Lowest price	5.69	3.10	3.77
Share price December 31	6.58	6.31	4.42
Market capitalisation, EUR million	540.2	513.2	359.2
Share turnover during the financial year, thousands	49,312	61,247	45,142
Share turnover during the financial year, %	60.1%	75.3%	55.5%
Shares outstanding at the end of the period (thousands)	74,386	73,479	79,612
Shares outstanding at the end of the period, diluted (thousands)	74,694	73,983	79,690
Weighted average adjusted number of shares during the financial period, basic (thousands)	74,055	75,287	79,697
Weighted average adjusted number of shares during the financial period, diluted (thousands)	74,411	75,537	79,886

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 amortisation), which is operating profit before depreciation and amortisation.

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

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

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

Adjusted EBITDA margin, %, which is defined as adjusted 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 costs, which relate to acquisition of new players in the Company's games through performance marketing campaigns.

User acquisition costs 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 own 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 short-term deposits from current and non-current interest-bearing loans and borrowings.

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

Equity per share, represents equity at the end of review period divided by the number of shares at the end of the review period, less treasury shares.

Dividend per share is presented according to the dividend per share proposed to the Annual General Meeting.

Effective dividend yield, % represents the dividend per share divided by the share price at the end of the financial period

Price/earnings ratio represents the share price at the end of the financial period divided by earnings per share.

Market capitalisation represents the number of shares at the end of the financial period multiplied by share price on the last day of the financial period

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

Reconciliation of Adjusted EBITDA

€000	2021	2020	2019
Operating profit	37,746	42,542	18,069
Depreciation and amortisation	13,056	17,489	14,278
EBITDA	50,802	60,031	32,347
Income from Bargain Purchase	-	-235	-
Change in fair value of contingent liability	2,874	-	-
M&A transaction costs	392	-	-
Restructuring costs arising from employee benefits expenses	433	171	279
Restructuring costs in Other operating expenses	262	163	1
Adjusted EBITDA	54,762	60,130	32,627

Reconciliation of Adjusted Operating Profit

€000	2021	2020	2019
Operating profit	37,746	42,542	18,069
Income from Bargain Purchase	-	-235	-
M&A transaction costs	392	-	-
Change in fair value of contingent liability	2,874	-	-
Asset impairment	1,826	-	-
Restructuring costs arising from employee benefits expenses	433	171	279
Restructuring costs in Other operating expenses	262	163	1
Restructuring costs in Depreciation and amortisation	137	4,561	-
Adjusted operating profit	43,670	47,203	18,349

Consolidated Financial Statements

Statement of consolidated profit or loss and other comprehensive income

€ 000	Note	2021	2020
Revenue	1.1, 1.2	286,224	272,293
Other operating income	1.3, 4.1	921	595
Materials and services	1.4	-74,464	-74,577
Employee benefits expense	1.5, 1.6	-53,203	-48,905
Depreciation and amortisation	2.1, 2.3	-13,056	-17,489
Other operating expenses	1.7	-108,676	-89,376
Operating profit		37,746	42,542
Finance income and expenses	1.8	2,512	-1,817
Profit before tax		40,258	40,725
Income tax expense	5.1, 5.2	-10,120	-8,601
Profit/loss for the period		30,138	32,124
Attributable to:			
Equity holders of the parent company		30,138	32,124

€ 000	Note	2021	2020
Other comprehensive income/expense			
Other comprehensive income that will not be reclassified to profit and loss (net of tax):			
Investments in equity instruments		2,965	0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences		618	-35
Total comprehensive income for the period, net of tax		33,721	32,088
Equity holders of the parent company		33,721	32,088
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, EUR		0.41	0.43
Earnings per share, diluted EUR		0.41	0.43

Consolidated statement of financial position

€ 000	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	2.1	1,302	1,293
Intangible assets	2.3	24,834	18,704
Goodwill	2.2	37,476	0
Right-of-Use Assets	2.1	6,835	8,356
Investments	3.3	8,270	1,966
Non-current receivables	3.3	3,420	749
Deferred tax assets	5.2	8,052	7,506
Current assets			
Trade receivables	3.3	27,585	21,149
Prepayments and accrued income	3.3	7,584	8,049
Other current financial assets	3.3	855	1,807
Money market funds	3.4	50,621	50,465
Cash and short-term deposits	3.4	110,197	88,409
Total Assets		287,031	208,453

€ 000	Note	2021	2020
Equity and liabilities			
Equity			
Issued capital	3.12	733	733
Reserves	3.12	45,986	42,135
Translation differences	3.12	101	-508
Fair value reserve	3.12	2,965	0
Treasury shares	3.12	-36,863	-37,477
Retained earnings	3.12	154,478	128,415
Profit for the period	3.12	30,138	32,124
Equity holders of the parent company		197,539	165,422
Total equity		197,539	165,422
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	3.2	325	855
Contingent consideration liabilities	3.2	13,235	0
Lease liabilities	3.2	3,849	6,082
Deferred tax liabilities	5.2	3,324	38
Current liabilities			
Trade and other payables	3.5	8,799	7,439
Interest-bearing loans and borrowings	3.2	530	1,082
Contingent consideration liabilities	3.2	27,763	0
Lease liabilities	3.2	3,164	2,483
Other current financial liabilities	3.5	973	836
Advances received	3.6	1,682	2,016
Deferred revenue	3.7	6,338	5,457
Income tax payable	5.1	4,861	1,910
Provisions	3.8	308	741
Accrued liabilities	3.9	14,340	14,092
Total liabilities		89,492	43,032
Total equity and liabilities		287,031	208,453

Consolidated statement of changes in equity

Equity attributable to the equity holders of the parent

€ 000	Note	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Translation differences	Total	Non-controlling interests	Total equity
Equity as at January 1, 2021		733	42,135	-37,477	160,539	0	-508	165,422	0	165,422
Profit (loss) for the period					30,138			30,138		30,138
Option subscriptions	3.12		3,851					3,851		3,851
Sale of financial assets at fair value through other comprehensive income, net of tax	3.12				1,215	-1,215		0		0
Other comprehensive income						4,180	609	4,789		4,789
Share-based payments	1.6			615	1,562			2,177		2,177
Cash dividends					-8,838			-8,838		-8,838
Other adjustments										
Equity as at December 31, 2021		733	45,986	-36,863	184,616	2,965	101	197,539	0	197,539
€ 000	Note	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Translation differences	Total	Non-controlling interests	Total equity
Equity as at January 1, 2020		733	41,828	-7,122	132,989	0	-478	167,951	0	167,951
Profit (loss) for the period					32,124			32,124		32,124
Option subscriptions	3.12		307					307		307
Treasury share acquisition	3.12			-30,705				-30,705		-30,705
Other comprehensive income							-31	-31		-31
Share-based payments	1.6			350	2,353			2,702		2,702
Cash dividends					-6,927			-6,927		-6,927
Other adjustments										
Equity as at December 31, 2020		733	42,135	-37,477	160,539	0	-508	165,422	0	165,422

Consolidated statement of cash flows

€ 000	Note	2020	2019
Operating activities			
Profit before tax		40,258	40,725
Adjustments:			
Depreciation and amortisation	2.1, 2.3	13,056	17,489
Net foreign exchange differences		-2,869	1,253
Gain on disposal of property, plant and equipment	1.3	-8	-3
Finance costs	1.8	214	587
Other non-cash items		4,390	2,305
		55,041	62,355
Change in working capital:			
Change in trade and other receivables and prepayments		-3,174	11,787
Change in trade and other payables		416	-4,199
		52,284	69,942
Interest received		166	252
Interest paid and other finance costs		-375	-827
Income tax paid		-8,202	-5,776
Net cash flows from operating activities		43,873	63,591
Investing activities			
Proceeds from sales of tangible and intangible assets	1.3	8	3
Purchase of tangible and intangible assets	2.1, 2.3	-3,967	-3,884
Proceeds from sales of other investments		1,669	0
Other investments	3.3	-2,751	-1,174
Loans granted, investments		-2,500	0
Acquisition of subsidiaries, net of cash acquired	4.1	-7,671	363
Net cash flows used in investing activities		-15,212	-4,692

€ 000	Note	2020	2019
Financing activities			
Repayments of financial lease liabilities	3.1	-2,871	-2,700
Share subscriptions based on option rights	3.12	3,851	307
Proceeds from and repayments of borrowings	3.1, 3.2	-1,076	-4,032
Acquisition of treasury shares	3.12	0	-30,705
Share-based payments	1.6, 3.12	0	350
Dividends paid to equity holders of the parent		-8,838	-6,927
Net cash flows from/(used in) financing activities		-8,933	-43,706
Change in cash and cash equivalents		19,727	15,194
Net foreign exchange difference and value changes in money market funds		2,217	-1,056
Cash and cash equivalents at beginning of period January 1		138,874	124,736
Cash and cash equivalents at end of period December 31		160,818	138,874
Reconciliation of cash and cash equivalents in statement of financial position			
Cash and cash equivalents in statement of financial position at the end of period		110,197	88,409
Money market funds at end of period		50,621	50,465
Cash and cash equivalents at end of period December 31	3.4	160,818	138,874

Key accounting principles applied in the consolidated financial statements

Basic information about the Group

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 seven games studios – two in Espoo (Finland), one in Stockholm (Sweden), Copenhagen (Denmark), Montreal and Toronto (Canada), as well as 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 Group's parent company is Rovio Entertainment Corporation which is domiciled in Espoo, Finland. Information about the structure of the Group is provided in Note 1. Other related party transactions of the Group are reported in Note 4.

The Board of Directors approved the financial statements for publication on February 10, 2022. In accordance with the Finnish Limited Liability Companies Act, the shareholders may adopt or reject the financial statements at a general meeting of shareholders held after their publication.

Basis of preparation

Rovio's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) valid on December 31, 2021 as adopted by the EU. International Financial Reporting Standards refer to standards and interpretations that have been adopted by the EU under the procedure provided in Regulation (EC) No. 1606/2002 of the European Parliament and Council and are in

accordance with the Finnish Accounting Act and the Limited Liability Companies Act that complement the IFRS requirements.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated below in the other accounting principles or with regards to notes.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The figures reported in the financial statements have been rounded, so the sum of individual figures may differ from the reported summary figure.

Accounting principles requiring the management's judgment and key uncertainties related to estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities at the closing date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgments. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial

year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Such changes include for instance revenue, deferred tax assets, movie depreciation and capitalisation of development expenses.

Effects of standards adopted during 2021

The new or changed IFRS standards and interpretations have no impact on the consolidated financial statements of the Group.

Items in foreign currency

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits

attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rate on a monthly basis. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Current versus non-current classification

Rovio Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Other significant accounting principles

Other significant accounting principles are disclosed as part of the notes specific to statement of income and financial position items.

Standards and interpretations to be applied in future financial periods

Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework (effective for annual reporting periods beginning on or after 1 January 2022).

Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (effective for annual reporting periods beginning on or after 1 January 2022).

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (effective for annual reporting periods beginning on or after 1 January 2022).

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities. As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9.

Definition of Accounting Estimates – Amendments to IAS 8: In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Amendments applicable from 2022 and 2023 are not expected to have a significant impact on Rovio.

Comparability of the consolidated financial statements

Rovio announced that the company had entered into an agreement acquiring 100% of the shares in Ruby Games. Rovio established a new entity Rovio Toronto game studio in Toronto, Canada to explore and develop future of entertainment and games. Financial years 2021 and 2020 are comparable.

Adjusted items / Items affecting comparability

Items affecting comparability are items outside 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 costs relating to enlargement of the ownership base of the company and impairment of goodwill. Adjusting items are discussed in the Report of the Board of Directors.

Amendments applicable from 2022 and 2023 are not expected to have a significant impact on Rovio.

Events after the the end of the financial year**Accounting policy**

If Rovio Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, Rovio Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. Rovio Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, Rovio Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Events after the end of the financial year

Rovio Entertainment Corporation has on January 4, 2022 and on January 19, 2022 transferred without consideration a total of 30,627 Company's own shares to Company's management team member based on the Company's share-based incentive scheme.

Notes to the consolidated financial statements

1. Segments and result

1.1. Segments

Rovio has defined its operating segments as Games, Brand Licensing, and Other.

The Games segment consists of Rovio's mobile games business, which includes all mobile games developed by the business unit for distribution through mobile application stores, such as Apple and Google, and from which Rovio receives revenue in the form of end consumer in-app purchases and in-app advertising.

The Brand Licensing segment comprises two sub-units, Consumer Products and Content Licensing, which generate royalty revenues from licensing the Angry Birds brand to product categories other than mobile games. The Consumer Products unit consists of physical merchandise, such as toys and apparel, as well as location-based entertainment, such as activity parks. The Content Licensing unit is responsible for books and comics, animated series and movies as well as any digital products that are not mobile games. Rovio's business model is consistent across both sub-units. This means that Rovio licenses the brand to licensees in each category, collects royalty payments based on varying percentages of the licensees' revenue and the contracts typically include a minimum guarantee, which is paid upfront at the beginning of the contract period or in agreed installments over the life of the license contract. The income and cost structure is also similar from Rovio's viewpoint: Rovio collects royalties, records sales agent and distribution costs as the

cost of sales and the remaining costs as the Brand Licensing segment's operating expenses. Although the Company has transitioned to a full licensing model for media content, Rovio has historically financed and produced animated series and the first Angry Birds Movie, and capitalised the development costs. These costs are amortised over the life of the asset in question. The senior operating decision-maker (Rovio's Board of Directors) assesses the Brand Licensing segment's performance as a whole. The Senior Vice President in charge of the segment allocates the resources and sets targets for the sub-units at his discretion.

The Other segment includes the expenses of Rovio's subsidiary Hatch Entertainment, in which the Group holds an 90,5% stake, as well as the Group's unallocated expenses, such as Group management, intellectual property protection, and other expenses that are not directly allocated to the business units.

The reported financial figures for the segments include segment revenues, which were fully external revenues for the reporting period, EBITDA, adjusted EBITDA and capital expenditures. Total assets and liabilities are not measured and followed at the segment level. The geographical distribution of revenue is presented in Note 1.2. The company does not monitor non-current assets and liabilities by geographical location.

The adjusted EBITDA and adjusted operating profit presented in the tables below are exclusive of items affecting comparability. The allocations between segments consist of shared functions employee benefits expense as well as general and administrative expenses that are recognised centrally and allocated to the reportable segments as a separate line item in management reporting.

Segment profit and loss 2021

€ 000	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	276,384	9,830	10		286,224
Other operating income	806	0	115		921
Materials and services	73,484	979	1		74,464
Employee benefits expense	41,394	1,426	5,556	4,827	53,203
User acquisition	77,231	0	2		77,232
Other operating expenses	22,219	498	4,339	4,387	31,443
Allocations	6,597	1,093	1,524	-9,214	0
EBITDA	56,265	5,833	-11,297	0	50,802
Depreciation and amortisation	5,956	4,696	2,404		13,056
Operating profit	50,309	1,137	-13,701		37,746
EBITDA	56,265	5,833	-11,297		50,802
Adjustments	2,878	164	919		3,961
Adjusted EBITDA	59,143	5,997	-10,378		54,762
Operating profit	50,309	1,137	-13,701		37,746
Adjustments	2,878	275	2,771		5,924
Adjusted operating profit	53,187	1,413	-10,930		43,670
Segment Capital expenditure 2021					
Capital expenditure	2,562	363	1,042		3,967
Segment assets 31.12.2020					
Non-current assets	51,673	9,592	28,925		90,190

Segment profit and loss 2020

€ 000	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	258,201	13,956	136		272,293
Other operating income	231	0	364		595
Materials and services	73,483	1,094	0		74,577
Employee benefits expense	36,494	1,879	7,468	3,064	48,905
User acquisition	58,724	0	137		58,860
Other operating expenses	19,106	1,491	6,030	3,889	30,516
Allocations	4,855	709	1,388	-6,953	0
EBITDA	65,771	8,783	-14,523		60,031
Depreciation and amortisation	8,658	8,088	743		17,489
Operating profit	57,113	695	-15,266		42,542
EBITDA	65,771	8,783	-14,523		60,031
Adjustments	0	159	-60		99
Adjusted EBITDA	65,771	8,942	-14,583		60,130
Operating profit	57,113	695	-15,266		42,542
Adjustments	4,561	159	-60		4,661
Adjusted operating profit	61,674	855	-15,326		47,203
Segment Capital expenditure 2020					
Capital expenditure	2,374	340	1,170		3,884
Segment assets 31.12.2020					
Non-current assets	3,210	13,620	21,744		38,574

1.2. Revenue

Accounting principle

Rovio Group recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, Rovio Group recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration) that is allocated to that performance obligation.

Rovio Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which Rovio Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Rovio Group does not have a significant financing components in its contracts with customers or sales with a right of return.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration, or an amount of consideration is due, from the customer. Rovio Group has identified advances received and deferred revenue as contract liabilities. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. Rovio Group has identified accrued licensing revenue as contract assets.

Revenue from the main revenue streams:

1. Games

In-application purchases (IAP) through Application Marketplaces such as Apple App Store, Google Play and Amazon App Store: Following the industry practice, Rovio presents in-application revenue on Gross basis and accounts for the variable

consideration by deducting possible discounts and refunds from the revenue. Market place revenue share is presented as materials and services.

There are two different kinds of in-application purchases in Rovio games: consumables and durables. Consumables benefit the user immediately, while benefits from durables last across user lifetime. Consumable in-application purchases satisfy the performance obligation "at a point in time". Durable in-application purchases revenue is recognised "over time", i.e. across the estimated player lifetime.

Rovio divides the goods purchased game-specifically into consumables and durables and recognises the purchases as revenue based on actual virtual currency consumption. Because consumables account for the majority of purchases in Rovio's games, they are recognised as revenue at the time of purchase. With regard to durables, the estimate of the player lifetime is based on the player lifetime value model commonly used in the industry. Rovio updates the assumptions used in the model monthly based on actual player behavior.

Subscription payments through Application Marketplaces: Subscription payment refers to revenue that a user pays in advance for a certain period of time. As subscription payments are handled through Application Marketplaces, they fulfill the same contractual requirements as in-application purchases. Because subscription payments are made monthly and they mainly entitle the customer to durables, Rovio recognises them as revenue over the period that the player is estimated to play the game, similarly to durables.

The Application Marketplaces report Rovio's revenue monthly for the previous month and make the payment within the agreed term of payment.

Custom contracts: In custom contracts, Rovio delivers a custom build to be pre-installed in partner's devices, or for distribution via partner's own channel, and receives a pre-defined minimum compensation. The related revenue is recognised "over time". Since operation of the game takes place throughout the contract period and Rovio does not have an obligation to return the minimum guarantee, Rovio recognises corresponding minimum guarantee revenue over the contract period. In case there are incremental costs related to fulfillment of Rovio's obligations (e.g.,

penalties, success fees), they are accrued throughout the contract period as well. Revenue related to provision of virtual goods and services is recognised like for in-app purchases, based on the revenue share reports provided by the partner. In case comprehensive data from a partner is not available, both consumable and durable revenues are recognised in the month of purchase.

2. Advertising

Rovio's advertising revenues are generated by displaying advertisements against a fee during gameplay or games animation episodes. Revenue recognition is based on delivery of the advertisement product, which can for example be a viewed impression or clicked advertisement. Advertising network revenue is recognised as net in the month of purchase ("at a point in time"), based on revenue reports from the ad network indicating the number of products sold and payables due to Rovio. Simultaneously to sending the revenue report, the advertisement network also commits to paying the money to Rovio, and collection can be reasonably assured.

3. IP Licensing and Tangible Sales

Rovio has licensed the Angry Birds brand to hundreds of partners. Partners contracts include licensing IPs for tangible goods, promotional campaigns and location-based entertainment (e.g., activity parks). Partners pay royalties based on the reported net sales. Partners pay minimum guarantees for the contract period royalties. Rovio recognises the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognised as revenue. The revenue recognition follows the IP licensing principles. Any up-front or brand usage fees are recognised over the lifetime of the agreement.

4. Animation Broadcasting and Distribution Revenues

Rovio has developed and retains ownership to two types of animation productions: short form TV animation and The Angry Birds Movie. There are three types of revenue streams for the short form TV animation: Ad sales, direct broadcasting deals and sales through distributors. In all TV animation productions, revenue is recognised on a gross basis with any distributors' fees reported as materials and services.

The Angry Birds Movie is distributed in all channels (Theaters, DVD/Blu-ray/VOD/TV) by Columbia Pictures and Sony's subsidiaries. Columbia Pictures acts as a paymaster and manages all money flows in the value chain. Columbia Pictures recoups its agreed costs, including box office-based bonuses and commissions, from the purchase transaction it receives from the distributor, customer or end user, and pays the residual to Rovio. Columbia Pictures reports to Rovio and Rovio recognises its revenue based on this reporting.

The sequel to the Angry Birds Movie was released in August 2019. Rovio agreed the sequel's production and distribution rights to Columbia Pictures company. Columbia Pictures pays royalties based on the movie net sales and royalty reporting. Rovio recognised the revenue based on the movie net sales royalty reporting.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount to be recovered from the tax authority or payable to the tax authority is stated in the statement of financial position as a receivable from the tax authority or payable to the tax authority.

Disaggregation of revenue from contracts with Customers

Revenues from contracts with customers are recognized as follows over time and at a point in time disaggregated by revenue type and segment.

€ 000	Timing of revenue recognition	2021	2020
Games			
In-application purchases	At a point in time and over time	230,048	226,199
Custom contracts	Over time	4,656	469
Advertising	At a point in time	41,680	31,533
Games total revenue		276,384	258,201
Brand Licensing			
IP Licensing and tangible sales	At a point in time and over time	3,058	4,877
Animation broadcasting and distribution	At a point in time and over time	6,495	8,849
Advertising	At a point in time	276	230
Brand Licensing total revenue		9,830	13,956
Other total revenue	At a point in time and over time	10	136
Group revenue		286,224	272,293

Geographical distribution of revenue

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

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

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

€ 000	2021				2020			
	Games	BLU	Other	Total	Games	BLU	Other	Total
North America	185,004	6,054	0	191,058	171,089	8,824	0	179,913
Latin America	3,132	155	0	3,287	2,352	242	0	2,594
Europe, Middle East and Africa	57,775	2,110	10	59,895	55,379	3,821	136	59,336
Asia Pacific	30,474	1,511	0	31,985	29,381	1,069	0	30,450
Total	276,384	9,830	10	286,224	258,201	13,956	136	272,293

1.3. Other operating income

The majority of other operating income in 2021 is related to gaming project partially funded by EU amounted of 423 thousand Eur and local government grant to a foreign subsidiary amounted of 311 thousand Eur.

€ 000	2021	2020
Government grants	799	0
Net gains on disposal of property, plant and equipment	8	3
Other operating income	114	592
Total other operating income	921	595

1.4. Materials and services

Materials and services include sales commissions paid to market places and agents.

€ 000	2021	2020
External services	74,464	74,577
Total materials and services	74,464	74,577

1.5. Employee benefits expense

Accounting policy

Employee benefits expense includes short-term employee benefits, benefits paid upon termination and post-employment benefits. Short-term employee benefits include salaries and fringe benefits, annual holidays and bonuses. Benefits paid upon termination refer to benefits arising from termination of employment, not performance of work. Post-employment benefits comprise benefits paid after employment, such as healthcare. Benefits are classified into defined contribution and defined benefit benefits. The Group has no defined benefit pension plans. Expenses based on previous work performance are expensed through profit or loss at the earlier of the following times: either when the restructuring or downsizing takes place or when the entity recognises the related restructuring costs or benefits related to the termination of employment.

€ 000	2021	2020
Wages and salaries	41,082	38,142
Social security costs	3,353	2,469
Pension costs, defined contribution	5,747	5,203
Share-based payments	3,020	3,091
Total employee benefits expense	53,203	48,905

Information on the Board of Directors and Chief Executive Officer remuneration is presented in Note 4.5 Related party disclosures

1.6. Share-based payments

Accounting policy

Key staff employed by Rovio Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, Black-Scholes. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

During the year 2021 Rovio has five main types of incentive schemes: (1) cash bonuses based on the company's annual financial performance, (2) option schemes for long-term incentives for key personnel, (3) long-term Restricted Share Plan for key personnel, (4) Employee Share Savings (ESS) program for employees in Finland and Sweden, and (5) a performance share plan for key employees including CEO and members of the leadership team.

Share-based incentive programs

Information about option schemes and the Restricted Share Plan is presented below.

Current stock option programs

	Number of options Jan 1	Changes in the 2020 reporting period				Number of options Dec 31	Changes in the 2021 reporting period				Number of options Dec 31
		Granted	Forfeited	Exercised	Expired		Granted	Forfeited	Exercised	Expired	
2012C	45,000				45,000	0				0	
2015A	0					0				0	
2015All	0					0				0	
2017A	827,650				827,650	0				0	
2017B	25,500				25,500	0				0	
2018A	973,750		78,500	115,774		779,476	14,603	706,818	58,055	0	
2018B	10,500			1,434		9,066		9,066		0	
2019A	1,158,500		202,250			956,250	68,500			887,750	
2019B	10,000					10,000				10,000	
Weighted average subscription price, €			6.49	5.08	4.93		6.92	4.96	6.70		
Total	3,050,900		280,750	117,208	898,150	1,754,792	83,103	715,884	58,055	897,750	

Restricted Share Plan

	Changes in the 2020 reporting period				Changes in the 2021 reporting period				
	Number of RSUs Jan 1	Granted	Forfeited	Exercised	Number of RSUs Dec 31	Granted	Forfeited	Exercised	Number of RSUs Dec 31
RSU 2017-2019	0				0				0
RSU 2018-2019	40,000			40,000	0				0
RSU 2018-2020	70,345		11,500	58,845	0				0
RSU 2019-2020	76,000		8,000	68,000	0				0
RSU 2019-2021	119,500		17,000		102,500	8,750	93,750		0
RSU 2020-2021	60,000	134,250	5,250		189,000	7,500	181,500		0
RSU 2020-2022	0	228,250	22,750		205,500	36,000			169,500
RSU 2020-2023	0	91,000	11,500		79,500	10,000			69,500
RSU 2021-2022	60,000				60,000	173,750	13,850		219,900
RSU 2021-2023	0				0	176,750	13,850		162,900
Total	425,845	453,500	76,000	166,845	1,215,431	350,500	89,950	275,250	621,800

* Rovio Entertainment granted total of 81,354 in 2020 and 133,651 in 2021 of Company's own shares to Company's management and key personnel as a part of the restricted share plan

Rovio has a Performance Share Plan (PSP) for key employees including the CEO and members of the leadership team and the restricted share plan which 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. Terms of Rovio's share-based incentive programs have been presented on the report of the board of directors

Financial impact of share-based incentives during the financial period

€ 000	2021	2020
Expenses recognised for option programs	337	985
Expenses recognised for the Restricted Share Plan - share component	2,683	2,106
Total	3,020	3,091
€ 000	31.12.2021	
Share-based incentives commitments	2,247	
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period	3,215	
Total	5,461	

Authorizations

The Board of Directors has the following authorisations granted by the General Meeting.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,146,565 shares, which corresponds to approximately 10 percent of all the current shares of the company. The company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the company.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act. The number of new shares to be issued based on the authorization may not exceed an aggregate maximum of 8,146,565 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,146,565 own shares held by the company.

Both authorizations will be in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2022.

Option programs in effect during the financial year

2015C: No options outstanding on December 31, 2021. The subscription price has not been decided. Subscription period August 1, 2019–July 31, 2021. Each option right entitles its holder to subscribe for one new share.

2015CII: No options outstanding on December 31, 2021. The subscription price has not been decided. Subscription period August 1, 2019–July 31, 2021. Each option right entitles its holder to subscribe for one new share.

2018A: No options outstanding on December 31, 2021. Subscription price EUR 4.96 per share. Subscription period June 1, 2020–May 31, 2021. Each option right entitles its holder to subscribe for one new share.

2018B: No options outstanding on December 31, 2021. Subscription price EUR 5.26 per share. Subscription period June 1, 2020–May 31, 2021. Each option right entitles its holder to subscribe for one new share.

2019A: 771,251 outstanding options on December 31, 2021. Subscription price EUR 6.92 per share. Subscription period June 1, 2021–May 31, 2022. Each option right entitles its holder to subscribe for one new share.

2019B: 10,000 outstanding options on December 31, 2021. Subscription price EUR 7.13 per share. Subscription period June 1, 2021–May 31, 2022. Each option right entitles its holder to subscribe for one new share.

1.7. Other operating expenses

€ 000	2021	2020
Legal fees and consulting expenses	2,252	1,837
External development and testing expenses	9,534	8,227
Server expenses	7,115	8,910
Machinery and software expenses	3,850	3,973
Phone, data transfer and office expenses	927	944
Marketing expenses	79,555	62,632
Other operating expenses	5,443	2,853
Total other operating expenses	108,676	89,376

The marketing expenses are divided as follows:

€ 000	2021	2020
User acquisition costs	74,869	58,860
Other marketing expenses	4,686	3,772
Total marketing expenses	79,555	62,632

Audit fees

€ 000	2021	2020
Audit	411	402
Other services	67	7
Total	479	409

1.8. Finance income and expenses

€ 000	2021	2020
Finance income		
Other interest and finance income	351	346
Foreign exchange gain	3,277	1,904
Total finance income	3,627	2,250
Finance costs		
Interest on debts and borrowings	234	215
Interest on lease liabilities	215	235
Other finance costs	80	140
Total interest expense	529	590
Foreign exchange loss	457	1,631
Other finance expenses	129	1,847
Total finance expenses	586	3,478
Total finance income and expenses	2,512	-1,817

2. Intangible and tangible assets and lease payments**2.1. Property, plant and equipment****Accounting policy**

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. All repair and maintenance costs are recognised in profit and loss as incurred.

Rovio Group calculates depreciation on a straight-line basis over the estimated useful lives of the assets, as follows:

- Machinery and equipment: 3–5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Reconciliation of beginning and ending balances by classes of assets

€ 000	Machinery and equipment	
Cost or valuation		
January 1, 2020		6,043
Additions		841
Disposals		-61
Exchange differences		-31
January 1, 2021		6,791
Additions		697
Additions through business acquisition		109
Disposals		-804
Exchange differences		-32
December 31, 2021		6,761
Depreciation and impairment		
January 1, 2020		-5,079
Depreciation charge for the period		-530
Disposals		66
Exchange differences		-44
January 1, 2021		-5,499
Depreciation charge for the period		-716
Depreciation through business acquisition		-46
Disposals		795
Exchange differences		8
December 31, 2021		-5,458
Net book value	2021	2020
December 31	1,302	1,293

€ 000	Right-of-Use assets		
	Property	Machinery and equipment	Total
Cost			
At January 1, 2020	9,874	869	10,744
Additions, impact applying IFRS 16	3,013	0	3,013
Additions	0	16	16
At January 1, 2021	12,887	885	13,773
Additions	1,135	0	1,135
Disposals	0	-6	-6
At December 31, 2021	14,022	880	14,901
Amortisation and impairment			
At January 1, 2020	2,328	529	2,856
Amortisation	2,390	170	2,560
At January 1, 2021	4,718	699	5,417
Amortisation	2,597	53	2,650
At December 31, 2021	7,315	752	8,067
Carrying amount			
At December 31, 2020	8,169	187	8,356
At December 31, 2021	6,707	128	6,835

2.2. Goodwill and intangible assets with indefinite lives

Accounting policy

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The value in use calculation is based on a DCF model. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further below in this note.

The Group bases its impairment calculation on management's view and models approved by management. Management considers the projections to reflect the

actual development to date as well as other information available from external sources. These forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually during the fourth quarter or when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Rovio Group has no intangible assets with indefinite useful lives at the current or prior year balance sheet date. The goodwill created in the financial year 2021 through an acquisition has been tested for impairment below.

Goodwill allocation

Goodwill is allocated to Rovio's cash-generating units as follows:

€ 000	2021	2020
Games business	37,476	0
Total	37,476	0

Impairment testing

To carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with Rovio's business organisation. The balance sheet values of all CGUs are subject to an annual impairment testing. Apart from goodwill, the Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of each CGU is defined as the value in use according to the projected discounted cash flows (the DCF method). Management considers the projections to reflect development to date and other information available from external sources.

In 2021 impairment testing, the (before tax) discount rate (weighted average cost of capital, WACC) used in testing was 10.1 per cent. The growth rate forecasted after five years was 2.0 per cent. The impairment test indicated that the recoverable amounts of the Games Business exceeded their balance sheet values and their goodwill has not been impaired. The assumptions used are based on management's best judgement based on the information available at the publication of the financial statements. The key assumptions used were growth in net sales, development of profitability, weighted average cost of capital (WACC) as well as the cash flow growth rate after the five-year forecast period. The major sensitivities in the result are associated with the forecasted net sales and levels of profitability as well as the average cost of capital (WACC).

Parameters used in impairment testing and sensitivity analysis

Parameters used in the 2021 impairment testing

Parameters used	2021	2020
Average growth in revenue, %	3.4%	-
Average EBITDA, %*	19.7%	-
Average investments, % of revenue*	1.8%	-
Growth after forecast period, %	2.0%	-
WACC, %	10.1%	-
Total headroom (EUR thousand)	651,305	-

Sensitivity analysis of forecast parameters

The table below illustrates the change in percentage points for the joint effect of key forecast parameters before the fair value falls below the carrying value (and other parameters remaining unchanged).

Sensitivity analysis of forecast parameters	2021	2020
Average EBITDA, % of revenue	-11.3%	-
WACC, %	22.1%	-

2.3. Intangible Assets**Accounting policy**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are considered to modify the amortisation period or method. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made retroactively.

The Group's accounting policies related to impairment of goodwill and intangible assets are reviewed in Note 2.2.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- The probability of the asset generating future economic benefits
- The availability of technical, financial and other resources to complete the asset

- The ability to measure reliably the expenditure during development

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

In general, the Group amortises capitalised development costs on a straight-line basis over the period of expected future sales from the related project. The amortisation schedule of capitalised development expenses related to the Angry Birds Movie, however, is based on the revenue made from the distribution of the movie. This is considered to be justified since there is a strong correlation between income received and consumption of economic benefits related to movies and programs distributed. The economic value of an audiovisual work is very much dependent upon the number of times it is aired, each broadcast causing a greater or lesser public interest for it. This fulfills the 'when it can be demonstrated that revenue and the consumption of the economic benefits embodied in the intangible asset are highly correlated' criteria. During the period of development, the asset is tested for impairment annually.

The Group capitalises development costs for a project in accordance with its accounting policy. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits expected.

This amount includes investments in the development of games that are expected to be released in the future. The amount does not include any projects that would not be planned to be finalized and launched.

Basic information about intangible assets

	Trademarks	Development costs - Games	Development costs - Movie	Development costs - other
Useful lives	Finite (5 years)	Finite (3 years)	Finite (10 years)	Finite (3-10 years)
Amortisation method used	Amortised on a straight-line basis over the useful life of the trademark.	Amortised on a straight-line basis over the period of the expected future sales from the related project.	Amortised based on consumption of economic benefits embodied in the intangible asset.	Amortised on a straight-line basis over the period of the expected future sales from the related project.
Internally generated or acquired	Internally generated/registered	Internally generated/acquired	Internally generated/acquired	Internally generated/acquired

The Group has registered its properties as trademarks. The trademarks have usually been granted for a period of 10 years by the relevant government agency. The trademarks are addressed as having a finite 5-year useful life.

Reconciliation of beginning and ending balances by classes of assets

€ 000	Develop- ment costs - Games	Trademarks	Develop- ment costs - Movie	Develop- ment costs - Other	Total
Cost or valuation					
January 1, 2020	24,983	1,510	62,983	20,871	110,346
Additions	2,764	188	0	650	3,603
Disposals	0	0	-114	0	-114
Transfer between classes	0	0	0	1,078	1,078
January 1, 2021	27,747	1,698	62,869	22,599	114,914
Additions	2,562	325	0	1,800	4,688
Additions through business acquisition	0	0	0	11,223	11,223
Disposals	-9	0	0	-351	-360
Transfer between classes	0	255	0	0	255
December 31, 2021	30,300	2,279	62,869	35,272	130,719
Depreciation and impairment					
January 1, 2020	22,746	990	43,045	19,591	86,373
Depreciation and impairment for the financial period	1,455	276	6,954	1,154	9,838
Transfer between classes	0	0	0	0	0
January 1, 2021	24,401	1,266	49,998	20,745	96,211
Depreciation and impairment for the financial period	1,891	182	3,959	3,643	9,675
Transfer between classes	0	0	0	0	0
December 31, 2021	26,092	1,448	53,958	24,388	105,886

€ 000	Develop- ment costs - Games	Trademarks	Develop- ment costs - Movie	Develop- ment costs - Other	Total
Carrying amount					
December 31, 2020	3,546	432	12,871	1,854	18,703
December 31, 2021	4,208	831	8,912	10,884	24,833
Advance payments for intangible assets					
January 1, 2020	4,668	271	0	57	4,996
Additions	184	109	0	318	611
Write-downs and other disposals	-4,614*	-15	0	0	-4,629
Reclassification between asset classes	-229	-110	0	-322	-661
January 1, 2021	9	255	0	53	317
Additions	348	43	0	282	673
Write-downs and other disposals	-9	0	0	0	-9
Reclassification between asset classes	-42	-0	0	-93	-136
December 31, 2021	306	298	0	241	845

*The development of Angry Birds Legends -game was discontinued in November, as its' KPI's did not meet expectations. The capitalized development expenses, a total of EUR 4.6 million, were written off and recorded as expense during the financial year.

3. Capital structure and capital management

3.1. Financial assets and liabilities

Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Group initially recognises trade receivables, trade payables, deposits, loans and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset or a liability, except for trade receivables, is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price.

Financial assets

Rovio Group classifies a financial asset at initial recognition as a financial asset measured at amortised cost, a financial asset measured at fair value through other comprehensive income or a financial asset measured at fair value through profit or loss.

A financial asset is measured at amortised cost when both of the following conditions are met:

- the asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income when both of the following conditions are met:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The Group assesses the objective of a business model in which asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, if the strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group management and
- the risks that affect the performance of the financial assets held within the that business model and how those risks are managed.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Based on analysis of the business model in which the financial assets are held and contractual cash flows of the instruments, financial assets held by the Group comprising of:

- Trade receivables arising from invoiced goods and services
- Money market funds
- Cash and cash equivalents (comprising of balances with banks)

Based on the assessment made, with regard to trade receivables, other current financial assets, money market funds, and cash and cash equivalents, the business model is collecting cash flows. The above-mentioned items pass the SPPI test, based on which they can be classified as financial assets at amortised cost using the effective interest rate method (EIR).

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except in situation where the business model for managing financial assets is changed.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Trade receivables arising from invoiced goods and services
- Cash and cash equivalents

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL:

- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. Lifetime ECL is the portion of ECL that result from all possible default events over the expected life of a financial instrument.

For measurement of ECL for trade receivables the Group uses a provision matrix. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of ECL for the receivables from financial institutions is based on a credit loss rate approach. The Group has determined that receivables from financial institutions have a low credit risk at the reporting date and therefore 12-month ECL is calculated. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. In profit or loss, the amount of ECL (or reversal) is recognised as an impairment gain or loss

Write-off

Trade receivables and receivables from financial institutions are written off, either partially or full, when there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off can still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

The Group's financial liabilities include trade and other payables, loans and borrowings, other financial liabilities, advances received, accrued liabilities and deferred revenue that are classified as measured at amortised cost.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss as financial income or expense when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is also presented as finance income or expense in the statement of profit or loss.

Financial liabilities are not reclassified subsequent to their initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The contractual rights to receive cash flows from the asset have expired or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group may retain an interest associated with the transferred assets. When the entity's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the entity could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Reconciliation of financial liabilities

€ 000	2020	Cash flow impact	Changes with no cash flow impact			2021
		Additions / Disposals	Additions / Disposals	Net foreign exchange differences	Changes in fair value	
Non-current financial liabilities	855	0	-530	0	0	325
Current financial liabilities	1,082	-1,082	530	0	0	530
Lease liabilities	8,565	-2,871	1,320	0	0	7,013
Total financial liabilities	10,503	-3,953	1,320	0	0	7,869

€ 000	2019	Cash flow impact	Changes with no cash flow impact			2020
		Additions / Disposals	Additions / Disposals	Net foreign exchange differences	Changes in fair value	
Non-current financial liabilities	2,084	0	-1,229	0	0	855
Current financial liabilities	4,282	-4,032*	832	0	0	1,082
Lease liabilities	8,016	-2,700	3,248	0	0	8,565
Total financial liabilities	14,383	-6,732	2,851	0	0	10,503

*Disposals include 229 thousand EUR loan which was waived according to the Business Finland's decision.

3.2. Financial liabilities

Financial liabilities: interest-bearing loans and borrowings

€ 000	Capital	Interest, %	Maturity	December 31, 2021	December 31, 2020
Non-current liabilities					
Loan from credit institution	325	1.00	2023-2025	325	855
Lease liabilities					
Machinery and equipment		3.27	2023-2023	54	113
Property		3.00	2023-2025	3,795	5,969
Total non-current interest-bearing loans and borrowings				4,175	6,937
Current liabilities					
Loan from credit institution	530	1.00	2022	530	1,082
Lease liabilities					
Machinery and equipment		3.27	2022	57	78
Property		3.00	2022	3,107	2,405
Total current interest-bearing loans and borrowings				3,694	3,566
Total interest-bearing loans and borrowings				7,869	10,503

Fair values of non-current liabilities

€ 000	Capital	December 31, 2021	December 31, 2020
Loan from credit institution	855	822	1,841

3.3. Investments, non-current receivables, trade receivables and other receivables

The investments consist of a cash investment in the funds and recognised at fair value through other comprehensive income. Best available measures have been used, such as the subsequent rounds and associated fund mark-ups.

€ 000	2021	2020
1.1.	1,966	793
Investments in funds	251	1,174
Other equity investments	2,500	0
Changes in fair value -through other comprehensive income	3,707	0
Investments sale and disposals	-154	0
Total investments	8,270	1,966

Non-current receivables mainly comprise rent deposits paid.

Non-current receivables

€ 000	December 31, 2021	December 31, 2020
Long-term rental deposits	907	749
Long-term loans, convertible loan	2,513	0
Deferred tax assets	8,052	7,506
Total non-current receivables	11,472	8,255

Trade receivables and other receivables

€ 000	December 31, 2021	December 31, 2020
Trade receivables	27,585	21,149
Other current financial assets	855	610
Prepayments and accrued income	7,584	9,246
Total trade receivables and other receivables	36,023	31,006

Prepayments and accrued income comprise the following items:

€ 000	December 31, 2021	December 31, 2020
Deferred cost of sales and prepayments	1,853	1,675
Mandatory insurance payments	31	56
Accrued licensing revenue	422	480
Other accrued income	5,278	5,838
Total	7,584	8,049

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Rovio assesses the credit loss risk before recognising the receivable and monthly monitors the age breakdown of trade receivables. On each reporting date, any impairment of receivables from material customers is analysed individually. In addition, minor receivables are classified into a single group and their possible impairment is analysed as a group.

The Group's policy is to recognise a provision for trade receivables which have been found to involve credit loss risk. Rovio's major customers, such as Apple, Google, Facebook, Amazon and Sony, have not been found to be associated with significant credit loss risk, especially based on the counterparty's credit rating, historical payment behavior and the short term of payment (approximately 30 days) of the receivables.

Credit loss risk and corresponding need for credit loss provision is continuously assessed also with regard to these customers. On December 31, 2020, it was deemed that outstanding balances associated with these parties do not constitute a material risk of credit losses. Credit risk is discussed in more detail in note 3.11.

Aging analysis of trade receivables at December 31:

€ 000	Total	Neither past due nor provision	Past due					> 365 days
			< 30 days	30-60 days	61-90 days	91-180 days	181-365 days	
2021 Gross	27,713	20,364*	5,362*	1,887	0	11	7	83
- Provision for credit loss of receivables	-127	0	-27	-9	-0	-4	-4	-83
December 31, 2021	27,585	20,364	5,335	1,877	0	6	3	0
2020 Gross	21,540	19,545*	913*	465	247	7	71	292
-Provision for credit loss of receivables	-390	0	-5	-19	-37	-3	-35	-292
December 31, 2020	21,149	19,545	908	442	210	4	36	0

*The balances mainly comprise receivables from Rovio's biggest customers not found to be associated with credit loss risk.

Payments received as checks during the financial year or after the end of the financial year not yet recorded on the bank account have been deducted from the provision for credit loss.

Rovio Group has used its historical credit loss experience for trade receivables to estimate the 12-month or life expected credit losses on trade receivables presented in the following provision matrix:

	Not past due	< 30 days	30-60 days	61-90 days	91-180 days	181-365 days	> 365 days
Default rate as of January 1, 2018	0.5%	0.5%	0.5%	15%	40%	60%	100%

Provision for credit loss of current trade receivables

€ 000	2021	2020
January 1	390	408
Realised and written-down	27	-30
Change	-290	12
December 31	127	390

3.4. Cash and short-term deposits

Accounting policy

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, and the money market funds.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank receivables, and money market funds, as they are considered an integral part of the Group's cash management.

€ 000	December 31, 2021	December 31, 2020
Cash and cash equivalents	110,197	88,409
Money market funds	50,621	50,465
Total	160,818	138,874

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and the interest paid on them is determined by the agreed interest rate, and the maturity of the deposits.

3.5. Trade and other payables

Trade payables are non-interest bearing and generally have a 30 day payment term.

€ 000	31.12.2021	31.12.2020
Trade payables	8,799	7,439
Other payables	973	910
Advances received	1,682	2,016
Total	11,454	10,366

3.6. Advances received

Advances received relates to IP Licensing revenue, where contracts usually include a non-refundable but recoupable Minimum Guarantee (MG), which Rovio Group is entitled to, despite the actual sales of underlying products.

MG is paid either in advance or in one or more installments during contract period (or any combination of mentioned). Rovio recognises the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognised as revenue. Revenue recognition on minimum guarantees has been simplified compared to the earlier treatment, where revenue was recognized based on royalties reported. This did not have a material impact on the revenues reported for the financial year or the previous year.

€ 000	2021	2020
January 1	2,016	3,432
Licensing MG's recognised as revenue	-649	-1,106
Games MG's recognised as revenue	-710	-544
Other items	1,025	235
December 31	1,682	2,016

3.7. Deferred revenue

Deferred revenue is mainly associated with the part of games revenue that is recognised over time.

€ 000	2021	2020
Liabilities		
January 1	5,539	5,662
Deferred during the year	6,338	5,539
Released to the statement of profit or loss	-5,539	-5,661
December 31	6,338	5,539
Current	6,338	5,539

€ 000	2021	2020
Assets		
January 1	338	445
Deferred during the year	252	338
Released to the statement of profit or loss	-338	-445
December 31	252	338
Current	252	338

3.8. Provisions

Accounting policy

Provisions are recognised when Rovio Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions

Restructuring provisions are recognised only when Rovio Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline and the employees affected have been notified of the plan's main features.

Reconciliation of beginning and ending balances by types of provisions

€ 000	Restructuring	Other provisions	Total
January 1, 2020	0	225	225
Additions	0	709	709
Utilised	0	-193	-193
January 1, 2021	0	741	741
Additions	269	7	276
Utilised	0	-709	-709
December 31, 2021	269	39	308

3.9. Accrued liabilities

€ 000	31.12.2021	31.12.2020
Salaries and other personnel costs	11,280	11,337
Accrued costs	90	882
Revenue share	815	896
Other accrued liabilities	2,154	1,718
Total	14,340	14,833

3.10. Government grants

Accounting policy

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When Rovio Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on a pattern of consumption of the benefits of the underlying asset by equal annual instalments. Government grants have been received from several projects. The difference between Business Finland -loan's interest and market based interest is accounted as government grant. There are no unfulfilled conditions or contingencies attached to these grants.

€ 000	2021	2020
January 1	50	50
Received during the year	750	0
Released to the statement of profit or loss	-799	0
Adjustments	837	0
December 31	836	50

3.11. Financial risks

Objectives and methods of financial risk management

The Group's principal financial liabilities comprise loans and borrowings as well as trade and other payables. The Group does not have any derivative instruments. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

Risk management is an important part of the Rovio Group business management and corporate governance. The objective of Rovio's risk management is to support the whole organization in achieving its strategic, operational and financial targets.

The risk management principles are approved and overseen by the Board of Directors and implemented and managed by Rovio's senior management together with the business units. Rovio's finance risk management function focuses on financial risks to minimise the adverse effects caused by fluctuations in the financial markets on Rovio's results. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that appropriate measures are taken on financial risk management.

The Group's senior management is responsible for the measurement and management of the Group's financial risk activities through appropriate policies and procedures as well as ensuring that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group divides financial risks into market risk, interest rate risk and currency risk..

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Groups' market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by constantly monitoring the sensitivity to adverse changes in floating borrowing interest rates and investing its excess cash to corresponding maturities with similar terms. At December 31, 2021, 100% of the Group's borrowings are at a variable rate of interest (2020: 100% variable rate). On December 31, 2021, the variable rate borrowings were tied to the Ministry of Finance's base rate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as below.

€ 000		Change, basis points	Effect on profit before tax
2021	Euro	+100	-9
2020	Euro	+100	-21

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's most significant currencies are the Euro (Functional currency), United States dollar (USD) and Chinese Yuan Renminbi (CNY) and Swedish krona

(SEK). The currency risks arise through business transactions, monetary balance sheet items and net investments in foreign subsidiaries.

Rovio Group has not hedged foreign currency transactions in the past, but is actively following up the situation and is prepared to start hedging, if the need arises. The most significant sales currencies in addition to the Euro are the US dollar and the Chinese Yuan Renminbi, which account for over 90% of the foreign currency denominated sales transactions.

Of the group's foreign currency denominated financial assets over 95% are in US dollars, Swedish krona and Chinese Yuan.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollars (USD) exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Group's exposure to foreign currency changes for all other currencies is not material. The movement in the pre-tax effect is a result of a change in the monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars. The table factors in cash, accounts receivable, and accounts payable positions.

€ 000	Change in USD rate	Effect on profit
2021	5%	2,387
	-5%	-2,387
2020	5%	1,522
	-5%	-1,522

Funding-related risks

The Board of Directors and management continuously assess short-term and long-term liquidity. Bank overdraft facilities or issue of the company's commercial papers,

for example, can be used for short-term funding. Capital market, leasing or other financing arrangements can be utilised for long-term funding.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Rovio Group has an established policy which forms the foundation of the minimum requirements for the customer credit risk management. The Rovio Group evaluates the customers' and business partners' creditworthiness prior to actively engaging in business transactions with the partner. The credit risk management and credit control is operated jointly between the business units and the finance department. Credit decisions are based on official ratings as well as analysis performed on the partners' financial statements. In some cases where the collection has been determined to be at risk, a prepayment or guarantee has been collected from the customer or the business partner to restrict the amount of risk included.

Open customer receivables are regularly monitored. On December 31, 2021, the Group had ten customers (2020: 8 customers) with over EUR 500,000 of outstanding trade receivables. These customers accounted for approximately 92% (2020: 93%) of the Group's trade receivables. The Group had six customers (2020: four customers) with over EUR 1 million of outstanding trade receivables. These customers accounted for approximately 81% (2020: 79%) of the Group's trade receivables.

On each reporting date, any impairment of receivables from material customers is analysed individually. In addition, minor receivables are classified into a single group and their possible impairment is analysed as a group. The calculation is based on actual incurred historical data. The Group's maximum credit risk on December 31, 2021 and 2020 equals the carrying amounts of the receivables, see note 3.3.

The Group has no guarantees as collateral. The Rovio Group evaluates the concentration of risk with respect to trade receivables as low to medium. Although its customers are in several jurisdictions and industries and operate in largely independent markets, the cash collection from the end-customers is handled to a large extent by agents and the companies that run the application marketplaces.

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's credit risk policy.

Liquidity risk

The Group monitors its risk of a shortage of funds using a 12-month liquidity forecasting tool.

The objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans. Of the Group's debts on December 31, 2021, approximately 75% will fall due within one year (2020: 61%) based on the carrying amounts in the statement of financial position. The Group has adequate alternative financing options and strong cash reserves at the end of the financial year.

The table below summarises the maturity breakdown of the Group's financial liabilities based on contractual undiscounted payments:

€ 000	On demand	Less than 3 months	3-12 months	1-5 years	> 5 years	Total
December 31, 2021						
Interest-bearing loans and borrowings	-	0	530	325	0	855
Lease liabilities	-	791	2,373	3,849	0	7,013
Trade payables	-	8,799	0	0	0	8,799
Contingent consideration liabilities	-	0	27,763	13,235	0	40,998
Total	-	9,591	30,667	17,409	0	57,667

€ 000	On demand	Less than 3 months	3-12 months	1-5 years	> 5 years	Total
December 31, 2020						
Interest-bearing loans and borrowings	-	0	1,082	855	0	1,938
Lease liabilities	-	621	1,863	6,082	0	8,565
Trade payables	-	7,442	0	0	0	7,442
Total	-	8,063	2,945	6,937	0	17,944

Capital management

The objective of the Group's capital management is to secure normal preconditions for business and thereby support business operations. In addition, the Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

For the purpose of the Group's capital management, capital includes issued capital, share premium, invested unrestricted equity reserve and other equity items attributable to the equity holders of the parent. The primary objective of capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The table below presents indicators and their calculation related to capital management.

€ 000	2021	2020
Equity ratio, %	70.8%	82.3%
Equity	197,539	165,422
Advances received	1,682	2,016
Deferred revenue	6,338	5,547
Total assets	287,031	208,453
Return on Equity, %	22.2%	24.4%
Profit/loss before tax	40,258	40,725
Total equity, beginning of period	165,422	167,951
Total equity, end of period	197,539	165,422
Net gearing, %	-77.4%	-77.6%
Interest-bearing loans and borrowings	7,869	10,503
Cash and short-term deposits	160,818	138,874
Equity	197,539	165,422
Non-current interest-bearing loans and borrowings	4,175	6,937
Current interest-bearing loans and borrowings	3,694	3,566
Cash and short-term deposits	160,818	138,874
Net debt	-152,949	-128,371

Fair values of financial instruments

Accounting policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

Financial assets recognized at fair value through other comprehensive income consist of a capital investment in the Play Ventures fund. Changes in the fair value of the fund are presented in the fair value reserve in equity.

The fair value of the contingent consideration on the acquisition date is recognised as part of the consideration transferred for the acquiree. Contingent consideration liabilities are measured at fair value at the end of each reporting period. Any changes in fair value will be recognised in profit or loss.

Fair value hierarchy	31.12.2021				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset								
Non-current assets								
Investments	-	-	8,270	8,270	-	-	1,966	1,966
Loan receivables	-	-	2,500	2,500	-	-	-	-
Non-current receivables	-	907	-	907	-	749	-	749
Total	-	907	10,770	11,677	-	749	1,966	2,715
Current assets								
Trade receivables	-	27,585	-	27,585	-	21,149	-	21,149
Other current financial assets	-	682	-	682	-	610	-	610
Money market funds	-	50,621	-	50,621	-	50,465	-	50,465
Cash and cash equivalents	-	110,197	-	110,197	-	88,409	-	88,409
Total	-	189,085	-	189,085	-	160,633	-	160,633
Liabilities								
Non-current liabilities								
Interest-bearing loans and borrowings	-	325	-	325	-	855	-	855
Contingent consideration liabilities	-	-	13,235	13,235	-	-	-	-
Lease liabilities	-	3,849	-	3,849	-	6,106	-	6,106
Total	-	4,174	13,235	17,409	-	6,962	-	6,962
Current liabilities								
Interest-bearing loans and borrowings	-	530	-	530	-	1,082	-	1,082
Contingent consideration liabilities	-	-	27,763	27,763	-	-	-	-
Trade and other payables	-	8,799	-	8,799	-	7,439	-	7,439
Lease liabilities	-	3,164	-	3,164	-	2,483	-	2,483
Total	-	12,494	27,763	40,257	-	11,005	-	11,005

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

€ 000	2021	2020
Assets		
Fair value at January 1	1,966	793
Purchases	251	1,174
Sales and deductions	- 1,368	-
Other investments	5,013	-
Changes in fair value -through other comprehensive income	4,921	-
Fair value 31.12	10,783	1,966
Liabilities		
Fair value at January 1	0	0
Additions, business acquisition	38,146	-
Changes in fair value -through profit and loss	2,852	-
Fair value 31.12	40,998	0

3.12. Equity

Equity comprises issued capital, other reserves and retained earnings. Rovio's issued capital for the financial year ended December 31, 2021 amounted to EUR 733,390 and the number of shares was 82,101,203, Rovio held 7,715,684 of its own shares. All shares have equal voting rights and entitle the shareholders to an equal share of the company's profits per share. No changes in issued capital occurred during the years 2021 and 2020.

An equity instrument is recorded in the shareholders' equity if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer. The subscription proceeds from share issues are booked to invested unrestricted equity fund to the extent that they are not, in accordance with a shareholders' resolution, booked to the share capital. The transaction costs of the share issues are charged to retained earnings net of tax. The acquisition cost of repurchased own shares is charged to equity until the shares are cancelled or reissued. Any dividend proposed by the Board of the Directors is not deducted from distributable shareholders' equity until approved at the Annual General Meeting.

Reconciliation of the number of shares

	Total number of shares	Issued capital, €000	Invested unrestricted equity fund, €000
January 1, 2020	81,268,111	733	41,828
Additions based on option subscriptions	60,479		307
Acquisition of own shares	0		0
December 31, 2020	81,328,590	733	42,135
Additions based on option subscriptions	772,613		3,851
Acquisition of own shares	0		0
December 31, 2021	82,101,203	733	45,986

Additional information related to the option programs is disclosed in Note 1.6.

Additional information related to cash dividends is disclosed in this note below.

Inclusion of the share in the book-entry securities system

The shares are listed in a book-entry securities system. The right to receive funds distributed by the company and the right of subscription when the share capital is increased shall only belong to a person 1) who is registered as a shareholder in the list of shareholders on the record date; 2) whose right to receive payment is recorded on the book-entry account of the shareholder registered in the list of shareholders on the record date and registered in the list of shareholders, or 3) if the share is nominee-registered, on whose book-entry account the share is recorded on the record date and whose custodian of shares is registered in the list of shareholders as the custodian in accordance with section 28 of the Act on Book-Entry System. If the ownership of a share is registered in the waiting list on the record date, the right to receive distributable funds from the company, and the right to subscribe to shares in conjunction with an increase in the share capital, belongs to the party able to furnish evidence of ownership on the record date.

Treasury shares

During 2021, Rovio Entertainment granted 104,124 Company's own shares to Company's management and key personnel. The share grants are part of the Company's share-based incentive scheme. On December 31, 2021 Rovio Entertainment Corporation held 7,715,684 of its own shares.

Rovio Entertainment Corporation has on January 4, 2022 and January 19, 2022 transferred without consideration a total of 30,627 Company's own shares to Company's management team member based on the Company's share-based incentive scheme.

Translation differences

The translation differences fund includes translation differences arising from the translation of the financial statements of independent foreign units.

Dividend policy

Rovio's long-term goal is to distribute approximately 30 percent of annual net results excluding items affecting comparability as dividend and equity returns.

Distributable funds

Calculation of the parent company's distributable equity at December 31, 2021.

€ 000	2021
Retained earnings	174,936
Profit for the period	39,913
Treasury shares	-36,863
Invested unrestricted equity reserve	46,594
Capitalised development expenses	-4,131
Total	220,450

Distributions made and proposed

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share (2020: EUR 0.12 per share) be distributed and the remainder be carried over in equity. The dividend proposal must be approved by the Annual General Meeting. The dividend proposal is not recognised as a liability in the financial statements on December 31, 2021. A total of EUR 8,838 thousand was paid as dividends for 2021.

Accounting policy

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss..

Earnings per share

Undiluted earnings per share are calculated by dividing the net result for the review period by the weighted average number of shares during the financial year. Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average of the diluted number of shares during the financial year.

€ 000	31.2.2021	31.2.2020
Profit for the period attributable to equity holders of the parent,	30,138	32,124
Shares (thousand)		
Weighted average number of outstanding shares	74,055	75,287
Diluted weighted average number of outstanding shares	74,411	75,537
Undiluted earnings per share, EUR	0.41	0.43
Earnings per share adjusted for dilution, EUR	0.41	0.43

4. Consolidation

4.1. Business combinations and acquisition of non-controlling interests

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Contingent

consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) items through profit or loss.

Changes in the Group structure are disclosed in Note 4.4.

Business combinations

On August 12, 2021 Rovio announced that the company had entered into an agreement to acquire 100% of the shares in Ruby Games. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. In the first tranche, on September 6, 2021, Rovio acquired 20% of Ruby's shares for USD 10 million in cash net of debt and net working capital. In the second tranche, Rovio will acquire 50% of Ruby's outstanding shares for an amount that is dependent on Ruby's financial performance as measured by revenue and EBITDA in the previous 12-month period before October 2022, however, not exceeding USD 80 million. The second tranche will be paid 60% in cash and 40% in Rovio's shares. The remaining 30% of Ruby's outstanding shares will be purchased in five equal tranches over the next five years (first tranche in October 2022) with a minimum of 50% in cash and rest in cash or shares at a valuation based on Ruby's financial performance measured by EBITDA for each period, however not exceeding total EBITDA generated during this period. The number of shares for the consideration paid with Rovio shares is determined by the volume-weighted average daily price during the 20 trading days prior to the closing date of each tranche. Under the terms of the agreement Ruby Games becomes a Rovio subsidiary at closing of the first tranche.

The acquisition will enable Rovio to expand to a fast growing and dynamic hyper-casual market, while simultaneously expanding Rovio's network of players and games and diversifying Rovio's revenue streams.

Based on the preliminary purchase price allocation, the acquisition resulted in EUR 31.4 million of goodwill. During the measurement period, the amount of goodwill was adjusted and amounted to EUR 37.5 million at the end of the financial year. The goodwill consists of a growing hyper-casual business, strong knowledge in the hyper-casual market, a wide network of players and games and a growing advertising business. The goodwill generated is not tax deductible.

As part of the agreement a contingent consideration has been agreed. The key variables are the estimate of financial performance as measured by revenue and EBITDA. At the acquisition date, the fair value of the contingent consideration was estimated to be EUR 32.7 million. During the measurement period, the amount

of contingent consideration was adjusted to EUR 38.1 million. The contingent consideration is measured at fair value at the date of acquisition as well as at the end of every reporting period. The change in fair value, EUR 2.9 million at the end of the financial year 2021, is recognized through profit and loss and recorded in other operating expenses.

The consideration transferred and the acquired identifiable assets and assumed liabilities are measured at fair value at the date of acquisition.

The fair values of the consideration, assets and liabilities as well as changes made during the measurement period are presented in the table below.

€ 000	Fair value recognised on acquisition	Changes during the measurement period	Fair value recognised on acquisition (Final)
The fair values of the identifiable assets and liabilities of Ruby Games at the date of acquisition were:			
Tangible and intangible assets	9,559	1,283	10,842
Trade and other receivables	3,061	0	3,061
Deferred tax assets	174	0	174
Cash and cash equivalents	1,609	0	1,609
Total assets	14,403	1,283	15,685
Deferred tax liabilities	-2,365	-321	-2,685
Trade payable and other liabilities	-1,392	0	-1,392
Total liabilities	-3,757	-321	-4,078
Total identifiable net assets at fair value	10,646	962	11,608
Effects of acquisition on cash flow			
Purchase price paid in cash	-9,280	0	-9,280
Cash and cash equivalents of the acquired entries	1,609	0	1,609
Net cash flow on acquisition	-7,671	0	-7,671
Goodwill arising from business combination			
Consideration transferred	42,012	5,414	47,426
Net identifiable assets acquired	-10,646	-962	-11,608
Goodwill	31,366	4,452	35,818

The acquired business contributed revenues of EUR 5.2 million and operating profit of EUR -2.0 million to the group for the period from 1 September to 31 December 2021. If the acquisition had occurred on 1 January 2021, consolidated revenue and consolidated operating profit would have been EUR 15.7 million and net profit of EUR -0.5 million respectively. The operating profit for the financial year 2021, excluding the impact of the acquired businesses, is approximately EUR 40.1 million.

4.2. Group companies

Accounting policy

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries for the reporting period ended December 31, 2021. Control is achieved when Rovio Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Rovio Group controls an investee if, and only if, Rovio Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when Rovio Group has less than a majority of the voting or similar rights of an investee, Rovio Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Rovio Group's voting rights and potential voting rights

Rovio Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Rovio Group obtains control over the subsidiary and ceases when Rovio Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date Rovio Group gains control until the date Rovio Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies

into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If Rovio Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Consolidated companies

The following companies have been consolidated in the consolidated financial statements:

Name of the company	Domicile	Holding (%)	
		2021	2020
Rovio Stars Ltd	Finland	100	100
Rovio Asia Ltd*	Hong Kong	0	0
Blue Bird Distribution, Inc	United States	100	100
Rovio (Shanghai) Commerce and Trading Co., Ltd	China	100	100
Rovio Sweden AB	Sweden	100	100
Rovio Animation Ltd**	Finland	0	0
Dark Matter Ltd	Finland	100	100
Rovio UK Ltd	United Kingdom	100	100
Rovio IP Management Ltd	Finland	100	100
Pin Bank Ltd	Finland	100	100
Dark Flow Ltd	Finland	100	100
Hatch Entertainment Ltd	Finland	90,5	90,5
PlayRaven Ltd	Finland	100	100
Rovio Copenhagen Aps	Denmark	100	100
Rovio Interactive Entertainment Ltd	Canada	100	100
Rovio Toronto, Inc	Canada	100	0
Ruby Oyun Ve Yazılım Danışmanlık Sanayi Ticaret Anonim Şirketi***	Turkey	20	0

*Company dissolved/divested during the 2020 financial year

**Rovio Animation Ltd was merged with the parent company at 1.12.2020

*** Rovio Group gains control until the date Rovio Group ceases to control the subsidiary.

4.3. Changes in group structure

On August 12, 2021, Rovio announced that the company has entered into an agreement to acquire 100% of the shares in Ruby Games, a hyper-casual studio based in Izmir, Turkey. At the time of the acquisition Ruby Games had 34 employees. Under the terms of the agreement, Rovio will acquire Ruby Games in multiple tranches. In the first tranche, Rovio acquired 20% of Ruby's shares for USD 10.0 million in cash. Based on the preliminary purchase price allocation, the acquisition resulted in EUR 31.4 million of goodwill. During the measurement period, the amount of goodwill was adjusted and amounted to EUR 37.5 million at the end of the financial year. The goodwill consists of a growing hyper-casual business, strong knowledge in the hyper-casual market, a wide network of players and games and a growing advertising business.

Rovio established a new entity Rovio Toronto game studio in Montreal, Canada to explore and develop future of entertainment and games.

4.4. Related party transactions

Rovio's related parties include its subsidiaries, associates, persons belonging to the management and entities with significant influence on Rovio. Subsidiaries owned directly or indirectly by the parent company as well as associates and foreign branches are listed in Notes 4.2 and 4.3. Related party transactions between Group companies have been eliminated. There were no related party transactions in 2021.

€ 000		Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Entity with significant influence over the Group (Not anymore in 2021):					
Oivor AB	2020	-	-	-	-
Other related party companies					
Ferly (Not anymore in 2021)	2020	13	-	-	-

Compensation of key management personnel of the Group

€ 000	2021	2020
CEO		
Short-term employee benefits	506	486
Post-employment pension and medical benefits*	-	-
Termination benefits	-	709
Share-based payments	394	91
CEO total	900	1,286
Other key management personnel of the Group		
Short-term employee benefits	1,368	1,729
Post-employment pension and medical benefits*	-	-
Termination benefits	-	-
Share-based payments	293	385
Other key management personnel of the Group, total	1,661	2,115
Total compensation of key management personnel	2,561	2,692

*No supplementary pension plans. The key personnel are included in the Finnish statutory TYEL system, which is a defined contribution pension scheme.

The figures in the table are disclosed on an accrual basis. Short-term employee benefits include wages and salaries expensed for the financial year, costs of the short-term bonus program and any other bonus-like payments made. The amounts for Share-based payment transactions are amounts recognised as expense for each year. Generally, the non-executive directors do not receive pension entitlements from the Group.

Members of the Board of Directors, annual and meeting fees

The remuneration of the Board of Directors presented in the table is disclosed based on an accrual basis.

€ 000		2021	2020
Kim Ignatius	Chairman since 2020 Chairman of the Audit Committee and Remuneration Committee Board member since 2017	114	108
Kaj Hed	Vice Chairman 2017-2021 Chairman 2008-2017	23	90
Camilla Hed-Wilson	Board member since 2011	60	60
Björn Jeffrey	Board member since 2020	83	45
Leemon Wu	Board member since 2020	60	45
Jeferson Valadares	Board member since 2019	60	60
Niklas Hed	Board member since 2021	45	0
Mika Ihamuotila	Chairman 2017-2020 Board member until 2020	0	29
Jenny Wolfram	Board member until 2020	0	15
Fredrik Löving	Board member until 2020	0	20
Total		444	472

4.5. Shareholding

10 largest shareholders December 31, 2021

Shareholder	Number of shares	Percentage of shares and votes
1 Brilliant Problems Oy	6,459,500	7.9
2 Adventurous Ideas Oy	6,459,500	7.9
3 Impera Oy Ab	5,281,722	6.4
4 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,586,810	1.9
5 Sijoitusrahasto Aktia Capital	1,425,074	1.7
6 Hed Niklas Peter	1,365,345	1.7
7 Valtion Eläkerahasto	1,000,000	1.2
8 Keskinäinen Työeläkevakuutusyhtiö Elo	958,004	1.2
9 Sijoitusrahasto Danske Invest Suomi Yhteisöosake	952,593	1.2
10 Sijoitusrahasto Aktia Nordic Small Cap.	800,00	1.0
Ten largest, total	26,288,548	32.0
Other shareholders*	48,096,971	58.6
Rovio Entertainment Oyj	7,715,684	9.4
Number of shares total	82,101,203	100.00

Largest shareholders by sector, December 31, 2021

Rank	Shareholders by sector	Number of shareholders	% of shares
1	Nominee registered and non-Finnish holders	60	45.13
2	Households	15,513	9.44
3	Public sector institutions	5	5.45
4	Financial and insurance institutions	27	5.89
5	Corporations	382	34.02
6	Non-profit institutions	7	0.07
	Total	15,994	100.00
	Of which nominee registered	10	45.07

Largest shareholders by share breakdown December 31, 2021

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	8,015	50.14	384,685	0.47
101-500	5,729	35.84	1,435,416	1.75
501-1000	1,289	8.06	1,034,242	1.26
1,001-5,000	789	4.94	1,659,130	2.02
5,001-10,000	69	0.43	512,925	0.63
10,001-50,000	52	0.33	1,074,181	1.31
50,001-100,000	12	0.08	948,245	1.16
100,001-500,000	13	0.08	3,303,291	4.02
500,001-	16	0.10	71,749,088	87.39
Total	15,984	100.00	82,101,203	100.00
Of which nominee registered	10	0.06	36,998,980	45.07

5. Other notes

5.1. Income taxes

Accounting policy

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of

the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant judgments relating to deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has EUR 33.1 million of unused tax losses carried forward. The Group expects that future taxable profit will be available against which the unused tax losses can be utilised. The losses will expire in 2024–2031.

Income taxes

The major components of income tax expense for the financial years 2021 and 2020:

Reconciliation of the Group's taxes

€ 000	2021	2020
Taxable income for the period		
Current income tax	10,747	10,496
Adjustments in respect of current income tax of previous year	0	0
Deferred tax:		
Relating to origination and reversal of temporary differences	-626	-1,895
Income tax expense reported in the statement of profit or loss	10,120	8,601
Accounting profit before tax	40,258	40,725
The Group's statutory income tax rate of 20%	8,052	8,145
Tax for previous accounting periods	174	12
Tax effects of foreign subsidiaries	36	241
Change in deferred tax asset profit & loss	-626	-1,895
Other items	2,708	1,780
Non-deductible expenses	-224	201
Income taxes	10,120	8,601

5.2. Deferred tax assets and liabilities

Deferred tax relates to the following:

€ 000	January 1, 2021	Released to the statement of profit or loss	Released to other comprehensive income	Business combination	December 31, 2021
Deferred tax assets 2021					
Losses not deducted in taxation	789	-707	0	0	82
Deductible tax losses	6,639	1,126	0	0	7,765
Other temporary differences	78	-53	0	180	206
Deferred tax assets	7,506	366	0	180	8,052
Deferred tax liabilities 2021					
Other temporary differences	-37	36	0	0	-2
Changes in fair value, equity investments	0	0	-741	0	-741
Intangible assets	0	225	0	-2,806	-2,581
Deferred tax liabilities	-37	261	-741	-2,806	-3,324

€ 000	January 1, 2020	Released to the statement of profit or loss	Released to other comprehensive income	Business combination	December 31, 2020
Deferred tax assets 2020					
Losses not deducted in taxation	325	464	0	0	789
Deductible tax losses	5,199	1,440	0	0	6,639
Other temporary differences	76	2	0	0	78
Deferred tax assets	5,601	1,906	0	0	7,506
Deferred tax liabilities 2020					
Other temporary differences	-27	-10	0	0	-37
Deferred tax liabilities	-27	-10	0	0	-37

Rovio Group has unused tax losses that are estimated to be available indefinitely for offsetting against future taxable income. The amount of tax benefit can be reliably estimated, and according to the management's judgment, it is probable that the Group will be able to generate taxable income in the future to cover the accumulated tax losses. The Group has recognised deferred tax assets totaling EUR 6.6 million for these tax losses.

5.3. Leases and other contingent commitments

Leases

| Accounting policy

Rovio has several lease agreements for both office space as well as machinery and equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which leased asset is available for use by the Company. The lease liabilities are recorded at a present value of future lease payments. Lease payments are discounted using interest rate implicit in the lease, if that rate can be determined, or using incremental borrowing rate. The short-term exemption is used on leases shorter than 12 months, which are recorded as expenses in equal monthly instalments. During the year 2021 EUR 20 thousand was recorded as lease expense.

Future non-cancelable other commitments are as follows.

€ 000	December 31, 2021	December 31, 2020
Other commitments		
Venture Capital investment commitment	397	611
Total	397	611

Parent Company's Financial Statements

Parent company's statement of profit or loss

	Note	January 1- December 31, 2021	January 1- December 31, 2020
Revenue	1.	280,379,480.83	264,018,188.18
Other operating income	2.	507,919.38	14,076,576.35
Materials and services	3.	-93,509,425.03	-88,010,065.49
Personnel expenses	5.	-34,350,158.35	-33,077,617.51
Depreciation and amortisation	8.	-6,672,008.16	-9,022,843.54
Other operating expenses	9.	-100,052,415.10	-85,136,735.93
Operating profit		46,303,393.57	62,847,502.06
Finance income and expenses	10.	3,419,910.23	-54,206.54
Profit before appropriations and taxes		49,723,303.80	62,793,295.52
Income tax expenses	11.	-9,810,059.12	-9,937,474.03
Profit for the period		39,913,244.68	52,855,821.49

Parent company's statement of financial position

	Note	December 31, 2021	December 31, 2020
Assets			
NON-CURRENT ASSETS			
Intangible assets	12.	14,418,511.67	17,350,621.06
Tangible assets	13.	853,470.49	840,652.41
Investments	14.	47,874,951.31	32,190,009.60
TOTAL NON-CURRENT ASSETS		63,146,933.47	50,381,283.07
CURRENT ASSETS			
Non-current receivables	16.	8,888,856.34	6,375,705.66
Current receivables	17.	41,408,039.03	32,330,331.48
Cash and cash equivalents		148,659,453.73	130,416,914.66
TOTAL CURRENT ASSETS		198,956,349.10	169,122,951.80
Total assets		262,103,282.57	219,504,234.87

	Note	December 31, 2021	December 31, 2020
Equity and liabilities			
EQUITY			
Issued capital	18.	733,390.00	733,390.00
Treasury shares	18.	-36,862,626.50	-37,477,160.48
Fair value reserve	18.	3,706,527.70	0.00
Other reserves	18.	46,594,322.96	42,743,123.26
Retained earnings	18.	174,936,284.11	130,320,595.14
Profit for the period		39,913,244.68	52,855,821.49
TOTAL EQUITY		229,021,152.95	189,175,769.41
LIABILITIES			
Non-current liabilities	19.	0.00	402,654.00
Current liabilities	20.	33,082,129.62	29,925,811.46
TOTAL LIABILITIES		33,082,129.62	30,328,465.46
Total liabilities		262,103,282.57	219,504,234.87

Parent company's statement of cash flows

	January 1- December 31, 2021	January 1- December 31, 2020
Cash flows from operating activities		
Profit before appropriations and taxes	49,723,303.80	62,793,295.52
Adjustments		
Depreciation and amortisation according to plan	6,672,008.16	9,022,843.54
Unrealised foreign exchange gains (-) and losses (+)	-2,119,130.36	885,157.91
Gain on disposal of property, plant and equipment	-2,921.79	-3,032.25
Finance income (-) and expenses (+)	-1,185,011.65	230,170.80
Other non-cash	-575,967.58	-154,269.17
The gain from the merger	0,00	-14,050,182.49
Net cash before working capital changes	52,512,280.58	58,723,983.86
Working capital changes		
Increase (-) or decrease (+) in current receivables	-4,400,465.29	8,429,023.34
Increase (+) or decrease (-) in current payables	1,590,261.75	-3,151,473.05
Net cash before interest and taxes	49,702,077.04	64,001,534.15
Interest and other financial expenses paid	-462,608.83	-513,869.89
Interest and other financial income received	212,714.19	283,699.09
Dividends received	766,609.88	0.00
Income taxes paid	-6,978,340.57	-4,832,492.65
Net cash before extraordinary items	43,240,451.71	58,938,870.70
Net cash from operating activities (A)	43,240,451.71	58,938,870.70

	January 1- December 31, 2021	January 1- December 31, 2020
Cash flows from investing activities		
Purchase of tangible and intangible assets	-3,736,262.06	-3,908,956.28
Other investments	-2,750,647.51	-1,173,571.32
Proceeds from sales of tangible and intangible assets	2,921.79	3,032.25
Acquisition of subsidiaries	-9,381,421.37	-123,913.41
Repayments of borrowings	0.00	5,890,882.73
Loans granted	-7,000,000.00	-7,500,000.00
Proceeds of sale of other investments	1,668,534.34	0.00
Disposal of subsidiaries	0.00	97.07
Cash flows from investing activities (B)	-21,196,874.81	-6,812,428.96
Cash flows from financing activities		
Paid share issue	3,851,209.70	307,362.38
Acquisition of treasury shares	0.00	-30,704,772.54
Share-based payments	0.00	349,954.12
Repayments of borrowings	-1,031,750.00	-1,031,750.00
Dividends paid	-8,837,502.12	-6,926,814.81
Cash flows from financing activities (C)	-6,018,042.42	-38,006,020.85
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	16,025,534.48	14,120,420.89
Cash and cash equivalents at the beginning of period	130,416,914.66	107,537,358.65
Net of cash in merger 1.12.2020	0.00	9,460,195.56
Net foreign exchange difference and value changes in money market funds	2,217,004.59	-701,060.44
Cash and cash equivalents at the end of period	148,659,453.73	130,416,914.66

Accounting principles

Valuation and allocation principles and methods applied in preparing the financial statements

The balance sheet value of non-current assets is stated at acquisition cost, less accumulated depreciation according to plan. Depreciations according to plan have been calculated based on the economic lives of the asset.

Intangible rights and other long-term expenses are amortised over three to ten years. They are amortised based on the estimated revenue generation. Consolidated goodwill is amortised over five years. Machinery and equipment is depreciated over three to five years.

Rovio Group capitalises directly attributable production costs related to games, animation-series, first Angry Birds movie as intangible assets. Rovio follows the provisions of the Accounting Act and capitalises the intangible assets following the prudence principle.

Games-related development costs are amortised based on estimated revenues. The capitalised development costs relating to animation projects are amortised over their estimated lifetime after the production has been completed.

Revenue recognition

Revenues are recognised when goods have been delivered or services rendered, or when the responsibility for the transportation or the product/service has been transferred to the buyer. Revenues from games and advertising are recognised based on information or payment received from the relevant counterparty. Partners pay minimum guarantees for the contract period royalties. Rovio recognises the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognised as revenue. Income that is related to a specific period of time will be recognised in monthly instalments over the life of the contract as per the actual content of the agreement.

If the delivery of the provided service occurs later than the at the point of sale, the revenue is initially deferred and recognised over time based on the delivery of the service. The undelivered part is considered to be an advance payment received from Rovio's point of view.

Revenue-related accruals are presented in accrued income and expenses.

Revenue presentation

Revenues consist of sales income less discounts, value added taxes and other taxes directly associated with the sales.

Royalty revenues in which the company is a contractual party towards the licensee are recognised as revenue at gross amounts including any commission of the license agent. The license agent's commission is reported in the statement of income in external services.

Deferred tax assets and liabilities

A deferred tax liability or asset is recognised due to temporary differences between the tax and book value of assets and liabilities. The deferred tax assets and liabilities have not been booked as an asset or liability since there is no material impact on Rovio.

Amounts denominated in foreign currencies

Foreign currency denominated balance sheet items are translated into euros using the closing rate of the balance sheet date. The foreign currency denominated profit and loss transactions are translated into euros using the exchange rates at the date of the transaction

Financial instruments

Financial instruments have been valued at fair value in accordance with the alternative procedure permitted by Chapter 5, Section 2a of The Accounting Act.

Notes to the statement of profit or loss

1. Revenue by business segment and market area

By business segment	2021	2020
Games	270,999,405.03	258,067,822.29
Licensing and merchandise revenue	1,819,191.39	3,277,336.99
Media revenue	6,771,725.28	1,451,489.58
Service revenue from group companies	789,159.13	1,221,539.32
Total	280,379,480.83	264,018,188.18

Geographical distribution	2021	2020
NAM	188,133,438.46	172,152,023.80
LATAM	3,007,949.41	2,594,412.33
EMEA	58,980,873.35	59,199,625.04
APAC	30,257,219.61	30,072,127.02
Total	280,379,480.83	264,018,188.18

2. Other operating income

	2021	2020
Grants received	424,903.38	0.00
Other income	83,016.00	23,361.61
The gain of the merger	0.00	14,050,182.49
Total	507,919.38	14,076,576.35

3. Materials and services

	2021	2020
Material purchases	11,300.95	17,221.10
External services	73,998,554.24	74,299,070.31
External services from group companies	19,499,569.84	13,693,774.08
Total	93,509,425.03	88,010,065.49

4. Average number of personnel employed by the group during the financial period

	2021	2020
Average number of personnel	341	336

5. Personnel expenses

	2021	2020
Wages and salaries	28,559,797.06	28,030,815.10
Pension costs	4,640,847.73	4,219,580.19
Other social security expenses	1,149,513.56	827,222.22
Total	34,350,158.35	33,077,617.51

6. Salaries and fees of management

	2021	2020
Members of the Board of Directors	444 000,00	471 600,00

The remuneration of the Board of Directors and the salary and fees paid to the CEO are disclosed in Note 4.5 to the consolidated financial statements.

7. Auditor's fees

	2021	2020
Audit fees	360,000.00	373,153.26
Tax counselling	0.00	0.00
Other fees	64,361.77	7,250.95
Total	424,361.77	380,404.21

8. Depreciation and impairment

	2021	2020
Depreciation and amortisation according to plan	6,662,571.70	3,098,757.18
Impairment	9,436.46	5,924,086.36
Total	6,672,008.16	9,022,843.54

9. Other operating expenses

	2021	2020
Legal fees and consulting expenses	2,026,066.53	1,535,392.07
External development and testing expenses	8,693,415.30	6,601,985.19
Machinery and software expenses	3,732,473.55	3,915,721.53
Hosting expenses	5,724,638.32	7,147,200.66
Phone, data transfer and office expenses	2,083,160.63	1,930,446.14
User acquisition costs	73,726,455.78	58,484,571.17
Other marketing expenses	2,234,071.98	3,409,604.05
Other operating expenses	1,832,133.01	2,111,815.12
Total	100,052,415.10	85,136,735.93

10. Finance income and expenses

	2021	2020
Interest and financial income		
From group companies	1,434,460.58	909,062.66
From others	319,394.82	218,576.36
Forex gains from group companies	78,647.76	44,971.28
Forex gains from others	2,179,552.42	2,022,831.16
Total interest and financial income	4,013,055.58	3,195,441.46
Interest and financial expenses		
To others	-363,654.78	-171,295.99
Forex losses to group companies	-227,699.22	-199,875.55
Forex losses to others	-1,791.35	-2,878,476.46
Total interest and financial expenses	-593,145.35	-3,249,648.00
Total interest and financial income and expenses	3,419,910.23	-54,206.54

11. Income taxes

	2021	2020
Current tax	9,157,618.21	9,452,718.68
Taxes of previous years	120,464.05	12,422.40
Change in deferred taxes	531,976.86	472,332.95
Total	9,810,059.12	9,937,474.03

Notes to the statement of financial position

12. Intangible assets

Intangible rights	2021	2020
Acquisition cost as at Jan 1	2,824,155.05	2,341,006.61
Additions	310,387.91	102,872.69
Disposals	0.00	-15,314.17
Transferred in the merger	0.00	395,589.89
Acquisition cost as at Dec 31	3,134,542.93	2,824,155.02
Accumulated amortisation and impairment as at Jan 1	-2,255,037.02	-1,871,858.15
Accumulated amortisation of transferred in the merger	0.00	-272,404.43
Depreciation charge for the period	-152,841.86	-110,774.44
Accumulated amortisation and impairment as at Dec 31	-2,407,878.88	-2,255,037.02
Carrying amount as at Dec 31	726,664.05	569,118.00

Other long-term expenses	2021	2020
Acquisition cost as at Jan 1	120,569,731.91	52,875,640.94
Additions	2,926,156.93	2,952,612.70
Disposals	0.00	0.00
Transferred in the merger	0.00	64,741,478.27
Acquisition cost as at Dec 31	123,495,888.84	120,569,731.91
Accumulated amortisation and impairment as at Jan 1	-103,788,228.85	-45,480,782.92
Accumulated amortisation of transferred in the merger	0.00	-49,752,000.16
Depreciation charge for the period	-6,006,375.91	-2,631,359.41
Impairment for the period	-9,436.46	-5,924,086.36
Accumulated amortisation and impairment as at Dec 31	-109,804,041.22	-103,788,228.85
Carrying amount as at Dec 31	13,691,847.62	16,781,503.06

Total intangible assets	2021	2020
Acquisition cost as at Jan 1	123,393,886.93	55,216,647.55
Additions	3,236,544.84	3,055,485.39
Disposals	0.00	-15,314.17
Transferred in the merger	0.00	65,137,068.16
Acquisition cost as at Dec 31	126,630,431.77	123,393,886.93
Accumulated amortisation and impairment as at Jan 1	-106,043,265.87	-47,352,641.07
Accumulated amortisation of transferred in the merger	0.00	-50,024,404.59
Depreciation charge for the period	-6,159,217.77	-2,742,133.85
Impairment for the period	-9,436.46	-5,924,086.36
Accumulated amortisation and impairment as at Dec 31	-112,211,920.10	-106,043,265.87
Carrying amount as at Dec 31	14,418,511.67	17,350,621.06

13. Tangible assets

Machinery and equipment	2021	2020
Acquisition cost as at Jan 1	4,768,026.36	4,161,631.20
Additions	518,590.14	606,395.16
Disposals	-2,418.13	0.00
Acquisition cost as at Dec 31	5,284,198.37	4,768,026.36
Accumulated amortisation and impairment as at Jan 1	-3,927,373.95	-3,570,750.62
Accumulated amortisation of transfers and disposals	0.00	0.00
Depreciation charge for the period	-503,353.93	-356,623.33
Accumulated amortisation and impairment as at Dec 31	-4,430,727.88	-3,927,373.95
Carrying amount as at Dec 31.	853,470.49	840,652.41
Total tangible assets	2021	2020
Acquisition cost as at Jan 1	4,768,026.36	4,161,631.20
Additions	518,590.14	606,395.16
Disposals	-2,418.13	0.00
Acquisition cost as at Dec 31	5,284,198.37	4,768,026.36
Accumulated amortisation and impairment as at Jan 1	-3,927,373.95	-3,570,750.62
Accumulated amortisation of transfers and disposals	0.00	0.00
Depreciation charge for the period	-503,353.93	-356,623.33
Accumulated amortisation and impairment as at Dec 31	-4,430,727.88	-3,927,373.95
Carrying amount as at Dec 31	853,470.49	840,652.41

14. Investments

Shares in group companies	2021	2020
Pin Bank Ltd	2,500.00	2,500.00
Dark Matter Ltd	2,500.00	2,500.00
Rovio Asia Ltd*	0.00	0.00
Rovio Sweden AB	57,259.26	57,259.26
Rovio (Shanghai) Commerce and Trading Co., Ltd	157,207.17	157,207.17
Rovio Animation Ltd**	0.00	0.00
Rovio IP Management Ltd	2,500.00	2,500.00
Hatch Entertainment Ltd	29,852,378.06	29,852,378.06
Rovio UK Limited	12,848.19	12,848.19
Dark Flow Ltd	2,500.00	2,500.00
PlayRaven Ltd	10,160.00	10,160.00
Rovio Copenhagen ApS	24,000.00	24,000.00
Rovio Interactive Entertainment Ltd	99,913.41	99,913.41
Rovio Toronto Inc.	101,732.85	0.00
Ruby Oyun Ve Yazılım Danışmanlık Sanayi Ticaret Anonim Şirketi	9,279,688.52	0.00
Total	39,605,187.46	30,223,766.09

* Rovio Asia Ltd was discontinued during the financial year

**Rovio Animation Ltd was merged with the parent company 1 December 2020

15. Other shares and investments

Other shares and investments	2021	2020
Shares and investments	8,269,763.85	1,966,243.51
Total	8,269,763.85	1,966,243.51

16. Non-current receivables

Receivables from group companies	2021	2020
Loan receivables	8,223,150.68	5,710,000.00
Total	8,223,150.68	5,710,000.00
Other receivables	665,705.65	665,705.65
Total	665,705.65	665,705.65
Total non-current receivables	8,888,856.34	6,375,705.66

17. Current receivables

Receivables from group companies	2021	2020
Trade receivables	842,207.72	1,224,675.49
Loan receivables	7,000.00	7,000.00
Other receivables	8,015,418.69	2,846,567.99
Prepayments and accrued income	0.00	19,837.03
Total	8,864,626.41	4,098,080.51

Receivables from others	2021	2020
Trade receivables	25,902,217.43	21,127,233.27
Other receivables	326,180.94	393,921.51
Prepayments and accrued income	6,315,014.25	6,711,096.19
Total	32,543,412.62	28,232,250.97
Total current receivables	41,408,039.03	32,330,331.48

Significant items in prepayments and accrued income

	2021	2020
Deferred cost of sales and prepayments	175,846.86	353,810.73
Statutory insurance payments	0.00	2,165.77
Tax receivables	0.00	1,099,532.44
Accrued licensing revenue	252,263.95	338,169.31
Other accrued income	5,886,903.44	4,917,417.94
Total	6,315,014.25	6,711,096.19

18. Equity

Restricted equity	2021	2020
Issued capital January 1	733,390.00	733,390.00
Issued capital December 31	733,390.00	733,390.00
Fair value reserve January 1	0.00	0.00
Changes in fair value reserve	4,918,431.28	0.00
Realised net gain or expense, transfer to retained earnings	-1,211,903.58	0.00
Fair value reserve December 31	3,706,527.70	0.00
Total restricted equity	4,439,917.70	733,390.00
Unrestricted equity		
Invested unrestricted equity reserve January 1	42,743,123.26	42,435,760.88
Additions to invested unrestricted equity	3,851,209.70	307,362.38
Invested unrestricted equity reserve December 31	46,594,332.96	42,743,123.26
Treasury shares January 1	-37,477,160.48	-7,122,342.06
Treasury shares acquisition/disposal	614,533.98	-30,354,818.42
Treasury shares December 31	-36,862,626.50	-37,477,160.48
Retained earnings January 1	183,176,416.63	137,597,364.07
Cash dividends	-8,837,502.12	-6,926,814.81
Acquisition/disposal of treasury shares	-614,533.98	-349,954.12
Fair value reserve, realised net gain and expenses	1,211,903.58	0.00
Retained earnings December 31	174,936,284.11	130,320,595.14
Profit for the period	39,913,244.68	52,855,821.49
Profit for the period	39,913,244.68	52,855,821.49

Restricted equity	2021	2020
Total equity	229,021,152.96	189,175,769.41
Capitalised development expenses	-4,130,785.46	-3,115,576.51
Distributable equity as at December 31	220,450,449.79	185,326,802.90

Calculation on distributable equity	2021	2020
Retained earnings	174,936,284.11	130,320,595.14
Profit for the period	39,913,244.68	52,855,821.49
Treasury shares	-36,862,626.50	-37,477,160.48
Invested unrestricted equity reserve	46,594,332.96	42,743,123.26
Capitalised development expenses	-4,130,785.46	-3,115,576.51
Total	220,450,449.79	185,326,802.90

Treasury shares

On December 31, 2021 Rovio Entertainment Corporation held 7,715,684 of its own shares.

Dividends

The parent company's distributable funds on 31.12.2021 amount to EUR 220,450,449.79, of which the profit for the period is EUR 39,913,244.68. The Board of Directors proposes to the Annual General Meeting to be held on April 7, 2022, that a dividend of EUR 0.12 per share be paid (EUR 0.12 for 2020). Based on the number of shares outstanding as of the balance sheet date, December 31, 2021, the total

amount of the dividend is EUR 8,926,262.28. The rest of the financial year profit will be retained in the shareholders' equity.

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

The proposed dividends are subject to approval at the Annual General Meeting of Shareholders and are not recognised as a liability as at 2021 financials

19. Non-current liabilities

	2021	2020
Loans from financial institutions	0.00	402,654.00
Total	0.00	402,654.00

20. Current liabilities

Liabilities to group companies	2021	2020
Trade payables	2,045,710.69	1,716,574.66
Total	2,045,710.69	1,716,574.66

Liabilities to others	2021	2020
Loans from financial institutions	402,654.00	1,031,750.00
Advances received	944,023.57	1,271,400.56
Trade payables	8,016,392.31	6,912,195.71
Other payables	327,189.45	240,141.20
Accrued liabilities	21,346,159.60	18,753,749.33
Total	31,036,418.93	28,209,236.80

Total current liabilities	33,082,129.62	29,925,811.46
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Significant items in accrued liabilities	2021	2020
Personnel expenses	9,312,182.76	9,174,962.43
Taxes	4,073,216.25	1,858,114.17
Deferred revenue	6,518,955.70	5,457,181.46
Other accrued liabilities	1,441,804.89	2,263,491.27
Total	21,346,159.60	18,753,749.33

Commitments and contingencies

Contingent liability

As part of the agreement of acquiring Ruby Games a contingent consideration has been agreed. Contingent liabilities are disclosed in Note 4.1 to the consolidated financial statements.

Equipment lease commitments	2021	2020
Due within one year	14,243.83	35,769.19
Due in subsequent years	3,945.62	13,162.66
Total	18,189.45	48,931.85

Contingent liabilities

Office rental commitments	2021	2020
Due within one year	1,554,245.28	1,554,245.28
Due in subsequent years	129,521.44	1,424,724.84
Total	1,683,766.72	2,978,970.12

Holdings in other entities

Group companies	Holding (%)	Issued capital
Rovio Stars Ltd, Espoo	100 %	8,000.00
Blue Bird Distribution, Inc., United States	100 %	3.66
Rovio (Shanghai) Commerce and Trading Co., Ltd, China	100 %	153,996.64
Rovio Sweden AB, Sweden	100 %	55,081.18
Dark Matter Ltd, Espoo	100 %	2,500.00
Rovio UK Ltd, United Kingdom	100 %	12,848.19
Pin Bank Ltd, Espoo	100 %	2,500.00
Rovio IP Management Ltd, Espoo	100 %	2,500.00
Dark Flow Ltd, Espoo	100 %	2,500.00
PlayRaven Ltd, Helsinki	100 %	2,500.00
Hatch Entertainment Ltd, Helsinki	90,5 %	2,500.00
Rovio Copenhagen ApS	100 %	6,707.09
Rovio Interactive Entertainment Ltd	100 %	99,913.41
Rovio Toronto Inc.	100 %	101,732.85
Ruby Oyun Ve Yazılım Danışmanlık Sanayi Ticaret Anonim Şirketi	20 %	9,279,688.52

All group companies are consolidated to the parent company's financial statements.

Group information

Rovio Group's parent company is Rovio Entertainment Corporation which is domiciled in Espoo, Finland.

Copies of the consolidated financial report of Rovio Group are available at Rovio Entertainment Corporation's headquarters at Keilaranta 7, 02150 Espoo, Finland.

Signatures to the Board of Directors' Report and the Financial Statements

Espoo February 10, 2022

Kim Ignatius
Chair of the Board

Niklas Hed
Member of the Board

Camilla Hed-Wilson
Member of the Board

Leemon Wu
Member of the Board

Björn Jeffery
Member of the Board

Jeferson Valadares
Member of the Board

Alexandre
Pelletier-Normand
Ceo

Auditor's note

The auditor's report has been issued today.

Espoo February 10, 2022

Ernst & Young Oy, Authorised Public Accountant firm

Terhi Mäkinen, Authorised Public Accountant

List of accounting books, document types and storage methods

General ledger	in electronic format
Journal ledger	in electronic format
Bank statements	in electronic format
Purchase invoices	in electronic format
Sales invoices	in electronic format
Memos	paper
Payroll records with supporting documents	in electronic format
Accounts payable specifications	in electronic format
Accounts receivable specifications	in electronic format
Inventory accounts	in electronic format
Fixed asset accounting specifications	in electronic format
Financial statement notes specifications	in electronic format
Financial statements	bound book

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Rovio Entertainment Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rovio Entertainment Corporation (business identity code 1863026-2) for the year ended 31 December 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 1.7 to the consolidated financial statements and note 7 to the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter

Revenue recognition

We refer to the group's accounting policies and the note 1.2.

The Group recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. Due to the multitude of and variety of contractual terms across the group's businesses, there is a risk of defining the timing of the revenue recognition.

The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred.

Based on the above revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

How our audit addressed the Key Audit Matter

To address the risk of material misstatement relating to revenue recognition, we performed, among others, the following audit procedures:

- We assessed the application of Group's accounting policies over revenue recognition with applicable accounting standards.
- We evaluated the Group's revenue recognition accounting policies and the consistent application of the policies.
- We analysed a sample of new contracts to ensure that revenue recognition was in accordance with the contract terms and the group's revenue recognition policies.
- We performed sales transactions testing on sample basis to ensure that the related revenue is recorded in the correct period and tested the accruals for deferred and unbilled revenue.
- We also considered the adequacy of the disclosures in respect of revenues.

Key Audit Matter

Valuation of goodwill

We refer to the group's accounting policies and the note 2.2.

At the balance sheet date 31 December 2021, the value of goodwill amounted to EUR 37 million representing 13% of total assets and 19% of total equity. The valuation of goodwill was a key audit matter as

- the management's annual impairment test is complex and involves judgments;
- the annual impairment test is based on market and economical assumptions;
- the goodwill balance is significant.

The cash flows of the cash generating units are based on the value in use. Changes in the assumptions used can significantly impact the value in use. The value in use is dependent on several assumptions such as the revenue growth, operating profit and discount rate used. Changes in these assumptions can lead to an impairment.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

- We involved our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by the group including those related to average cost of capital used in discounting the cash flows.
- We assessed the sensitivity in the available headroom by cash generating unit and focused on whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount.
- We compared the projections to the latest estimates prepared by the management.
- We tested the accuracy of the calculation prepared by the management and we compared the value of the discounted cash flows with the market value of Rovio.
- We compared the groups' disclosures related to impairment tests in note 2.2 in the financial statements with presentation requirements in
- applicable accounting standards and we assessed the information provided in the notes.

Key Audit Matter**How our audit addressed the Key Audit Matter****Acquisition of Ruby Games**

We refer to the group's accounting policies and the note 4.1.

Rovio Entertainment Corporation acquired during the financial year 2021 Ruby Games for a purchase consideration of EUR 47 million. The acquisition was considered as a key audit matter as the valuation methodologies and process was complex and included management judgements. Management judgements related to determining the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to separately identifiable intangible assets such as developed and capitalized games, as well as the contingent consideration.

Our audit procedures related to the purchase allocation and reporting of the business combination included among other:

- assessing the compliance of company's accounting policies over business combinations with applicable accounting standards;
- evaluation together with our valuation specialists the valuation processes and methodology to identify acquired assets and liabilities and to determine the fair value respectively;
- assessing the adequacy of the company's disclosures related to business combinations.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 21.5.2013, and our appointment represents a total period of uninterrupted engagement of 9 years. Rovio Entertainment Corporation has been a public interest entity since 29.9.2017.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Espoo 10.2.2022

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant

Independent Auditor's Report on Rovio Entertainment Oyj's ESEF Consolidated Financial Statements (Translation of the Finnish original)

To the Board of Directors of Rovio Entertainment Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 743700H95H3OPXDV6568-2021-12-31-fi.zip of Rovio Entertainment Oyj for the financial year 1.1. – 31.12.2021 to ensure that the financial statements are tagged with iXBRL mark ups in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in accordance with Article 3 of ESEF RTS
- Tagging the consolidated financial statements included within the ESEF financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statements of Rovio Entertainment Oyj for the year ended 31.12.2021 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Rovio Entertainment Oyj for the year ended 31.12.2021 is included in our Independent Auditor's Report dated 10.2.2022. In this report, we do not express an audit opinion or any other assurance on the consolidated financial statements.

Helsinki 9.3.2022

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

APA

More information on Rovio as an investment can be found in

[INVESTORS.ROVIO.COM](https://investors.rovio.com)

MORE INFORMATION FOR INVESTORS

The role of Rovio Investor Relations is to provide information to shareholders, analysts, investors and financial media.



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