



ANNUAL REPORT

2022

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REMUNERATION

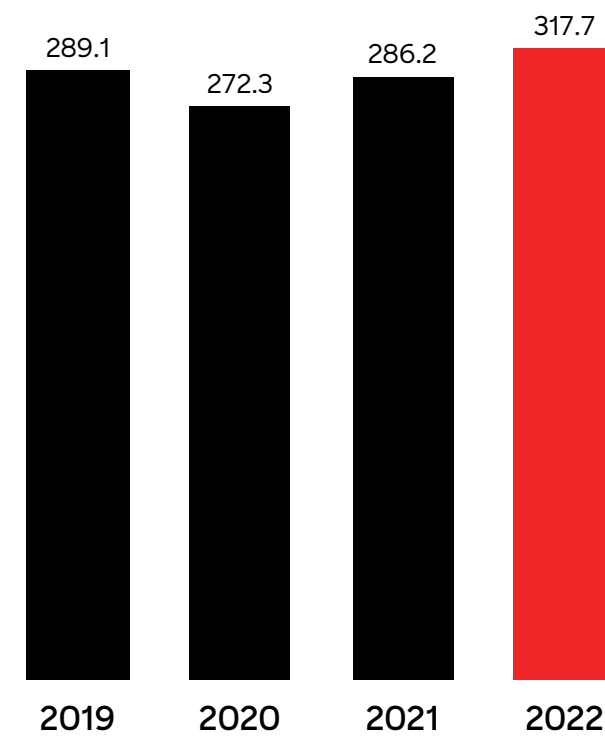


Rovio in brief

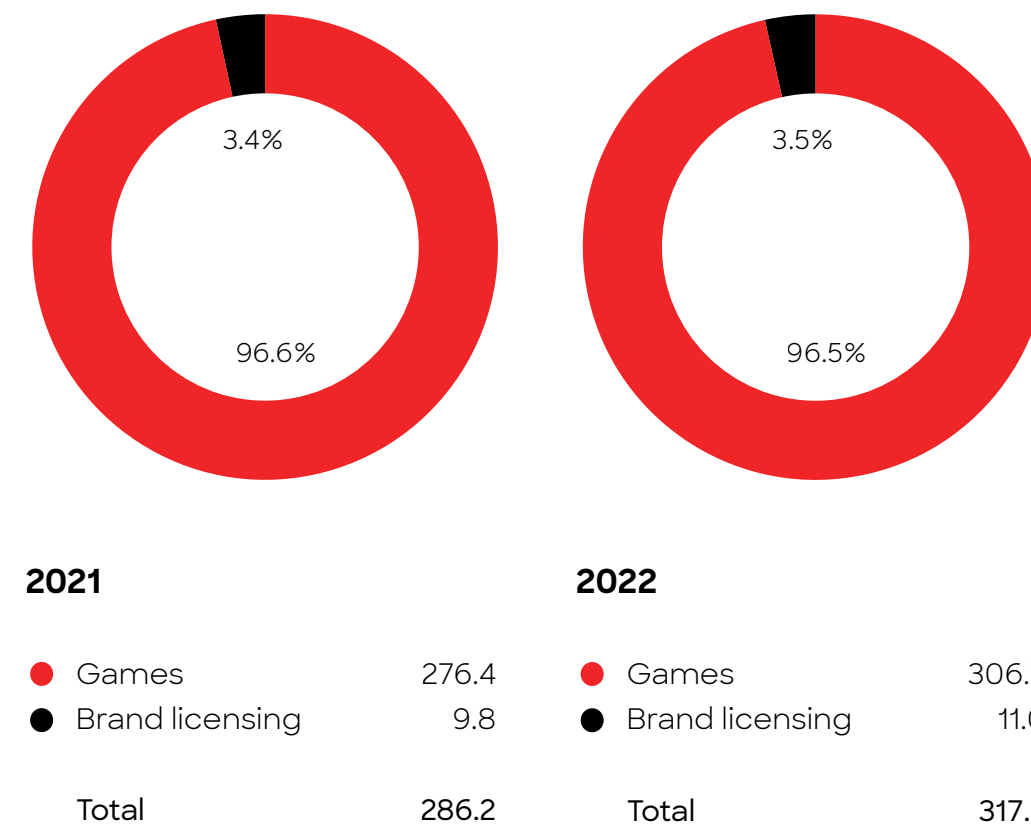
Rovio Entertainment Corporation is a global mobile-first games company that creates, develops and publishes mobile games, which have been downloaded over 5 billion times. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games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

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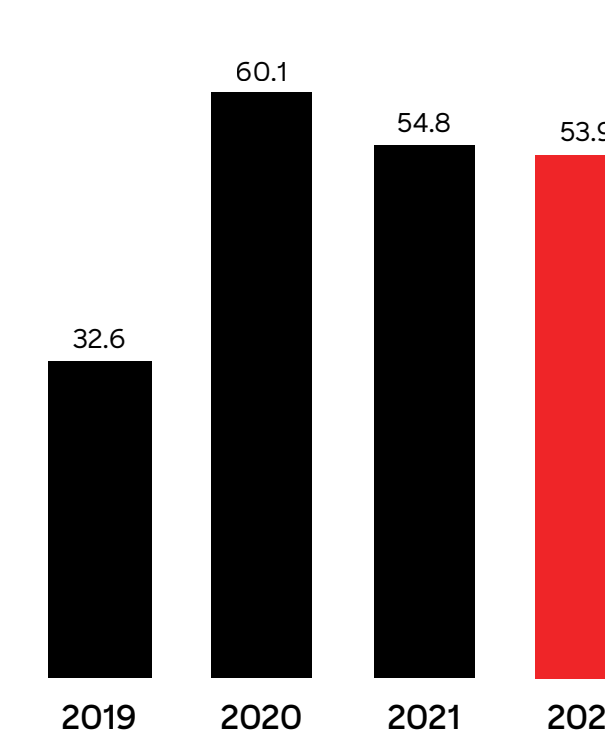
Group revenue
EUR million



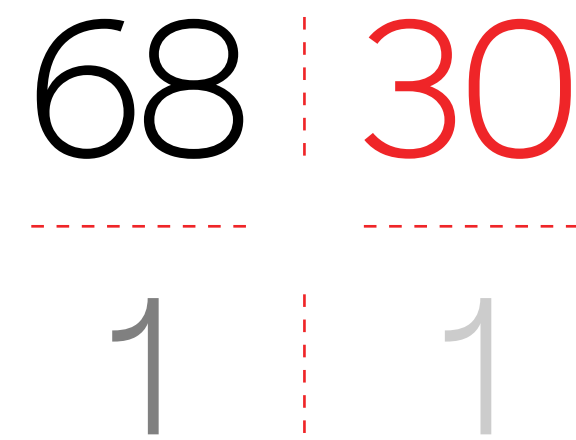
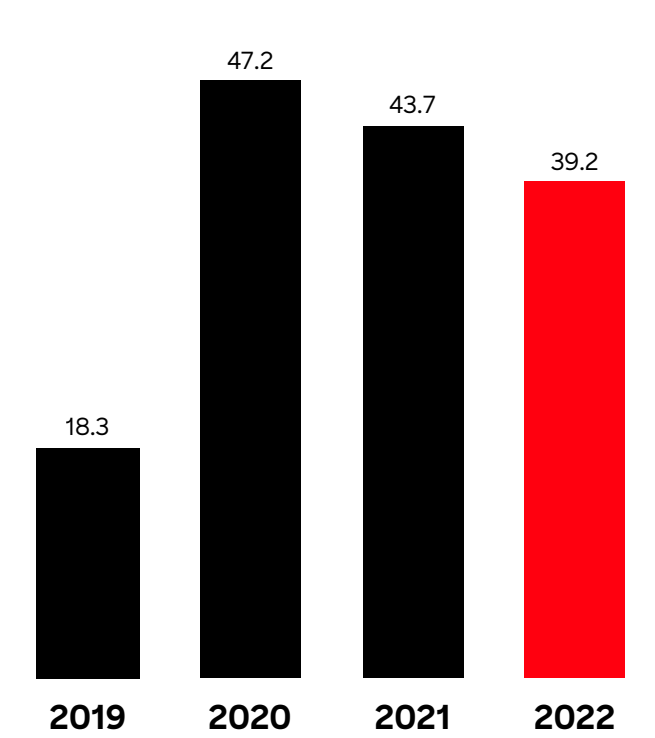
Revenue by business area
EUR million



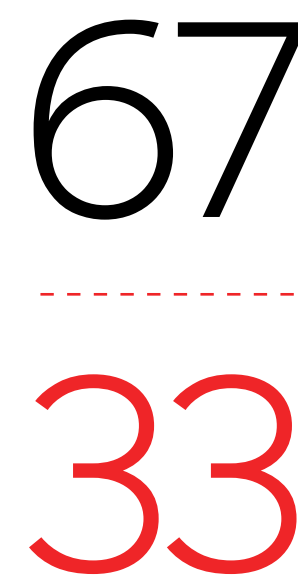
Adjusted EBITDA
EUR million



Adjusted EBIT
EUR million



Employees, %*
Men / Women /
Non-binary, I use another term
/ I prefer not to say



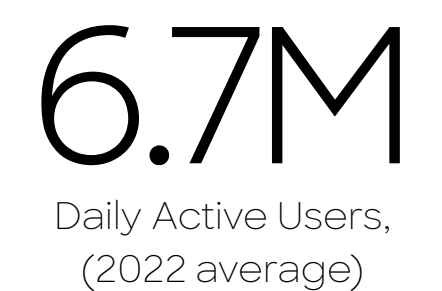
Leadership team, %
Men / Women



Number of employees*



Number of nationalities*



*At the end of 2022

2022 highlights



Global launch of Angry Birds Journey

In January, we launched Angry Birds Journey globally. Our first new slingshot game in seven years became our fourth biggest game in 2022.

Engaging brand initiatives

As part of our Angry Birds content strategy beyond games, we released a Netflix animated series, collaborated with Minecraft and partnered up to launch a variety of Angry Birds products.

Doubling down on live games

We focus on developing our live games to ensure they stay lively and relevant. This resulted in our games' gross bookings increasing by nearly 10% in 2022.

Revenue on a record level

2022 marked a year of record-high revenue both for the Group and for games. Our key games performed strongly throughout the year and Angry Birds 2, Angry Birds Dream Blast and Angry Birds Friends all reached record-high annual revenue.



CEO review

**Alex Pelletier-
Normand**
CEO

In 2022, the world faced major challenges that affected both the business environment and our personal lives. At Rovio, we managed to perform well in a challenging market, and I would like to express my gratitude to all Rovians for their dedication and efforts during the year. As we continued to focus on crafting joy with our games, our reported revenue increased by 11.0%. Our comparable revenue declined by 1.2%, while the global mobile gaming market, excluding China, declined by 10%. The US market was especially weak, declining by 12%. However, the market showed signs of stabilization towards the end of the year.

The market headwinds faced in 2022 can be attributed to three key factors. Firstly, spending and playing habits normalized from the early lockdown period levels. Secondly, the App Tracking Transparency (ATT) policy introduced by Apple in 2021, limited publishers' ability to target players efficiently. Marketing campaigns tend to now attract more customers, but the fit between the product and the player is looser. Thirdly, macroeconomic factors, such as rising inflation, impacted both consumers and companies alike. Players' willingness to pay was reduced, and advertisers lowered their budgets. This had a negative impact on advertising revenues.

On a positive note, our strong financial position enabled us to take advantage of the market headwinds and launch meaningful initiatives aimed at strengthening our position for further growth as the market recovers. In Montreal, Canada, a team of industry veterans decided to jointly leave their former employer to join Rovio. They are specialized in very fast prototyping and market tests and will focus on producing hybrid-casual games. We also opened a new studio in Barcelona, Spain, to support the growth of our top live games and to widen our talent pool.

“Our strong financial position enabled us to take advantage of the market headwinds and launch meaningful initiatives aimed at strengthening our position for further growth as the market recovers.”

We enhanced the focus on our live game portfolio by optimizing and increasing the resourcing of those games and the depth of our live operations, which already contributed to growth in gross bookings. With a solid cash flow and balance sheet, we continue to be well positioned to perform targeted recruitments, acquisitions and investments, should opportunities arise.

As an indication that we are on the right track with our strategy execution, I am pleased to see that our investments in our top performing live games are paying off. Our second biggest title, Angry Birds Dream Blast, led the flock in 2022 by growing 11% in gross bookings, with growth kicking off in the second half of the year. The game scaled up significantly after unlocking new marketing channels, adjusting the way the team works, and releasing new game features. Angry Birds 2 and Angry Birds Friends also continued to perform well and grow, driven by good live operations. We are truly humbled to see how lively these games continue to be, and how engaged the fans are. During the year, Rovio games surpassed 5 billion downloads.

We also celebrated the 10th anniversary of Angry Birds Friends, which is a great example of execution on our mission to *craft joy with player-focused gaming experiences that last for decades*. There is still a lot of potential in our fan favorite titles that are very rich in content and for which a loyal fan base has been built up throughout the years. We are increasing investments in our top performing live games in order to enable them to reach their full potential.

Going forward, we will keep investing in our portfolio of live games as we continue to see room to grow further. We also have a healthy pipeline of new titles, and to diversify our offering further, the team in Montreal is working to expand the Angry Birds brand beyond mobile with a multiplayer cross-platform game targeted to Generation Z, born 1995–2010 and characterized as being trend setters.

Despite the recent headwinds, the projections made by industry analysts support our view that mobile gaming growth is not over, quite the contrary – mobile continues to be the largest gaming segment. The market is highly attractive for a world-class content developer like Rovio, which has a strong Angry Birds brand, innovative teams and a solid financial position.



Red the Angry Bird 
@AngryBirds



Couldn't have said it better myself, Alex! Hey, can I get a section here next year too? I could totally discuss all my valuable insights from the year, you know, like the four new foreign curse words I learned and—



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Rovio as an investment

The Angry Birds brand has reached a world-class brand awareness

- Angry Birds has grown into a strong brand over the past decade.
- Our cradle-to-grave strategy with highly targeted products brings in new players of all ages.

Our growth platform Beacon enables synergies

- We have invested for over a decade in Beacon, a powerful growth platform enabling synergies across our studios, both organic and acquired.

Our game portfolio is strong and reliable

- We focus on casual games.
- We have various games in our portfolio that create engagement for years to come.

Strong balance sheet and operating cash flow

- Allows financial flexibility and enables investments for future growth.

Rovians are passionate game creators

- Our game creators have a consistent track record for creating top grossing games.

Multiple avenues for future growth

- Strengthening our current position in free-to-play (F2P) mobile gaming by growing live games and launching new ones.
- Cross-platform gaming to expand the brand beyond mobile.
- Inorganic growth through M&A.

Strategy & Culture

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. Game making is a combination of business and art, so we seek to employ top talent with specific expertise areas and a high level of passion. Our people build the Rovio culture and have a key role in executing our strategy.

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Strategy

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 talented teams. Our passionate and skillful people are guided by our values of being bold, embracing innovation and acting with integrity.

In pursuit of our mission of *crafting joy with player-focused gaming experiences that last for decades*, we have three main growth areas to deliver long-term value creation and growth: free-to-play (F2P) mobile games, mergers & acquisitions (M&A) and cross-platform gaming.

F2P mobile games, M&A and cross-platform gaming as growth areas

Rovio's core business is built around F2P mobile games, meaning that we operate our live games and launch new, successful games. To maximize the chances of achieving our goals, we adjusted our strategy in 2022 to double down on our top live games by increasing the sizes of our game teams. We want to keep the games lively by offering more content and events to drive player engagement and monetization through live operations for years to come. In addition, we have several new games in development across our game studios. Our games utilize both the Angry Birds IP and new IPs, depending on the fit for each specific game project.

Through M&A, we aim to build new growth avenues by focusing on F2P mobile gaming studios with a strong fit to our strategy. We also look for brands, as we have proven expertise at operating them. With all acquisitions, we want to establish value through synergies across our portfolio and the Beacon growth platform.

We also actively scout market trends and explore opportunities related to the future of gaming. In this area, our efforts focus on cross-platform gaming by expanding Angry Birds beyond mobile. We see this as a long-term opportunity.

Clear strategic focus

Our strategy to deliver long-term value and growth in these areas is based on a clear strategic focus: brands, ambitious and innovative games, casual gaming focus and the Beacon growth platform.

With brands, we will continue to leverage and strengthen the Angry Birds brand, develop new IPs with the potential to become a gaming brand, while also looking at the possibility to acquire brands. Ambitious and innovative games mean that we only launch games with both great potential and innovation at our core, while actively exploring market trends. We focus on casual gaming to leverage our core capabilities and to maximize the value of the network of users. This will be done, for example, through Red's Club, our loyalty program and online hub, which we are developing and aiming to release in 2023. Our growth platform Beacon includes technology, data and people that together enable the developing, analyzing, launching, and the scaling of games successfully. Beacon provides value to both our existing and acquired game teams.

Sustainability is a cornerstone of our strategy. The three strategic focus areas on this front are safe and responsible gaming, people and society, and climate and environment.

Attractive growth areas to deliver long-term value

F2P mobile

Cross-platform gaming

M&A

With clear strategic focus

Brands

Ambitious and
innovative games

Casual gaming
focus

Beacon growth
platform

Guided by our values and strongly embedded sustainability



Be bold



Embrace innovation



Act with integrity



Sustainability

Free-to-play mobile

- Double down on top live games
- Launch new successful games
- Leverage a stronger network of players
 - Red's Club loyalty program and online hub

M&A

- Focus on free-to-play mobile gaming studios and IPs/brands in line with our strategy
- Create real synergetic value through Beacon

Cross-platform gaming

- Expand Angry Birds beyond mobile (cross-platform gaming)
- Revenue after 2024

Long-term value creation and growth



Beacon by Rovio

Beacon is Rovio's proprietary growth platform, which is a combination of expert services and unique technology that supports games throughout their entire lifecycle. This includes growth services such as user acquisition and business intelligence, as well as a suite of tools to enable game teams to build and operate their best games. With a wealth of features, built by game developers for game developers, Beacon helps our game teams launch, operate, optimize and grow games. Beacon makes it easy to provide a safe and amazing user experience for the players through one simple integration. The culmination of over ten years of mobile game industry learnings, Beacon is available to all Rovio game teams from day one, providing a comprehensive platform for operating free-to-play games of any genre.

Beacon contains tools to support games throughout their entire lifecycle: baseline tools to build a game and get it to market, prediction models to profitably grow and monetize the game through user acquisition, as well as a powerful and fully customizable live operations toolkit to maximize the players' joy with tailored gaming experiences.

Beacon takes complexity away from successfully monetizing the game by offering flexible and intelligent tools to manage the in-app purchase catalog and ad mediation for best pricing and provides access to ad networks with a single integration. Beacon ensures that

all tools are always up to date, and follow the platform and regulatory requirements across regions, delivering a plug-and-play solution for the game teams.

The platform includes a full suite of data visualizations, with business intelligence specialists and data engineers ensuring that accurate and insightful data is always available. Beacon leverages machine learning to aid personalization, prediction and a host of other services included in the platform. All this allows for the game teams to optimize their games for the highest lifetime value.

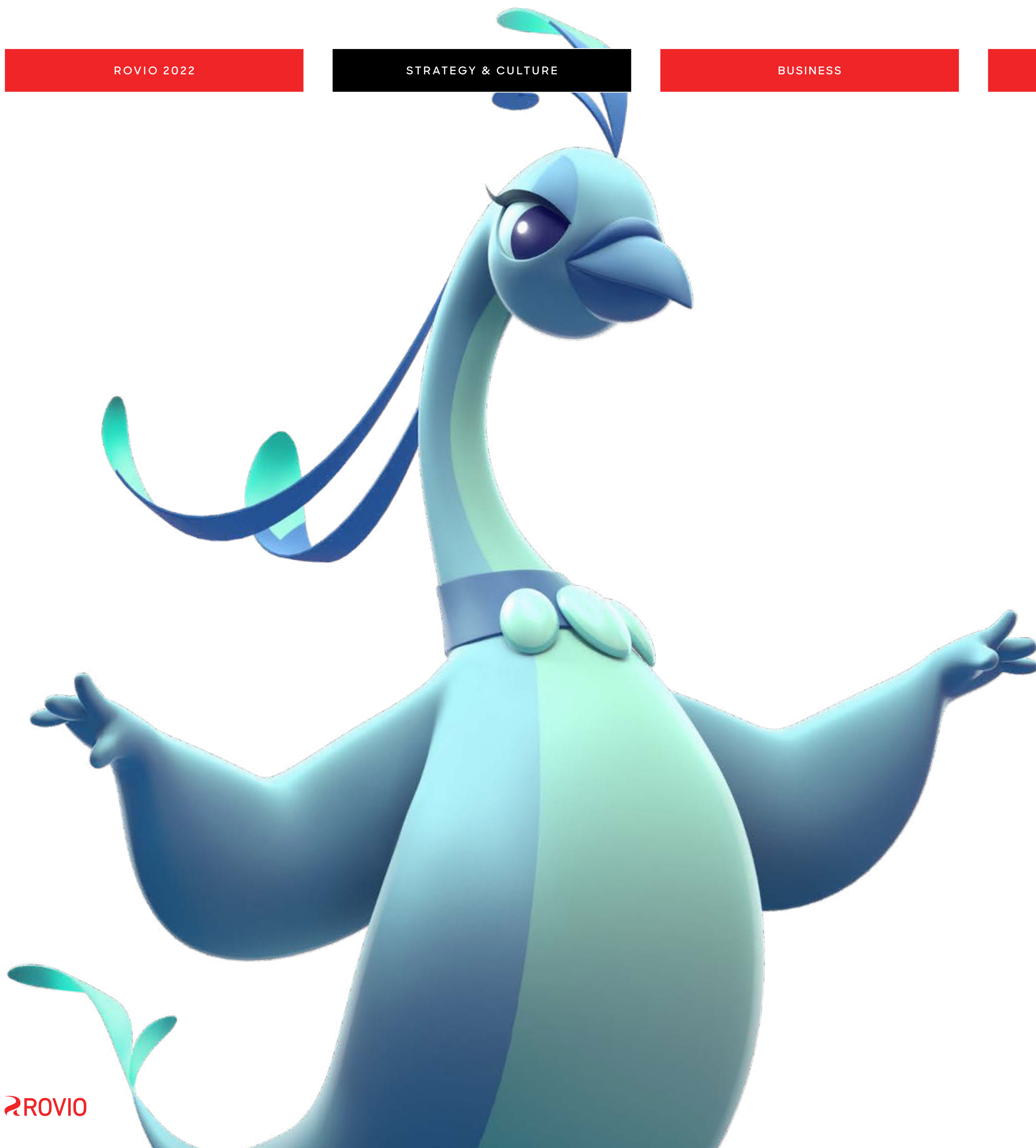
A few examples of what the game teams get when they take Beacon into use include

- attribution tools essential for efficient user acquisition
- cross-promotion management between games, in-game campaign and offer management
- gaming experience personalization and targeting.

And that is not all Beacon can aid with since it is much more than a technology platform. Instead, it is a team of game technology experts and enthusiasts, working alongside game teams, to support them every step of the way in creating the most delightful experiences for the players.

Game development can be both science and art. At Rovio, Beacon takes care of the science, allowing game teams to focus on the art.

“We let game makers make great games, while Beacon takes care of the rest.”



Operating environment

Gaming continues to be mainstream entertainment, with over 3 billion players globally at the end of 2022. The gaming market generated USD 184.4 billion revenue in 2022 across PC, console, and mobile. Out of the three key markets, mobile gaming is the largest. The global mobile gaming market size in end-user generated revenue (app purchases, subscriptions, and paid installs, not including ad revenue) was estimated to be USD 92.2 billion in 2022, which represented a 6.4% decline compared to the previous year.

2022 was the first year when the mobile gaming market declined. One of the main reasons for this is the abnormal growth rate of 30.1% in 2021 that was caused by heightened global gaming activity resulting from pandemic-related lockdowns. The market normalized in 2022. Furthermore, Apple's App Tracking Transparency (ATT) framework has heavily impacted game publishers' ability to target high-value players. This is visible especially in the mid-core genres with fewer major new game launches in 2022. Additionally, macroeconomic headwinds worldwide are impacting consumers' behavior and purchasing power.

The market intelligence provider Newzoo estimates that mobile continues to be the world's most popular and largest form of gaming. Globally, the market is expected to grow annually by 3.8% on average in 2022–2025, while the Western market growth is estimated to be 4.2% (CAGR).

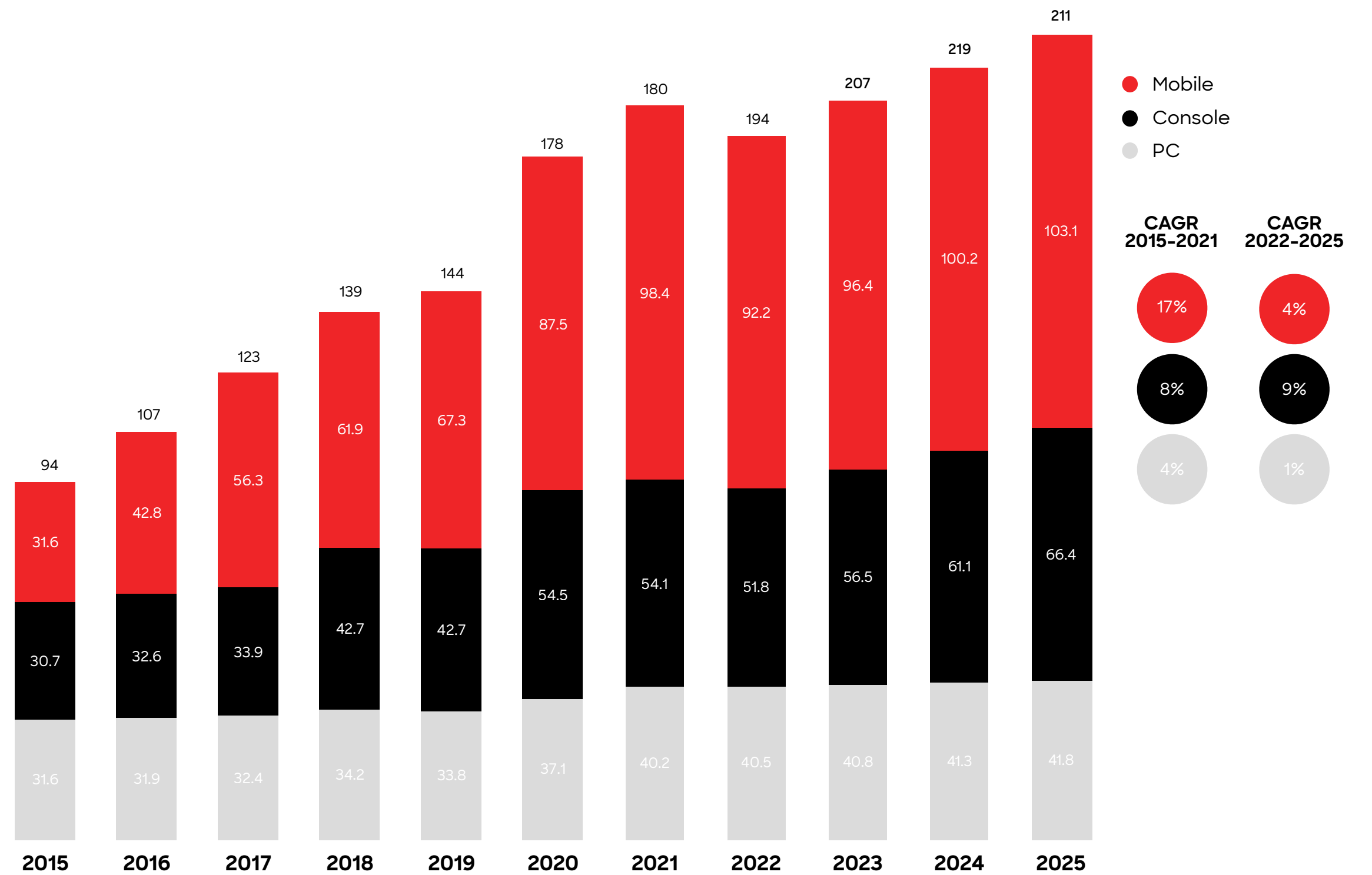
Rovio's focus is mostly on the western territories, namely the US and Western Europe. In order to stay competitive in the highly dynamic mobile gaming market, we base our strategy on the market trends and opportunities we have identified, including brands, ambitious and innovative games, and casual gaming.

Launching new free-to-play mobile games has become increasingly difficult. A new, successful game needs to differentiate by providing something unique for the players. We expect demand for casual and highly accessible games to continue to be strong in the future. Furthermore, casual games are less dependent on the targeting of high-value players than, for example, mid-core games, which is a benefit, especially after the ATT implementation.

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 focusing on casual games, strengthening its user acquisition capabilities, building genre mastery in its focus genres, and expanding to cross-platform gaming.



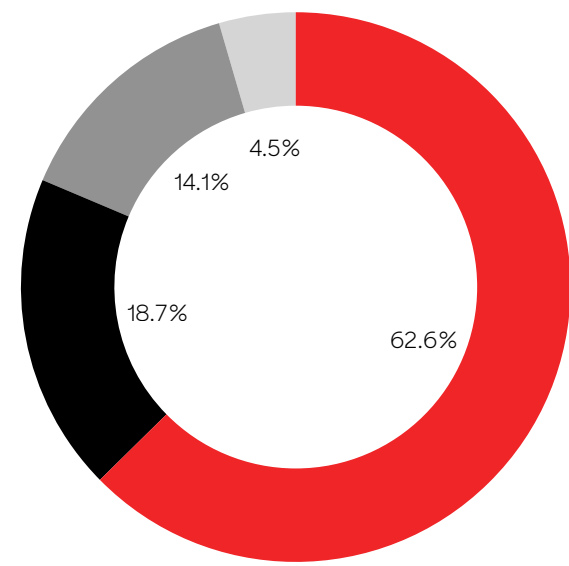
Global gaming revenue by device type (USD in bn)



Source: Newzoo

Mobile gaming market

Mobile gaming market revenue per geographic area 2022
USD billion



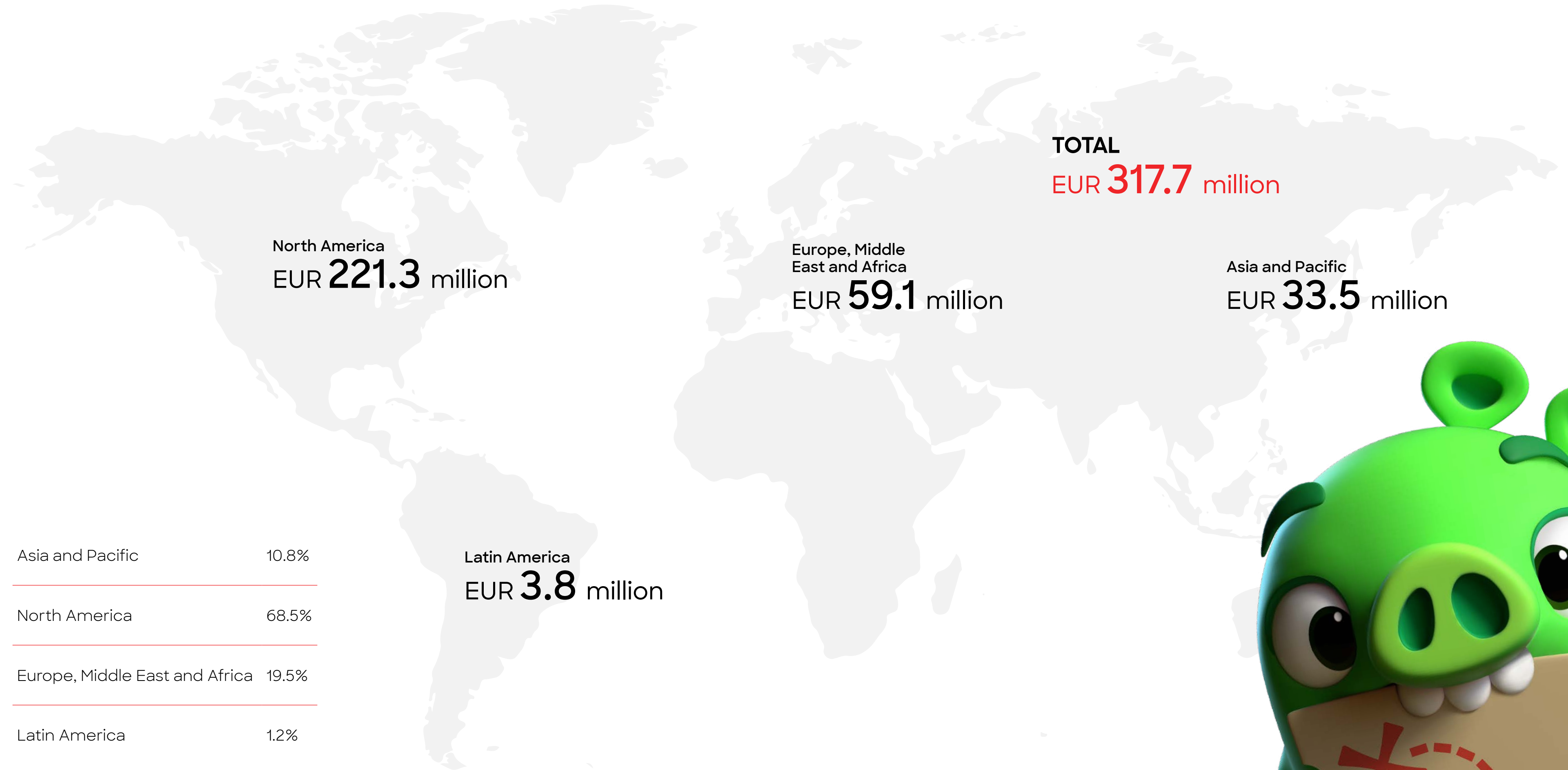
- Asia and Pacific 57.7
- North America 17.2
- Europe, Middle East and Africa 13.0
- Latin America 4.2

3.8%

The global mobile gaming market is expected to grow at a compound annual growth rate (CAGR) of 3.8% during 2022–2025.

Source: Newzoo

Rovio's geographical distribution of revenue



Asia and Pacific	10.8%
North America	68.5%
Europe, Middle East and Africa	19.5%
Latin America	1.2%





People and culture

Rovio people

We believe that the more diverse we are, the better we can innovate, which ultimately enables us to make the best games. At the end of 2022, Rovio had 546 employees from 58 nationalities, each bringing their own unique perspective and experience to their craft. 68% of Rovio employees categorized themselves as men and 30% as women, while 1% categorized themselves as non-binary or used another term, and 1% did not categorize themselves, or did not mention gender. The average age of our employees was 36 years.

	Permanent employees	Temporary employees	Full-time employees	Part-time employees
Age Group				
Under 30	20%	–	21%	–
30-50	76%	75%	75%	36%
Over 50	4%	25%	4%	64%
Gender				
Woman	30%	58%	30%	57%
Man	68%	33%	69%	43%
Non-binary, I use another term	1%	8%	1%	–
I prefer not to say	1%	–	–	–
Region				
North America	7%	–	7%	7%
Europe	93%	100%	93%	93%
Total	100% (534)	100% (12)	100% (532)	100% (14)

Rovio culture

Rovio's culture development continues to be based on listening to the feedback we get from the employees. During 2022, we continued developing Rovio's culture to ensure it is fully aligned and supports our strategic aims.

During the first quarter of 2022, the employees were invited to share their thoughts on what matters most to them at the workplace as part of a global culture survey. The analysis revealed that ambitious and caring colleagues, a sense of flexibility and freedom in one's job, and a good work-life balance make Rovio an attractive employer in the eyes of our employees. Based on the findings of the analysis, we have continued to further increase feedback and dialogue and develop our total compensation model as well as personal growth and development opportunities.

During the first half of the year, we organized four facilitated culture discussions with Rovio's senior leaders. The objective of these discussions was to ensure that continuous dialogue on culture development is in line with Rovio's strategy. During the rest of the year, we continued to develop the employee listening activities, and took steps forward to make continuous feedback and dialogue a permanent part of our culture.

In addition to the culture survey, we measured employee engagement with quarterly employee surveys. The results indicate that Rovio's culture, leadership style and ways of working are highly valued by our employees. Rovio is perceived by employees as a people first workplace where trust and freedom of choice exist, and a strong sense of community and humane supervision are experienced.

Based on the feedback collected, we continue to encourage Rovians to make use of all learning experiences offered. During 2022, we offered online learning courses and a number of other trainings to support supervisors', teams' and individuals' development and growth. We also continued to evolve Rovio's guidance on hybrid work and ways of working to embrace and make the most of flexibility and the diversity of individuals and teams to support our strategy and priorities. In November 2022, we introduced an updated family leave policy in Finland to equally support all kinds of family situations and give families more opportunities, flexibility and freedom.

Our culture and values enable our strategy

Talented teams
with high
ambition

Artistry,
creativity and
passion

Being the best at
getting better,
together



Our values

Be BOLD

Embrace
INNOVATION

Act with
INTEGRITY

Talent growth

Our steady headcount growth continued in Finland, Sweden and Canada. We had the pleasure of onboarding 137 new Rovians while employee turnover was 95 in 2022. During the year our headcount increased by 50.

We also managed to relocate talent during the year from diverse countries such as India, Germany, South Africa, Brazil, Argentina and Chile. At the end of 2022, we announced plans to open a new office in Barcelona, Spain, where new talent will be onboarded in the future to strengthen our live game operations.

	New employees	Employee turnover
Age group		
Under 35	41%	13%
35-50	59%	83%
Over 50	-	4%
Gender		
Woman	35%	33%
Man	64%	66%
Non-binary, I use another term	1%	1%
I prefer not to say	-	-
Region*		
North America	17%	8%
Europe	83%	92%
Total	100% (137)	100% (95)

* additionally 1 from China



Red the Angry Bird 
@AngryBirds



Do YOU follow me on Twitter yet? If you go do that right now, this year might be the year I become Red the Happy Bird. Wouldn't you want that for me?



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11

Finding joy from data

Rovio's data craft consists of data specialists across our organization in game teams, central technology, marketing, and ads. Our role is to accelerate Rovio's growth by providing accurate and actionable insight from data.

We have specialties like data science, data engineering and game analysis that work in cross-organizational teams. This way one can make an impact with their already existing skills, but also try something new outside their comfort zone. Project teams rarely have a line management structure, and our managers are mainly there to nurture our talent – to help figure out what you want to become rather than focusing purely on what you are working on today.

Our main quest is to ensure that we know what brings joy to our players in games and ensure that games are working optimally on the fun factor at all times to enable growth and profitability. We actively participate in the development of games and game features from design to deployment and live operations. Our game data analysts know what makes a great game and use data in creative ways to improve our games. Finding answers to difficult questions is always satisfying but finding eye-opening insights that yields business results is what really drives us.

We also deliver solutions to our central teams, such as performance marketing, finance and ads. We ensure that the best data and tools are available across all studios and games and provide solutions for

campaign performance modeling and automation as well as ads optimization and personalization using advanced analytics techniques, models and methods. Additionally, we provide case studies that help prioritize our efforts and investments and consolidate data from multiple systems to ensure everyone at Rovio has access to it.

We strive to meet the needs of our players and the Rovio employees in a fast-paced environment. Most importantly, we want to build an environment where everyone feels they can learn new things every day in a fun way. Our motto is “find joy from data”, which means we use data in creative ways to make our games more joyful, while we enjoy our work.

“Rovio has an amazing group of data experts and a great culture of making data-driven decisions.”

Business

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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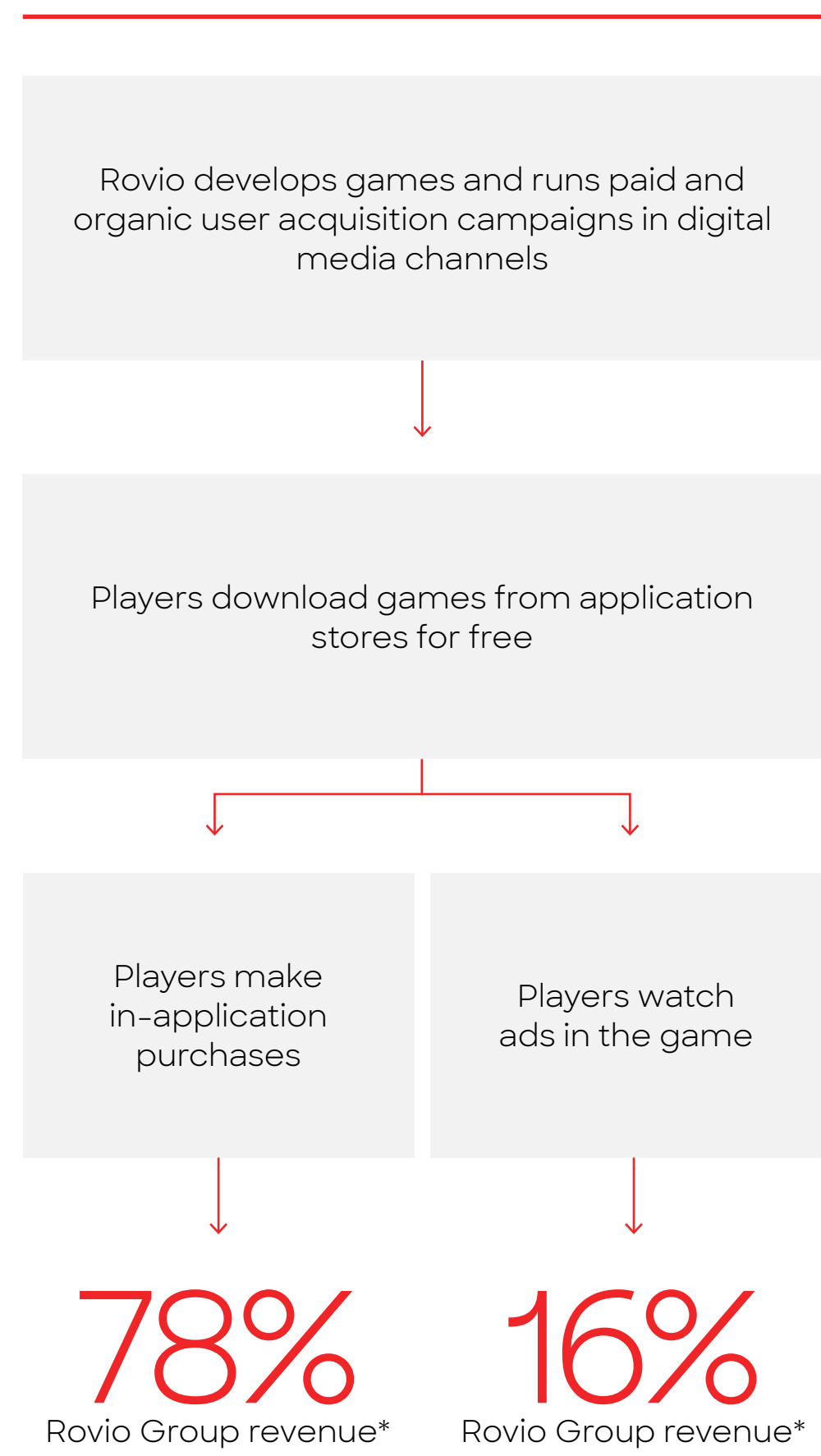
Business areas in brief

Rovio's operations are divided into two business areas: games and brand licensing. We create, develop and publish mobile games. The majority of Rovio games are free-to-play (F2P), meaning that they can be downloaded and played for free. Players can make optional in-game purchases to speed up their progress or gain access to additional features. In addition to in-game purchases, players can choose to view advertising in exchange for in-game benefits.

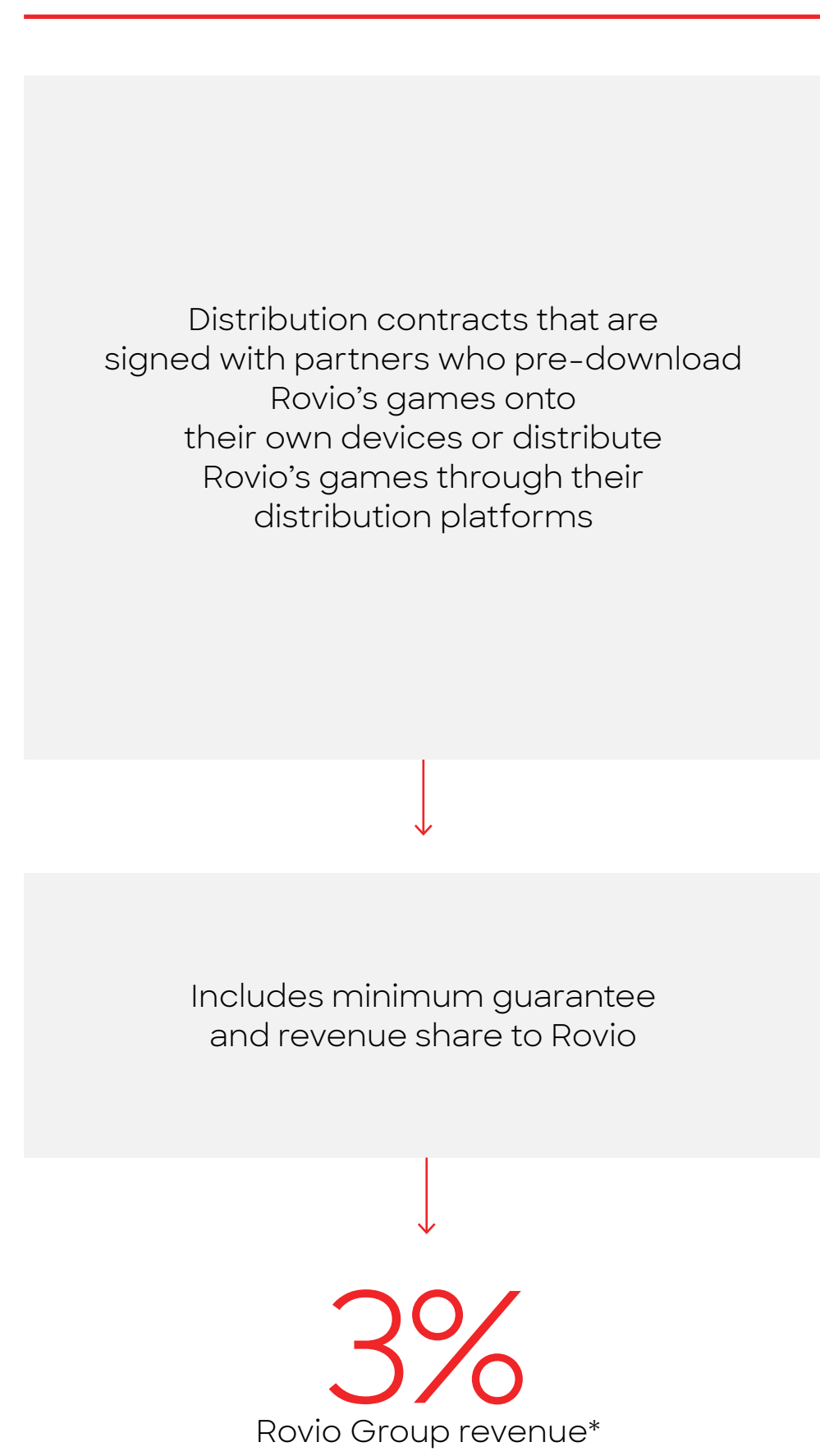
With brand licensing, Rovio licenses the Angry Birds brand and its characters to third parties directly or through an agent.

At the end of 2022, 97% of Rovio's Group revenue came from games and 3% from brand licensing. 78% of revenue came from in-app purchases, 16% from in-game advertising and 3% from custom contracts and other games revenue.

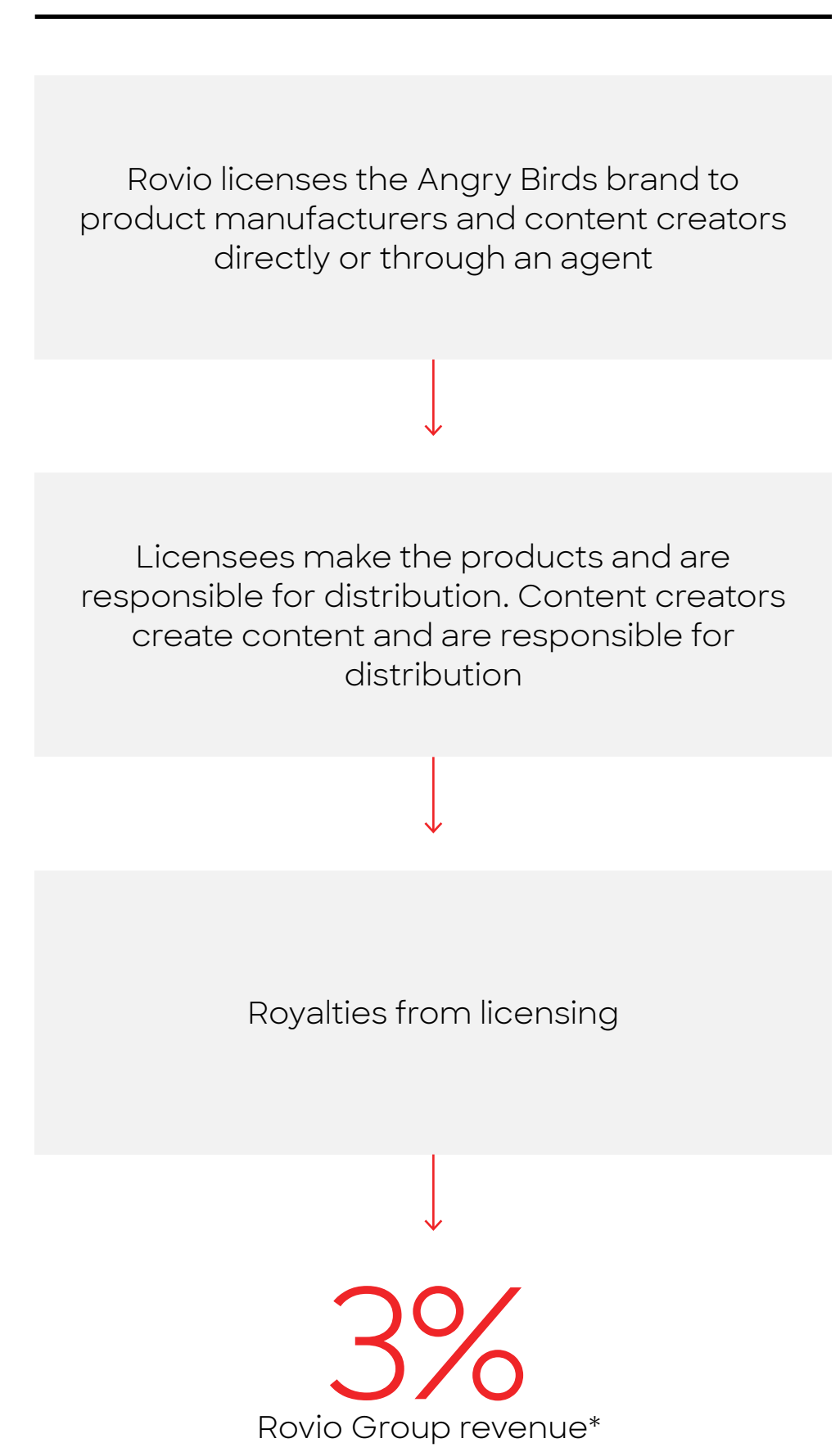
Games: free-to-play



Games: custom contracts and other games revenue



Brand licensing



*Q4 2022



Games

We develop, design and operate innovative mobile free-to-play games for the global audience. We also explore the future of gaming to position Rovio at the forefront of a changing landscape to reach new audiences. In 2022, games generated 97% of Rovio's Group revenue. 78% of the revenue came from in-app purchases, 16% from in-game advertising and 3% from custom contracts and other games revenue.

We continuously improve our live games, while ideating and developing new games. We continue to focus on our core business of developing a strong portfolio of casual games. In the free-to-play mobile gaming business, it is beneficial to have a systematic and dynamic approach to game development.

At the end of 2022, Rovio had nine games in different stages of development, of which four were Angry Birds games and five were based on other IPs. Four of these games were in soft launch. We aim to develop innovative games by continuously testing and improving them based on players' needs and behaviors. We release our games globally only when we see potential to reach a large audience, significant revenue, and a long life cycle.

Ruby Games integration moved forward during 2022. The studio accelerated their strategic transition to hybrid-casual games, and in addition to two games based on the Hunter Assassin IP, also has a third hybrid-casual game in development.

Over time, privacy concerns over advertising identifiers and trackers have prompted legislation like the EU General Data Protection Regulation (GDPR). This type of legislation has limited advertisers' ability to collect and use data, naturally also affecting how user acquisition can be done for games.

Apple, with its App Tracking Transparency (ATT) and StoreKit Ad Network (SKAN) framework, was a first mover in terms of platforms limiting the amount of user level data. The introduction of Apple's ATT policy, which requires mobile app publishers to request permission to collect a user's app data, changed the landscape as marketers no longer know which marketing campaigns have generated the new players, and what the quality of those players is. Apple also provided marketers with a more privacy-focused measurement solution, SKAN. Despite having been slowly improved, it is still far from providing marketers with enough visibility to operate with the same efficiency as in the pre-ATT era.

Similarly, Android Privacy Sandbox is Google's approach to managing mobile advertising and marketing measurement on Android in a manner that is respectful of user privacy. It is projected to roll out fully in 2024. In 2023, Rovio will be testing Android Privacy Sandbox in partnership with Google to provide feedback.

While ATT has impacted the whole industry to some degree, Rovio has fared quite well compared to competitors for two reasons. Firstly, we have pioneered in trying to extract as much potential as possible from SKAN, thus allowing us to spend profitably on certain user acquisition networks. Secondly, our world-famous Angry Birds brand, together with our casual game design approach, has allowed us to continue to attract broad audiences to our games.



Strong lineup of studios

**Eight game studios
in Europe
and Canada**

**Organic and
inorganic
expansion**

**Genre mastery
with casual focus**



Strong lineup of gaming studios with casual focus

In 2022, we strengthened our focus towards casual games. This allows us to 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.

Rovio has eight gaming studios across Europe and Canada and 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.

The studio in Espoo focuses on instantly playable puzzle 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. We have two studios in Montreal, one focusing on cross-platform gaming and the other on games in the hybrid-casual space. Ruby Games in Izmir also has a team working on hyper- and hybrid-casual games. The latest addition, our Barcelona studio, strengthens our expertise with puzzle games.

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

Games' life cycle

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 four 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, or so called 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 2022, the required payback time on paid user acquisition was 12 months on the portfolio level. Rovio's user acquisition investments amounted to 31.5% of games revenues in 2022. User acquisition investments in 2022 were mostly directed to Angry Birds 2, Angry Birds Dream Blast and Angry Birds Journey.

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 compared to the games in grow category
- Live operations teams develop new features and 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 operation teams or autopilot
- Revenue declining over time or stable
- Very high profit margin

HYPER-CASUAL

“Profitable fast production games with a short lifetime”

- 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

Launching a new game – Angry Birds Journey

Launching a game for the global market is a rare occurrence and a true team effort. At Rovio, this anticipated moment is preceded by successful prototyping and production phases, as well as a soft launch period. In soft launch, the game is released in a few key countries in order to evaluate the potential to be widely successful – it is in a way the final trial stage. With promising metrics and great overall enjoyability, Angry Birds Journey was launched globally in January 2022 as our first slingshot-based game in seven years. All of Rovio came together to make this milestone happen.

Already in the spring and summer of 2021, the launch plans began together with our main release platform partners Google and Apple. We set out tentative dates and unlocked the most necessary and powerful partner support such as pre-registrations and new games featuring support. The pre-registration program allows for potential players to subscribe to a waiting list and to be alerted by the app store when the app is available. The new games featuring support celebrates launches with prominent banner ads in the app stores. In Google Play alone, Angry Birds Journey gathered more than one million pre-registered users.

When we secured more concrete results and signs to support a global launch greenlight, we kept both key platforms informed. In the early winter of

2021, when the global launch greenlight was attained, teams sprung into action. The communications team prepared the public relations, including media and web announcements, and priority cross-promotional campaigns were set in motion across all Rovio games and products, even Angry Birds theme parks. An additional budget was set aside for a big user acquisition push globally, and for extra visibility, television, offline and podcast campaigns were drafted.

All the supporting teams met weekly in a global launch readiness meeting to ensure every detail was in place and no opportunities were left unevaluated. The best thing about launching a game globally at Rovio was how we all came together to make it happen.

“Launching a game is teamwork and requires people coming together throughout the company.”

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 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 2022. The team in our Stockholm studio developed numerous exciting in-game events during the year which fans loved. 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 made record-high revenue during the year while its gross bookings grew 7.4%. 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.

*Stars for current version in the United States' Apple App Store as of December 2022.

GENRE
SLINGSHOT

STARS*

4.6

LAUNCH
JULY 2015

CUMULATIVE
GROSS SALES

692

MEUR

GROSS SALES 2022

116

MEUR



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 has proven to be another stable pillar for Rovio. Profitable user acquisition for the game was significantly increased through the year and the game made record-high revenue in 2022. The gross bookings of Angry Birds Dream Blast also grew 10.7%. During the year, the team developed in-game content that makes the game approachable and fun and is especially loved by the women who enjoy playing casual puzzle games. Constant updates to the game content are a key to driving growth. Angry Birds Dream Blast was developed by Rovio's Puzzle studio in Espoo.

*Stars for current version in the United States' Apple App Store as of December 2022.

GENRE
PUZZLE

STARS*

4.7

LAUNCH
JANUARY 2019

CUMULATIVE
GROSS SALES

251

MEUR

GROSS SALES 2022

68

MEUR



Angry Birds Friends

Classic bird-flinging, tower-crumbing 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 is Rovio's third largest game. The game made record-high revenue during the year while its gross bookings grew 3.9%. Rovio doesn't invest in any user acquisition for the game, so growth is purely organic and the 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, the World Health Organization. The game is developed by Rovio's Puzzle studio in Espoo.

*Stars for current version in the United States' Apple App Store as of December 2022.

GENRE
SLINGSHOT

STARS*

4.6

LAUNCH
FEBRUARY 2012

CUMULATIVE
GROSS SALES

244

MEUR

GROSS SALES 2022

36

MEUR



Angry Birds Journey

Our newest Angry Birds game that invites you on a magical adventure. Fling birds with the slingshot and topple towers to solve puzzles and rescue adorable hatchlings in this casual and easygoing slingshot game. Relax and unwind with the most fun and approachable Angry Birds game yet. Play hundreds of exciting levels with casual fun in every level, solve dynamic puzzles, and follow the unfolding story.

In January 2022, Rovio released Angry Birds Journey – our first new slingshot game in seven years. The game had a flying start and grew fast in the beginning of the year. The user acquisition investments were lowered after the launch and the team is now developing the game further.

GENRE
SLINGSHOT

STARS*

4.7

LAUNCH
JANUARY 2022

CUMULATIVE
GROSS SALES

32

MEUR

GROSS SALES 2022

27

MEUR



*Stars for current version in the United States' Apple App Store as of December 2022.

Angry Birds Pop!

A charming bubble shooter where you can match and pop colorful bubbles and participate in special events to earn awesome rewards. Grab your trusty slingshot and shoot those bubbles to drop the pigs and rescue the adorable hatchlings. With seasonal events and challenges there is always something fun to do.

Angry Birds Pop! is a less actively maintained game with very limited user acquisition investments. As expected, the game's revenue continued in slight decline, but with a stable flow of organic users and little user acquisition the profitability remains very high.

GENRE

BUBBLE SHOOTER

STARS*

4.6

LAUNCH

DECEMBER 2014

CUMULATIVE
GROSS SALES

114

MEUR

GROSS SALES 2022

8

MEUR



*Stars for current version in the United States' Apple App Store as of December 2022.

Investing in User Acquisition

On mobile, user acquisition (UA) is a marketing strategy designed to get quality installs through advertising campaigns and other promotional activities. We invest in different marketing channels and aim to show advertisements to the group with the most potential to install our games. We work together with many teams across the company, including art teams for creative production, and game teams that have data analysts and game designers.

We make investments that adhere to our payback targets and deliver long-term value. One of the key performance indicators we follow is cost per install, referring to the cost of each individual install. To reach the payback goal, each player should cover this cost either by making in-game purchases or by watching in-game advertisements. Our team's measure of success is primarily linked to the ability to find a profitable audience.

At Rovio, the UA teams are embedded in game teams. This allows for a deeper focus on a specific game, compared to running operations across titles. The teams test different approaches constantly, and exchange information actively. All games can thus run tests simultaneously, and the teams can follow up on each other's learnings and pick the most suitable insights to be implemented in their own games. This testing mindset can be applied to creative testing as well as different channels and technologies.

We work in close collaboration in order to be the best at getting better. Focusing on a specific game enables growth at both team and individual level. As a UA professional at Rovio, you can run different channels simultaneously, also taking part in creative production and stakeholder management.

Our vision is to be an ambitious and leading UA team that is the best in the industry at executing UA activities. The team is supported by a strong, lean and flexible tech backend and agile and innovative creative production.

“An agile and experimental team combining art, tech and data.”

Angry Birds brand

The Angry Birds brand is Rovio's most precious asset and has since 2009 been the source of joy for millions of fans – both players and viewers of movies and series. Like the most popular brands in modern entertainment, our goal is to create decades of love, and we plan for many years of exciting growth for our star Red and his friends.

The world of Angry Birds allows us to create a wide variety of experiences to appeal to a broad audience. Our familiar characters can be a source of zen-like comfort to those looking for snack-sized entertainment in games like Angry Birds Dream Blast or Angry Birds Journey, while the intense rivalry between our heroes, the birds, and their nemeses, the pigs, is fertile ground for action packed experiences with a more competitive edge like Angry Birds 2 or Angry Bird Friends. Our portfolio of Angry Birds games saw excellent staying power and growth in a challenging year proving again the broad appeal of our brand with players from around the world, across a wide range of ages and interests.

Our history of humour and rich storytelling continued in projects like Netflix's Angry Birds: Summer Madness, a show that explored all new characters and relationships in a fun and familiar summer camp setting. In addition, we launched updates to our popular Maker Space and Bubble Trouble short-form series on YouTube racking up millions of views each.

Meanwhile, on our social media platforms like TikTok, Twitter and YouTube we are engaging with a slightly older audience, for example Generation Z (born 1995–2010). In Red we see a culturally relevant voice of the generation, able to unleash his anger towards the small and large injustices he sees in the world. By letting Red sound-off on these platforms and interact directly with his followers we expect to create fandom around our hero that transcends the usual limitations of branded social media content.

When we look towards 2023 and beyond, Angry Birds has a slate of long-lasting and engaging games, captivating stories, meaningful partnerships and deep fan engagement in our social media channels that further strengthens the brand and keeps it culturally relevant for decades to come.

Sustainability

Acting in a responsible way has always been one of Rovio's overarching principles, and in 2022 we have further 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 strength 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 Entertainment Corporation is a global mobile-first games company

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

Rovio has reported its sustainability activities annually since 2017 as non-financial reporting. Each report covers the reporting period of January 1 to December 31, in line with the company's financial reporting. The Sustainability 2022 report, published on March 10, 2023, is compliant with the GRI standards. The referred standards are listed in the GRI Standard and its Content Index on page 63. No restatements are made regarding the previous sustainability reports.

Sustainability in brief

Rovio's mission is to *craft joy with player-focused gaming experiences that last for decades*. Our objective is to cultivate joy, both in the work we do and in the experiences we provide to our players. We strive to deliver high-quality gaming experiences that are both enjoyable and meaningful. With a strong focus on player experience, we believe that our impact will be both immediate and long-lasting.

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.*



Safe & responsible gaming

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



People & society

As games are made by people for people, we see that the importance of the well-being of our people in a diverse, inclusive, and equitable work culture and our support of the larger society continue to be key areas of focus.



Climate & environment

Climate and 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.



2022 sustainability highlights

Appointment of Head of Diversity, Equity, and Inclusion (DEI)

We continued to strengthen the sustainability focus by hiring a Head of DEI in September 2022. While many companies have DEI within the HR function, we made the decision to have it under sustainability because it impacts all functions of our organization, including our games. We are now taking strides towards 1) creating a diverse workforce, 2) fostering an inclusive & equitable workplace, and 3) designing inclusive games and marketing.

Enhanced focus on diverse and inclusive game design and marketing

Through our core products, games, we have the opportunity and responsibility to think about what kind of world we build and share with our players. In September 2022, we appointed two employees to facilitate cross-functional inclusive game design & marketing initiatives. This includes moderating an internal discussion channel, sharing best practices across the company, as well as managing related projects and initiatives.

Becoming carbon neutral

During 2022, we reached an important milestone of carbon neutrality within our value chain emissions (Scope 1, 2 and 3). We also published our next step beyond carbon neutral: in late 2022, we sent our commitment letter to the Science Based Targets initiative - the leading framework for setting emission reduction targets. Committing to Science Based Targets helps us to identify potential emission reductions and to set emission reduction targets that are in line with climate science.

Collaboration with UNICEF Finland continued

Starting from January 2022, our efforts with UNICEF Finland have focused on Sierra Leone, where we are supporting UNICEF's country-wide education program through a contribution to the national education funding pool. In addition to our support for Sierra Leone, we have also contributed to UNICEF's emergency support in Ukraine with our staff for the UNICEF employee donation program in March 2022.

Message from Chief Sustainability Officer



Heini Kaihu

Chief Sustainability Officer

Our strategy and operations are grounded in a sustainable approach; our mission is to *craft joy with player-focused gaming experiences that last for decades*. Continuously improving sustainability across our whole operations is part of our daily work, and this is also reflected in our 2022 sustainability actions.

We successfully advanced all three of our focus areas. With the safe and responsible gaming strategy, we kicked off a long-term strategic initiative around inclusive game design and marketing. We have the opportunity and responsibility to think about what kind of world we build and share. Instead of old, outdated, and even harmful stereotypes, we want to create worlds, characters, and narratives celebrating diversity allowing us to delight the widest possible audience. We also continuously monitor regulatory developments, such as regulations related to safe internet use and the protection of minors in various regions worldwide, and make sure they are reflected in our games. As part of this work, we developed an in-house technical capability to ask our players to confirm their age when they enter a game and then modify the game feature set accordingly to provide an age-appropriate experience. The functionality was tested in chosen games in Q4 2022 and will be rolled out in our key games across selected regions in 2023.

With people and society, we have focused on analyzing both employee data as well as employee sentiment. To further strengthen our capabilities in advancing the area, we have appointed a Head of Diversity, Equity and Inclusion to drive the agenda. For us, it is important to drive change also in our industry, and at the RovioCon conference, we hosted the panel,

“Let’s change the game together - How to build more diverse and inclusive gaming companies,” with gaming executives.

We also continued to drive our climate and environment strategy forward, ensuring we do our part in protecting the planet. I’m happy to report that we reached 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. This is an important milestone for us, but we are not stopping there. In December, we committed to Science Based Targets and are now developing detailed targets and plans to reach those targets.

Sustainability has become an increasingly important factor for committed and engaged employees. We conducted a Sustainability survey in Q4 2022 to gauge employee experience regarding our sustainability, and the results showed Rovians’ desire to participate in this work. Sustainability is an important topic for Rovians, who are knowledgeable and conscious and demand us to do our share as a company. The results also showed the importance of effective and transparent stakeholder communications of our plans and actions, an area we want to focus on in 2023. There was also a clear indication that our sustainability work has a direct and positive impact on our employee engagement.

I am very proud of this, as well as our accomplishments in 2022, and in 2023 we will continue to build on this work. I believe that sustainability efforts strongly support Rovio’s long-term success.

Our business



Business model

Rovio's operations are divided into two business areas: games and brand licensing. We create, develop and publish mobile games. The majority of the game development is done in-house, but we also work a lot with partners, especially with game and marketing content production. Currently, we have over 100 partners and approximately 70 independent contractors. All Rovio games are free-to-play (F2P), meaning that they can be downloaded and played for free. Players can make optional in-game purchases to speed up their progress or gain access to additional features. In addition to in-game purchases, players can choose to view advertising in exchange for in-game benefits.

With brand licensing, Rovio licenses the Angry Birds brand and its characters to third parties directly or through an agent.

At the end of 2022, 97% of Rovio's Group revenue came from games and 3% from brand licensing. 78% of revenue came from in-app purchases, 16% from in-game advertising, and 3% from custom contracts and other revenue.

The downstream value chain for Rovio is mostly straightforward: the games developed by Rovio are mainly distributed to end-users through app stores, such as Apple App Store and Google Play, both long-term partners of Rovio. Rovio licenses the right to use its brands to partners with fixed-term contracts. Depending on the licensees' value chain, the value chain can involve manufacturers, distributors, and retailers. In social media, including YouTube, the content is distributed to the users directly through the selected platform.

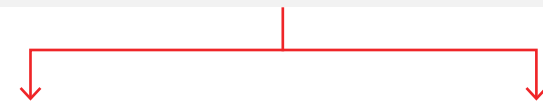
In 2021, Rovio entered into a long-term partnership with Moomin Characters and Gutsy Animation, the creator of the Moominvalley 3D animation series. Rovio will have the rights to develop and publish Moomin IP-based mobile games and Rovio also became a minority shareholder in Gutsy Animations.

Games: Free-to-play

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

Players watch ads in the game

78%

Rovio Group revenue*

16%

Rovio Group revenue*

Games: Custom contracts and other games revenue

Distribution contracts that are signed with partners who pre-download Rovio's games onto their own devices or distribute Rovio's games through their distribution platforms



Includes minimum guarantee and revenue share to Rovio

3%

Rovio Group revenue*

Brand licensing

Rovio licenses the Angry Birds brand to product manufacturers and content creators directly or through an agent



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



Royalties from licensing

3%

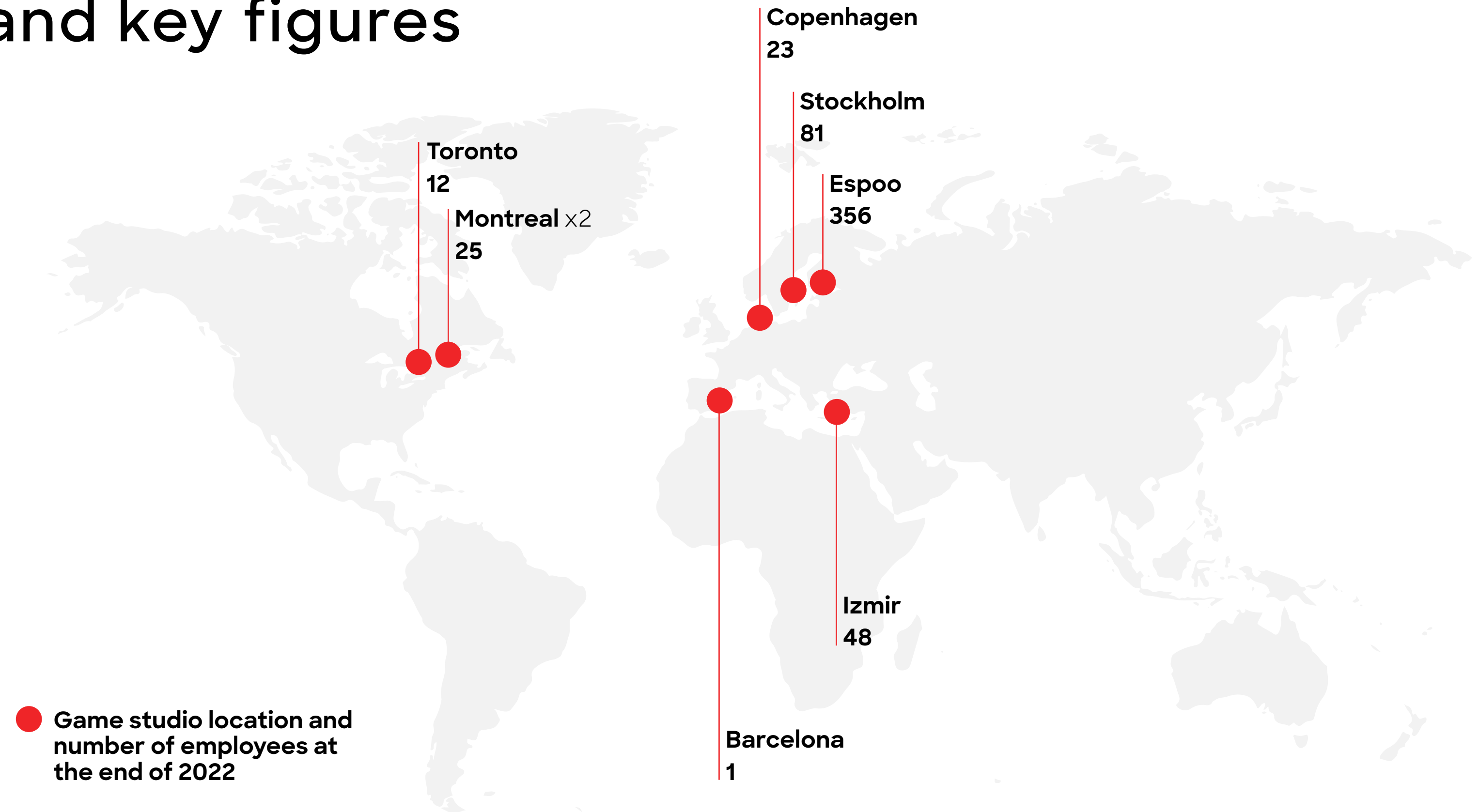
Rovio Group revenue*

*Q4 2022

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 mainstream entertainment with over 3 billion players globally at the end of 2022. The gaming market generated USD 184.4 billion in revenue in 2022 across PC, console, and mobile.

Rovio is headquartered in Espoo, Finland, and has eight games studios across Europe and Canada. 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. In 2022, we opened a new studio in Barcelona, Spain, to support our puzzle games and got an experienced team in Montreal, Canada to strengthen our hybrid-casual know-how. Our other Montreal studio focuses on cross-platform gaming while the Toronto studio in Canada explores new avenues in the traditional casual market. We have acquired two studios over the years; Copenhagen studio in Denmark focuses on casual role-playing games while Ruby Games' team in Izmir, Turkey has expertise in hyper and hybrid-casual gaming.



Group revenue
317.7
EUR million

Games revenue
306.7
EUR million

Group adjusted operating profit
39.2
EUR million

Group adjusted operating profit margin
12.3%

Game downloads*
5 bn
*since 2009

Our strategy



Company strategy

In pursuit of our mission of *crafting joy with player-focused gaming experiences that last for decades*, we have three main growth areas to deliver long-term value creation and growth: free-to-play (F2P) mobile games, mergers and acquisitions (M&A) and cross-platform gaming.

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 talented teams. Our passionate and skillful people are guided by our values of being bold, embracing innovation, and acting with integrity.

Rovio's core business is built around F2P mobile games, meaning that we operate our live games and launch new, successful games. To maximize the chances of achieving our goals, we adjusted our strategy in 2022 to double down on our top live games by increasing the sizes of our game teams. We want to keep the games lively by offering more content and events to drive player engagement and monetization through live operations for years to come. In addition, we have several new games in development across our game studios. Our games utilize both the Angry Birds IP and new IPs, depending on the fit for each specific game project.

Free-to-play mobile

Double down on top live games
Launch new successful games
Leverage a stronger network of players

- Red's Club loyalty program and online hub

M&A

Focus on free-to-play mobile gaming studios according to our strategy
Create real synergetic value through Beacon

Cross-platform gaming

Expand Angry Birds beyond mobile (cross-platform gaming)
Revenue after 2024

Long-term value creation & growth

Sustainability strategy

Sustainability strategy is an important tool for us to set sustainability guidelines. Reflecting our overall strategy, it puts the most material topics at the front of our work and gives us clarity on what we are focusing on.

Our sustainability strategy is based on three focus areas: safe and responsible gaming, people and society and climate and environment. The selection of the focus areas is based on our company strategy, our mission, and values, as well as a sustainability materiality analysis, which was conducted in 2020. More details of the process as well as a detailed list of our current material topics can be found in our 2020 annual report. In 2023, we will complete a new materiality analysis, and update our long-term sustainability strategy for 2024 onwards accordingly.

We have also clarified our way of working, as we build our sustainability with continuous improvement and focus on the 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.

In 2022, we formed the Sustainability Steering Group for the sustainability team to meet quarterly with the leadership team and the studio leaders to update them on the progress of the sustainability initiatives, raise concerns related to the area, and ensure that sustainability continues to be on the agenda at the leadership and senior management levels. Similarly, our Board of Directors is regularly updated on sustainability issues so that they know we are taking a responsible approach to our business.

Read more on

[Rovio strategy](#)
[2020 Annual report](#)



Focus areas



**Safe &
responsible gaming**



**People &
society**



**Climate &
environment**

Way of working

Continuous improvement
Long-term perspective
Shared value creation

Foundation

Rovio
strategy

Mission and
values

Materiality analysis

Our sustainability focus areas



Safe & responsible gaming

Strategy with a strong focus on inclusive game design and marketing

This focus area is closest to our core products, mobile games, and is closely related to the social sustainability of our games. We aim to create a safe space for our players to enjoy a fun 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 2022, we executed our long-term strategy for the safe and responsible gaming domain, which was introduced in 2021. The strategy focuses on minimizing harmful and negative aspects that our players may face, while enforcing positive aspects in the gaming space. The strategically important initiatives include both ones that aim at streamlining the internal processes and guidelines to reduce risks, as well as ones that improve the gaming experience for the players, such as inclusive game design and marketing.

We continuously develop further ways to minimize 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, for example, usernames, chat messages, or guild names or descriptions. Our player experience team actively engages with our player community to prevent poor behavior and act on it. We work towards all Rovio games being free of hate, adult-only content, harassment, and 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 Lead Product Manager for this area.

Active player in the industry

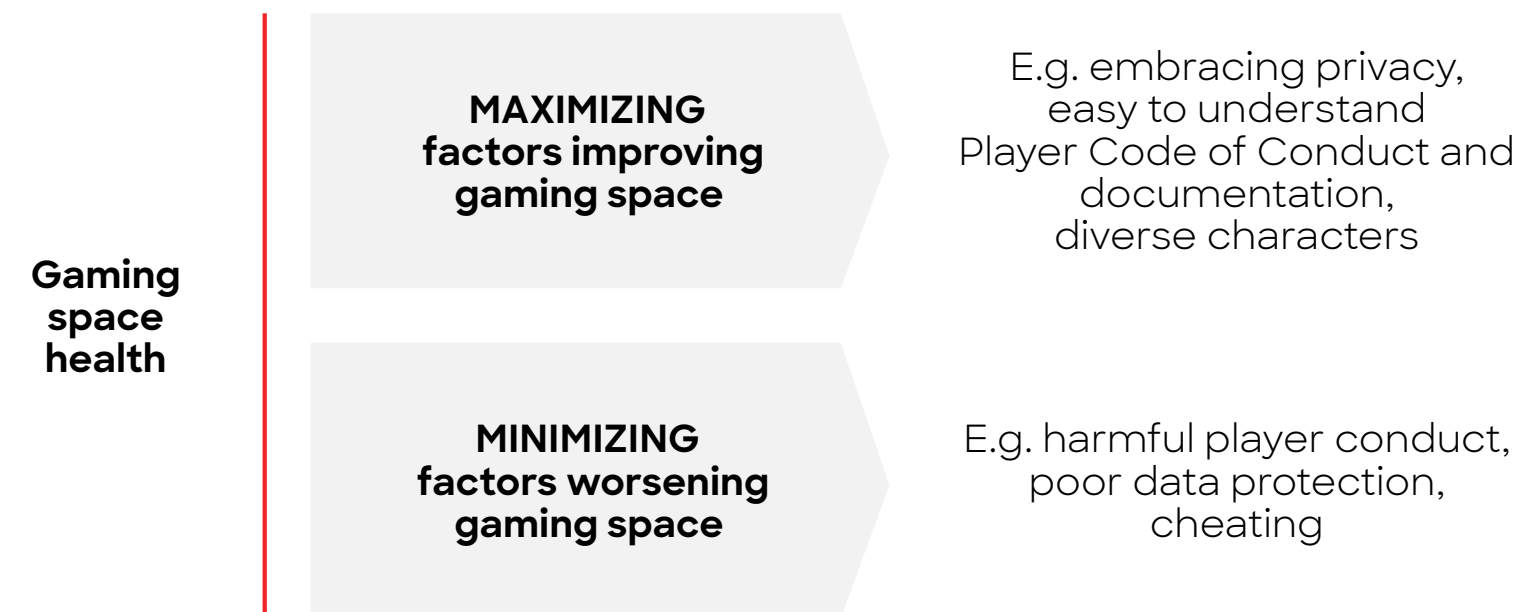
Being actively involved in industry development to promote safe and responsible gaming is very important for us. Rovio is a member of an international Fair Play Alliance (FPA) established by gaming companies with more than 200 members now joined. The goal of the alliance is to promote fair online gaming 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 for safe and responsible gaming. In addition to this, 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 the 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 regulations related to safe internet use and the protection of minors in various regions around the world, and make sure they are reflected in our games. As part of this work, we have developed an in-house technical capability to ask our players to confirm their age when they enter a game and to then modify the game feature set accordingly to provide an age-appropriate experience. The functionality was tested in selected games in Q4 and will be rolled out in our key games across selected regions in 2023.

During the reporting period, there have been no substantiated complaints concerning breaches of customer privacy and losses of customer data.

What is safe and responsible gaming at Rovio



Designing inclusive games and marketing

We want our games to bring joy to a wide variety of people. And we believe that to do it, we need to create games that provide a safe place for all and help people feel accepted and welcome as they are. Here are some examples during the year:

- **Created games and marketing content guidelines.** We created internal guidelines on inclusive game design and marketing to ensure that we continue to deliver high-value experiences to our players in our rapidly changing industry.
- **Formed an inclusive game design and marketing working group.** We set up a cross-functional working group to work on specific area initiatives, highlight any topics or development needing our attention, and provide a sounding board for professionals advancing the area.
- **We created two new roles to advance inclusive game design.** In September 2022, we appointed two employees to facilitate work on cross-functional inclusive game design and marketing initiatives. This includes moderating an internal discussion channel, sharing best practices across the company, as well as managing related projects and initiatives.

- **Creating inclusive marketing.** The UA team partnered with an external partner on a campaign called Creative Women in Games Marketing. Traditionally, gaming marketing has been skewed towards men who play, and the same holds true for our largest game Angry Birds 2. Angry Bird 2 players are 60% men and 40% women, while acquired users to the game via our partner Meta are 75% men and 25% women. With the support of top creative agencies, we are aiming to increase our share of media spend to expand our audience and target more women gamers.

Identified risks

The risks and potential negative impacts we have identified in safe and responsible gaming are mainly related to information security and 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

During 2022, all targets advanced well. Participating in industry forums is an ongoing activity and will continue going forward. Requirements and monitoring framework work has advanced with streamlining the player safety and privacy-related requirements to be more easily understood by game teams. This work continues in 2023 with the scorecard implementation. Key strategic initiative 'inclusive game design and marketing' was kicked off, and the work will continue in 2023.

Implementing a scorecard for safe and responsible gaming will be one of the key targets for 2023. This will make the required activities clearer and more transparent to all stakeholders. Finalizing the adoption of the Player Safety Policy is a key part of the baseline activities being done. Inclusive game design and marketing continues in 2023 by building topic insight, equipping teams with guidelines and tools as well as providing low-threshold channels to ask for feedback, support, and advice.

GOALS

- Continue fostering a safe and responsible gaming space for our players
- Advance inclusive game design and marketing

Targets 2022

Status 2022

Targets 2023

1. Advance strategic initiatives


In progress


1. Implement scorecard for safe and responsible gaming

2. Streamline requirements and monitoring framework


In progress

2. Participate and influence in the relevant industry and legislative forums

3. Participate and influence in the relevant industry and legislative forums


Completed

3. Build and solidify inclusive game development and marketing building blocks

4. Finalize Player Safety Policy adoption

Relevant UN's Sustainable Development Goal





A diverse and inclusive workforce that promotes well-being and drives innovation

Engaged employees are essential for a successful business. We strive to provide a safe, inspiring, and fun workplace for all our employees. We want to be an employer that adapts to employee’s life circumstances and builds a healthy work-life balance, helping our people to maintain their work abilities, essential for a high-performing organization. Employee satisfaction and well-being are further supported with better than statutory benefits packages in all of our locations, including e.g. employee share savings plan, relocation benefit, extensive occupational healthcare and/or private health insurance, and recreational allowance.

Our ambition is to create excellent game experiences that stand out in the market 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. In September 2022, we appointed a Head of Diversity, Equity, and Inclusion to drive strategic change and development in this crucial area.

What is diversity, equity and inclusion (DEI) at Rovio

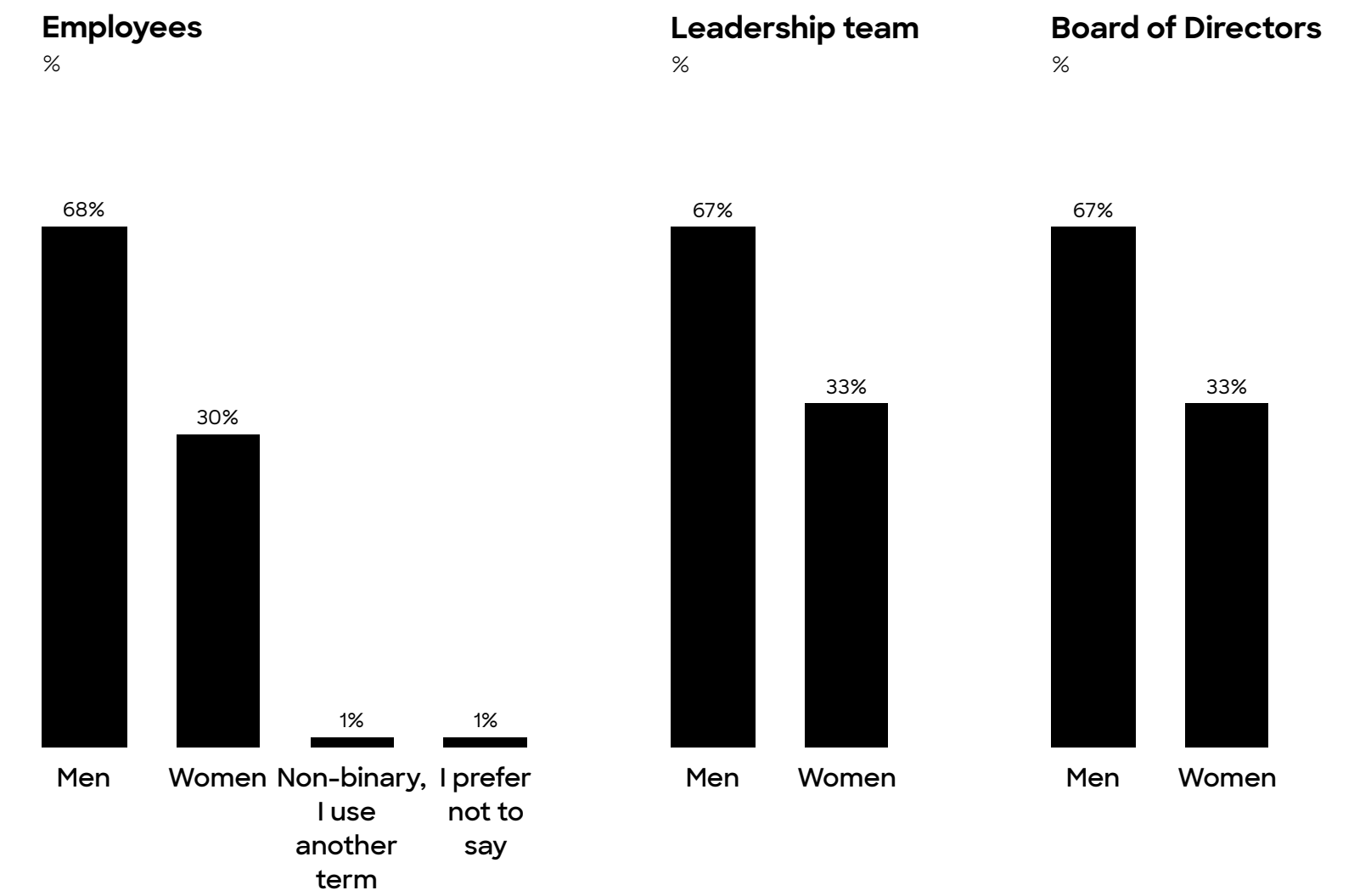
Diverse and inclusive company



E.g. inclusive culture welcoming different opinions and voices, diverse representation of employees, DEI tied to company strategy and operations

E.g. lack of diverse role models, culture tolerating insensitivity and inappropriate behavior, lack of awareness of unconscious biases

People by gender



At the end of 2022, Rovio consisted of people from 58 nationalities and a 30% representation of women, which is an underrepresented demographic in our industry. As growth continues to be core to our strategy, we will start to accelerate our focus on hiring diverse talent with inclusive practices. Here are the highlights of our approach:

- **Collect demographic data.** In October 2020, we started collecting gender data in our job application form to understand the breakdown of our inbound applicants. Since then, 29.6% of our inbound applicants have been women, which is slightly below the global industry representation. Interestingly, since then 36% of our inbound applicant hires have been women, indicating that they have a higher conversion rate in the interview process. Of all new employees in 2022, 35% were women.
- **Showcase diversity.** We make a conscious effort to have a diverse panel of employees in our careers page that represent our employee base so candidates can better picture themselves joining Rovio.

Fostering an inclusive and equitable workplace

Diversity helps to unleash collaborative creativity, and being a diverse and value-driven workplace helps us attract talent globally. It is also a vital component to mitigate potential negative impacts related to employee retention, well-being, and human rights issues in our value chain. For diversity to have a true impact, however, it needs an inclusive work culture that welcomes different viewpoints where employees feel respected for who they are.

We conducted a DEI survey in Q1 2022 to better understand our current state of inclusion. The highlights were that 94% of respondents agreed that “People of all cultures and backgrounds are valued and respected at Rovio,” and 90% agreed that “The people I work with are respectful to one

another.” Below are illustrative examples of our approach based on the insights gathered:

- **Equipping our leaders.** Based on the DEI survey result that 10% of respondents did not feel that senior leadership is capable of managing a diverse group of employees, we hosted a DEI onboarding for Board members and senior management in Q2. In Q4, we rolled out an Inclusive Leadership training focusing on unconscious biases for those in lead positions, and nearly 75% of the target audience has attended so far.
- **Raising concerns.** Based on the DEI survey 15% of respondents did not know how to report instances of harassment or discrimination. While we already have a Code to Address Workplace Harassment as part of employee onboarding material, we are exploring ways to increase the awareness of the support channels for all Rovians.
- **Honoring self-identity.** To recognize and honor how Rovians self-identify, we improved our digital tools (e.g., HR system, communication tool) by activating the custom pronoun fields encouraging people of any gender to share their most affirming pronouns.
- **Harnessing employees’ passion.** Many Rovians are passionate about DEI either as allies or as a member of an underrepresented group. To better harness their passion, we established the DEI Working Group where the group will focus on advancing DEI at the employee level such as outreach towards women in tech and the LGBTQIA+ community.

Being a force for good by contributing to society

We want to be a force for good in our society that is both responsible and aligned with our values. For instance, we hosted a panel on how to build more diverse and inclusive game companies at our annual

Our values



Be BOLD



Embrace INNOVATION



Act with INTEGRITY

RovioCon conference, where we had nearly 800 industry professionals in attendance. In addition, we collaborated with partners in order to scale efforts. Together with our key partner UNICEF Finland:

- We completed our Salmaïtou Senegal pilot project, which aimed to give a second chance to 100 of the most vulnerable girls in Senegal's Kolda region. The project concluded with positive results helping them acquire skills in digital technologies, innovation, and social entrepreneurship.
- Since January 2022, our collaboration has focused on Sierra Leone, where we are supporting their country-wide education program. The education program improves both the accessibility and the content of education to better meet the demands of the rapidly changing world and future work life. Our support enables UNICEF to prevent school dropouts, revise the curriculum to promote digital skills, strengthen alternative learning for those out of school and promote internship opportunities.
- We raised approximately EUR 45,000 through our Staff for the UNICEF employee donation program in March 2022. The donations supported on-ground operations in Ukraine, such as helping with healthcare, education, child protection, water supply, and sanitation.

We also supported SpecialEffect for the fifth consecutive year through our game Angry Birds 2. They are a UK-based charity dedicated to sharing the joy of gaming with people with disabilities that hinder their ability to play in traditional ways. All daily UK revenues generated from the game on October 7, 2022 were donated to SpecialEffect.

People & society goals and targets

The data and inclusivity analysis was completed during the first half of the year, which helped us define the requirements for the new Head of Diversity, Equity, and Inclusion position. The person started in their role in September, which pushed back the delivery of the DEI strategy, targets, and roadmap. In 2023, we will continue to further the work that we have started with data, scorecards, and targets to measure and hold ourselves accountable.

GOALS

- Create a diverse workforce
- Foster an inclusive and equitable workplace
- Be a force for good by contributing to society

Targets 2022

Status 2022

Targets 2023

1. Conduct data and inclusivity analysis

●
Completed

1. Conduct enhanced data and inclusivity analysis

2. Publish DEI strategy and targets

●
In progress

2. Implement scorecard for DEI

3. Set roadmap for DEI actions

●
In progress

3. Publish DEI strategy, targets and roadmap

4. Collaborate with UNICEF to provide meaningful support for the most vulnerable groups

Relevant UN's Sustainable Development Goals





Climate & environment

Continuing our journey for a better planet

For some years, our goals for climate and environment have been super simple: minimize negative impacts and maximize positive impacts. This remains as is. Over the years, we have worked to recognize all the burden that our full value chain of operations causes to our planet. We can say with confidence that today we have a good view on what are the matters we should actively manage and what things do not need to be prioritized. When minimizing our negative impacts, we have prioritized value chain energy consumption over many things. The value chain in mobile games requires electricity to run, and although mobile devices are really energy efficient, we believe the whole industry can improve, and we want to play our part in this. We have been actively seeking possibilities to minimize our own value chain footprint but also worked together in different industry forums to create clear rules on emission accountability and elevate the industry's ambition level in sustainability. A lot of this work is ongoing and never-ending.

During 2022, we reached an important milestone to being carbon neutral within our value chain emissions (Scope 1, 2 and 3). We also published our next step beyond carbon neutral: in late 2022, we sent our commitment letter to Science Based Targets initiative – the leading framework for setting emission reduction targets. Committing to Science Based Targets helps us to identify potential emission reductions and to set emission reduction targets that are in line with climate science.

Read more on
[Playing for the Planet](#)



Bigger handprint

The gaming industry has grown to be the most popular form of entertainment. A bigger audience means bigger influence and with bigger influence industry has greater leverage to raise awareness on important matters such as meaningful actions on climate and environment. Playing for the Planet Alliance, our key partner in climate and environment focus area, has united many of the industry's big names for a common cause to support the global environmental agenda through different initiatives. Since its launch in 2019, the Alliance has supported gaming studios to decarbonize, created a culture of collaboration, and launched a Green Game Jam – a yearly event that has reached hundreds of millions of players to be inspired through green activations in games. As a founding member of the Alliance, Rovio has been actively driving decarbonization and awareness creation in different industry working groups.

In 2022, Angry Birds Friends had two major events to raise awareness of climate and environment. In January, Angry Birds Friends organized a collaboration event with Popeye and the SeaCleaners to raise awareness of the health of our oceans. The event reached 5.5 million players and 2.7 million views on social media. In June, as part of Rovio's contribution to the Green Game Jam, Angry Birds Friends launched a one-week event featuring a special green theme: the pigs are deforesting, and the birds are trying to stop them. Alongside the event, we reached our goal of planting 15,000 trees together with our players through Ecosia's platform. With this event, we reached 3.8 million players in the game and 1 million through social media.



Climate & environment goals and targets

We met three important targets in 2022. Regarding our own environmental impacts, we reached externally verified carbon neutrality and also published our roadmap to go beyond carbon neutrality with our commitment to the Science Based Targets initiative. In Angry Birds Friends, we successfully hosted two events that built environmental awareness among our players. Work to reach the target of developing carbon accounting principles in collaboration with the gaming industry will continue in 2023, as the project has been delayed due to its complexity.

In 2023, our first target is to work with the Science Based Targets initiative to get approval for our emission reduction targets. Building awareness will stay an important external facing target, and we aim to publish the carbon accounting principles together with other industry stakeholders, a project that was planned to be finished already in 2022. Lastly, we'll start evaluating the feasibility of setting net-zero emission targets.

GOALS

- Minimize the negative impact on our planet: focus on reducing negative impact in our value chain
- Maximise the positive impact on our planet: focus on raising awareness with our audience and within the industry

Targets 2022

Status 2022

Targets 2023

Relevant UN's Sustainable Development Goals

1. Reach verified carbon neutrality

●
Completed

1. Submit and get approval for emission reduction targets from the Science Based Targets initiative

2. Publish roadmap to go beyond carbon neutral

●
Completed

2. Launch multiple awareness creation campaigns

3. Launch multiple awareness creation campaigns

●
Completed

3. Publish carbon accounting principles in collaboration with the gaming industry

4. Develop carbon accounting principles in collaboration with the gaming industry

●
In progress

4. Evaluate the feasibility of the net-zero emissions target for Rovio

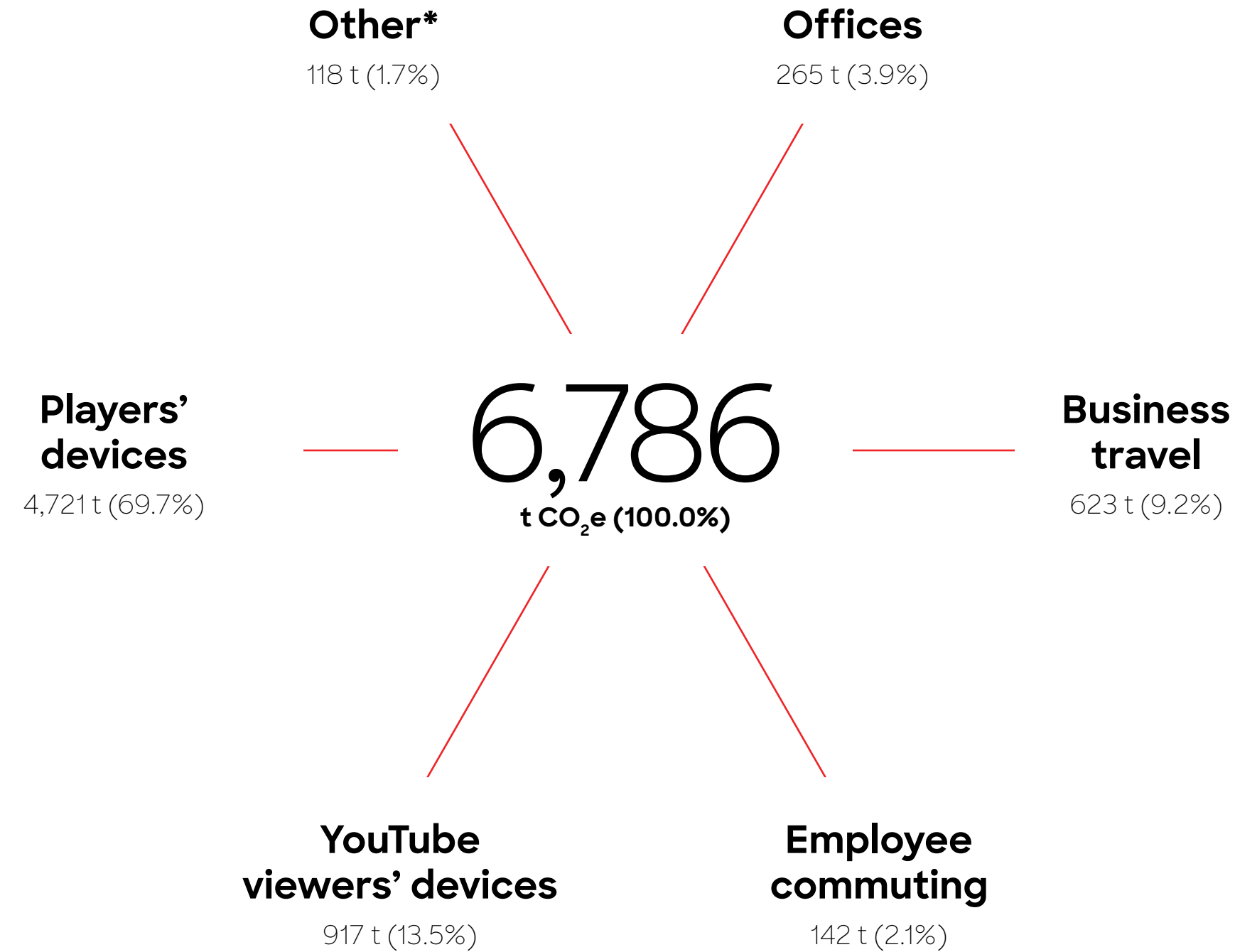


Carbon footprint

Carbon footprint is our key environmental metric. Based on our calculations our total carbon footprint for 2022 was 6,786 CO₂e tons. 97.7% / 6,635 t were categorized as Scope 3 and 0.02% / 151 t 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 21.36 (in tons of CO₂e equivalent per million euro of revenue).

We continue to fully compensate for our 2022 carbon footprint through certified projects. In 2023, we are putting more focus on emission reductions. Although most of our climate emissions are considered as indirect use-phase emissions (customer device energy use) we recognize the importance of reducing our own and value chain emissions as much as we feasibly can.

In 2022, we evaluated the carbon impact of purchased goods and services with a spend-based method to cover supplier emissions where we have poor availability for activity-based data. As we recognized that the spend-based method has significant uncertainty on accuracy, this carbon impact (21,584 CO₂e t) has not been included into our greenhouse gas inventory. We constantly strive to refine the Scope 3 calculation methods and data granularity in order to cover the indirect emissions material to our business as reliably as possible.



*Purchased goods and services, spend-based is excluded



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.

Read more on

[Rovio's risk management policy](#)
[Rovio Code of Conducts](#)



Board of Directors

The general objective of the Board of Directors is to define and direct strategy for the Rovio Group and duly arrange 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 and 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 ("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 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 overall remuneration framework, including the long- and short-term incentive plans.

The Committee also reviews and prepares the remuneration policy and the remuneration reports, monitors and evaluates the remuneration policy regularly in order to ensure alignment with the Company's business strategy and pay-for-performance philosophy, presents the remuneration policy and remuneration report in the general meeting, reviews the results of the general meeting votes and comments from the shareholders regarding the remuneration policy and report.

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, experience, and diversity to meet the needs of the Company. Diversity principles are considered for each nomination. The nomination board is a corporate body of the Company's shareholders and is 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.



Board of Directors

The task of the Board of Directors is to see to the governance of the company and ensure the appropriate organization of the company's operations. The Board of Directors approves the Company strategy, including the sustainability strategy, business plans, and budgets, and monitors their implementation. The Board of Directors approves the Company values and policies and evaluates and monitors issues pertaining to significant risks and risk management activities and risk management policies. The Board of Directors is the highest governance body for sustainability matters and approves the annual sustainability report.

The Board of Directors conducts an annual self assessment of its operations and working methods, including sustainability. The purpose of this evaluation is to establish how the Board of Directors has executed its tasks during the year and to act as a basis for developing the work 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 chairman 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. Both strategic and operational sustainability topics are regularly discussed within the Leadership Team.



Chief Sustainability Officer

The Chief Sustainability Officer (CSO) supervises the creation and implementation of sustainability strategy, actions, and reporting. The CSO is part of the Leadership Team and reports to the CEO. The CSO has a cross-functional sustainability team to define and implement strategies in each focus area, support reporting and communication, and identify sustainability matters that are most relevant for Rovio. In 2022, Sustainability Steering Group was formed, and a working group meets quarterly with the Leadership Team and senior leaders to ensure that sustainability continues to be on the agenda at the leadership and management levels. The CSO reports regularly to the Board of Directors on the progress of the Sustainability strategy and operations and separately to the Audit Committee on regulatory and compliance-related issues.

The CSO is also responsible for providing insights and trend developments on sustainability topics for the Leadership Team and The Board of Directors to ensure the skills and knowledge are at a sufficient level to take sustainability into account in their respective areas.

Business conduct

To observe good corporate governance practice in Rovio Entertainment Corporation's decision-making and corporate governance, we commit to 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. We also observe the rules and regulations of the Helsinki Stock Exchange (NASDAQ Helsinki) and the Financial Supervisory Authority, the Corporate Governance Code for Finnish Listed Companies (2020), and the obligations of the market abuse regulation.

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 an 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 guidelines.

Rovio's employees must avoid any activity that may lead to a conflict of interest, i.e., in a situation where personal interest is or may be inconsistent with or opposed to Rovio's best interest. Additionally, Rovio's employees shall not use their position to obtain personal gain or gain for others with whom the employee has a significant relationship. The best interests of Rovio shall always be observed.

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). Four reports were filed via the official whistleblower channels in 2022, and one was reported via the HR helpdesk. They concerned unwanted internal behavior and were handled according to our internal process for such cases. In addition to more formal training and channels, we have low-threshold internal Slack channels to contact and ask for help and advice on both legal and people-related matters.

There were no significant instances of non-compliance with laws and regulations, or fines paid during the reporting period. For purposes

of transparency, a lawsuit was brought against Rovio in August 2021 by the Attorney General of the State of New Mexico alleging that Rovio's Angry Birds games unlawfully collect and disclose children's personal information for advertising purposes. The lawsuit was settled on December 30, 2022 without any admission of liability or wrongdoing by Rovio.

Read more on

[Rovio Code of Conducts](#)

[Rovio's risk management policy](#)

Key memberships and organisations



UNICEF

Our collaboration with UNICEF Finland started in 2019. Since January 2022, our efforts with UNICEF have focused on Sierra Leone, where we are supporting UNICEF's country-wide education program through a contribution to the national education funding pool. We have committed to support this program for at least until 2024.

In addition to our support for Senegal and Sierra Leone, we have also supported UNICEF's emergency help program in Ukraine with our Staff for the UNICEF employee donation program supporting UNICEF's on-ground operations in Ukraine.



Playing for the Planet Alliance

Since 2019, Playing for the Planet Alliance has been one of the key gaming industry drivers for better climate & environmental management. Rovio has been an active member of the Playing for the Planet Alliance since its' launch. When combined, members of the Alliance can reach more than 1 billion video game players. Playing for the Planet Alliance is led by the United Nations Environment Programme (UNEP). The Alliance provides important member support, has different working groups, and raises awareness while supporting members in media coverage.



Fair Play Alliance

Rovio is a member of international The Fair Play Alliance (FPA). The 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 and responsible gaming.



Finnish Business Society

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.

Reporting principles

In order to ensure transparency and comparability, Rovio's sustainability report is based on the Global Reporting Initiative (GRI) guidelines. Aspect-specific standards have been reported for Rovio's material aspects. A summary of the comparison between the report contents and the reporting guidelines is presented in the GRI content index.

Rovio's sustainability aspects, environmental indicators, and HR indicators are reported annually for the same period as the financial figures (January 1 – December 31). Unless otherwise mentioned in the context, the reporting covers all operations of the parent company and subsidiaries in all countries of operation. There has been no need for restatements of information from previous reporting periods.

No external assurance was sought for the sustainability report.

Reporting of environmental information and emissions

The indicators for environmental responsibility cover the Group's operations with the most significant environmental impacts in all of its countries of operation. The accounting for greenhouse gas emissions follows the Greenhouse Gas Protocol standards and guidelines developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Accounting is based on the principle of operational control. Carbon dioxide equivalent emission factors have been used as the emissions factor whenever they have been available.

Rovio and EU Taxonomy

The EU taxonomy is a classification system establishing a list of environmentally sustainable economic activities. In practice, this means that with EU taxonomy in place, companies, customers, investors, and other stakeholders could more easily separate environmentally sustainable activities from those that are not meeting the criteria of sustainable business activities set in the Taxonomy requirements.

EU Taxonomy has its basis in the European Green Deal, which has the vision to transform Europe into a more sustainable and resource-efficient economy. In order to direct investments into a sustainable business, EU Taxonomy plays an important role by guiding what's classified as sustainable.

The Taxonomy Regulation has six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Rovio recognizes the importance of these six environmental objectives and welcomes the well-needed regulation on what is classified as a sus-

tainable business and what is not. EU Taxonomy technical screening criteria are developed primarily for those industry sectors that are considered to have a substantial impact on climate change. Based on our analysis, none of Rovio's current business activities fall under sectors or activities defined in the screening criteria. Therefore, Rovio's eligibility (whether an activity is covered by the EU Taxonomy) is 0% for all; revenue, Capex, and Opex.

Although Rovio's business activities do not fall under EU taxonomy criteria, this does not distract from our increasing focus on sustainability. Since the renewal of our sustainability strategy in 2020, we have raised Climate & Environment as one of the focus areas. Therefore, we see that Rovio is well-equipped to address the challenges of climate change mitigation & adaptation, the first two objectives in the EU Taxonomy. Looking at the big picture, integrating sustainability into our everyday business has been, and will be an important activity for us, and we hope that in the future regulations will include the games industry under sector-specific guidelines.

Appendix



Rovio's sustainability key performance indicators and results

People		Stakeholders	Methods of dialogue
Number of employees (end of year)	546	Customers	Publication of information about our products Support channels for raising concerns and getting help Casual online communication (various channels) Player surveys
Nationalities	58	Partners & Suppliers	Regular partner meetings Day-do-day interaction in project collaborations
Share of women/men/other among employees	Women 30% Men 68% Non-binary / I use another term 1% I prefer not to say / not disclosed 1%	Shareholders, investors and analysts	Quarterly publication of information of our company's financial performance Publication of information in the form of stock exchange or press release about major events, launches and other key news Annual General Meeting of Shareholders Capital Markets Day Meetings with Rovio management and experts
Share of women/men among leadership team	Women 33% Men 67%	Employees	Quarterly employee engagement surveys Monthly meetings with employee representatives Open ongoing dialogue and information sharing via company Slack channel Meetings and ongoing dialogue with employee DEI working group
Share of women/men among Board of Directors	Women 33% Men 67%	Trade bodies and NGOs	Partnerships with NGOs Meetings Participation in working groups and knowledge sharing
Employee age structure	21% under 30 75% 30-50 4% over 50		
eNPS - yearly average	22 (Q1 18, Q2 20, Q3 21, Q4 28)		
Employee turnover, %	19%		
Employee attrition, %	14.5%		
Share of non-Finnish in the Leadership team	44%		
Share of non-Finnish in the Board of Directors	50%		
Number of nationalities in the Leadership team	4		
Number of nationalities in the Board of Directors	3		
Gender pay gap (Finland)	2%		
Share of women of new employees, %	35%		

Employee turnover = employees who leave the organization voluntarily due to dismissal, end of fixed-term contract, or retirement
Employee attrition = employees who leave the organization voluntarily through resignation
Gender pay gap = the difference in the base salary between women and men when comparing to similar position and role seniority

2022 Other GHG metrics

GHG emissions per full time employee (FTE)	12.43 (tCO ₂ e/FTE)
GHG emissions per revenue	21.36 (tCO ₂ e/M€)
Coverage of GHG inventory compensated through certified projects *	100%

2022 Energy consumption

Category	Energy (GJ)
Total energy consumption within the organization	5714.41
Total electricity consumption	2697.31
Total heating consumption	2947.87
Total cooling consumption	69.23
Total steam consumption	0
Total fuel consumption from non-renewable sources	0
Total fuel consumption from renewable sources	0
Energy intensity (energy consumption within the organization / revenue)	17.99 (GJ/M€)

2022 Greenhouse gas inventory

Category	Emissions (tCO ₂ e)
Scope 1: Direct GHG emissions	0
Scope 2: Energy indirect GHG emissions	151.3
Electricity	12.7
Heating and cooling	138.6
Scope 3: Other indirect GHG emissions*	6634.7
Business travel	623.4
Purchased goods and services, activity-based	153.6
Capital goods	34.1
Employee commuting and teleworking	141.6
Use of sold products	5637.7
Waste generated in operations	3.4
Fuel and energy related activities	40.9

Emissions excluded from inventory

Scope 3 Other indirect GHG emissions: Purchased goods and services, spend-based *	21583.8
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Other GHG emission categories excluded as not applicable or considered as not relevant.

* Scope 3: Other indirect GHG emissions excludes Purchased goods and services, spend-based as the evaluation of carbon impact based on spend has significant uncertainty on accuracy in this category. Purchased goods and services, spend-based is reported as a separate table to improve our emissions coverage on suppliers where we have poor availability for activity-based data. Inventory that excludes spend-based emissions is comparable with 2021 reported emissions.

Global Reporting Initiative (GRI) standard and its content index

Disclosure number	Location	Additional information
GRI 2: General Disclosures 2021		
2-1 Organizational details	Sustainability report - Introduction (page 35)	
2-2 Entities included in the organization's sustainability reporting	Sustainability report - Reporting principles (page 59)	
2-3 Reporting period, frequency and contact point	Sustainability report - Reporting principles (page 59)	
2-4 Restatements of information	Sustainability report - Reporting principles (page 59)	
2-5 External assurance	Sustainability report - Reporting principles (page 59)	
2-6 Activities, value chain and other business relationships	Sustainability report - Business model (page 40)	
2-7 Employees	Sustainability report - Appendix, People table (page 61)	
2-8 Workers who are not employees	Sustainability report - Business model (page 40)	
2-9 Governance structure and composition	Sustainability report - Appendix, People table (page 61)	
2-10 Nomination and selection of the highest governance body	Sustainability report - Governance structure (page 55)	
2-11 Chair of the highest governance body	Corporate governance statement	
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability report - Governance structure (page 56)	
2-13 Delegation of responsibility for managing impacts	Sustainability report - Governance structure (page 56)	
2-14 Role of the highest governance body in sustainability reporting	Sustainability report - Governance structure (page 56)	
2-15 Conflicts of interest	Sustainability report - Business conduct (page 57)	
2-16 Communication of critical concerns	Sustainability report - Business conduct (page 57)	
2-17 Collective knowledge of the highest governance body	Sustainability report - Governance structure (page 56)	
2-18 Evaluation of the performance of the highest governance body	Sustainability report - Governance structure (page 56)	
2-19 Remuneration policies	Remuneration Policy, Remuneration Report	
2-20 Process to determine remuneration	Remuneration Policy, Remuneration Report	
2-21 Annual total compensation ratio	Remuneration Report	In remuneration report disclosure CEO compensation is total compensation, average employee compensation is cash based compensation, ratio and annual change (in %) not calculated.
2-22 Statement on sustainable development strategy	Sustainability Report - Sustainability strategy (page 43)	
2-23 Policy commitments	Sustainability report - Business conduct (page 57)	
2-24 Embedding policy commitments	Sustainability report - Business conduct (page 57)	
2-25 Processes to remediate negative impacts	Sustainability report - Business conduct (page 57)	
2-26 Mechanisms for seeking advice and raising concerns	Sustainability report - Business conduct (page 57)	

Disclosure number	Location	Additional information
2-27 Compliance with laws and regulations	Sustainability report - Business conduct (page 57)	
2-28 Membership associations	Sustainability report - Key memberships and organizations (page 58)	
2-29 Approach to stakeholder engagement	Sustainability report - Appendix: Stakeholder table (page 61)	
2-30 Collective bargaining agreements		No CBAs but Rovio's own policy (following local legislation) negotiated with Employee representatives
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Sustainability Report - Sustainability strategy (page 43), Annual Report 2020	
3-2 List of material topics	Sustainability Report - Sustainability strategy (page 43), Annual Report 2020	
3-3 Management of material topics	Sustainability Report - Sustainability strategy, Sustainability focus areas (pages 43-53)	
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Sustainability report - Appendix: Climate and environment table (page 62)	
302-2 Energy consumption outside of the organization	Sustainability report - Appendix: Climate and environment table (page 62)	
302-3 Energy intensity	Sustainability report - Appendix: Climate and environment table (page 62)	
302-4 Reduction of energy consumption		Rovio has committed to the Science Based Targets Initiative in 2022, target setting ongoing
302-5 Reductions in energy requirements of products and services		Rovio has committed to the Science Based Targets Initiative in 2022, target setting ongoing
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	Sustainability report - Appendix: Climate and environment table (page 62)	
305-2 Energy indirect (Scope 2) GHG emissions	Sustainability report - Appendix: Climate and environment table (page 62)	
305-3 Other indirect (Scope 3) GHG emissions	Sustainability report - Appendix: Climate and environment table (page 62)	
305-4 GHG emissions intensity	Sustainability report - Appendix: Climate and environment table (page 62)	
305-5 Reduction of GHG emissions		Rovio has committed to the Science Based Targets Initiative in 2022, target setting ongoing
305-6 Emissions of ozone-depleting substances (ODS)	n/a	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	n/a	

Disclosure number	Location	Additional information
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	Sustainability report - Appendix: People table (page 61)	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability report - People and society (page 47)	No significant differences in what is provided to full-time and part-time, and fixed-term employees.
401-3 Parental leave	Annual report - People and culture	
GRI 401: Employment 2016		
404-1 Average hours of training per year per employee	n/a	Training is an essential part of our people growth strategy, but currently not systematically tracked.
404-2 Programs for upgrading employee skills and transition assistance programs	Annual report - People and culture	
404-3 Percentage of employees receiving regular performance and career development reviews	n/a	Career development and talent review are an essential part of our people growth strategy, but currently not systematically tracked.
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	Sustainability report - Appendix: People table (page 61)	
405-2 Ratio of basic salary and remuneration of women to men	Sustainability report - Appendix: People table (page 61)	
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Sustainability report - Business conduct (page 57)	
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report - Safe and responsible gaming (page 45)	

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 2022

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 8, 2023.

The Corporate Governance Statement 2022 and Rovio’s Annual Report for 2022 were published on March 10, 2023, and they are available at: [HTTPS://INVESTORS.ROVIO.COM/EN/FINANCIALS-REPORTS/REPORTS-AND-PRESENTATIONS/YEAR/2022](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 2022

Rovio’s Annual General Meeting (“AGM”) was held on April 7, 2022 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 2022.

Shareholders’ Nomination Board

The Shareholders’ Nomination Board (“Nomination Board”) is a permanent corporate body of the Company established by the Annual General Meeting in 2021. The Nomination Board is 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 however so that at least one of the members must be appointed by an institutional investor. The Chair of the Board of Directors also participates the meetings.

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 their 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](https://investors.rovio.com/en/governance/shareholders-nomination-board).

2022 Shareholders' Nomination Board

The 2022 Shareholders' Nomination Board consisted of the representatives of the first, fourth, seventh and eighth largest shareholders as at the first working day in September 2022, i.e. Moor Holding AB, Brilliant Problems Ltd, Ilmarinen Mutual Pension Insurance Company and Sijoitusrahasto Aktia Capital.

The composition of the 2022 Nomination Board was the following:

- Kaj Hed, Chair of Board of Directors, Moor Holding AB
- Matthew Wilson, Deputy Member of the Board of Directors, Brilliant Problems Ltd
- Esko Torsti, Head of Cross Asset Allocation, Ilmarinen Mutual Pension Insurance Company
- Markus Lindqvist, 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 the Company. The Nomination Board convened five times in 2022 and one time in 2023 before submitting their proposal. The participation rate was 96%. On January 9, 2023, the Nomination Board submitted to the Board its proposals for the 2023 AGM to be held on April 3, 2023. The proposals are available at Rovio's website at: [HTTPS://INVESTORS.ROVIO.COM/EN/SHAREHOLDERS-NOMINATION-BOARDS-PROPOSALS-AGM-2023](https://investors.rovio.com/en/shareholders-nomination-boards-proposals-agm-2023).

Board of Directors and Board Committees

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 (including the sustainability strategy) of the Rovio Group's business units' business plans and budgets and monitor their implementation, review and adopt the financial statements, interim reports, non-financial reports and other stock exchange releases, decide on the dividend policy and authority frames for the Group's capital expenditure, decide on the principles on approval and signing rights and monitor their implementation, decide on major individual investment or expenditure as well as on any other 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 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 their possible deputy and approves the appointment of the members of the Leadership Team, monitors the management resources and 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 and evaluates the independence of its members in accordance with the recommendations of the Finnish Corporate Governance Code annually.

Board of Directors meetings in 2022

Until the Annual General Meeting held on April 7, 2022, the Board of Directors comprised of the following six (6) members: Chair Kim Ignatius, Vice Chair Björn Jeffery, Niklas Hed, Camilla Hed-Wilson, Jeferson Valadares and Leemon Wu.

The Annual General Meeting on April 7, 2022 resolved that the Board of Directors comprises six (6) members and re-elected Niklas Hed, Camilla Hed-Wilson, Kim Ignatius, Björn Jeffery and Leemon Wu as members of the Board and Langer Lee was elected as a

new member for the term ending at the closure of the Annual General Meeting in 2023. 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, Niklas Hed, Kim Ignatius, Björn Jeffery and Langer Lee are independent of Rovio and its significant shareholders. Based on overall evaluation Camilla Hed-Wilson is considered not to be independent from Rovio's significant shareholders. Based on the overall evaluation, Leemon Wu was considered not to be independent from Rovio's significant shareholder Moor Holding AB until the end of September 2022.

The Board of Directors met or held a teleconference 20 times in 2022. The average attendance of members at Board meetings was 98%.

In 2022, the Board of Directors focused on the Company's strategy and monitoring of its implementation, the Company's financial situation and reporting of the same, and carrying out the governance duties pertaining to listed companies. The importance of sustainable operations has further strengthened and it has become an increasingly important part of the Company's value creation. Together with the management, the Board of Directors has tried to take into account the effects of changes in geopolitical and economic factors on our operating environment. It has also been important to monitor and evaluate the resourcing and operations of the Company's management, and to make respective decisions. Pursuant to its fiduciary duties, the Board of Directors has also explored strategic alternatives in order to reach the best possible outcome for Rovio and its shareholders.

The fees paid to the Board of Directors in 2022 totalled EUR 444,000.00.

Attendance in 2022

Meetings of the Board of Directors

Niklas Hed	19/20
Camilla Hed-Wilson	20/20
Kim Ignatius	20/20
Björn Jeffery	20/20
Jeferson Valadares (member until April 7, 2022)	5/5
Langer Lee (member as of April 7, 2022)	14/15
Leemon Wu	20/20

Members of the Board of Directors



Kim Ignatius

Chair of the Board of Directors

BSc (Econ.)

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 since 2022 and in 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 Chair of the Audit Committee
- Yliopiston Apteekki, Vice Chair of the Board and Chair of the Audit Committee
- Directors' Institute Finland, Chair of the Board
- Duell Corporation, Member of the Board and Chair of the Audit Committee

Share ownership (December 31, 2022)

- 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

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, 2022)

- 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 of the same 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

Share ownership (December 31, 2022)

- 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 Family AB, Member of the Board of Directors

Share ownership (December 31, 2022)

- 1,000 shares





Langer Lee

Member of the Board of Directors as of April 7, 2022

Soc.Sc. (Psychology and Corporate Communication)

Born 1988, Singaporean Citizen

- Member of Rovio's Board of Directors since 2022
- Independent of the Company and its major shareholders

Primary work experience

- Nuverse Game Business in ByteDance, Global Head of Corporate Development since 2022
- Nuverse games business in ByteDance, Head of Corporate Development of Asia (excl. China) and Europe, 2021-2022
- Mixi, Inc., Director of Corporate Planning & Strategy, Digital Entertainment division, 2016-2021
- KLab Inc., Global Business Development Lead, 2013-2016

Share ownership (December 31, 2022)

- 0 shares

Leemon Wu

Member of the Board of Directors

M.Sc. (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
- Independent of the Company and its major shareholders

Primary work experience

- C WorldWide Asset Management, Portfolio Manager since 2022
- Moor Holding AB, Chief Investment Officer, 2018-2022
- Family office advisory, Global equities, 2016-2018
- C WorldWide Asset Management, Senior Portfolio Manager, 2007-2016
- Carnegie Investment Bank, Financial analyst, 2001-2007
- AB Custos, Investment Analyst, 1999-2001

Positions of trust

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

Share ownership (December 31, 2022)

- 0 shares



Jeferson Valadares

Member of the Board of Directors until April 7, 2022

M.Sc. (Computer Science, Artificial Intelligence)

Born 1975, Brazilian citizen

- Member of Rovio's Board of Directors in 2019–2022
- Member of Rovio's Remuneration Committee since 2020
- Independent of the Company and its major shareholders

Performance evaluation of the Board of Directors

The Board of Directors conducted a self-assessment of its work and working methods in 2022. 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. The Nomination Board also reviewed the self-assessment report.

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 Diversity Policy (from 2017, updated in 2023). In accordance with the Diversity Policy, the following diversity principles are taken into account when the Shareholder's Nomination Board is preparing its proposal for the nomination of Board members 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 April 7, 2022 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. All of the members have professional experience in various types of positions and from various industries and are from various countries: Finland, Singapore and Sweden. The members represent different ages between 34 and 66 years, and the duration of their service on the Rovio Board of Directors is 1–11 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, non-financial reporting, internal control and risk management systems, related party transactions and compliance and governance matters 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.

In its organizational meeting held on April 7, 2022, 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 2022, the Audit Committee focused on reviewing the Company's financial performance, reviewing interim reports and the related external reporting, reviewing external audit plans and audits, as well as internal auditing and internal controls. The Committee has also

evaluated risk management processes and reviewed the risk analyses. Special attention has been paid to sustainability reporting and related processes. It has also been important to monitor the functionality and development of compliance processes, including the review of legal matters, monitoring the changes to the IFRS standards, evaluating the dividends, as well as the outlook and targets, 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 2022 is shown below:

Attendance in 2022	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.

In its organizational meeting held on April 7, 2022, Rovio's Board of Directors appointed Camilla Hed-Wilson as the Chair of the Remuneration Committee, with Kim Ignatius and Björn Jeffery as members.

In 2022, the Remuneration Committee met eight times to discuss the following matters: evaluating the Leadership Team's compensation models and levels, evaluating and updating 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.

The Committee prepared and supported the search process and appointment of the new Chief People Officer. Together with the new CPO the Committee continued to support the

development of the people strategy, human resources operations and services as well as focusing further on culture work.

The Committee worked on the updated Remuneration Policy which received a very positive approving voting result at the Annual General Meeting. The Committee carries out a self-evaluation of its performance.

The meeting attendance of the members of the Remuneration Committee in 2022 is shown below:

Attendance in 2022	Meetings of the Remuneration Committee
Camilla Hed-Wilson	8/8
Björn Jeffery	8/8
Kim Ignatius (member as of April 7, 2022)	5/5
Jeferson Valadares (member until April 7, 2022)	3/3

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 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 CEO reports on their 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 themselves.

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

Leadership Team

In 2022, the Leadership Team consisted of Alexandre Pelletier-Normand, Petri Hyökyranta, Heini Kaihu, René Lindell, Jakob Longer, Ben Mattes, Minna Raitanen, Andy Muesse (as of June 10, 2022), Lotta Vuoristo (as of June 1, 2022) and Kieran O'Leary (until August 31, 2022). 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 2022, the Leadership Team outlined a strategic agenda of four points which were reviewed throughout the year in each meeting.

1. Nurture innovation throughout the company.

Innovation should never be mandated to a specific team or group; it is a way of thinking. The leadership team put in place forums and workshops where novel ideas could be shared in a safe environment. Examples of this were the creation of a multi-disciplinary workgroup working on remuneration and various workshops on strategy, which sparked new ideas to bring growth opportunities in the years to come.

2. Accelerate external growth.

M&A remained a priority for us in 2022. We have remained convinced that the appropriate way to do it was through synergistic acquisitions where we could bring constructive value to the target, thanks to our UA or analytics capabilities, or through our powerful toolset (Beacon). While we did not close a transaction during the year, we refined our criteria, and momentum was positive during the last quarter.

3. Foster a high-ambition and high-autonomy culture.

The mobile gaming market remains very competitive. Games have a longer half-life than ever, which makes it increasingly hard to release new titles. Only highly ambitious projects created by relentless teams can perform. Our leadership team worked on governance models and bonus systems, making our studios both autonomous and ambitious.

4. Continue to develop and leverage the Angry Birds Brand

Angry Birds is Rovio's most precious asset. During the year, the leadership team worked on a new strategy to increase the brand's relevance to new heights. The three main components are (1) Red becoming the face of mobile gaming; (2) Improving our offers for teens, the trend-setters; (3) Coordinating our brand activation actions to maximize impacts, what we call the symphony.

Members of the Leadership Team



Alexandre Pelletier-Normand
Chief Executive Officer

B.Sc. (Computer Science)

Born 1980, Canadian citizen

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

Primary work experience

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

Positions of trust

- Execution Labs, Member of the Board of Directors

Share ownership (December 31, 2022)

- 85,734 shares



Petri Hyökyranta
CTO

BBA (Business Administration)

Born in 1972, Finnish citizen

- Joined Rovio in 2011
- Member of Rovio's Leadership Team since 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, 1999–2011

Share ownership (December 31, 2022)

- 50,987 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
- Member of Rovio's Leadership Team since 2019
- Head of HR in 2019–2021
- Head of Studio, Games, 2014–2019
- Director Games Portfolio, 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, 2022)

- 42,389 shares



René Lindell

CFO

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

Born 1976, Finnish citizen

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

Primary work experience

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

Share ownership (December 31, 2022)

- 57,646 shares



Jakob Longer

Head of Corporate Development

Bachelor of Business
(Financial Planning and
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, 2016
- Business Development Specialist, Rovio Stars, 2013–2016
- Controller, Finance Department, 2012–2013

Primary work experience

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

Share ownership (December 31, 2022)

- 2,658 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 2021
 - SVP of Future of Gaming and Angry Birds Brand Strategy since 2020

Primary work experience

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

Share ownership (December 31, 2022)

- 5,175 shares



Andy Muesse

Head of Studios

BA Business Administration

Born in 1985, US citizen

- Joined Rovio in 2020
- Head of studios since 2022
- Member of Rovio's Leadership team since 2022
- Head of Studio & GM Stockholm, 2020–2022

Primary work experience

- Wargaming, Head of mobile product, 2017–2020
- GREE International, Vice President, product, 2015–2017
- KIXEYE, several roles, 2012–2015

Share ownership (December 31, 2022)

- 5,350 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, 2012–2015

Primary work experience

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

Share ownership (December 31, 2022)

- 30,880 shares



Lotta Vuoristo

Chief People Officer

Ph.D in Economics

Born in 1981, Finnish citizen

- Joined Rovio in 2022
- Member of Rovio's Leadership Team since 2022

Primary work experience

- KONE Corporation, several positions, latest Global Head of Culture Journey, 2017–2022
- Nissan Nordic Europe Oy, Several positions, latest Revenue Optimization Programme Manager, 2005–2017

Share ownership (December 31, 2022)

- 0 shares

The following former member of the Leadership Team left their position in 2022: Kieran O'Leary, COO, Leadership Team member until August 31, 2022

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 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 2022

In 2022, risk management focus continued on ensuring optimization of the business around Apple's tracking transparency implementation and its impact on mobile advertising.

Cyber security risks and the macroeconomic impacts of the war in Ukraine were constantly monitored. The Covid-19 pandemic slowing down posed new challenges and opportunities with implementing hybrid ways of working.

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. The 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. The Internal Audit may work closely together also with external auditors, especially in areas where they mutually support each other's objectives.

The Internal Audit is responsible for the development and the approval of an audit plan. The plan typically details the 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 2022

The previously prepared internal audit plan was followed in 2022 and ongoing internal audit projects, cybersecurity process and M&A process audit were concluded.

At the end of the year a thorough assessment on current internal audit status and scoping future needs was made as a part of 2023 internal audit planning and presented to the Board of Directors. 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 April 7, 2022, 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 2022, Rovio paid a fee of EUR 453,000 for auditing services. Additionally, Rovio paid the auditor EUR 24,000 for tax counselling and EUR 19,000 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 busi-

ness 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 trans-

action 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 segment (Games). 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 2022 was marked by uncertainties in the world and headwinds in the mobile gaming market. Despite these, Rovio continued to perform well and was successful in growing the key live games and innovating new gaming concepts.

In June 2022, we appointed Lotta Vuoristo as the Chief People Officer, heading the continued development of the people strategy and human resources operations and services. Building and maintaining a great culture at Rovio continues to be in focus across all people development, talent acquisition and rewarding initiatives.

The challenging business environment of 2022 has shown that the ability to attract top talent and foster a culture of creativity are prerequisites for long-term success in the future. Rovio seeks to employ top talent with specific expertise areas and a high level of passion within each craft and for the industry. In order to succeed and be competitive in the highly dynamic global mobile gaming industry, a continuous focus on the talent development perspective is needed.

One way of sustaining the talent ambition is by ensuring fair and continuously developing remuneration practices. During 2022, Rovio paid special attention to benchmarking compensation levels to the market, and reviewing and adjusting the base salaries of employees. Another way is by ensuring the growth and development of our talent. In 2022, we also appointed Andy Muesse as the Head of Studios. He will lead the development of Rovio's game portfolio roadmap, driving ambition and performance across all studios.

The CEO's and the Leadership Team's total remuneration opportunity is linked to Rovio's overall success and share price development, and includes a people-related

sustainability target in the 2022 short-term incentive programme. The reward practices are designed to drive both the short- and long-term financial performance of Rovio.

In April 2022, the developments made in Rovio's remuneration practices, policy and reporting were presented to the shareholders in the Annual General Meeting and the voting was very favorable. The remuneration policy approved in the meeting has been followed during 2022. This report is prepared and issued in accordance with the Finnish Corporate Governance Code 2020 and the EU's Shareholder Rights Directive 'SHRD II'.

In 2023, we continue our work towards achieving our ambitious targets and delivering high-value experiences to our players.



1.1. Remuneration Policy at a glance

The aim of the Remuneration Policy is to ensure the alignment of pay and performance at Rovio. To achieve this, Rovio has built a remuneration framework that incentivizes Rovians to drive the Company's success and create shareholder value in the long term. The framework also supports the Company's growth strategy focusing on the games business while leveraging the Angry Birds brand and new IPs in games and other entertainment. The remuneration framework is set to be consistent with the Remuneration Policy and is applied to all Rovio employees.

The General Meeting resolves on the remuneration of the Board. As of 2022, the proposal for the General Meeting is prepared by the Shareholder's Nomination 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 organizes the practicalities related to 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.

The remuneration of the CEO is based on the following guiding principles:

- Total remuneration opportunity will be sufficiently competitive in relation to the typical market level in relevant peer companies.
- Variable remuneration forms a significant part of the total remuneration opportunity in order to align remuneration with the achieved performance and shareholder value creation.
- The majority of the variable remuneration is long-term and share-based, emphasizing long-term performance and linking it to shareholder value development over time.
- 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.



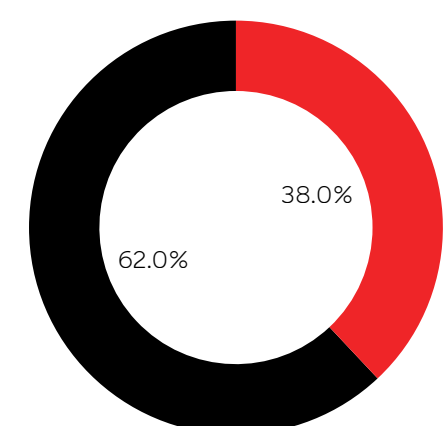
2. Remuneration of the CEO in 2022

2.1. Actual Paid in 2022

Remuneration of the CEO consists of a fixed monthly salary, benefits, as well as both short and long-term incentive programs. To secure the 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 2022, the CEO of Rovio, Alexandre Pelletier-Normand, was paid a total remuneration of EUR 1,106,194. The actual payout remuneration mix based on the year 2022 was 38% fixed and 62% variable (Graph 1). The fixed proportion of EUR 415,718 is formed by the fixed monthly salary including fringe benefits and EUR 12,278 paid as matching shares in connection with the employee share saving plan 2020–2022. Rovio does not have a supplementary pension plan in place for the CEO. The variable proportion is formed by the 2021 short-term incentive payment EUR 138,432 paid in 2022, EUR 191,551 based on the vesting of the performance share plan 2020, EUR 66,000 of exercise of stock options 2019A and EUR 294,493 based on the vesting of the restricted shares granted in 2019. As Alexandre Pelletier-Normand took the position of CEO as of 1.1.2021, part of the variable proportion of the payment is based on his earlier position as ‘Head of Games’ at Rovio.

Remuneration of the CEO in 2022



2022
 ● Fixed 38%
 ● Variable 62%

Graph 1

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 2022 were met at the level of 42.34%. The payout of EUR 162,578 will be paid in March 2023. For each performance period, the short-term incentive opportunity is capped at 100% of the annual base salary.

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 plan period 2021–2023 commenced on April 1, 2021 and ends on August 31, 2023. As per December 31, 2022, 4,161 shares have been purchased with the saved amount, and assuming that the CEO maintains the purchased shares until the end of the holding period, 2,081 matching shares (gross value) will be granted once the programme comes to an end in August 2023. The plan period 2022–2024 commenced on April 1, 2022 and ends on August 31, 2024. As per December 31, 2022, 2,580 shares have been purchased with the saved amount, and assuming that the CEO maintains the purchased shares until the end of holding period, 1,290 matching shares (gross value) will be granted once the programme has come to an end in August 2024.

The CEO and the members of the Leadership Team and selected employees are 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.

For the Performance Share Plan, with measurement period as the financial year 2021, the performance criteria were met as 23.64% of the maximum. The performance criteria for the plan were Rovio’s Sales Growth (%) and Rovio’s Adjusted Operating Profit Margin (%). Alexandre Pelletier-Normand was awarded with 21,865

performance shares including a proportion equivalent to taxes and tax-related costs. The performance period continued with a one-year waiting period covering the year 2022, and the payment is expected to take place in April, 2023.

The CEO is also entitled to a Performance Share Plan 2022–2026 granted in April 2022. The performance criteria for the plan period 2022–2024 are the Group’s EBITDA (EUR) for the financial year 2024 and the Group’s Net Revenue (EUR) for the financial year 2024. The potential payment is expected to take place in April, 2025.

In February 2022, the Board of Directors decided to launch a new stock option plan for selected employees of the company. CEO Alexandre Pelletier-Normand was granted 57,100 stock options under the stock options plan 2022A. The share subscription price for shares subscribed by virtue of the stock options is EUR 7.90 per share. The share subscription period for stock options will be 1 March 2025 – 28 February 2027.

In June 2022, Alexandre Pelletier-Normand was granted 17,906 restricted share units based on his CEO services agreement. The plan’s reward will be paid to the participant as soon as possible after the restriction period comes to an end in June 2025. The payment of the reward requires that the participant’s employment contract is in force until the end of the restriction period and has not been terminated. The payment will be made in company shares and taxes and tax-related costs arising from the reward are deducted from the gross reward. 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 a 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 a valuation from December 31, 2022.

Table 1 below summarizes Rovio’s remuneration components, actual remuneration paid in 2022 and accrued remuneration for the CEO Alexandre Pelletier-Normand.



Component	Actual paid in 2022	Accrued Remuneration
Fixed Salary + Fringe benefits	<p>EUR 415,718</p> <p>Includes Employee share saving plan 2020-2022*: 4,367 shares purchased with the saved amount, which entitled to 2,183 matching shares with EUR 12,278 gross value.</p>	<p>Employee share saving plan 2021-2023: 4,161 shares purchased with the saved amount, which entitle to 2,081 matching shares (gross value).</p> <p>Employee share saving plan 2022-2024: 2,580 shares purchased with the saved amount, which entitle to 1,290 matching shares (gross value).</p>
Short-term incentives	<p>EUR 138,432</p> <p>Based on performance period 2021 with payout in March 2022</p>	<p>EUR 162,578</p> <p>Based on performance period 2022 with payout in March 2023</p>
Long-term incentives	<p>EUR 552,044</p> <p>Based on</p> <p>Performance share plan 2020*: EUR 191,551 (25,500 performance shares including cash proportion equivalent to taxes and tax-related costs)</p> <p>Restricted share plan*: EUR 294,493 (60,000 shares including cash proportion equivalent to taxes and tax-related costs)</p> <p>Stock option plan 2019A*: EUR 66,000 (40,000pcs 2019A stock options)</p>	<p>Ongoing schemes:</p> <p>Performance share plan 2021: 21,865 performance shares including cash proportion equivalent to taxes and tax-related costs. Payment to take place in April 2023.</p> <p>Performance share plan 2022: 165,289 shares at maximum, dependent on performance criteria set for the year 2024</p> <p>Restricted share plan: 17,906 restricted share units with vesting in June 2025</p> <p>Stock option plan: 2022A: 57,100 options with a share subscription period of March 1, 2025 – February 28, 2027</p>

Table 1. Remuneration of the CEO

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

3. Remuneration of the Board of Directors in 2022

The Annual General Meeting on April 7, 2022, resolved that the members of the Board of Directors are entitled to the following monthly compensations:

- Chairman of the Board of Directors: EUR 9,500 per month
- Vice chairman 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 Chairman of the Audit Committee: EUR 2,500 per month. When the Chairman of the Audit Committee is the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors, no additional compensation shall be paid. As this has been the case during 2022, 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 2022 (444,000 EUR in 2021) as shown in 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	90,000	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	60,000	1,365,345
Leemon Wu	Since 2020	60,000	0
Langer Lee	Since April 2022	45,000	0

Table 2 Remuneration of the Board

* Jefferson Valadares acted as a member of Board until April 7, 2022 (paid Board fees EUR 15,000).
** December 31, 2022

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. The five-year development of financial figures is illustrated in Table 3.

In alignment with the pay-for-performance principle and the Remuneration Policy, the variable remuneration forms a significant part of the total remuneration opportunity for the CEO and aligns his remuneration with the achieved performance and shareholder value creation. In addition, for the CEO, the majority of the variable remuneration is long-term and share-based, emphasizing long-term performance and linking it to shareholder value development.

Company performance (MEUR)	2018	2019	2020	2021	2022
Revenue	281.2	289.1	272.3	286.2	317.7
Adjusted EBIT	31.2	18.3	47.2	43.7	39.2

Table 3 Company performance

Remuneration development over a five-year period for the Board of Directors, CEO, and Rovio employees is shown in Table 4.

Average remuneration (in EUR)	2018	2019	2020	2021	2022
Board of Directors, average*	82,333	71,340	69,000	74,000	74,000
CEO**	568,442	636,632	469,109	900,050	1,106,194
Rovio employee, average***	80,224	67,964	79,926	81,931	87,519

Table 4 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.

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

The figures for different groups illustrated in the table are not fully comparable, as remuneration for the Board of Directors and the CEO is based on cash paid during the year, whereas the average Rovio employee remuneration level is based on accruals.

Financial statements



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Report of the Board of Directors

Dividend proposal

The parent company's distributable funds on December 31, 2022, amounted to EUR 216,685,467.18, of which the profit for the period is EUR 334,327.87. The low profit in 2022 in the parent company was due to write-down of Hatch Entertainment subsidiary shares. Rovio's Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve on a dividend of EUR 0.13 per share be paid to shareholders in respect of financial year 2022. Based on the number of shares outstanding as at the balance sheet date, December 31, 2022, the total amount of the dividend is EUR 9,893,971.88.

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 2023

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

Rovio in brief

Rovio Entertainment Corporation is a global mobile-first games company that creates, develops, and publishes mobile games, which have been downloaded over 5 billion times. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games to various entertainment, animations, and consumer products in brand licensing. Rovio has produced The Angry Birds Movie (2016), and its sequel, The Angry Birds Movie 2 was released in 2019.

The company offers multiple mobile games and has eight games studios – one in Espoo (Finland), one in Stockholm (Sweden), Copenhagen (Denmark), one in Barcelona (Spain), two in Montreal and one in 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.

Market review

According to the market intelligence provider Newzoo's latest global mobile market report published in January 2023, the global mobile gaming market size in end-user generated revenue was estimated to be USD 92.2 billion in 2022, which represented a 6.4% decline compared to the previous year. This was the first time the global mobile gaming market declined. The market normalized after supercharged growth during the onset of Covid-19 in 2020 and 2021, when the global market grew annually by 30.1% and 12.5%, respectively. Furthermore, Apple's App Tracking Transparency (ATT) framework has heavily impacted game publishers' ability to target high-value players, especially visible in the mid-core genres. There were also fewer major new game launches in 2022, and macroeconomic headwinds worldwide have impacted consumers' behavior and purchasing power.

Short-term uncertainty remains higher than usual, driven by the same headwinds that impacted the market in 2022. This is visible in the 2023 market estimates prepared by market intelligence providers. Newzoo estimates the global mobile gaming market to recover in 2023 and grow by 4.6% to USD 96.4 billion. However, data.ai estimates the global market to continue to decline at a rate of -3% in 2023 to USD 107 billion.

In the long term, Newzoo considers the mobile gaming market's growth potential to be attractive, with mobile continuing to be the world's most popular and largest form of gaming. In 2022–2025, the global mobile gaming market is expected to grow annually by 3.8% on average, while the Western market growth is estimated to be 4.2% (CAGR).

Key financial performance indicators

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

€ 000	Group			Parent company		
	2022	2021	2020	2022	2021	2020
Revenue	317,723	286,224	272,293	301,281	280,379	264,018
EBITDA	43,253	50,802	60,031	42,124	52,975	71,870
EBITDA margin, %	13.6%	17.7%	22.0%	14.0%	18.9%	27.2%
Operating profit	28,557	37,746	42,542	35,068	46,303	62,848
Operating profit margin, %	9.0%	13.2%	15.6%	11.6%	16.5%	23.8%
Profit for the period	22,872	30,138	32,124	334	39,913	52,856
Return on equity, %	14.4%	22.2%	24.4%	3.6%	23.8%	34.6%
Equity ratio, %	79.3%	70.8%	82.3%	87.0%	89.7%	88.6%

Group revenue and results 2022

The mobile game market declined in 2022 for the first time in its brief history. The abnormally large market growth due to Covid-19 in 2020–2021 and the subsequent normalization is one of the largest reasons for market contraction in 2022 and the challenging comparable figures for the industry. Also the changes in the marketing landscape due to Apple's ATT (app tracking transparency) that was launched in 2021 impacted the whole industry. In this environment, Rovio clearly performed better than the market.

Rovio group revenue in 2022 increased strongly by 11.0% compared to the previous year and amounted to EUR 317.7 million (286.2). The growth was due the launch of Angry Birds Journey game, successful live game operations and the acquisition of hyper-casual developer Ruby Games in 2021. Currency fluctuations also impacted significantly the revenues. The comparable revenue (including Ruby Games only from September–December for 2021 and 2022 and at constant USD) declined by 1.2%.

Games revenue increased in 2022 by 11.0% to EUR 306.7 million (276.4). Games gross bookings increased by 9.8% to EUR 298.0 million (271.5). The comparable gross bookings declined by 2.8%. Brand licensing revenue was EUR 11.0 million (9.8) and increased 12.3% year-on-year.

The Group's adjusted EBITDA decreased to EUR 53.9 million (54.8), and adjusted EBITDA margin decreased to 17.0% (19.1) of revenues.

The Group's adjusted operating profit decreased to EUR 39.2 million (43.7) and adjusted operating profit margin decreased to 12.3% (15.3). The adjustments in 2022 amounted to EUR 10.6 million (5.9) and were related to changes of the contingent liability of the Ruby Games acquisition (EUR 4.9 million), settlement and legal fees related to the New Mexico lawsuit (EUR 5.1 million), the restructuring of the Battle game studio (EUR 0.4 million) and the restructuring of Hatch Entertainment (EUR 0.2 million).

The Group's profit before taxes was EUR 30.6 million (40.3) and earnings per share EUR 0.30 (0.41). The adjusted earnings per share declined to EUR 0.42 (0.47).

Product portfolio

All of Rovio's top three games reached a new euro-based record gross bookings during the year 2022. This was achieved through data-driven user acquisition, successful live operations and favorable EUR/USD exchange rate.

Rovio's largest game's Angry Birds 2 gross bookings grew 7.4% to EUR 115.9 million (107.9).

Rovio's second largest game's Angry Birds Dream Blast gross bookings grew by 10.7% to EUR 68.1 million (61.5). During the year the profitable user acquisition for the game could be significantly increased and in the last quarter of the year the gross bookings exceeded EUR 21 million.

Rovio's third largest game's Angry Birds Friends gross bookings grew 3.9% to EUR 35.5 million (34.2).

In January 2022, Rovio released Angry Birds Journey that generated EUR 26.9 million (4.8) gross bookings. After the fast growth in the beginning of the year the user acquisition investments were lowered and the gross bookings in the last quarter of the year had fallen to EUR 4.4 million. Further development is done to the game and finding ways to increase user acquisition again.

During the year Rovio continued to develop new games and increased focus on the casual game genre.

Acquisitions

According to the purchase agreement of Ruby Games announced in 2021 Rovio acquired in October 2022 in the second tranche 50% of Ruby Games shares, for a consideration that was dependent on the financial performance measured in revenue and EBITDA during the last 12 months before October 2022. The total consideration was USD 32.8 million (EUR 29.9 million), of which USD 19.7 million (EUR 18.0 million) was paid in cash and USD 13.1 million (EUR 11.9 million) with Rovio shares. Rovio's ownership of Ruby games thus grew to 70%. The remaining 30% shares will be purchased during the next 4 years for a contingent consideration that on December 31, 2022 is valued at EUR 12.3 million.

Cash flow and financing

The liquidity and cash flows of the group are on a good level. The operative cash flow in 2022 was EUR 49.9 million (43.9).

Cash and cash equivalents amounted to EUR 170.7 million (160.8) at the end of 2022. Cash deposits amounted to EUR 110.8 million and cash equivalents to EUR 59.9 million, consisting of investments in money market funds.

Rovio's net debt on December 31, 2022 amounted to EUR -185.7 million. Rovio's interest-bearing debt amounted to EUR 5.9 million, consisting of EUR 0.2 million product development loans from Business Finland (the Finnish Funding Agency for Innovation), as well as EUR 5.7 million leasing liabilities mainly related to office leases. Contingent consideration liabilities related to the Ruby Games acquisition amounted to EUR 12.3 million.

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 capital product development costs amounted to EUR 7.0 million (4.0 million) and consisted mainly of external development expenses of live games, Angry Birds PC-game development, TV and YouTube short animation development expenses.

Changes in group structure

On April 1, 2022, Rovio group's fully owned subsidiaries, Dark Flow Ltd, Pin Bank Ltd and Rovio IP Management Ltd, were merged with the parent company.

In September 2022 Rovio established a new subsidiary Rovio Barcelona in Barcelona, Spain to support the development and live operations of casual mobile games.

Sustainability

Sustainability is significantly important for Rovio's long-term success. Rovio's sustainability efforts are based on the sustainability strategy that is divided into three focus areas: safe & responsible gaming, people & society, and climate & environment. Rovio publishes a sustainability report, with a more comprehensive description of Rovio's sustainability efforts.

Rovio and EU taxonomy

Rovio follows closely the development of the EU taxonomy directive 2020/852 and its applicability to Rovio's business. According to our analysis, Rovio's business area, the development and publishing of mobile games, is not currently included in the areas defined in the EU taxonomy. Therefore, Rovio's taxonomy eligibility for revenue, investments and operative expenses are 0%.

Although Rovio's business is not currently EU taxonomy eligible, climate & environment is one of our focus areas. Rovio is well-equipped to address the challenges of climate change mitigation & adaptation, the first two objectives in the EU Taxonomy.

During the year 2022 we achieved our carbon neutrality goal across our value chain emissions (Scope 1-3). Our next goal is to continue reducing carbon emission through the Science Based Targets initiative, to which we committed to at the end of 2022.

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 review period.

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

Macro-economic factors, including inflation and changes in consumers' purchasing power, can have an impact on spending patterns.

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

Impact of war in Ukraine

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

Legal actions

As stated in our Q3 2021 interim report, the Attorney General of the US State of New Mexico (the "NMAG") brought a lawsuit against Rovio in August 2021, alleging that Rovio's Angry Birds games unlawfully collect and disclose children's personal information for advertising purposes. We have from the start believed the NMAG's allegations lack merit and have defended ourselves vigorously

against the lawsuit. At the same time, we explored options for amicable resolution with the NMAG, if and where possible.

On December 30, 2022, Rovio and the NMAG agreed to settle the NMAG's lawsuit. We agreed to settle in order to avoid the expense of continuing litigation and without any admission of liability or wrongdoing. As part of the settlement, we will make a payment of USD 3,132,830.00 towards a charitable initiative and cover the NMAG's legal fees amounting to USD 1,117,170.00. The settlement also includes a full release of claims by the NMAG.

Personnel

During 2022, Rovio's average number of employees was 513 (490).

	2022	2021	2020
Average number of employees during the financial year	513	490	470
Wages and salaries paid during the financial year (EUR thousand)	57,801	41,082	38,142

Governance and management

In its organizing meeting, which was held immediately after the General Meeting on April 7, 2022, the Board of Directors elected from amongst its members Mr. Kim Ignatius (Chair), Ms. Camilla Hed-Wilson and Ms. Leemon Wu as members of the Audit Committee, and Ms. Camilla Hed-Wilson (Chair), Mr. Kim Ignatius and Björn Jeffery as members of the Remuneration Committee.

On March 29, 2022, Rovio announced that it has appointed Dr. Econ. Lotta Vuoristo as Chief People Officer (CPO) and member of the leadership team. Vuoristo started in her position June, 1, 2022.

On June 10, 2022, Rovio announced that it has named Andy Muesse as Head of Studios and member of the leadership team. On the same date, Rovio announced that Kieran O'Leary, Rovio's COO, has decided to leave the company due to family reasons. O'Leary left his position on August 31, 2022.

Rovio's management has been presented in a separate Remuneration Statement, that is available for download at investors.rovio.com.

Authorized 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.

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 significant related party transactions during the reporting period.

Events after the end of the financial year 2022

On January 18, 2023, Rovio announced that it has transferred without consideration a total of 12,123 Company's own shares to Company's management and key employees based on the Company's share-based incentive scheme. Following the transfer, the Company held a total of 6,844,226 of its own shares.

Rovio announced on January, 20, 2023 that it has received a non-binding indicative proposal from Playtika Holding Corp. The Board of Directors of Rovio Entertainment Corporation ("Rovio") notes the announcement on January, 19, 2023 by Playtika Holding Corp. ("Playtika") regarding its non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share (the "Indicative Proposal"), corresponding to a premium of approximately 60% to the closing price of Rovio share on Nasdaq Helsinki January 19, 2023.

The Indicative Proposal that contemplates the making of a cash tender offer by Playtika is subject to a number of pre-conditions including, but not limited to, satisfactory completion of due diligence, final approval from Playtika's Board of Directors, a unanimous and unqualified recommendation from the Board of Rovio as well as negotiation and entry into a combination agreement between Rovio and Playtika. Completion of any such cash tender offer would pursuant to the Indicative Proposal be subject to further conditions, including, but not limited to, approval by Rovio shareholders holding at least 90% of the shares of Rovio, and receipt of all necessary regulatory approvals. Rovio will release further information at an appropriate time. There can be no assurance that the Indicative Proposal will result in any cash tender offer or any other transaction.

Rovio announced on February 6, 2023 that following receipt by Rovio Entertainment Corporation of expressions of interest and indicative non-binding proposals to acquire all the issued and outstanding

shares in Rovio, the Board of Directors of Rovio has decided to commence a strategic review. As part of its strategic review, the Board has decided to enter into preliminary non-binding discussions with certain parties, including Playtika Holding Corp., who on January 19, 2023 announced a non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share. Pursuant to its fiduciary duties, the Board of Rovio continues to explore all strategic alternatives in order to reach the best possible outcome for Rovio and its shareholders. There can be no assurance that the strategic review and the preliminary non-binding discussions will result in any cash or other tender offer or any other transaction, or the pricing of any such possible transaction. Rovio will release further information at an appropriate time.

Decisions of the Annual General Meeting

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

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

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

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

will be paid. The company will compensate reasonable travel expenses of the Board members and committee members arising from Board or committee work.

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

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 8,210,120 shares, which corresponds to approximately 10 percent of all the current shares of the company. The company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the company.

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

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

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

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 and option plan for key employees including the CEO and members of the Leadership Team, and a restricted share plan for selected key employees.

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 three (3) annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The first plan period commenced on April 1, 2020 and ended on August 31, 2022. The second plan period commenced on April 1, 2021 and will end on August 31, 2023. The third plan period commenced on April 1, 2022 and will end on August 31, 2024. The total amount of all savings during the plan period may not exceed 2,400,000 euros. The matching shares will be paid out as soon as practicably possible after the applicable holding period.

The first launch of the ESS plan was offered to employees in Finland and Sweden (excluding employees in Hatch Entertainment Ltd), whereas the second and third plan periods were offered also to employees in Denmark and Canada. Participation is voluntary.

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

Performance share plan

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

The performance share plan launched in 2020 consisted originally of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period was followed by a one-year waiting period, covering the calendar

years 2021, 2022 and 2023. The third performance period was cancelled, due to an extension in the performance share plan periods, and a new performance share plan was established accordingly. On February 11, 2022, Rovio established a new performance share plan 2022–2026 for key employees. The performance share plan 2022–2026 consists of three performance periods, covering the consecutive calendar years of 2022–2024, 2023–2025 and 2024–2026.

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

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

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

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 the Company's shares after a specific restriction period, which

varies from twelve (12) to thirty-six (36) months based on business needs and the 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 the share shall be determined based on the 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.

Option plans

In February 2022, the Board of Directors resolved to launch a new stock option plan 2022A directed to the key employees of the company. As per December 31, 2022, a total of 799,400 series 2022A option rights were allocated to receivers, entitling their owners to subscribe new shares in the Company or existing shares held by the Company. The share subscription price for shares subscribed by virtue of the stock options is EUR 7.90 per share. The share subscription period for stock options will be March 1, 2025 – February 28, 2027. The total theoretical market value of all stock options 2022A is EUR 1,300,000.

Option programs in effect during the financial year

2019A: No outstanding options on December 31, 2022. 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: No outstanding options on December 31, 2022. 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.

2022A: 799,400 outstanding options on December 31, 2022. Subscription price EUR 7.90 per share. Subscription period March 1, 2025–Feb 28, 2027. Each option right entitles its holder to subscribe for one new share.

Shares

On December 31, 2022, the company had 82,963,825 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, 2022, Rovio Entertainment Corporation held 6,856,349 of its own shares.

10 largest shareholders, December 31, 2022

Shareholder	Number of shares	Percentage of shares and votes
1 Brilliant Problems Oy	6,459,500	7.8%
2 Adventurous Ideas Oy	6,459,500	7.8%
3 Impera Oy Ab	5,084,722	6.1%
4 Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,490,000	1.8%
5 Sijoitusrahasto Aktia Capital	1,425,074	1.7%
6 Hed Niklas Peter	1,365,345	1.6%
7 Valtion Eläkerahasto	1,000,000	1.2%
8 Keskinäinen Työeläkevakuutusyhtiö Elo	971,000	1.2%
9 Sijoitusrahasto Danske Invest Suomi Osake	785,110	0.9%
10 Eläkevakuutusosakeyhtiö Veritas	631,715	0.8%
Ten largest, total	25,671,966	30.9%
Other shareholders	50,435,510	60.8%
Rovio Entertainment Oyj	6,856,349	8.3%
Number of shares total	82,963,825	100.0%

Largest shareholders by sector, December 31, 2022

Rank	Shareholders by sector	Number of shareholders	% of shares
1	Nominee registered and non-Finnish holders	55	46.88%
2	Households	15,674	10.05%
3	Public sector institutions	5	5.39%
4	Financial and insurance institutions	27	5.04%
5	Corporations	390	32.46%
6	Non-profit institutions	11	0.19%
	Total	16,162	100.00%
	Of which nominee registered	10	46.86%

Largest shareholders by share breakdown, December 31, 2022

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	8,426	52.17%	385,573	0.46%
101-500	5,465	33.83%	1,357,251	1.64%
501-1,000	1,260	7.80%	1,008,431	1.22%
1,001-5,000	819	5.07%	1,728,827	2.08%
5,001-10,000	86	0.53%	627,966	0.76%
10,001-50,000	51	0.32%	1,077,290	1.30%
50,001-100,000	14	0.09%	1,045,415	1.26%
100,001-500,000	16	0.10%	4,192,153	5.05%
500,001-	15	0.09%	71,540,919	86.23%
Total	16,152	100.00%	82,963,825	100.00%
Of which nominee registered	10	0.06%	38,877,331	46.86%

Performance measures

€ 000	2022	2021	2020
Revenue	317,723	286,224	272,293
EBITDA	43,253	50,802	60,031
EBITDA margin	13.6%	17.7%	22.1%
Adjusted EBITDA	53,896	54,762	60,130
Adjusted EBITDA margin, %	17.0%	19.1%	22.1%
Operating profit	28,557	37,746	42,542
Operating profit margin, %	9.0%	13.2%	15.6%
Adjusted operating profit	39,199	43,670	47,203
Adjusted operating profit margin, %	12.3%	15.3%	17.3%
Profit before tax	30,561	40,258	40,725
Adjusted profit before tax	31,386	34,877	35,852
Capital expenditure	6,998	3,967	3,884
User acquisition	96,505	77,231	58,724
Return on equity, %	14.4%	22.2%	24.4%
Net gearing ratio, %	-72.7%	-77.4%	-77.6%
Equity ratio, %	79.3%	70.8%	82.3%
Earnings per share, EUR	0.30	0.41	0.43
Earnings per share, diluted EUR	0.30	0.41	0.43
Adjusted Earnings per share, EUR	0.42	0.47	0.48
Net cash flows from operating activities	49,930	43,873	63,591
Employees (average for the period)	513	490	470

Per-share indicators

	2022	2021	2020
Earnings per share, EUR	0.30	0.41	0.43
Earnings per share, diluted EUR	0.30	0.41	0.43
Adjusted Earnings per share, EUR	0.42	0.47	0.48
Shareholder's equity per share, EUR	2.73	2.66	2.27
Dividend per share, proposed, EUR	0.13	0.12	0.12
Dividend payout ratio, %	42.8%	29.5%	28.1%
Effective dividend yield, %	2.1%	1.8%	1.9%
Price/earnings ratio	20.2	16.2	14.8
Highest price, EUR	9.68	7.93	7.19
Lowest price, EUR	5.37	5.69	3.10
Share price December 31, EUR	6.08	6.58	6.31
Market capitalization, EUR million	504.4	540.2	513.2
Share turnover during the financial year, thousands	34,979	49,312	61,247
Share turnover during the financial year, %	107.7%	60.1%	75.3%
Shares outstanding at the end of the period (thousands)	76,107	74,386	73,479
Shares outstanding at the end of the period, diluted (thousands)	77,067	74,694	73,983
Weighted average adjusted number of shares during the financial period, basic (thousands)	75,218	74,055	75,287
Weighted average adjusted number of shares during the financial period, diluted (thousands)	76,091	74,411	75,537

Calculation principles of IFRS performance measures

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

Calculation principles of alternative performance measures

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

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

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

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

Adjusted EBITDA margin, %, which is defined as 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.

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

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.

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

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

Reconciliation of Adjusted EBITDA

€000	2022	2021	2020
Operating profit	28,557	37,746	42,542
Depreciation and amortization	14,696	13,056	17,489
EBITDA	43,253	50,802	60,031
Income from bargain purchase	-	-	-235
Change in fair value of contingent liability	4,883	2,874	-
M&A transaction costs	-	392	-
Legal fees related to claims	5,101	-	-
Restructuring costs arising from employee benefits expenses	611	433	171
Restructuring costs in Other operating expenses	49	262	163
Adjusted EBITDA	53,896	54,762	60,130

Reconciliation of Adjusted Operating Profit

€000	2022	2021	2020
Operating profit	28,557	37,746	42,542
Income from bargain purchase	-	-	-235
M&A transaction costs	-	392	-
Change in fair value of contingent liability	4,883	2,874	-
Asset impairment	-	1,826	-
Legal fees related to claims	5,101	-	-
Restructuring costs arising from employee benefits expenses	611	433	171
Restructuring costs in Other operating expenses	49	262	163
Restructuring costs in Depreciation and amortization	-	137	4,561
Adjusted operating profit	39,199	43,670	47,203

Consolidated Financial Statements

Statement of consolidated profit or loss and other comprehensive income

€ 000	Note	2022	2021
Revenue	1.1	317,723	286,224
Other operating income	1.2	2,841	921
Materials and services	1.3	-79,626	-74,464
Employee benefits expense	1.4, 1.5	-57,801	-53,203
Depreciation and amortization	2.1, 2.3	-14,696	-13,056
Other operating expenses	1.6	-139,883	-108,676
Operating profit		28,557	37,746
Financial income and expenses	1.7	2,004	2,512
Profit before tax		30,561	40,258
Income tax expense	5.1, 5.2	-7,688	-10,120
Profit/loss for the period		22,873	30,138
Attributable to:			
Equity holders of the parent company		22,873	30,138

€ 000	Note	2022	2021
Other comprehensive income/expense			
Other comprehensive income that will not be reclassified to profit and loss (net of tax):			
Change in fair value, investments valued through other comprehensive income		972	2,965
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences		4,637	618
Total comprehensive income for the period, net of tax		28,481	33,721
Equity holders of the parent company		28,481	33,721
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, EUR		0.30	0.41
Earnings per share, diluted EUR		0.30	0.41

Consolidated statement of financial position

€ 000	Note	2022	2021
Assets			
Non-current assets		89,028	90,190
Property, plant and equipment	2.1	1,580	1,302
Intangible assets	2.3	20,813	24,834
Goodwill	2.2	39,795	37,476
Right-of-Use Assets	2.1	5,445	6,835
Investments	3.3	9,567	8,270
Non-current receivables	3.3	3,461	3,420
Deferred tax assets	5.2	8,368	8,052
Current assets		205,320	196,842
Trade receivables	3.3	25,286	27,585
Prepayments and accrued income	3.3	8,016	7,584
Other current financial assets	3.3	1,326	855
Money market funds	3.4	59,913	50,621
Cash and short-term deposits	3.4	110,780	110,197
Total Assets		294,349	287,031
Equity and liabilities			
Equity			
Issued capital	3.14	733	733
Reserves	3.14	51,856	45,986
Translation differences	3.14	4,688	101
Fair value reserve	3.14	3,937	2,965
Treasury shares	3.14	-35,868	-36,863
Retained earnings	3.14	178,605	154,478
Profit for the period	3.14	22,873	30,138
Equity holders of the parent company		226,824	197,539
Total equity		226,824	197,539

€ 000	Note	2022	2021
Liabilities			
Non-current liabilities		17,986	20,733
Interest-bearing loans and borrowings	3.2	128	325
Contingent consideration liabilities	4.1	12,046	13,235
Lease liabilities	3.2	2,997	3,849
Deferred tax liabilities	5.2	2,815	3,324
Current liabilities		49,538	68,759
Trade and other payables	3.5	12,103	8,799
Interest-bearing loans and borrowings	3.2	113	530
Contingent consideration liabilities	4.1	322	27,763
Lease liabilities	3.2	2,647	3,164
Other current financial liabilities	3.5	657	973
Advances received	3.6	1,358	1,682
Deferred revenue	3.7	7,136	6,338
Income tax payable	5.1	1,934	4,861
Provisions	3.8	300	308
Accrued liabilities	3.9	22,967	14,340
Total liabilities		67,524	89,492
Total equity and liabilities		294,349	287,031

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, 2022		733	45,986	-36,863	184,616	2,965	101	197,539	0	197,539
Profit (loss) for the period					22,873			22,873		22,873
Treasury share acquisition	3.14			-10,706				-10,706		-10,706
Option subscriptions	3.14		5,869					5,869		5,869
Sale of financial assets at fair value through other comprehensive income, net of tax	3.12				1,396	-1,396		0		0
Other comprehensive income						2,368	4,587	6,955		6,955
Share-based payments	1.5			11,701	1,537			13,238		13,238
Cash dividends					-8,944			-8,944		-8,944
Equity as at December 31, 2022		733	51,856	-35,868	201,477	3,937	4,688	226,824	0	226,824
€ 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	3.14		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	1.5			615	1,562			2,177		2,177
Cash dividends					-8,838			-8,838		-8,838
Equity as at December 31, 2021		733	45,986	-36,863	184,616	2,965	101	197,539	0	197,539

Consolidated statement of cash flows

€ 000	Note	2022	2021
Operating activities			
Profit before tax		30,561	40,258
Adjustments:			
Depreciation and amortization	2.1, 2.3	14,696	13,056
Net foreign exchange differences		-1,699	-2,869
Gain on disposal of property, plant and equipment	1.2	-4	-8
Financial income and expenses	1.7	-275	214
Other non-cash items		5,622	4,390
		48,902	55,041
Change in working capital:			
Change in trade and other receivables and prepayments		1,093	-3,174
Change in trade and other payables		11,623	416
		61,618	52,284
Interest received		1,278	166
Interest paid and other finance costs		-645	-375
Income tax paid		-12,321	-8,202
Net cash flows from operating activities		49,930	43,873
Investing activities			
Proceeds from sales of tangible and intangible assets	1.2	4	8
Purchase of tangible and intangible assets	2.1, 2.3	-6,998	-3,967
Proceeds from sales of other investments	3.3	1,998	1,669
Loans granted	3.3	0	-2,500
Other investments	3.3	-329	-2,751
Acquisition of subsidiaries, net of cash acquired	4.1	-19,624	-7,671
Net cash flows used in investing activities		-24,949	-15,212

€ 000	Note	2022	2021
Financing activities			
Repayments of financial lease liabilities	3.1	-2,737	-2,871
Share subscriptions based on option rights	3.14	5,869	3,851
Proceeds from and repayments of borrowings	3.1, 3.2	-499	-1,076
Acquisition of treasury shares	3.14	-10,706	0
Share-based payments	1.5, 3.14	0	0
Dividends paid to equity holders of the parent		-8,944	-8,838
Net cash flows from/(used in) financing activities		-17,016	-8,933
Change in cash and cash equivalents		7,965	19,727
Net foreign exchange difference and value changes in money market funds		1,909	2,217
Cash and cash equivalents at beginning of period January 1		160,818	138,874
Cash and cash equivalents at end of period December 31		170,692	160,818
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		110,780	110,197
Money market funds at end of period		59,913	50,621
Cash and cash equivalents at end of period December 31	3.4	170,692	160,818

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 eight games studios – one in Espoo (Finland), one in Stockholm (Sweden), one in Copenhagen (Denmark), one in Barcelona (Spain), two in Montreal and one in Toronto (Canada), 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 8, 2023. 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, 2022 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 total amounts.

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 recognized 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 capitalization of development expenses.

Effects of standards adopted during 2022

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

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).

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 recognized 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 recognized 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 recognized in OCI or profit or loss are also recognized 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 recognized 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.

Changes in segment reporting

Rovio has previously defined its operating segments as Games, Brand Licensing (BLU) and Other. Starting from January 1, 2022, Rovio combined Games, Brand Licensing and Other into one segment.

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 realized or intended to sold or consumed in the normal operating cycle
- Held primarily for trading
- Expected to be realized 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

In addition to the standards and interpretations presented in the 2022 financial statements, the Group will adopt the following standards, interpretations and changes to existing standards issued by the IASB, in the financial period starting on January 1, 2023 or at a later date. The Group will adopt each standard on the effective date, or if the effective date is different from the first date of the financial period, from the beginning of the following financial period, provided that the standard is endorsed by EU.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current The amendments aim to clarify the presentation and classification of liabilities as current or non-current. (The amendments are effective for annual reporting periods beginning on or after 1 January 2023).

Disclosure of Accounting Policies - Amendments to IAS 1 The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. (The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.)

Definition of Accounting Estimates - Amendments to IAS 8 The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. (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.)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Amendments to IAS 12 narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

Rovio is currently assessing the impact of the amendments to IAS 12 to the group, other amendments applicable from 2022 and 2023 are not expected to have a significant impact on Rovio.

Comparability of the consolidated financial statements

Ruby Games, acquired in 2021, and Rovio Toronto, a subsidiary established in Canada in 2021, were a part of the Rovio Group for the entire financial period 2022. In other respect, the financial periods of 2021 and 2022 are comparable.

Adjusted items / Items affecting comparability

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

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 authorization 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 recognizes in the Group's consolidated financial statements. Rovio Group will adjust the amounts recognized 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 recognized 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 2022

On January 18, 2023, Rovio announced that is has transferred without consideration a total of 12,123 own shares of the Company to the Company's management and key employees based on the Company's share-based incentive scheme. Following the transfer, the Company held a total of 6,844,226 own shares.

Rovio announced on January 20, 2023 that is has received a non-binding indicative proposal from Playtika Holding Corp. The Board of Directors of Rovio Entertainment Corporation ("Rovio") noted the announcement on January 19, 2023 by Playtika Holding Corp. ("Playtika") regarding its non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share (the "Indicative Proposal"), corresponding to a premium

of approximately 60% to the closing price of the Rovio share on Nasdaq Helsinki on January 19, 2023. The Indicative Proposal that contemplates the making of a cash tender offer by Playtika is subject to a number of pre-conditions, including, but not limited to, satisfactory completion of due diligence, a final approval from Playtika's Board of Directors, a unanimous and unqualified recommendation from the Board of Rovio, as well as negotiation and entry into a combination agreement between Rovio and Playtika. Completion of any such cash tender offer would pursuant to the Indicative Proposal be subject to further conditions, including, but not limited to, an approval by Rovio's shareholders holding at least 90% of the shares of Rovio and a receipt of all necessary regulatory approvals. Rovio will release further information at an appropriate time. There can be no assurance that the Indicative Proposal will result in any cash tender offer or any other transaction.

On February 6, 2023, Rovio announced the commencement of a strategic review and preliminary non-binding discussions with certain parties in relation to a potential tender offer for Rovio's shares. Following the receipt by Rovio of expressions of interest and indicative non-binding proposals to acquire all the issued and outstanding shares in Rovio, the Board of Directors of Rovio has decided to commence a strategic review. As part of its strategic review, the Board has decided to enter into preliminary non-binding discussions with certain parties, including Playtika Holding Corp., who on January 19, 2023 announced a non-binding indicative proposal to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share. Pursuant to its fiduciary duties, the Board of Rovio continues to explore all strategic alternatives in order to reach the best possible outcome for Rovio and its shareholders. There can be no assurance that the strategic review and the preliminary non-binding discussions will result in any cash or other tender offer or any other transaction, or the pricing of any such possible transaction. Rovio will release further information at an appropriate time.

Notes to the consolidated financial statements

1. Notes to the statement of profit or loss

1.1. Revenue

Accounting principle

Rovio Group recognizes 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 recognizes 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 any 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 recognized "over time", i.e. across the estimated player lifetime.

Rovio divides the goods purchased game-specifically into consumables and durables and recognizes the purchases as revenue based on actual virtual currency consumption. Because consumables account for the majority of purchases in Rovio's games, they are recognized 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 recognizes 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 recognized "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 recognizes 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 recognized 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 recognized 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 recognized 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 recognizes the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognized as revenue. The revenue recognition follows the IP licensing principles. Any up-front or brand usage fees are recognized 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 recognized 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 recognizes 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 recognized the revenue based on the movie net sales royalty reporting.

Sales tax

Expenses and assets are recognized 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 recognized 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.

€ 000	Timing of revenue recognition	2022	2021
In-application purchases	At a point in time and over time	247,234	230,048
Subscription revenue	Over time	1,028	10
Custom contracts	Over time	7,101	4,656
Advertising	At a point in time	51,310	41,956
IP Licensing and tangible sales	At a point in time and over time	3,065	3,058
Animation broadcasting and distribution	At a point in time	7,985	6,495
Group revenue		317,723	286,224

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 is presented below.

For in-app purchases and advertising revenue, the games' 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 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.

€ 000	2022	2021
North America	221,285	191,058
Latin America	3,824	3,287
Europe, Middle East and Africa	59,081	59,895
Asia Pacific	33,533	31,985
Total	317,723	286,224

1.2. Other operating income

The majority of the other operating income in 2022 is related to the games business and includes government grants for 1,452 thousand EUR and a signing fee of 1,164 thousand EUR.

€ 000	2022	2021
Government grants	1,452	799
Net gains on disposal of property, plant and equipment	4	8
Other operating income	1,385	114
Total other operating income	2,841	921

1.3. Materials and services

Materials and services include sales commissions paid to marketplaces and agents.

€ 000	2022	2021
External services	79,626	74,464
Total materials and services	79,626	74,464

1.4. 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 recognizes the related restructuring costs or benefits related to the termination of employment.

€ 000	2022	2021
Wages and salaries	44,767	41,082
Social security costs	3,628	3,353
Pension costs, defined contribution	6,224	5,747
Share-based payments	3,183	3,020
Total employee benefits expense	57,801	53,203

Rovio's average number of employees during the financial year 2022 was 513 (490).

Information on the Board of Directors and Chief Executive Officer remuneration is presented in Note 4.4 Related party transactions.

1.5. 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 recognized 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 recognized 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 recognized 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.

The key valuation parameters for the incentives granted during the financial year are expected volatility (33%) and risk-free interest rate (0%). The Black-Scholes model has been used in the valuation.

No expense is recognized 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 recognized 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 recognized 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 2022 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 plans

Information about option schemes, the Restricted Share Plan, the Performance Share Plan and the Employee Share Savings Plan is presented below.

Current stock option programs

Number of options	2018A	2018B	2019A	2019B	2022A	Total options	Weighted average subscription price €
January 1, 2021	779,476	9,066	956,250	10,000	0	1,754,792	
Granted							
Forfeited	14,603		68,500			83,103	6.92
Exercised	706,818	9,066				715,884	4.96
Expired	58,055					58,055	6.70
January 1, 2022	0	0	887,750	10,000	0	897,750	
Granted					856,500	856,500	
Forfeited					57,100	57,100	7.90
Exercised			847,282	10,000		857,282	6.80
Expired			40,468			40,468	7.54
December 31, 2022	0	0	0	0	799,400	799,400	

2019A: No outstanding options on December 31, 2022. 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: No outstanding options on December 31, 2022. 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.

2022A: 799,400 outstanding options on December 31, 2022. Subscription price EUR 7.90 per share. Subscription period March 1, 2025–February 28, 2027. Each option right entitles its holder to subscribe for one new share.

Restricted Share Plan

Number of RSU's	RSU 2019-2021	RSU 2020-2021	RSU 2020-2022	RSU 2020-2023	RSU 2021-2022	RSU 2021-2023	RSU 2022-2023	RSU 2022-2024	RSU 2022-2025	Total
January 1, 2021	102,500	189,000	205,500	79,500	60,000	0	0	0	0	636,500
Granted					173,750	176,750				350,500
Forfeited	8,750	7,500	36,000	10,000	13,850	13,850				89,950
Exercised	93,750	181,500								275,250
January 1, 2022	0	0	169,500	69,500	219,900	162,900	0	0	0	621,800
Granted							9,500	34,200	34,906	78,606
Forfeited			11,000	2,000	27,220	28,250				68,470
Exercised			158,500		192,680					351,180
December 31, 2022	0	0	0	67,500	0	134,650	9,500	34,200	34,906	280,756

* Rovio Entertainment granted total of 133,651 in 2021 and 173,036 in 2022 of Company's own shares to Company's management and key personnel as a part of the restricted share plan

Performance Share Plan

Number of share rights	PSP 2020	PSP 2021	PSP 2022	Total
January 1, 2021	565,500*	0	0	565,500
Granted		613,548*		613,548
Forfeited	324,750	39,642		364,392
Exercised				
January 1, 2022	240,750	573,906*	0	814,656
Granted			1,505,866*	1,505,866
Forfeited		448,650	68,721	517,371
Exercised	240,750			240,750
December 31, 2022	0	125,256	1,437,145*	1,562,401

* Amount at target level

Employee Share Savings Plan

Number of share rights	ESSP 2020-2022	ESSP 2021-2023	ESSP 2022-2024	Total
January 1, 2021	13,431	0	0	13,431
Granted	11,835	14,819		26,654
Forfeited	3,433	985		4,418
Exercised				
January 1, 2022	21,833	13,832	0	35,667
Granted		11,576	18,790	30,366
Forfeited	1,772	2,969	1,096	5,837
Exercised	20,061			20,061
December 31, 2022	0	22,441	17,694	40,134

Financial impact of share-based incentives during the financial period

Rovio has a Performance Share Plan (PSP) for key employees including the CEO and members of the leadership team and a 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 in the report of the board of directors.

€ 000	2022	2021
Expenses recognized for option programs	317	337
Expenses recognized for the Restricted Share Plan - share component	2,866	2,683
Total	3,183	3,020

€ 000	December 31, 2022	December 31, 2021
Share-based incentives commitments	3,834	2,247
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period	2,799	3,215
Total	6,633	5,461

1.6. Other operating expenses

€ 000	2022	2021
Legal fees and consulting expenses	7,104	2,252
External development and testing expenses	10,704	9,534
Server expenses	7,515	7,115
Machinery and software expenses	4,620	3,850
Phone, data transfer and office expenses	1,135	927
Marketing expenses	99,076	79,555
Other operating expenses	9,729	5,443
Total other operating expenses	139,883	108,676

The marketing expenses are divided as follows:

€ 000	2022	2021
User acquisition costs	94,667	74,869
Other marketing expenses	4,408	4,686
Total marketing expenses	99,076	79,555

Audit fees

€ 000	2022	2021
Audit	453	411
Tax consulting	24	0
Other services	19	67
Total	496	479

1.7. Financial income and expenses

€ 000	2022	2021
Financial income		
Other interest and financial income	1,680	351
Foreign exchange gain	2,836	3,277
Total financial income	4,516	3,627
Finance costs		
Interest on debts and borrowings	373	234
Interest on lease liabilities	193	215
Other finance costs	38	80
Total interest expense	603	529
Foreign exchange loss	454	457
Other finance expenses	1,455	129
Total finance expenses	1,909	586
Total financial income and expenses	2,004	2,512

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 recognized 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 recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from 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 derecognized.

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, 2021	6,791	
Additions	697	
Additions through business acquisition	109	
Disposals	-804	
Exchange differences	-32	
January 1, 2022	6,761	
Additions	1,121	
Disposals	-59	
Exchange differences	-87	
Transfer between classes	68	
December 31, 2022	7,804	
Depreciation and impairment		
January 1, 2021	-5,499	
Depreciation charge for the period	-716	
Depreciation through business acquisition	-46	
Disposals	795	
Exchange differences	8	
January 1, 2022	-5,458	
Depreciation charge for the period	-779	
Disposals	0	
Exchange differences	53	
Transfer between classes	-40	
December 31, 2022	-6,225	
Net book value	2022	2021
December 31	1,580	1,302

€ 000	Property	Right-of-Use assets Machinery and equipment	Total
Cost			
At January 1, 2021	12,887	885	13,773
Additions	1,135	0	1,135
Disposals	0	-6	-6
At January 1, 2022	14,022	880	14,901
Additions	921	0	921
Disposals	0	-21	-21
At December 31, 2022	14,944	859	15,803
Amortization and impairment			
At January 1, 2021	4,718	699	5,417
Amortization	2,597	53	2,650
At January 1, 2022	7,315	752	8,067
Amortization	2,252	38	2,291
At December 31, 2022	9,567	790	10,357
Carrying amount			
At December 31, 2021	6,707	128	6,835
At December 31, 2022	5,376	69	5,445

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized 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 recognized. 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	2022	2021
Games business	39,795	37,476
Total	39,795	37,476

Reconciliation of beginning and ending balances

€ 000	2022	2021
January 1	37,476	0
Additions	-	35,818
Translation differences	2,319	1,658
December 31	39,795	37,476

Impairment testing

To carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with Rovio's business organization. The balance sheet values of all CGUs are subject to an annual impairment testing for asset values as at 30 September. 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. The cash flows are based on the current year's forecast for the last quarter, the budget for the following year, and expected moderate growth for the consecutive four years. The long-term cashflows are based on terminal value.

The Group's forecast data has been used in determining revenue and operating profit. The 2 per cent growth rate in the terminal period reflects management's expectations for long-term

growth, considering the current interest rate level, as well as the general market. The discount factor used in the calculations is a pre-tax weighted average cost of capital (WACC). The expected return on both equity and debt are considered in the WACC, which is calculated using beta-factors, capital structures and tax rates of benchmark companies.

In the 2022 impairment testing, the (before tax) discount rate (weighted average cost of capital, WACC) used in testing was 11.0 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 2022 impairment testing

Parameters used	2022	2021
Average growth in revenue, %	3.5%	3.4%
Average EBITDA, %*	19.6%	19.7%
Growth after forecast period, %	2.0%	2.0%
WACC, %	11.0%	10.1%
Total headroom, (EUR thousand)	549,176	651,305

Sensitivity analysis of forecast parameters

The table below illustrates the level of key parameters for which the value in use equals the carrying value (all other parameters remaining unchanged).

Sensitivity analysis of forecast parameters	2022	2021
Average EBITDA, % of revenue	3.8%	3.3%
WACC, %	84.4%	100.4%

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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortization period and the amortization 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 amortization period or method. The amortization expense on intangible assets with finite lives is recognized 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 amortized 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 amortized, 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 derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

In general, the Group amortizes capitalized development costs on a straight-line basis over the period of expected future sales from the related project. The amortization schedule of capitalized 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 capitalizes development costs for a project in accordance with its accounting policy. Initial capitalization 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 capitalized, 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)
Amortization method used	Amortized on a straight-line basis over the useful life of the trademark.	Amortized on a straight-line basis over the period of the expected future sales from the related project.	Amortized based on consumption of economic benefits embodied in the intangible asset.	Amortized 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	Development costs - Games	Trademarks	Development costs - Movie	Development costs - Other	Total
Cost					
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
January 1, 2022	30,300	2,279	62,869	35,272	130,719
Additions	5,340	276	0	786	6,401
Disposals	0	-45	0	0	-45
Translation differences	771	0	0	-452	319
Transfer between classes	0	0	0	19	19
December 31, 2022	36,411	2,510	62,869	35,625	137,414
Amortization and impairment					
January 1, 2021	24,201	1,266	49,998	20,745	96,211
Amortization and impairment for the financial period	1,891	182	3,959	3,643	9,675
Transfer between classes	0	0	0	0	0
January 1, 2022	26,092	1,448	53,958	24,388	105,886
Amortization and impairment for the financial period	6,993	219	3,669	431	11,314
Translation differences	-166	0	0	-439	-605
Transfer between classes	0	0	0	7	7
December 31, 2022	32,919	1,667	57,627	24,387	116,602
Carrying amount					
December 31, 2021	4,208	831	8,912	10,884	24,833
December 31, 2022	3,491	842	5,242	11,237	20,813

€ 000	Development costs - Games	Trademarks	Development costs - Movie	Development costs - Other	Total
Advance payments for intangible assets					
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
January 1, 2022	306	298	0	241	845
Additions	1,267	3	0	301	1,571
Write-downs and other disposals	0	-45	0	0	-45
Reclassification between asset classes	-265	-196	0	-435	-896
December 31, 2022	1,308	60	0	107	1,475

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 recognizes trade receivables, trade payables, deposits, loans and borrowings on the date on which they are originated. All other financial instruments are recognized 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 amortized 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 amortized 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 amortized 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

- Investments
- Convertible loans
- 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 amortized cost using the effective interest rate method (EIR).

Amortized 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 amortization is included in financial income in the statement of profit or loss.

Investments in equity instruments are measured at fair value through other comprehensive income. Money market funds, unlisted shares and convertible loans are measured at fair value through 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 recognizes 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 analyzed.

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 recognized 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 mainly comprise of contingent consideration liabilities, trade and other payables, loans and borrowings, other financial liabilities and advances received. The financial liabilities are initially measured at fair value, which equals the received money less any direct costs related to the liability. After the initial recognition the liabilities are measured at amortized cost or at fair value through profit or loss. Financial liabilities are included in both current and non-current liabilities they can be both interest-bearing and interest-free.

The Groups' financial liabilities, that include trade and other payables, loans and borrowings, other financial liabilities and advances received are measured at amortized cost, and the contingent consideration liabilities are measured at fair value through profit or loss.

Amortized 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 recognized in profit or loss as financial income or expense when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is also presented as financial 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 derecognized (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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes 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 derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reconciliation of financial liabilities

€ 000	2021	Cash flow impact	Changes with no cash flow impact			2022
		Additions / Disposals	Additions / Disposals	Net foreign exchange differences	Changes in fair value	
Non-current financial liabilities	325	0	-197	0	0	128
Current financial liabilities	530	-499	82	0	0	113
Lease liabilities	7,013	-2,737	1,367	0	0	5,644
Total financial liabilities	7,869	-3,236	1,252	0	0	5,885

€ 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	-2871	1,320	0	0	7,013
Total financial liabilities	10,503	-3,953	1,320	0	0	7,869

Disposals include a total of EUR 137 thousand (EUR 229 thousand) of waived Business Finland loans.

3.2. Financial liabilities

Financial liabilities: interest-bearing loans and borrowings

€ 000	Capital	Interest, %	Maturity	December 31, 2022	December 31, 2021
Non-current liabilities					
Loan from credit institution	107	1.00	2024-2025	107	325
Lease liabilities					
Machinery and equipment		3.27		0	54
Property		3.00-3.27	2024-2025	2,997	3,795
Total non-current interest-bearing loans and borrowings				3,104	4,175
Current liabilities					
Loan from credit institution	113	1.0	2023	113	530
Lease liabilities					
Machinery and equipment		3.3		50	57
Property		3.3	2023	2,597	3,107
Total current interest-bearing loans and borrowings				2,760	3,694
Total interest-bearing loans and borrowings				5,864	7,869

Fair values of non-current liabilities

€ 000	Capital	December 31, 2022	December 31, 2021
Loan from credit institution	220	209	822

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

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

Investments

€ 000	2022	2021
January 1	8,270	1,966
Investments in funds	329	251
Other equity investments	0	2,500
Changes in fair value -through other comprehensive income	1,215	3,707
Investments sale and disposals	-247	-154
Total investments, December 31	9,567	8,270

Non-current receivables mainly comprise rent deposits paid.

Non-current receivables

€ 000	December 31, 2022	December 31, 2021
Long-term rental deposits	854	907
Long-term loans, convertible loan	2,513	2,513
Other non-current receivables	94	0
Total non-current receivables	3,461	3,420

Trade receivables and other receivables

€ 000	December 31, 2022	December 31, 2021
Trade receivables	25,286	27,585
Other current financial assets	1,326	855
Prepayments and accrued income	8,014	7,584
Total trade receivables and other receivables	34,626	36,023

Prepayments and accrued income comprise the following items:

€ 000	December 31, 2022	December 31, 2021
Deferred cost of sales and prepayments	2,079	1,853
Mandatory insurance payments	0	31
Accrued licensing revenue	291	422
Other accrued income	5,644	5,278
Total	8,014	7,584

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

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

The Group's policy is to recognize 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, 2022, 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 3.13.

Aging analysis of trade receivables, 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	
2022 Gross	25,479	22,086*	1,990*	1,212	25	43	39	83
- Provision for credit loss of receivables	-193	0	-30	-6	-4	-34	-40	-79
December 31, 2022	25,424	22,086	1,960	1,206	21	9	-0	4
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

* 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	2022	2021
January 1	127	390
Realized and written-down	4	27
Change	62	-290
December 31	193	127

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.

In 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, 2022	December 31, 2021
Cash and cash equivalents	110,780	110,197
Money market funds	59,913	50,621
Total	170,692	160,818

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	December 31, 2022	December 31, 2021
Trade payables	12,103	8,799
Other payables	657	973
Advances received	1,358	1,682
Total	14,119	11,454

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 recognizes the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognized 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	2022	2021
January 1	1,682	2,016
Licensing MG's recognized as revenue	-1,011	-649
Games MG's recognized as revenue	-118	-710
Other items	809	1,025
December 31	1,358	1,682

3.7. Deferred revenue

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

€ 000	2022	2021
Liabilities		
January 1	6,338	5,539
Deferred during the year	7,899	6,338
Released to the statement of profit or loss	-7,101	-5,539
December 31	7,136	6,338
Current	7,136	6,338

€ 000	2022	2021
Assets		
January 1	252	338
Deferred during the year	270	252
Released to the statement of profit or loss	-252	-338
December 31	270	252
Current	270	252

3.8. Provisions

Accounting policy

Provisions are recognized 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 recognized 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 recognized as a finance cost.

Restructuring provisions

Restructuring provisions are recognized 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, 2021	0	741	741
Additions	269	7	276
Utilized	0	-709	-709
January 1, 2022	269	39	308
Additions	220	49	268
Utilized	-269	-7	-276
December 31, 2022	220	81	300

3.9. Accrued liabilities

€ 000	December 31, 2022	December 31, 2021
Salaries and other personnel costs	14,376	11,280
Accrued costs	42	90
Revenue share	513	815
Other accrued liabilities	8,036	2,154
Total	22,967	14,340

3.10. Government grants

Accounting policy

Government grants are recognized 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 recognized 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 recognized 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	2022	2021
Received government grants	1,452	799
Total	1,452	799

3.11. 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 increase 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 the 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	2022	2021
Equity ratio, %	79.3%	70.8%
Equity	226,824	197,539
Advances received	1,358	1,682
Deferred revenue	7,136	6,338
Total assets	294,349	287,031
Return on Equity, %	14.4%	22.2%
Profit/loss before tax	30,561	40,258
Total equity, beginning of period	197,539	165,422
Total equity, end of period	226,824	197,539
Net gearing, %	-72.7%	-77.4%
Interest-bearing loans and borrowings	5,885	7,869
Cash and short-term deposits	170,692	160,818
Equity	226,824	197,539
Non-current interest-bearing loans and borrowings	3,125	4,175
Current interest-bearing loans and borrowings	2,760	3,694
Cash and short-term deposits	170,692	160,818
Net debt	-164,807	-152,949

Authorizations

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

- On April 7, 2022, the Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,210,120 shares, which corresponds to approximately 10 percent of all the current shares of the company.
- On April 7, 2022, 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. The number of new shares to be issued based on the authorization may not exceed an aggregate maximum of 8,210,120 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,210,120 own shares held by the company.

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

3.12. 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 categorized 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 categorized 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 amortized 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 amortized costs consist of cash and cash equivalents and trade receivables. 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 recognized 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, included in non-current financial assets. The investment in the Play Ventures fund is not a part of the company's core business, and therefore the company has chosen to present the changes in the fair value of the fund in the fair value reserve in equity.

The fair value of the contingent consideration on the acquisition date is recognized 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 recognized in profit or loss.

Fair values of financial assets and liabilities

The Groups' financial assets are categorized to be measured amortized cost, fair value through other comprehensive income or fair value through profit or loss at a later date.

€ 000	Change in fair value - through profit and loss	Change in fair value - through other comprehensive income	Amortized cost	Total
December 31, 2022				
Non-current assets				
Investments	2,500	7,067		9,567
Non-current receivables	2,513		948	3,461
Current assets				
Trade receivables			25,286	25,286
Money market funds	59,913			59,913
Cash and cash equivalents			110,780	110,780
Non-current liabilities				
Interest-bearing loans and borrowings			128	128
Contingent consideration liabilities	12,046			12,046
Current liabilities				
Trade and other payables			12,103	12,103
Interest-bearing loans and borrowings			113	113
Contingent consideration liabilities	322			322

€ 000	Change in fair value - through profit and loss	Change in fair value - through other comprehensive income	Amortized cost	Total
December 31, 2021				
Non-current assets				
Investments	2,500	5,770		8,270
Non-current receivables	2,513		907	3,420
Current assets				
Trade receivables			27,585	27,585
Money market funds	50,621			50,621
Cash and cash equivalents			110,197	110,197
Non-current liabilities				
Interest-bearing loans and borrowings			325	325
Contingent consideration liabilities	13,235			13,235
Current liabilities				
Trade and other payables			8,799	8,799
Interest-bearing loans and borrowings			530	530
Contingent consideration liabilities	27,763			27,763

Fair value hierarchy of financial assets and liabilities measured at fair value

Fair value hierarchy	December 31, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value						
Unlisted shares at fair value (through profit and loss)			2,500			2,500
Convertible loan			2,513			2,513
Unlisted shares at fair value (through other comprehensive income)			7,067			5,770
Money market funds		59,913			50,621	
Total		59,913	12,080		50,621	10,783
Liabilities measured at fair value						
Contingent consideration liability			12,368			40,998
Total			12,368			40,998

Reconciliation of level 3 financial assets and liabilities measured at fair value

€ 000	2022	2021
Assets		
Fair value at January 1	10,783	1,966
Purchases	329	251
Sales and deductions	-247	-1,368
Other investments	0	5,013
Changes in fair value -through other comprehensive income	1,215	4,921
Fair value at December 31	12,080	10,783
Liabilities		
Fair value at January 1	40,998	0
Additions, business acquisition	0	38,146
Payment of contingent liability	-29,918	0
Changes in fair value -through profit and loss	4,883	2,852
Translation differences	-3,595	0
Fair value at December 31	12,368	40,998

3.13. 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 as well as investments and convertible loans.

Rovio's risk management policy defines the objectives, principles, organization, responsibilities and practices of Rovio's risk management. The 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 minimizing 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, contingent consideration liabilities 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. On December 31, 2022, 100% of the Group's borrowings are at a variable rate of interest (2021: 100% variable rate). On December 31, 2022, 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, with all other variables held constant, the impact on the Group's profit before tax is presented below.

€ 000		Change, basis points	Effect on profit before tax
2022	Euro	+100	-2
2021	Euro	+100	-9

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 contingent consideration liability.

The Group's most significant currencies are the Euro (Functional currency), United States dollar (USD) and Canadian Dollar (CAD) 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 is the US dollar, which accounts 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 Canadian Dollars. The majority of the group's foreign currency denominated financial liabilities are in US Dollars.

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
2022	5 %	2,045
	-5 %	- 2,045
2021	5 %	2,387
	-5 %	-2,387

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 utilized 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, 2022, the Group had seven customers (2021: 10 customers) with over EUR 500,000 of outstanding trade receivables. These customers accounted for approximately 90% (2021: 92%) of the Group's trade receivables. The Group had six customers (2021: six customers) with over EUR 1 million of outstanding trade receivables. These customers accounted for approximately 88% (2021: 81%) 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, 2022 and 2021 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, 2022, approximately 50%

will fall due within one year (2021: 75%) 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 summarizes 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, 2022						
Interest-bearing loans and borrowings	-	0	113	128	0	241
Lease liabilities	-	662	1,985	2,997	0	5,644
Trade payables	-	12,103	0	0	0	12,103
Contingent consideration liabilities	-	0	322	12,046	0	12,368
Total	-	12,765	2,420	15,171	0	30,356

€ 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	13,325	0	40,998
Total	-	9,591	30,667	17,409	0	57,667

3.14. Equity

Equity comprises issued capital, other reserves and retained earnings. Rovio's issued capital for the financial year ended December 31, 2022 amounted to EUR 733,390 and the number of shares was 82,963,825, Rovio held 6,856,349 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 2022 and 2021.

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 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, 2021	81,328,590	733	42,135
Additions based on option subscriptions	772,613		3,851
December 31, 2021	82,101,203	733	45,986
Additions based on option subscriptions	862,622		5,869
December 31, 2022	82,963,825	733	51,856

Additional information related to the option programs is disclosed in Note 1.5. 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 2022, Rovio Entertainment granted 304,268 company's own shares to the company's management and key personnel. The share grants are part of the company's share-based incentive scheme. On December 31, 2022 Rovio Entertainment Corporation held 6,856,349 of its own shares. The company completed share buyback programmes for a total of 1,800,000 of the company's own shares during the financial period.

The second tranche of the Ruby Games acquisition was completed on October 27, 2022. The number of existing Rovio shares transferred on 31st October, 2022 as part of the consideration was 2,355,067.

Rovio Entertainment Corporation has on January 18, 2023 transferred without consideration a total of 12,123 Company's own shares to company's management team member based on the Company's share-based incentive scheme.

€ 000	Own shares, pcs
December 31, 2021	7,715,684
Transferred as part of the share-based compensation incentive program	-304,268
Transferred as consideration for business combinations	-2,355,067
Acquisition of own shares	1,800,000
December 31, 2022	6,856,349

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 on December 31, 2022.

€ 000	2022
Retained earnings	205,685
Profit for the period	334
Treasury shares	-35,868
Invested unrestricted equity reserve	52,464
Capitalized development expenses	-6,143
Total	216,686

Distributions made and proposed

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 per share (2021: 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 recognized as a liability in the financial statements on December 31, 2022. A total of EUR 8,944 thousand was paid as dividends for 2021.

Accounting policy

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized 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 recognized 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.

	December 31, 2022	December 31, 2021
Profit for the period attributable to equity holders of the parent, €000	22,873	30,138
Shares (thousand)		
Weighted average number of outstanding shares	75,218	74,055
Diluted weighted average number of outstanding shares	76,091	74,411
Undiluted earnings per share, EUR	0.30	0.41
Earnings per share adjusted for dilution, EUR	0.30	0.41

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 recognized 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 recognized 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 recognized 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 recognized as profit for the period.

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 recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) items through profit or loss.

Changes in the Group structure are disclosed in Note 4.3.

Business combinations

No business acquisitions were made during the financial period. In the previous financial period Rovio acquired the game studio Ruby Games, based in Izmir, Turkey. In 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. The second tranche was completed on October 27, 2022. Rovio acquired 50% of Ruby's outstanding shares for a total consideration of USD 32.8 million (EUR 29.9 million) consisting of USD 19.7 million (EUR 18.0 million) paid in cash and USD 13.1 million (EUR 11.9 million) to be paid with existing Rovio shares. Rovio's ownership of Ruby Games thus increased to 70 percent.

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 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 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 recognized on acquisition	Changes during the measurement period	Fair value recognized on acquisition (Final)
The fair values of the identifiable assets and liabilities 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, 2022. 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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Consolidated companies

The following companies have been consolidated in the consolidated financial statements:

Name of the company	Domicile	Holding (%)	
		2022	2021
Rovio Stars Ltd	Finland	100	100
Blue Bird Distribution, Inc	United States	100	100
Rovio (Shanghai) Commerce and Trading Co., Ltd	China	100	100
Rovio Sweden AB	Sweden	100	100
Dark Matter Ltd	Finland	100	100
Rovio UK Ltd	United Kingdom	100	100
Rovio IP Managment Ltd*	Finland	-	100
Pin Bank Ltd*	Finland	-	100
Dark Flow Ltd*	Finland	-	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	100
Ruby Oyun Ve Yazılım Danışmanlık Sanayi Ticaret Anonim Şirketi	Turkey	70	20
Rovio Barcelona S.L.U.**	Spain	100	0

* Company was merged into the parent company on April 1, 2022.

** Company was established on October 19, 2022

4.3. Changes in group structure

Rovio established a new entity in Spain in the end of the financial period. Rovio Barcelona supports game development and strengthens Rovio's potential in the international talent market.

Rovio's fully owned subsidiaries Dark Flow Oy, Pin Bank Oy and Rovio IP Management Oy were merged into the parent company on April 1, 2022.

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. Related party transactions between Group companies have been eliminated. There were no abnormal related party transactions in 2022 or 2021.

Compensation of key management personnel of the Group

€ 000	2022	2021*
CEO		
Short-term employee benefits	566	542
Post-employment pension and medical benefits	-	-
Termination benefits	-	-
Share-based payments	247	218
CEO total	812	760
Other key management personnel of the Group		
Short-term employee benefits	2,037	1,507
Post-employment pension and medical benefits	-	-
Termination benefits	-	-
Share-based payments	702	636
Other key management personnel of the Group, total	2,739	2,143
Total compensation of key management personnel	3,552	2,903

* 2021 figures have been adjusted to accrual base to improve comparability, previously STI and LTI costs were presented on a cash basis.

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 recognized as expense for each year. No pension entitlements are granted based on membership of the board. The key personnel are included in the Finnish statutory TYEL system, which is a defined contribution pension scheme. Rovio does not have any supplementary pension plans.

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	2022	2021
Kim Ignatius Chairman since 2020 Chairman of the Audit Committee Board member since 2017	114	114
Camilla Hed-Wilson Chairman of the Remuneration Committee Board member since 2011	60	60
Björn Jeffery Vice Chairman since 2022 Board member since 2020	90	83
Leemon Wu Board member since 2020	60	60
Niklas Hed Board member since 2021	60	45
Langer Lee Board member since 2022	45	
Kaj Hed Chairman 2008–2017 Board member until 2021	0	23
Jeferson Valadares Board member until 2022	15	60
Total	444	444

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 recognized directly in equity is recognized 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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 recognized 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 utilized.

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 recognized 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 recognized 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.

Income taxes

The major components of income tax expense for the financial years 2021 and 2022:

Reconciliation of the Group's taxes

€ 000	2022	2021
Taxable income for the period		
Current income tax	8,958	10,747
Adjustments in respect of current income tax of previous year	0	0
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	-1,269	-626
Income tax expense reported in the statement of profit or loss	7,688	10,120
Accounting profit before tax	30,561	40,258
The Group's statutory income tax rate of 20%	6,112	8,052
Tax for previous accounting periods	2	174
Tax effects of foreign subsidiaries	29	36
Other items	532	2,708
Non-deductible expenses	1,013	-850
Income taxes	7,688	10,120

5.2. Deferred tax assets and liabilities

Deferred tax relates to the following:

€ 000	January 1, 2022	Released to the statement of profit or loss	Released to other comprehensive income	Business combination	December 31, 2022
Deferred tax assets 2022					
Depreciation not deducted in taxation	82	15	0	0	97
Deductible tax losses	7,765	303	0	0	8,069
Other temporary differences	206	-14	0	0	192
Deferred tax assets	8,052	304	0	0	8,368
Deferred tax liabilities 2022					
Other temporary differences	-2	1	0	0	-1
Changes in fair value, equity investments	-741	0	-243	0	-984
Intangible assets	-2,581	964	0	-213	-1,830
Deferred tax liabilities	-3,324	965	-243	-213	-2,815

€ 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					
Depreciation 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

Rovio Group has unused tax losses in the amount of EUR 40.3 million. The Group has recognized deferred tax assets totaling EUR 8.2 million for these tax losses. The group has the means to utilize the losses in taxation. The Group has unused tax losses in the amount of EUR 4.7 million of which the Group has not recognized deferred tax assets. The losses expire in 2024-2031.

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. The Group does not sublease any of its leased assets. During the financial period EUR 44 thousand was recorded as lease expense (2021: EUR 20 thousand).

The group's fixed assets and changes during the financial period are presented in note 2.1. Property, plant and equipment. The maturity breakdown of lease liabilities is presented in note 3.13. Financial risks.

Future non-cancelable other commitments are as follows.

€ 000	December 31, 2022	December 31, 2021
Other commitments		
Venture Capital investment commitment	397	397
Total	397	397

Parent company's financial statements

Parent company's statement of profit or loss

	Note	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	1.	301,281,375.72	280,379,480.83
Other operating income	2.	218,482.15	507,919.38
Materials and services	3.	-101,245,231.70	-93,509,425.03
Personnel expenses	5.	-38,726,451.50	-34,350,158.35
Depreciation and amortization	8.	-7,056,074.00	-6,672,008.16
Other operating expenses	9.	-119,404,570.51	-100,052,415.10
Operating profit		35,067,530.16	46,303,393.57
Financial income and expenses	10.	-26,775,134.14	3,419,910.23
Profit before appropriations and taxes		8,292,396.02	49,723,303.80
Income tax expenses	11.	-7,958,068.18	-9,810,059.12
Profit for the period		334,327.84	39,913,244.68

Parent company's statement of financial position

	Note	December 31, 2022	December 31, 2021
Assets			
NON-CURRENT ASSETS			
Intangible assets	12.	12,761,823.04	14,418,511.67
Tangible assets	13.	840,248.75	853,470.49
Investments	14.	68,251,451.44	47,874,951.31
TOTAL NON-CURRENT ASSETS		81,853,523.23	63,146,933.47
CURRENT ASSETS			
Non-current receivables	16.	659,791.66	8,888,856.34
Current receivables	17.	33,109,599.27	41,408,039.03
Cash and cash equivalents		162,059,623.63	153,991,721.28
TOTAL CURRENT ASSETS		195,829,014.56	204,288,616.65
Total assets		277,682,537.79	267,435,550.12

	Note	December 31, 2022	December 31, 2021
Equity and liabilities			
EQUITY			
Issued capital	18.	733,390.00	733,390.00
Treasury shares	18.	-35,867,512.78	-36,862,626.50
Fair value reserve	18.	4,921,482.43	3,706,527.70
Invested unrestricted equity reserve	18.	52,463,762.56	46,594,322.96
Retained earnings	18.	205,897,638.46	174,936,284.11
Profit for the period		334,327.87	39,913,244.68
TOTAL EQUITY		228,483,088.54	229,021,152.95
LIABILITIES			
Current liabilities	19.	49,199,449.25	38,414,397.17
TOTAL LIABILITIES		49,199,449.25	38,414,397.17
Total liabilities		277,682,537.79	267,435,550.12

Parent company's statement of cash flows

	January 1- December 31, 2022	January 1- December 31, 2021
Cash flows from operating activities		
Profit before appropriations and taxes	8,292,396.05	49,723,303.80
Adjustments		
Depreciation and amortization according to plan	7,056,074.00	6,672,008.16
Unrealized foreign exchange gains (-) and losses (+)	-2,718,754.14	-2,119,130.36
Gain on disposal of property, plant and equipment	-1,226.96	-2,921.79
Financial income (-) and expenses (+)	-3,077,243.92	-1,185,011.65
Other non-cash	29,938,274.87	-575,967.58
Net cash before working capital changes	39,489,519.90	52,512,280.58
Working capital changes		
Increase (-) or decrease (+) in current receivables	178,051.26	-4,400,465.29
Increase (+) or decrease (-) in current payables	18,468,562.73	6,922,529.30
Net cash before interest and taxes	58,136,133.89	49,702,077.04
Interest and other financial expenses paid	-2,157,790.27	-462,608.83
Interest and other financial income received	5,203,254.84	212,714.19
Dividends received	0.00	766,609.88
Income taxes paid	-10,839,718.62	-6,978,340.57
Net cash before extraordinary items	50,341,879.84	43,240,451.71
Net cash from operating activities (A)	50,341,879.84	43,240,451.71

	January 1- December 31, 2022	January 1- December 31, 2021
Cash flows from investing activities		
Purchase of tangible and intangible assets	-4,764,485.49	-3,736,262.06
Other investments	-328,783.50	-2,750,647.51
Proceeds from sales of tangible and intangible assets	1,226.96	2,921.79
Acquisition of subsidiaries	-19,773,860.02	-9,381,421.37
Loans granted	-1,800,000.00	-7,000,000.00
Proceeds of sale of other investments	1,998,217.95	1,668,534.34
Cash flows from investing activities (B)	-24,667,684.10	-21,196,874.81
Cash flows from financing activities		
Paid share issue	5,869,429.60	3,851,209.70
Acquisition of treasury shares	-10,705,766.22	0.00
Repayments of borrowings	-402,654.07	-1,031,750.00
Dividends paid	-8,944,154.52	-8,837,502.12
Cash flows from financing activities (C)	-14,183,145.21	-6,018,042.42
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	3,966,079.38	16,025,534.48
Cash and cash equivalents at the beginning of period	148,659,453.73	130,416,914.66
Net foreign exchange difference and value changes in money market funds	1,909,119.37	2,217,004.59
Cash and cash equivalents at the end of period	162,059,623.63	153,991,721.28

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 amortized over three to ten years. They are amortized based on the estimated revenue generation. Consolidated goodwill is amortized over five years. Machinery and equipment is depreciated over three to five years.

Rovio Group capitalizes 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 capitalizes the intangible assets following the prudence principle.

Games-related development costs are amortized based on estimated revenues. The capitalized development costs relating to animation projects are amortized over their estimated lifetime after the production has been completed.

Revenue recognition

Revenues are recognized 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 recognized based on information or payment received from the relevant counterparty. Partners pay minimum guarantees for the contract period royalties. Rovio recognizes the minimum guarantees over the contract period equally, if more royalties are received, the excess amount will be recognized as revenue. Income that is related to a specific period of time will be recognized 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 recognized 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 recognized 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 recognized 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.

Cashpool receivables

The company presents cashpool receivables in the parent company's cash and cash equivalents and accrued liabilities. The subsidiaries' cash and cash equivalents under the cash pool arrangement, amounting to EUR 5.3 million, have been reclassified in the statement of financial position for the previous period to correspond to the current presentation in the statement of financial position.

Notes to the statement of profit or loss

1. Revenue by type and market area

By type	2022	2021
Games	290,821,729.91	270,999,405.03
Licensing and merchandise revenue	2,485,084.68	1,819,191.39
Media revenue	7,974,561.16	6,771,725.28
Service revenue from group companies	0.00	789,159.13
Total	301,281,375.75	280,379,480.83

Geographical distribution	2022	2021
North America	210,826,404.65	188,133,438.46
Latin America	3,361,960.31	3,007,949.41
Europe, Middle East and Africa	56,751,967.49	58,980,873.35
Asia Pacific	30,341,043.30	30,257,219.61
Total	301,281,375.75	280,379,480.83

2. Other operating income

	2022	2021
Grants received	0.00	424,903.38
Other income	218,482.15	83,016.00
Total	218,482.15	507,919.38

3. Materials and services

	2022	2021
Material purchases	16,877.55	11,300.95
External services	78,288,625.53	73,998,554.24
External services from group companies	22,939,728.62	19,499,569.84
Total	101,245,231.70	93,509,425.03

4. Average number of personnel employed by the company during the financial period

	2022	2021
Average number of personnel	336	341

5. Personnel expenses

	2022	2021
Wages and salaries	32,244,546.59	28,559,797.06
Pension costs	5,232,597.58	4,640,847.73
Other social security expenses	1,249,307.33	1,149,513.56
Total	38,726,451.50	34,350,158.35

6. Salaries and fees of management

	2022	2021
Members of the Board of Directors	444,000.00	444,000.00

The remuneration of the Board of Directors and the salary and fees paid to the CEO are disclosed in Note 4.4 in the consolidated financial statements.

7. Auditor's fees

	2022	2021
Audit fees	390,000.00	360,000.00
Other fees	46,705.00	64,361.77
Total	436,705.00	424,361.77

8. Depreciation and impairment

	2022	2021
Depreciation and amortization according to plan	7,056,074.00	6,662,571.70
Impairment	0.00	9,436.46
Total	7,056,074.00	6,672,008.16

9. Other operating expenses

	2022	2021
Legal fees and consulting expenses	6,852,244.39	2,026,066.53
External development and testing expenses	10,522,659.85	8,693,415.30
Machinery and software expenses	4,240,907.55	3,732,473.55
Hosting expenses	7,222,387.76	5,724,638.32
Phone, data transfer and office expenses	2,312,934.66	2,083,160.63
User acquisition costs	82,537,384.11	73,726,455.78
Other marketing expenses	2,385,568.07	2,234,071.98
Other operating expenses	3,330,484.12	1,832,133.01
Total	119,404,570.51	100,052,415.10

10. Financial income and expenses

	2022	2021
Interest and financial income		
From group companies	830,110.98	1,434,460.58
From others	1,563,793.00	319,394.82
Forex gains from group companies	177,553.29	78,647.76
Forex gains from others	2,663,576.92	2,179,552.42
Total interest and financial income	5,235,034.19	4,013,055.58
Interest and financial expenses		
To others	-1,833,010.53	-363,654.78
Forex losses to group companies	-324,208.01	-227,699.22
Forex losses to others	-571.73	-1,791.35
Other financial expenses		
Impairment of investments	-29,852,378.06	0.00
Total interest and financial expenses	-32,010,168.33	-593,145.35
Total interest and financial income and expenses	-26,775,134.14	3,419,910.23

11. Income taxes

	2022	2021
Current tax	7,759,766.30	9,157,618.21
Taxes of previous years	2,768.40	120,464.05
Other taxes	195,533.48	531,976.86
Total	7,958,068.18	9,810,059.12

Notes to the statement of financial position

12. Intangible assets

Intangible rights	2022	2021
Acquisition cost as at Jan 1	3,134,542.93	2,824,155.05
Additions	275,904.73	310,387.91
Disposals	-44,845.49	0.00
Acquisition cost as at Dec 31	3,365,602.17	3,134,542.93
Accumulated amortization and impairment as at Jan 1	-2,407,878.88	-2,255,037.02
Amortization of the period	-190,029.73	-152,841.86
Accumulated amortization and impairment as at Dec 31	-2,597,908.61	-2,407,878.88
Carrying amount as at Dec 31	767,693.56	726,664.05

Other long-term expenses	2022	2021
Acquisition cost as at Jan 1	123,495,888.84	120,569,731.91
Additions	4,647,511.64	2,926,156.93
Disposals	0.00	0.00
Acquisition cost as at Dec 31	128,143,400.48	123,495,888.84
Accumulated amortization and impairment as at Jan 1	-109,804,041.22	-103,788,228.85
Amortization of the period	-6,345,229.78	-6,006,375.91
Impairment for the period	0.00	-9,436.46
Accumulated amortization and impairment as at Dec 31	-116,149,271.00	-109,804,041.22
Carrying amount as at Dec 31	11,994,129.48	13,691,847.62

Total intangible assets	2022	2021
Acquisition cost as at Jan 1	126,630,431.77	123,393,886.93
Additions	4,923,416.37	3,236,544.84
Disposals	-44,845.49	0.00
Acquisition cost as at Dec 31	131,509,002.65	126,630,431.77
Accumulated amortization and impairment as at Jan 1	-112,211,920.10	-106,043,265.87
Amortization of the period	-6,535,259.51	-6,159,217.77
Impairment for the period	0.00	-9,436.46
Accumulated amortization and impairment as at Dec 31	-118,747,179.61	-112,211,920.10
Carrying amount as at Dec 31	12,761,823.04	14,418,511.67

13. Tangible assets

Machinery and equipment	2022	2021
Acquisition cost as at Jan 1	5,284,198.37	4,768,026.36
Additions	507,883.55	518,590.14
Disposals	-290.80	-2,418.13
Acquisition cost as at Dec 31	5,791,791.12	5,284,198.37
Accumulated amortization and impairment as at Jan 1	-4,430,727.88	-3,927,373.95
Depreciation charge for the period	-520,814.49	-503,353.93
Accumulated amortization and impairment as at Dec 31	-4,951,542.37	-4,430,727.88
Carrying amount as at Dec 31	840,248.75	853,470.49
Total tangible assets	2022	2021
Acquisition cost as at Jan 1	5,284,198.37	4,768,026.36
Additions	507,883.55	518,590.14
Disposals	-290.80	-2,418.13
Acquisition cost as at Dec 31	5,791,791.12	5,284,198.37
Accumulated amortization and impairment as at Jan 1	-4,430,727.88	-3,927,373.95
Depreciation charge for the period	-520,814.49	-503,353.93
Accumulated amortization and impairment as at Dec 31	-4,951,542.37	-4,430,727.88
Carrying amount as at Dec 31	840,248.75	853,470.49

14. Investments

Shares in group companies	2022	2021
Pin Bank Ltd*)	0.00	2,500.00
Dark Matter Ltd	2,500.00	2,500.00
Rovio Sweden AB	57,259.26	57,259.26
Rovio (Shanghai) Commerce and Trading Co., Ltd	157,207.17	157,207.17
Rovio IP Management Ltd*)	0.00	2,500.00
Hatch Entertainment Ltd	0.00	29,852,378.06
Rovio UK Limited	12,848.19	12,848.19
Dark Flow Ltd*)	0.00	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	101,732.85
Ruby Oyun Ve Yazılım Danışmanlık Sanayi Ticaret Anonim	39,197,591.69	9,279,688.52
Rovio Barcelona S.L.U.**)	153,000.00	0.00
Total	39,816,212.57	39,605,187.46

* Company was merged with the parent company on April 1, 2022.

** Company was established on October 19, 2022.

15. Other shares and investments

Other shares and investments	2022	2021
Other shares	2,500,000.00	2,500,000.00
Other capital investments	7,066,558.52	5,769,763.85
Total	9,566,558.52	8,269,763.85

16. Non-current receivables

Receivables from group companies	2022	2021
Loan receivables	16,355,529.67	5,710,000.00
Capital loan, convertible loan	2,513,150.68	2,513,150.68
Total	18,868,680.35	8,223,150.68
Other receivables	659,791.66	665,705.65
Total	659,791.66	665,705.65
Total non-current receivables	19,528,472.01	8,888,856.34

17. Current receivables

Receivables from group companies	2022	2021
Trade receivables	847,725.66	842,207.72
Other receivables	7,000.00	7,000.00
Prepayments and accrued income	0.00	8,015,418.69
Total	854,725.66	8,864,626.41

Receivables from others	2022	2021
Trade receivables	24,576,394.79	25,902,217.43
Other receivables	442,730.08	326,180.94
Prepayments and accrued income	7,235,748.74	6,315,014.25
Total	32,254,873.61	32,543,412.62
Total current receivables	33,109,599.27	41,408,039.03

Significant items in prepayments and accrued income	2022	2021
Deferred cost of sales and prepayments	81,225.35	175,846.86
Accrued licensing revenue	269,772.00	252,263.95
Other accrued income	6,884,751.39	5,886,903.44
Total	7,235,748.74	6,315,014.25

18. Equity

Restricted equity	2022	2021
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	3,706,527.70	0.00
Changes in fair value reserve	2,611,055.71	4,918,431.28
Realized net gain or expense, transfer to retained earnings	-1,396,100.98	-1,211,903.58
Fair value reserve December 31	4,921,482.43	3,706,527.70
Total restricted equity	5,654,872.43	4,439,917.70

Unrestricted equity	2022	2021
Invested unrestricted equity reserve January 1	46,594,332.96	42,743,123.26
Additions to invested unrestricted equity	5,869,429.60	3,851,209.70
Invested unrestricted equity reserve December 31	52,463,762.56	46,594,332.96
Treasury shares January 1	-36,862,626.50	-37,477,160.48
Treasury shares acquisition/disposal	995,113.72	614,533.98
Treasury shares December 31	-35,867,512.78	-36,862,626.50
Retained earnings January 1	214,849,825.79	183,176,416.63
Cash dividends	-8,944,154.52	-8,837,502.12
Acquisition/disposal of treasury shares	-1,403,836.79	-614,533.98
Fair value reserve, realized net gain and expenses	1,396,100.98	1,211,903.58
Retained earnings December 31	205,897,638.46	174,936,284.11
Profit for the period	334,327.87	39,913,244.68
Profit for the period	334,327.87	39,913,244.68
Total equity	228,483,088.54	229,021,152.95
Capitalized development expenses	-6,142,748.93	-4,130,785.46
Distributable equity as at December 31	216,685,467.18	220,450,449.79

Calculation on distributable equity	2022	2021
Retained earnings	205,897,638.46	174,936,284.11
Profit for the period	334,327.87	39,913,244.68
Treasury shares	-35,867,512.78	-36,862,626.50
Invested unrestricted equity reserve	52,463,762.56	46,594,332.96
Capitalized development expenses	-6,142,748.93	-4,130,785.46
Total	216,685,467.18	220,450,449.79

Treasury shares

On December 31, 2022 Rovio Entertainment Corporation held 6,856,349 of its own shares.

Dividends

The parent company's distributable funds on December 31, 2022 amount to EUR 216,685,467.18, of which the profit for the period is EUR 334,327.87. The Board of Directors proposes to the Annual General Meeting to be held on April 3, 2023, that a dividend of EUR 0.13 per share be paid. Based on the number of shares outstanding as at the balance sheet date, December 31, 2022, the total amount of the dividend is EUR 9,893,971.88. 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 recognized as a liability in the financial statements as at December 31, 2022.

19. Current liabilities

Liabilities to group companies	2022	2021
Trade payables	2,567,727.68	2,045,710.69
Accrued liabilities	7,524,971.15	5,332,267.55
Total	10,092,698.83	7,377,978.24

Liabilities to others	2022	2021
Loans from financial institutions	0.00	402,654.00
Advances received	810,681.23	944,023.57
Trade payables	11,394,316.05	8,016,392.31
Other payables	136,842.38	327,189.45
Accrued liabilities	26,764,910.76	21,346,159.60
Total	39,106,750.42	31,036,418.93
Total current liabilities	49,199,449.25	38,414,397.17

Significant items in accrued liabilities	2022	2021
Personnel expenses	12,350,635.65	9,312,182.76
Taxes	1,543,482.26	4,073,216.25
Deferred revenue	7,301,914.79	6,518,955.70
Other accrued liabilities	5,568,878.06	1,441,804.89
Total	26,764,910.76	21,346,159.60

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	2022	2021
Due within one year	12,986.78	14,243.83
Due in subsequent years	6,971.87	3,945.62
Total	19,958.65	18,189.45

Other commitments

Office rental commitments	2022	2021
Due within one year	1,698,543.24	1,554,245.28
Due in subsequent years	2,830,905.40	129,521.44
Total	4,529,448.64	1,683,766.72

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*)	0	0.00
Rovio IP Management Ltd, Espoo*)	0	0.00
Dark Flow Ltd, Espoo*)	0	0.00
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	70%	9,279,688.52
Rovio Barcelona S.L.U.	100%	3,000.00

All group companies are consolidated to the parent company's financial statements.

*)Company was merged with the parent company on April 1, 2022.

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 8, 2023

Kim Ignatius

Chairman 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

Langer Lee

Member of the Board

Alexandre Pelletier-Normand

CEO

Auditor's note

The auditor's report has been issued today.

Espoo February 8, 2023

Ernst & Young Oy, Authorized Public Accountant firm

Terhi Mäkinen, Authorized 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 2022. 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 1.6 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 1.1.

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 and compared 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 2022, the value of goodwill amounted to EUR 40 million representing 14% of total assets and 18% of total equity (2021: EUR 37 million, 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 unit is 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.

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 10 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 8.2.2023

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 743700H95H3OPXDV6568-2022-12-31-fi.zip of Rovio Entertainment Oyj for the financial year 1.1.-31.12.2022 to ensure that the financial statements are marked/tagged with iXBRL 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 with the requirements of ESEF RTS.

Auditor's Independence and Quality Management

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 firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 tagging of the notes to the financial statements and the entity identifier information 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 statement of Rovio Entertainment Oyj for the year ended 31.12.2022 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 31.12.2022 is included in our Independent Auditor's Report dated 8.2.2023. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 10.3.2023

Ernst & Young Oy

Authorized Public Accountant Firm

Terhi Mäkinen

Authorized Public Accountant

More information for investors

More information on Rovio as an investment can be found in investors.rovio.com

The role of Rovio Investor Relations is to provide information to shareholders, analysts, investors and financial media.

Timo Rahkonen

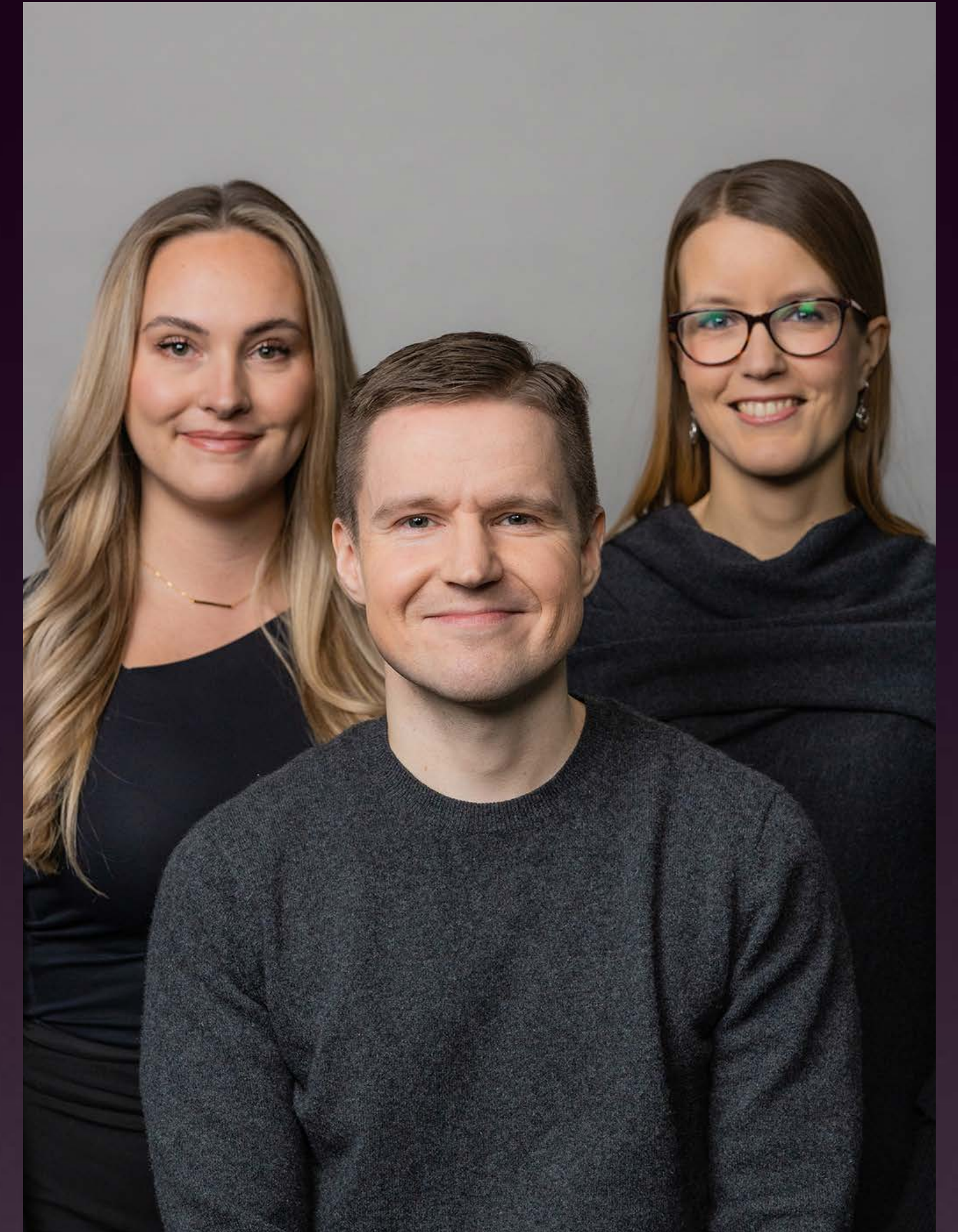
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