OFFER DOCUMENT **May 5, 2023**

Sega Europe Limited's Cash Offer

to the Shareholders and Option Holders in Rovio Entertainment Corporation

Sega Europe Limited ("**Sega Europe**" or the "**Offeror**") has offered to acquire through a voluntary recommended public cash tender offer in accordance with Chapter 11 of the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**") and subject to the terms and conditions of this tender offer document (the "**Offer Document**"), (i) all of the issued and outstanding shares in Rovio Entertainment Corporation (the "**Company**" or "**Rovio**") that are not held by Rovio or any of its subsidiaries (the "**Shares**") and (ii) all of the issued and outstanding options under the Company's Stock Options 2022A plan ("**Stock Options 2022A**") (the "**Options**") (the "**Offer**").

The Offeror is a private limited company incorporated and existing under the laws of England and Wales, that is directly and wholly owned by Sega Corporation ("**Sega Corporation**"), a corporation incorporated and existing under the laws of Japan, that, in turn, is directly and wholly owned by Sega Sammy Holdings Inc. ("**SSHD**"), a corporation incorporated and existing under the laws of Japan, with its shares listed on the Tokyo Stock Exchange.

Rovio is a public limited liability company incorporated and existing under the laws of Finland with its shares admitted to trading on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**").

The Offer was announced by the Offeror on April 17, 2023 (the "**Offer Announcement**") with an offer price of EUR 9.25 in cash for each Share validly tendered in the Offer (the "**Share Offer Price**") and EUR 1.48 in cash for each Option validly tendered in the Offer (the "**Option Offer Price**").

The offer period of the Offer will commence on May 8, 2023 at 9:30 a.m. (Finnish time) and expire on July 3, 2023 at 4:00 p.m. (Finnish time), unless the offer period is extended or any extended offer period is discontinued (the "**Offer Period**"). For details, please see "*Terms and Conditions of the Offer*".

Major shareholders in Rovio, who in aggregate hold approximately 49.1 percent of the outstanding Shares and votes in Rovio, have irrevocably undertaken to accept the Offer, subject to certain customary conditions. See "*Background and Objectives – Support by Major Shareholders of Rovio*".

On April 17, 2023, SSHD and Rovio entered into a combination agreement (the "**Combination Agreement**"). The Board of Directors of Rovio, represented by a quorum comprising all members of the Board of Directors, has unanimously agreed to recommend in its statement issued pursuant to the Finnish Securities Markets Act and the Helsinki Takeover Code (as defined below) that the shareholders and option holders of Rovio accept the Offer (the "**Recommendation**").

The completion of the Offer is subject to the satisfaction of the conditions described under "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*". The Offeror reserves the right to waive, to the extent permitted by applicable law and regulation, any of the conditions to completion of the Offer or to withdraw the Offer as described under "*Terms and Conditions of the Offer*".

If the Offeror, as a result of the completion of the Offer or otherwise, acquires Shares representing more than 90 percent of the Shares and votes in Rovio, the Offeror will as soon as reasonably practicable initiate compulsory redemption proceedings for all the remaining Shares in accordance with Chapter 18 of the Finnish Companies Act (624/2006, as amended, the "**Finnish Companies Act**").

The information on this front page should be read in conjunction with, and is qualified in its entirety by, the more detailed information in this Offer Document, in particular under "*Terms and Conditions of the Offer*".

THE OFFER IS NOT BEING MADE DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THIS OFFER DOCUMENT AND RELATED ACCEPTANCE FORMS ARE NOT AND MAY NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, E-MAIL OR TELEPHONE. IN PARTICULAR, THE OFFER IS NOT MADE IN AND THIS OFFER DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW. ANY PURPORTED ACCEPTANCE OF THE OFFER RESULTING DIRECTLY OR INDIRECTLY FROM A VIOLATION OF THESE RESTRICTIONS WILL BE INVALID.

Financial Adviser to the Offeror

BofA SECURITIES

Arranger of the Offer

Danske Bank

RESTRICTIONS AND IMPORTANT INFORMATION

This Offer Document has been prepared in compliance with Finnish law, including the Finnish Securities Markets Act, the Decree of the Finnish Ministry of Finance on the Contents and Publication as well as Exceptions Granted from the Contents of an Offer Document as well as Mutual Recognition of an Offer Document Approved in the European Economic Area (1022/2012) and the regulations and guidelines 9/2013 of the Finnish Financial Supervisory Authority (the "**FIN-FSA**") on Takeover Bids and Mandatory Bids (FIVA 10/01.00/2013). This Offer Document constitutes an offer document as referred to in Chapter 11, Section 11 of the Finnish Securities Markets Act. This Offer Document and the Offer are governed by Finnish law and any disputes arising out of or in connection with this Offer Document and/or the Offer will be exclusively settled by a court of competent jurisdiction in Finland.

The Offeror has undertaken to follow the Helsinki Takeover Code issued by the Finnish Securities Market Association (the "**Helsinki Takeover Code**") as referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act. According to the statement by the Board of Directors of Rovio, issued on May 3, 2023 and attached as Annex C to this Offer Document, Rovio has also undertaken to follow the Helsinki Takeover Code.

The FIN-FSA has approved a Finnish language version of this Offer Document, but the FIN-FSA assumes no responsibility for the accuracy of the information presented therein. The decision number of the approval of the FIN-FSA is FIVA/2023/812. This is an English language translation of the Finnish language Offer Document. In the event of any discrepancy between the Finnish and English language versions of this Offer Document, the Finnish language version will prevail.

The Offeror may acquire, or enter into arrangements to acquire, Shares and/or Options, or arrange ownership of Shares and/or Options before, during and/or after the Offer Period (including any extension thereof and any Subsequent Offer Period (as defined below)) in public trading on Nasdaq Helsinki or otherwise.

The Offer is not being made, and the Shares and the Options will not be accepted for purchase from or on behalf of persons, directly or indirectly, in any jurisdiction in which the making or acceptance thereof would not be in compliance with applicable laws or regulations of such jurisdiction or would require any registration, approval or other measures with any regulatory authority not expressly contemplated by this Offer Document. Persons obtaining and/or into whose possession this Offer Document comes are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents. Neither the Offeror nor its affiliates nor any of its respective advisers accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who intends to forward this Offer Document or any related document to any jurisdiction outside Finland should carefully read this section "*Restrictions and Important Information*" before taking any action. The distribution of this Offer Document in jurisdictions other than Finland may be restricted by law and, therefore, persons into whose possession this Offer Document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa and this Offer Document and any and all materials related thereto should not be sent in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa (including by use of, or by any means or instrumentality, for example, e-mail, post, facsimile transmission, telephone or internet, of interstate or foreign commerce, or any facilities of a national securities exchange), and the Offer cannot be accepted directly or indirectly or by any such use, means or instrumentality, in or from within Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Accordingly, copies of this Offer Document and any related materials are not being, and must not be, mailed, forwarded, transmitted or otherwise distributed or sent in or into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or, in their capacities as such, to custodians, trustees, agents or nominees holding Shares or Options for Australian, Canadian, Hong Kong, Japanese, New Zealander or South African persons, and persons receiving any such documents (including custodians, nominees and trustees) must not distribute, forward, mail, transmit or send them in, into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Any person accepting the Offer shall be deemed to represent to the Offeror such person's compliance with these restrictions and any purported acceptance of the Offer that is a direct or indirect consequence of a breach or violation of these restrictions shall be null and void. Shareholders and option holders wishing to accept the Offer must not use the mailing system of Australia, Canada, Hong Kong, Japan, New Zealand or South Africa for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing acceptances must not be post marked in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. When completing the acceptance, shareholders and option holders wishing to accept the Offer must provide an address that is not located in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Shareholders and option holders will be deemed to have declined the Offer if they (i) submit an envelope postmarked in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or (ii) provide an address located in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Shareholders and option holders will be deemed to have declined the Offer if they do not make the representations and warranties set out in the acceptance.

All financial and other information presented in this Offer Document concerning the Company has been extracted from, and has been prepared exclusively based upon, publicly available information including the unaudited interim report published by the Company as at and for the three months ended March 31, 2023, the audited financial statements as at and for the year ended December 31, 2022 other stock exchange releases published by the Company, entries in the Finnish trade register, and other publicly available information. Consequently, the Offeror does not accept any responsibility for such information except for the accurate reproduction of such information herein.

This Offer Document will only be supplemented or updated with any financial statement release, interim report half-year report or other stock exchange release published by Rovio after the date of this Offer Document only to the extent required by mandatory law. The Offeror will not separately inform any person about the publication of any such financial statement release interim report, half-year report or other stock exchange release published by Rovio.

BofA Securities Japan Co., Ltd ("**BofA Securities**"), a subsidiary of Bank of America Corporation, is acting exclusively for Sega and no one else in connection with the Offer and the matters set out in this Offer Document, and will not be responsible to anyone other than Sega for providing the protections afforded to its clients or for providing advice in relation to the Offer or any matter or arrangement referred to in this Offer Document.

Danske Bank A/S is authorised under Danish banking law. It is subject to supervision by the Danish Financial Supervisory Authority. Danske Bank A/S is a private, limited liability company incorporated in Denmark with its head office in Copenhagen where it is registered in the Danish Commercial Register under number 61126228.

Danske Bank A/S (acting via its Finland Branch) is acting as a financial adviser to the Offeror and no other person in connection with these materials or their contents. Danske Bank A/S will not be responsible to any person other than the Offeror for providing any of the protections afforded to clients of Danske Bank A/S, nor for providing any advice in relation to any matter referred to in these materials. Without limiting a person's liability for fraud, Danske Bank A/S, nor any of its affiliates nor any of its respective directors, officers, representatives, employees, advisers or agents shall have any liability to any other person (including, without limitation, any recipient) in connection with the Offer.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Rovio and no one else in connection with the Offer and the matters set out in this Offer Document. Neither Goldman Sachs International nor its affiliates, nor their respective partners, directors, officers, employees or agents are responsible to anyone other than Rovio for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the Offer or any matter or arrangement referred to in this Offer Document.

Information for Shareholders and Option Holders in the United States

Shareholders and option holders of Rovio in the United States are advised that the Shares in Rovio are not listed on a U.S. securities exchange and that Rovio is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder.

The Offer will be made for the Shares and Options of Rovio, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Offer is made in the United States pursuant to Section 14(e) of, and Regulation 14E under, the Exchange Act, subject to the exemption provided under Rule 14d-1(d) under the Exchange Act for a Tier II tender offer (the "**Tier II Exemption**"), and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those applicable under the tender offer procedures and laws of the United States for domestic offers. In particular, the financial information included in this Offer Document has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Offer is made to Rovio's shareholders and option holders resident in the United States on the same terms and conditions as those made to all other shareholders and option holders of Rovio to whom an offer is made. Any informational documents, including this Offer Document, are being disseminated to U.S. shareholders and option holders on a basis comparable to the method that such documents are provided to Rovio's other shareholders and option holders.

As permitted under the Tier II Exemption, the settlement of the Offer is based on the applicable Finnish law provisions, which differ from the settlement procedures customary in the United States, particularly as regards to the time when payment of the consideration is rendered. The Offer, which is subject to Finnish law, is being made to U.S. shareholders in accordance with the applicable U.S. securities laws, and applicable exemptions thereunder, in particular the Tier II Exemption. To the extent the Offer is subject to U.S. securities laws, those laws only apply to U.S. shareholders and option holders and will not give rise to claims on the part of any other person. U.S. shareholders and option holders should consider that the Share Offer Price and Option Offer Price for the Offer is being paid in EUR and that no adjustment will be made based on any changes in the exchange rate.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or its brokers and its brokers' affiliates (acting as agents for the Offeror or its affiliates, as applicable) may from time to time after the date of this Offer Document and during the pendency of the Offer, and other than pursuant to the Offer, directly or indirectly purchase or arrange to purchase Shares or any securities that are convertible into, exchangeable for or exercisable for Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and the consideration in the Offer must be increased to match any such consideration paid outside the Offer. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders and option holders of Rovio of such information. In addition, the financial advisers to the Offeror may also engage in ordinary course trading activities in securities of Rovio, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Offer, passed upon the merits or fairness of the Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in relation to the Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares or Options may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of Shares or Options is urged to consult its independent professional advisers immediately regarding the tax and other consequences of accepting the Offer.

To the extent the Offer is subject to U.S. securities laws, those laws only apply to U.S. holders of Shares or Options, and will not give rise to claims on the part of any other person. It may be difficult for Rovio's shareholders or option holders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since the Offeror and Rovio are located in a non-U.S. jurisdiction and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. Rovio's shareholders or option holders may not be able to sue the Offeror or Rovio or their respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel the Offeror and Rovio and their respective affiliates to subject themselves to a U.S. court's judgment.

NEITHER SEC NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE OFFER, PASSED ANY COMMENTS UPON THE MERITS OR FAIRNESS OF THE OFFER, PASSED ANY COMMENT UPON THE ADEQUACY OR COMPLETENESS OF THIS OFFER DOCUMENT OR PASSED ANY COMMENT ON WHETHER THE CONTENT IN THIS OFFER DOCUMENT IS CORRECT OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Availability of Documents

The Finnish language version of this Offer Document is available at https://blueoffer.tenderoffer.fi/pto/ and www.danskebank.fi/rovio-offer/ and this English language translation of the Offer Document is available at https://blueoffer.tenderoffer.fi/en/pto/ and www.danskebank.fi/rovio-offer-en/, each as of the date of this Offer Document.

Forward-looking Statements

This Offer Document contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms "believes", "intends", "may", "will" or "should" or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of the Offer Document and the Offeror undertakes no obligation to update or revise any forward-looking statements.

Certain Key Dates

The following timetable sets forth certain key dates relating to the Offer, provided that the Offer Period has not been extended or discontinued in accordance with, and subject to, the terms and conditions of the Offer and applicable laws and regulations:

Announcement of the Offer	April 17, 2023
Offer Period commences	May 8, 2023
Offer Period expires	July 3, 2023
Announcement of the preliminary result of the Offer	On or about July 4, 2023
Announcement of the final result of the Offer	On or about July 6, 2023
Payment of the Share Offer Price and the Option Offer Price	On or about July 13, 2023

Due to the anticipated process for obtaining the necessary regulatory approvals, permits, clearances and consents required for the completion of the Offer, the Offer is currently expected to be completed during the third quarter of 2023. In case the necessary regulatory approvals, permits, clearances and consents have not been obtained by the end of the initial Offer Period, the Offeror may extend the Offer Period in order to receive the necessary regulatory approvals, permits, clearances and consents. The Offeror will announce, by way of stock exchange releases, any possible extension of the Offer Period as soon as practically possible as well as any other information required to be announced in accordance with applicable laws and regulations.

For further information, please see "*Background and Objectives – Regulatory Approvals*", "*Terms and Conditions of the Offer – Offer Period*" and "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*".

PARTIES RESPONSIBLE FOR THE OFFER DOCUMENT

The Offeror

Sega Europe Limited
Address: 27 Great West Rd
Brentford, Middlesex, TW8 9BW
United Kingdom
Domicile: United Kingdom

The Board of Directors of the Offeror
Gary Dale
Timothy Heaton
Katsuhiro Ichinose
Tatsuyuki Miyazaki
Shuji Utsumi

This Offer Document has been prepared by the Offeror pursuant to Chapter 11, Section 11 of the Finnish Securities Markets Act.

The persons responsible for the Offer Document represent that to their best understanding the information contained in this Offer Document is in accordance with the facts and contains no omission likely to affect the assessment of the benefits of the Offer.

All information concerning Rovio presented in this Offer Document has been extracted exclusively from publicly available information. The Offeror confirms that this information has been accurately reproduced and that as far as the Offeror is aware and is able to ascertain from information published by Rovio, no facts have been omitted which would render the reproduced information incorrect or misleading.

May 5, 2023

Sega Europe Limited

ADVISERS TO THE OFFEROR

Financial Adviser to the Offeror in connection with the Offer

BofA Securities Japan Co., Ltd
Nihonbashi 1-chome Mitsui Bldg., 1-4-1 Nihonbashi, Chuo-ku
Tokyo 103-8230
Japan

Arranger of the Offer

Danske Bank A/S, Finland Branch
Televisiokatu 1
FI-00075 Danske Bank
Finland

Legal Adviser to the Offeror in connection with the Offer

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FI-00130 Helsinki
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As to the laws of the United States:

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ADVISERS TO ROVIO

Financial Adviser to Rovio in connection with the Offer

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BACKGROUND AND OBJECTIVES

Background to the Offer and Offeror's Strategic Plans

Rovio is a global mobile-first games company that develops and publishes mobile games, as well as licenses the Angry Birds brand for, among others, consumer products, movies and animations. Led by its most popular Angry Birds series, Rovio has achieved 5 billion total downloads across its mobile game catalogue, highly acclaimed for its robust popularity around the world, particularly in the United States and Europe.

This acquisition by the Offeror is part of SSHD's growth strategy to invest up to JPY 250 billion (EUR 1,702 million based on an EUR to JPY foreign exchange rate of 146.9) during the five-year period ending FY2026/3, part of which has been looked at as investment opportunity to strengthen its Entertainment Contents Business. SSHD firmly believes that it is imperative to continue investing in its game development and operating capabilities, in order to further strengthen its position in this fast-growing mobile and global gaming market, which therefore led to the decision to acquire Rovio.

Sega Corporation aims to accelerate its growth in the global gaming market and increase its corporate value by generating synergies between Sega Corporation's existing businesses and Rovio's strengths, including its global IPs and live service-mobile game development capabilities. More specifically, Sega Corporation aims to create synergies with particular focus in the following areas:

- Utilization of Rovio's distinctive know-how in live service mobile game operation, to bring Sega Corporation's current and new titles to the global mobile gaming market, where there is large potential, and many users can be accessed
    - Sega Corporation strongly believes Rovio's platform, Beacon, holds 20 years of high-level expertise in live service-mobile game operation centered around the United States and Europe
- Rapid expansion of both companies' fanbase by sharing know-how regarding multi-media expansion of global characters
    - Rovio and Sega Corporation have both succeeded in extending their IPs, "Angry Birds" and "Sonic the Hedgehog", to various media outside of video games, such as movies, anime, and merchandising, and accordingly hold a strong fanbase around the world as well as know-how regarding IP expansion
- Support cross-platform expansion of Rovio's IP using Sega Corporation's capabilities
    - Rovio is aiming to expand its platform outside of mobile gaming, and Sega Corporation will actively look to support this process through its capabilities

On April 17, 2023, SSHD and Rovio entered into the Combination Agreement pursuant to which the Offeror makes the Offer, and the Board of Directors of Rovio has unanimously agreed to recommend that the shareholders and the option holders of Rovio accept the Offer (see "*– Statement by the Board of Directors of Rovio*" and Annex C below). The principal terms and conditions of the Combination Agreement have been described in "*Summary of the Combination Agreement*" below.

Shareholders who in aggregate hold approximately 49.1 percent of the outstanding Shares and votes in Rovio have irrevocably undertaken to accept the Offer subject to certain customary conditions, as set out in more detail under "*– Support by Major Shareholders of Rovio*".

Effects on the Operations and Assets of Rovio and on its Management and Employees

The completion of the Offer is not expected to have any immediate material effects on the operations, assets, the position of the management or employees, or the location of the offices of Rovio. However, as is customary, the Offeror intends to change the composition of the Board of Directors of Rovio after the completion of the Offer and, without prejudice to the foregoing, might investigate the possibility to change the legal domicile of the Company.

See also "*– Offeror's Future Plans in Respect of the Shares and the Options – Redemption under the Finnish Companies Act*" below.

Effects on the Operations and Assets of the Offeror and on its Management and Employees

Other than as a result of the payment of the Share Offer Price and Option Offer Price, the completion of the Offer is not expected to have any immediate material effects on the operations or assets of the Offeror, the position of the Offeror's management or employees or the location of its offices.

Compliance with the Recommendation Referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act

The Offeror and Rovio have undertaken to comply with the Helsinki Takeover Code.

Remuneration and Other Benefits Paid to the Management of Rovio Based on the Completion of the Offer

The Offeror has not entered into any agreements regarding any remuneration, compensation or other benefits granted to the management or the members of the Board of Directors of Rovio payable in return for the execution of the Combination Agreement and/or for the completion of the Offer.

Rovio has not entered into any agreements regarding any remuneration, compensation or other benefits granted to the management or the members of the Board of Directors of Rovio payable in return for the execution of the Combination Agreement and/or for the completion of the Offer.

Long-term Share-based Incentive Schemes and Stock Options 2022A of Rovio

As at the date of this Offer Document, Rovio operates share-based incentive schemes consisting of an employee share saving plan for employees in Finland, Sweden, Denmark and Canada, a performance share plan for key employees including the CEO and members of the Leadership Team, a restricted share plan for selected key employees (together the "**Share-based Incentive Schemes**") as well as Stock Options 2022A directed to key employees of the Company.

In accordance with the terms and conditions of the Share-based Incentive Schemes, Rovio shall resolve to the extent possible to settle in cash all outstanding rewards to be paid under the Share-Based Incentive Schemes and the Share-Based Incentive Schemes shall terminate in connection with the completion of the Offer.

Pursuant to the terms and conditions of Stock Options 2022A, the share subscription period for the Options begins on March 1, 2025 and ends on February 28, 2027. However, in accordance with the terms and conditions of Stock Options 2022A, if a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18, Section 1 of the Finnish Companies Act, arises to any of the shareholders, prior to the expiry of the share subscription period, on the basis that a shareholder possesses more than ninety (90) percent of the shares and votes in the Company on a fully diluted basis, the option holders will be given a possibility to use their right of share subscription by virtue of the Options, within a period of time determined by the Board, or the option holders will have an equal obligation to that of shareholders in Rovio to transfer their Options to the shareholder exercising the redemption right. Accordingly, if as a result of the completion of the Offer or otherwise, the Offeror acquires more than ninety (90) percent of the Shares and votes in the Company, any Options the holders of which have not accepted the Offer nor exercised their Options within a time period determined by the Board of Directors of the Company, will be transferred to the Offeror at the Option Offer Price. For more information on Stock Options 2022A and the Option Offer Price, see "*Presentation of Rovio – Stock Options and Other Special Rights Entitling to Shares*" and "*Information on the Pricing of the Offer – The Offer Price*".

Financing of the Offer

The Offeror plans to use cash on hand available within the Sega group to fund the Offer. The funds available to the Offeror suffice for completing the Offer and for financing the potential compulsory redemption proceedings in accordance with the Finnish Companies Act. The completion of the Offer is not subject to any financing condition. As part of Sega group's capital policy, the Offeror or its parent companies may access external debt, in a way that does not affect the capability and willingness to fund the Offer.

Offeror's Future Plans in Respect of the Shares and the Options

Purpose of the Offer

The Offeror's intention is to acquire all the Shares and Options and to apply for the Shares in Rovio to be delisted from Nasdaq Helsinki as soon as permitted and reasonably practicable under the applicable laws and regulations and the rules of Nasdaq Helsinki.

Obligation to Make a Mandatory Offer

According to Chapter 11, Section 19 of the Finnish Securities Markets Act, a shareholder holding more than thirty (30) percent or fifty (50) percent of the voting rights attached to shares in a company, the shares of which are subject to trading on a regulated market, is obligated to make a public offer (mandatory offer) for all the remaining shares and securities issued by the company entitling to shares in the company. However, under the Finnish Securities Markets Act, if the relevant threshold has been exceeded by means of a voluntary public offer, the voluntary public offer is not required to be followed by a mandatory offer provided that the initial voluntary public offer has been made for all shares and other securities entitling to shares in the target company. Pursuant to the above exception, the Offeror will not have an obligation to launch a subsequent mandatory offer after the completion of the Offer.

Redemption under the Finnish Companies Act

According to Chapter 18, Section 1 of the Finnish Companies Act, a shareholder holding more than nine-tenths (9/10) of the total number of shares and voting rights in a limited liability company has the right to acquire and, subject to a demand by other shareholders, is also obligated to redeem the shares owned by the other shareholders in the company at a fair price.

After the completion of the Offer, should the Offeror obtain more than ninety (90) percent of the Shares and voting rights carried by the Shares in Rovio, calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act, the Offeror will initiate compulsory redemption proceedings in accordance with the Finnish Companies Act as soon as reasonably practicable. The compulsory redemption procedure is set forth in more detail in the Finnish Companies Act. Since the Share Offer Price is subject to further reduction for the distribution or declaration of any dividends, the Offeror intends to request for the redemption price to be similarly reduced if any distribution is paid to the shareholders of Rovio prior to the Offeror acquiring the remaining Shares in the compulsory redemption proceedings.

Pursuant to the Finnish Companies Act, a shareholder that holds more than half (1/2) of the shares and voting rights carried by the shares present in a company's general meeting has sufficient voting rights to decide on the appointment of board members and distribution of dividends, and a shareholder that holds more than two-thirds (2/3) of the shares and voting rights carried by the shares present in a company's general meeting has sufficient voting rights to decide upon the merger of a company into another company. Should the Offeror elect to amend or waive the condition to completion of the Offer that requires the reaching of shareholding of more than ninety (90) percent of the Shares and voting rights carried by the Shares and then complete the Offer, and should the Offeror's shareholding in Rovio be less than ninety (90) percent of the Shares and voting rights carried by the Shares, it is still possible that Rovio could in any event be subject to certain corporate measures and transactions, including for example a merger into another company, the issuance of shares in the Company by way of derogation from the shareholders' pre-emptive subscription rights, a change of domicile to a jurisdiction that allows more flexibility, or amendments to the Company's Articles of Association. However, the Offeror has not taken any resolutions regarding any such measures or transactions. Additionally, as set out in the Combination Agreement, the Offeror and Rovio have agreed that after the Offeror has publicly confirmed that it will complete the Offer, the Board of Directors of the Company shall, within five (5) business days of a written request by the Offeror, resolve to convene an extraordinary general meeting of shareholders of the Company for the purpose of changing the composition of the Board of Directors and to address possible other proposals made by the Offeror. For more information on an amendment to or a waiver of the conditions to completion of the Offer, see "*Summary of the Combination Agreement – Conditions to Completion*" and "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*".

Statement by the Board of Directors of Rovio

After reviewing the Offer and its terms and conditions, as well as other available information, the Board of Directors of Rovio, represented by a quorum comprising all members of the Board of Directors, has unanimously agreed to recommend that the shareholders and the option holders of Rovio accept the Offer (see Annex C below). The Board of Directors of Rovio has received an opinion, dated April 17, 2023, from Rovio's financial adviser, Goldman Sachs International ("**Goldman Sachs**"), that, as of April 17, 2023 and based upon and subject to the factors and assumptions set forth therein, the EUR 9.25 in cash per Share to be paid to the shareholders (other than SSHD and its affiliates) pursuant to the Offer was fair from a financial point of view to such shareholders. The opinion of Goldman Sachs does not relate to the offer for the Options. The full text of the written opinion of Goldman Sachs, dated April 17, 2023, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to the statement of the Board of Directors of Rovio, which statement is attached to this Offer Document as Annex C. Goldman Sachs provided its opinion solely for the information and assistance of the Board of Directors of Rovio in connection with its consideration of the Offer. The Goldman Sachs opinion is not a recommendation as to whether any shareholder or option holder should tender their Shares or Options in connection with the Offer or any other matter.

Support by Major Shareholders of Rovio

Moor Holding AB, Brilliant Problems Oy, Adventurous Ideas Oy, Oy Impera Ab, Niklas Hed, Mert Can Kurum, Ilmarinen Mutual Pension Insurance Company and Veritas Pension Insurance Company Ltd., who in aggregate hold approximately 49.1 percent of the outstanding Shares and votes in Rovio, have irrevocably undertaken to accept the Offer subject to certain customary conditions. The undertakings are among other terms subject to the condition that the Offeror does not announce that it will no longer pursue or complete (or that it will cancel) the Offer, and that no other party announces a competing offer to acquire the Shares in Rovio for a consideration of at least EUR 9.72 per Share where the Offeror does not within seven (7) business days match or exceed the competing offer by increasing the Share Offer Price.

Approvals from Authorities

The Offeror will, as soon as reasonably practicable, make all necessary submissions, notifications and filings required to obtain all necessary regulatory, governmental or similar approvals, permits, clearances and consents from authorities or similar, required under applicable laws in any jurisdiction for the completion of the Offer.

The Offer is subject to certain regulatory approvals from competition authorities. The Offeror will use its reasonable best efforts to obtain any such regulatory approvals. Based on currently available information, the Offeror expects to obtain such necessary approvals to complete the Offer during the third quarter of 2023. However, the length and outcome of the regulatory approval process is not within the control of the Offeror, and there can be no assurances that clearances will be obtained within the estimated timeframe, if at all. If all such regulatory approvals have not been obtained prior to the expiry of the Offer Period, the Offeror may extend the Offer Period in accordance with, and subject to, the terms and conditions of the Offer and applicable laws and regulations, in order to satisfy the Conditions to Completion.

Fees to Advisers

The Offeror has appointed BofA Securities as financial advisor, Danske Bank A/S, Finland Branch as arranger and Hannes Snellman Attorneys Ltd as legal adviser in connection with the Offer. The Offeror expects that the total fees payable to its advisers in connection with the Offer that are dependent on the completion of the Offer will be approximately EUR 5 million.

Governing Law

The Offer and this Offer Document are governed by the laws of Finland and any dispute arising out of or in connection with them will be settled by a court of competent jurisdiction in Finland.

INFORMATION ON THE PRICING OF THE OFFER

Grounds for Determining the Share Offer Price and Option Offer Price

The Offer was announced by the Offeror on April 17, 2023, with the Share Offer Price of EUR 9.25 in cash for each Share validly tendered in the Offer and with the Option Offer Price of EUR 1.48 in cash for each Option validly tendered in the Offer, subject to certain adjustments as described below.

The Share Offer Price has been determined based on 76,179,063 Shares and the Option Offer Price has been determined based on 742,300 Options. Should the Company increase the number of Shares as a result of any measure with a dilutive effect, excluding any subscription for the Company's shares based on the Options, or in any other way distribute or transfer value to its shareholders or option holders, or if a record date with respect to any of the foregoing occurs prior to any settlement of the Offer (with the effect that any resulting distribution of funds is not payable to the Offeror), then the Share Offer Price and the Option Offer Price payable by the Offeror shall be reduced accordingly on a euro-for-euro basis as set out in "*Terms and Conditions of the Offer – Share Offer Price and Option Offer Price*".

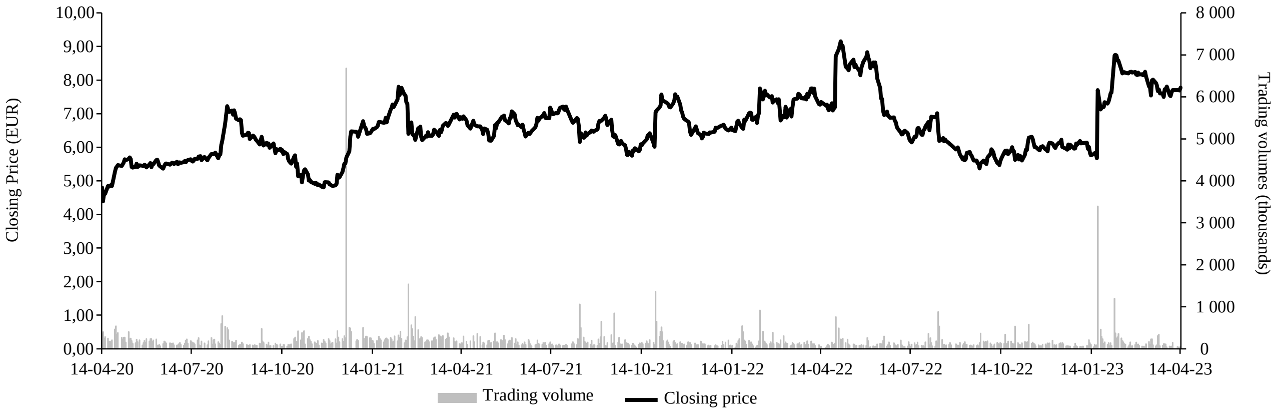
According to Chapter 11, Section 24 of the Finnish Securities Markets Act, the starting point in determining the consideration to be offered in a voluntary tender offer for all shares and other securities entitling their holder to shares in the target company must be the highest price paid for the securities subject to the tender offer by the offeror or by a person related to the offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act within a period of six (6) months preceding the announcement of the tender offer.

Neither the Offeror nor any party related to the Offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act has during the period of six (6) months preceding the Offer Announcement, or after the announcement of the Offer and until May 5, 2023, purchased any Shares or Options in Rovio in public trading or otherwise. As at the date of this Offer Document, neither the Offeror or any party referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act holds any Shares or Options in Rovio.

Trading Prices and Volumes of the Shares

The shares of Rovio are listed on the official list of Nasdaq Helsinki under the trading code "ROVIO". The ISIN code of the shares of Rovio is FI4000266804.

The following graph sets forth the price development and trading volume of the shares of Rovio on Nasdaq Helsinki for the three years preceding the Offer Announcement (i.e., from April 14, 2020, to April 14, 2023):



The following table sets forth quarterly information on the trading volumes and trading prices of the shares of Rovio on Nasdaq Helsinki for the periods indicated:

	Closing share price during the period (EUR)			Trading volume during the period	
Time period	**Average**	**High**	**Low**	**Shares**	**EUR**
2020					
Second Quarter (from April 14, 2020)	5.36	5.70	4.39	10,752,956	57,312,217
Third Quarter	6.12	7.23	5.54	11,394,672	70,864,631
Fourth Quarter	5.42	6.48	4.80	18,272,863	100,161,075
2021					

First Quarter	6.73	7.80	6.22	17,428,375	116,715,837
Second Quarter	6.68	7.07	6.20	10,627,153	71,182,277
Third Quarter	6.67	7.22	5.78	11,113,902	72,948,887
Fourth Quarter	6.63	7.58	5.75	10,142,121	68,595,945
2022					
First Quarter	7.08	7.75	6.48	9,922,611	70,233,769
Second Quarter	7.88	9.36	6.60	8,218,278	66,772,497
Third Quarter	6.14	7.02	5.37	8,652,564	53,368,900
Fourth Quarter	5.92	6.31	5.47	8,185,601	48,455,893
2023					
First Quarter	7.54	8.75	5.67	12,853,781	100,089,339
Second Quarter (until April 14, 2023)	7.66	7.78	7.53	476,435	3,655,511

The Offer Price

The Share Offer Price represents a premium of:

- approximately 63.1 percent compared to the closing price of EUR 5.67 for Rovio’s Share on Nasdaq Helsinki on January 19, 2023, i.e., the last day of trading prior to the announcement by a certain third party regarding its non-binding indicative proposal to acquire all issued and outstanding shares of Rovio;
- approximately 55.2 percent compared to the volume-weighted average trading price of EUR 5.96 for Rovio’s Share on Nasdaq Helsinki during the last three-months before January 19, 2023;
- approximately 19.0 percent compared to the closing price of EUR 7.78 for Rovio’s Share on Nasdaq Helsinki on April 14, 2023, being the last day of trading before the announcement of the Offer; and
- approximately 17.5 percent compared to the volume-weighted average trading price of EUR 7.87 for Rovio’s Share on Nasdaq Helsinki during the last three-months before the announcement of the Offer.

The Option Offer Price corresponds to the Share Offer Price minus the exercise price of the Option. Pursuant to the terms and conditions of Stock Options 2022A, the exercise price of the Option is EUR 7.90. However, according to the terms and conditions of Stock Options 2022A, the exercise price of the Option will be adjusted with the amount of any dividend paid by Rovio per Share. As Rovio’s Annual General Meeting 2023 resolved on a dividend of EUR 0.13 per Share, the original exercise price of the Option has been adjusted with a corresponding amount. Thus, as at the date of this Offer Document, the exercise price of the Option is EUR 7.77.

Other Public Offers Regarding the Shares

To the knowledge of the Offeror no other offer for the Shares or any securities entitling to Shares has been publicly made during the 12 months preceding the date of this Offer Document than the non-binding indicative proposal announced by Playtika Holding Corp. on January 19, 2023, to the Board of Directors of Rovio to acquire all issued and outstanding shares of Rovio at a proposed price of EUR 9.05 per share in cash.

SUMMARY OF THE COMBINATION AGREEMENT

This summary is not an exhaustive presentation of all of the terms and conditions of the Combination Agreement. The summary aims at describing the terms and conditions of the Combination Agreement to the extent that such terms and conditions may materially affect the assessment of the shareholders of the Company or the option holders of the terms and conditions of the Offer.

Background to the Combination Agreement

On April 17, 2023, SSHD and the Company entered into the Combination Agreement pursuant to which the Offeror makes the Offer and under which SSHD has transferred its rights and obligations to the Offeror in accordance with the terms of the Combination Agreement (the Offeror and Rovio hereafter each individually a "**Party**" and together "**Parties**").

Should the Offeror obtain more than ninety (90) percent of the Shares and voting rights carried by the Shares in Rovio, as calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act, the Offeror will initiate compulsory redemption proceedings in accordance with the Finnish Companies Act for all of the Shares not purchased pursuant to the Offer and shares of the Company subscribed based on the Options within the period of time determined by the Board of Directors, and cause the shares of the Company to be de-listed from the official list of Nasdaq Helsinki as soon as permitted and reasonably practicable.

The background to the transaction contemplated under the Combination Agreement has been described in "*Background and Objectives*".

Offer Period, Share Offer Price and Option Offer Price

Under the Combination Agreement, the initial expiration date of the Offer shall be July 3, 2023 (as it may be extended from time to time until such time when all of the Conditions to Completion set forth in "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*" shall have been satisfied (or waived by the Offeror)).

The Combination Agreement provides that the Offeror shall offer to the shareholders of the Company EUR 9.25 in cash for each Share tendered by each such shareholder and to the holders of the options of the Company EUR 1.48 in cash for each Option, subject to the terms and conditions of the Offer. The Offer Consideration has been determined based on 76,179,063 Shares, in addition to which 6,784,762 shares are held in treasury. Should the Company change such number of Shares that are issued and outstanding as a result of a new share issue, stock option issue, reclassification, stock split (including a reverse split) or any other similar transaction with dilutive effect, excluding any subscription for the Company's shares based on the Options, or should the Company distribute a dividend, or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing occurs prior to the final settlement of the Offer, the Share Offer Price and Option Offer Price payable by the Offeror shall be adjusted accordingly on a euro-for-euro basis, as set out in "*Terms and Conditions of the Offer – Share Offer Price and Option Offer Price*".

Conditions to Completion

Under the Combination Agreement, the obligation of the Offeror to complete the Offer is conditional upon the fulfilment, or to the extent permitted by applicable laws and regulations, waiver by the Offeror of each of the exhaustive Conditions to Completion set forth in "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*" on or by the date of the Offeror's announcement of the final result of the Offer in accordance with Chapter 11, Section 18 of the Finnish Securities Markets Act.

Recommendation by the Board of Directors of Rovio

The Board of Directors of the Company has unanimously and unconditionally decided, subject to the terms and conditions of the Combination Agreement and its fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code), to recommend that the shareholders and the holders of the Options of the Company accept the Offer. Under the Combination Agreement, the Board of Directors of the Company has undertaken to issue a formal statement to this effect. The statement of the Board of Directors of the Company containing the Recommendation is included in Appendix C to the Offer Document.

The Board of Directors of the Company may, at any time prior to the completion of the Offer, withdraw, modify, amend or include conditions to or decide not to issue its Recommendation or take actions contradictory to its earlier Recommendation but only if all of the following conditions (a)-(c) are met:

(a) the Board of Directors of the Company, on the basis of its fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code), considers that, due to materially changed circumstances (arising out of either a Competing Offer, a Superior Offer or an Intervening Event (as defined below)), the acceptance of the Offer would no longer be in the best interest of the holders of Shares and Options;

(b) the Board of Directors of the Company has taken advice from its external legal advisor and its financial advisor; and

(c) the Board of Directors of the Company has provided the Offeror with a reasonable opportunity, during not less than five (5) business days after having informed the Offeror of its intentions to take any of the actions discussed in this paragraph, to negotiate with the Board of Directors of the Company in respect of such actions; and

provided further, that (A) the Board of Directors of the Company has given the Offeror a reasonable opportunity, during a period of not less than five (5) business days as outlined in item (c) above after the Offeror having received all material information from the Company, such material information to include, (i) in case of a Superior Offer or a Competing Offer, the identity of the offeror making any such Superior Offer or Competing Offer (or, to the extent the provision of such identity would not be permitted by applicable law or fiduciary duties, the type of the offeror making any such Competing Offer), a reasonably detailed and comprehensive summary of the material terms and conditions (including all financial conditions relating to form, amount and timing of payment of consideration) relating to such Superior Offer or Competing Offer, and, to the extent not prohibited by applicable law or fiduciary duties, having the Company contemporaneously provided to the Offeror a copy of the Superior Offer or Competing Offer and a reasonably detailed and comprehensive summary of the terms of any proposed acquisition agreement thereto, and (ii) in case of a Intervening Event, the description of the applicable Intervening Event and its effects on the Recommendation, in each case of (i)-(ii), to agree with the Board of Directors of the Company on improving the terms of the Offer as contemplated by the Combination Agreement, and, in case of a Superior Offer or a Competing Offer, provided further that (B) the Company has informed the Offeror that the Board of Directors of the Company has determined, after having considered in good faith any revisions to the terms of the Combination Agreement and having consulted with the Company's external legal advisor and financial advisor as outlined in item (b) above, that such Competing Offer constitutes a Superior Offer as a whole or would, if announced, constitute a Superior Offer, as and if applicable, and (C) such Competing Offer has been publicly announced such that it becomes a Superior Offer. The foregoing shall apply mutatis mutandis in the event of any of the relevant financial terms (including the form, amount and timing of payment of consideration) or any other material terms of such a Superior Offer being amended, in which case the time period referred to in item (iii) above shall be extended by no less than five (5) business days.

The Company shall, and shall cause its representatives to, (i) not actively solicit, directly or indirectly, any inquiries or any proposal or offer (including, without limitation, any proposal or offer to holders of Shares or Options) that constitutes, or would reasonably be expected to lead to, any Competing Offer or that would otherwise materially harm or hinder the completion of the transactions contemplated by the Combination Agreement, (ii) not, upon receipt of a Competing Offer, directly or indirectly, promote the progress of such Competing Offer ("**Promoting Measures**"), except, in each case, if (and only to the extent that) the Board of Directors of the Company after careful consideration deems such Promoting Measures to be necessary in order for the Board of Directors to comply with its mandatory fiduciary duties under Finnish law or the disclosure obligations of the Company under Finnish law, regulation or applicable stock exchange rules, and (iii) provide the Offeror with a reasonable opportunity to negotiate with the Board of Directors of the Company about matters arising from such Competing Offer in accordance with the procedure above.

A "**Competing Offer**" shall mean a bona fide offer or indication of a serious nature as referred to in the Helsinki Takeover Code of an intent to make an offer received by the Board of Directors of the Company from a third party to acquire all of the Shares pursuant to a tender offer or a merger, or to acquire all or a significant portion of the operations of the Company pursuant to a sale or transfer of all or a significant portion of the assets of the Company.

A "**Superior Offer**" shall mean a bona fide binding written offer publicly announced in accordance with the Finnish Securities Market Act made by a third party to acquire all of the Shares and Options pursuant to a tender offer or a merger, or to acquire all or a significant portion of the operations of the Company pursuant to a sale of all or a significant portion of the assets of the Company, on terms which the Board of Directors of the Company reasonably determines in good faith, after consultation with the Company's external legal advisor and financial advisor, to be more beneficial in the aggregate assessed as a whole for the holders of Shares and Options than the Offer, as the same may be modified by the Offeror pursuant to the matching rights described above.

An "**Intervening Event**" shall mean any fact, change, effect, event, occurrence or circumstance first occurring or arising after the signing date of the Combination Agreement that is material to the Company and was not known by or reasonably foreseeable to the Board of Directors of the Company as of the signing date of the Combination Agreement.

Representations, Warranties and Undertakings

The Combination Agreement contains certain customary representations and warranties, such as with respect to the Company's organization and qualification, authority relative to the Combination Agreement, financial statements, disclosure, shares and securities entitling to shares, compliance with laws, employee matters, material contracts, intellectual property, information technology and data protection, taxes, litigation and claims as well as properties and competing transactions.

In the Combination Agreement, Rovio has given certain customary undertakings, such as an undertaking to conduct its own business, and causing each of its subsidiaries to conduct their respective business, in the ordinary course of business in all material respects in a manner consistent with past practice until the earlier of (a) the election of the new Board of Directors of the Company in the extraordinary general meeting following the completion and (b) the termination of the Combination Agreement, which undertakings include, among others, the following: the Company or any of its subsidiaries, as applicable in accordance with the Combination Agreement, shall not (i) make any material changes in its business or group corporate structure; (ii) other than as required pursuant to the terms and conditions of the Share-based Incentive Schemes and the terms and conditions of the Options in accordance with the Combination Agreement, issue or reissue from treasury any new or existing shares or any securities convertible into, or options, warrants or rights to purchase or subscribe for, any shares, or change the number of Shares or enter into new bonus or incentive plan programs (subject to certain exceptions); (iii) amend its Articles of Association save for any technical correction or as may be required by applicable regulatory authority; (iv) make any material change to its accounting principles or practices other than such arising out of or relating to any changes on applicable laws and regulations (including accounting practices and IFRS); (v) purchase its own shares; (vi) incur, create, assume, endorse, guarantee or otherwise become liable for (or obtain any commitments in respect of) any indebtedness other than may be reasonably required for its operation in the ordinary course of business; (vii) enter into any material agreement or transaction or make any material commitment (subject to certain exceptions) or, enter into any contract that contains any change of control provision (subject to certain exceptions); (viii) terminate (other than due to a material breach of the other party of such contract), cancel, materially amend, waive any material provision under, or otherwise modify any material contract other than any renewal (on materially same terms) or expiration, in each case in the ordinary course of business; (ix) enter into or agree to enter into any merger or consolidation or undertake any divestment or material reorganization of any material part of the assets of the Company or any of its subsidiaries (subject to a certain exception); (x) hire certain new key employees or members of the leadership team of the Company or terminate the employment of employees constituting certain amount of its workforce; (xi) make any salary or bonus increases except in the ordinary course of business, or resolve on or make any new or amended retention or benefit programs or any retirement or severance payments or any new equity or equity-related incentive programs; (xii) modify, extend or enter into any collective bargaining agreement or other agreement with any labor union, labor organization, works council or group of employees, except as required by applicable law or an agreement in effect as of the date of the Combination Agreement, or recognize or certify any labor union, labor organization, works council, or group of employees of the Company or any of its subsidiaries as the bargaining representative for any employees of the Company or any of its subsidiaries (subject to certain exceptions); (xiii) lease or exclusively license (subject to certain exceptions), or sell, assign, abandon or permit to lapse, transfer or otherwise dispose of any material intellectual property; (xiv) make or change any material tax election, adopt or change any tax accounting period or method of tax accounting or file any amended tax return (unless required by applicable law or regulation), if the filing of such amended tax return would result in a material increase in the taxes payable; (xv) make any material change to its IT systems or processes; (xvi) make any commencement, settlement or compromise of any material legal proceedings or of material claims against third parties; (xvii) take any action to distribute or declare any dividends or other distribution of funds or any other assets to its shareholders; and (xviii) enter into any legally binding agreement or commitment to do any of the foregoing.

Further, the Parties have given certain customary undertakings relating to assistance and cooperation with the other Party in doing, all things necessary or advisable to complete in the most expeditious manner practicable, the transactions contemplated by the Combination Agreement.

Termination

The Combination Agreement may be terminated by the mutual written agreement of the Parties, and further at any time prior to the closing date of the Offer, as follows:

(a) by either Party, if the closing date shall not have occurred on or before April 17, 2024, or such later date as agreed by the Parties in writing, provided, however, that this right to terminate shall not be available to the Party whose failure to fulfil any obligation under the Combination Agreement shall have resulted in the failure of the closing date to occur on or before such date;

(b) by either Party, if the Conditions to Completion are no longer reasonably capable of satisfaction for any reason (including due to any fact or circumstance arising that constitutes a Material Adverse Change as defined under "*Terms and Conditions of the Offer – Conditions to Completion of the Offer*") provided, however, that this right to terminate shall not be available to the Party whose failure to fulfil any obligation under the Combination Agreement shall have resulted in any of the Conditions to Completion no longer being reasonably capable of satisfaction;

(c) by either Party, if any order preventing the consummation of the transactions contemplated by the Combination Agreement or a material part of them shall have been issued by any court or other authority of competent jurisdiction and shall have become final and non-appealable;

(d) by either Party, as applicable, upon a material breach of any covenant or agreement by the other Party included in certain sections of the Combination Agreement concerning the transactions contemplated by the Combination Agreement and related covenants and undertakings, as the case may be, unless, in each case, such breach has been rectified by the breaching Party no later than three (3) business days prior to the expiration date of the Offer;

(e) by the Company if the Board of Directors of the Company has, having complied with the conditions of the Combination Agreement relating to same, withdrawn, modified, amended, included conditions to or decided not to issue its recommendation that the shareholders and Option holders of the Company accept the Offer;

(f) by the Company if the Offeror has not commenced the Offer on or prior to June 1, 2023, or a later date agreed by the Parties in writing;

(g) by the Offeror, if the Board of Directors of the Company has withdrawn, modified, amended or included conditions to or decided not to issue its recommendation that the shareholders and Option holders of the Company accept the Offer (excluding any technical modification or amendment of such recommendation required under applicable laws or the Helsinki Takeover Code as a result of a Competing Offer (as defined above) or otherwise so long as such recommendation to accept the Offeror's Offer is upheld); and

(h) by the Offeror, upon a material breach of any representation and warranty given by the Company, or by the Company, upon a material breach of any representation or warranty given by the Offeror unless, in each case, such breach has been rectified by the breaching Party no later than three (3) business days prior to the expiration date of the Offer.

In the event of termination of the Combination Agreement, the Combination Agreement shall forthwith become void and there shall be no liability under the Combination Agreement for either Party or any of its directors and officers and all rights and obligations of the Parties shall cease, save for the provisions specified in the Combination Agreement, provided, however, that either Party shall not be relieved from liability for fraud or willful misconduct.

If the Combination Agreement is terminated (i) by the Company or (ii) by the Offeror, in either case due the Board of Directors of the Company having withdrawn, modified, amended, included conditions to or decided not to issue its recommendation, the Company shall pay to the Offeror on demand as cost coverage a termination fee of up to EUR 8 million in reimbursements for the Offeror's out-of-pocket expenses and costs incurred in connection with the transactions contemplated by the Combination Agreement, including, without limitation, the Offeror's legal and financial advisor fees (the "**Termination Fee**").

If the Combination Agreement is terminated by the Company due to the Offeror not commencing the Offer on or prior to June 1, 2023, or due to the Offeror's breach of the warranty given on financing of the Offer, or due to the closing date of the Offer not having occurred by the long-stop date of April 17, 2024, or such later date as agreed by the Parties in writing, provided that as of the time of such termination on the basis of the long-stop date, the only conditions set forth in the Combination Agreement that have not been satisfied are those related to approvals under anti-trust laws and foreign direct investment laws or regulations (other than those conditions that by their nature are to be satisfied at the completion of the Offer on the closing date), and provided that the Company has followed its cooperation obligations pursuant to the Combination Agreement, the Offeror shall pay to the Company on demand as cost coverage a termination fee of up to EUR 2 million in reimbursements for the Company's out-of-pocket expenses and costs incurred in connection with the transactions contemplated by the Combination Agreement, including, without limitation, the Company's legal and financial advisor fees (the "**Offeror Termination Fee**").

Governing Law and Disputes

The Combination Agreement shall be governed by and construed in accordance with the laws of the Republic of Finland.

Any claim, controversy or dispute arising out of or relating to the Combination Agreement, or the breach, invalidity or termination thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Finland Chamber of Commerce.

TERMS AND CONDITIONS OF THE OFFER

Object of the Offer

Sega Europe Limited (the "**Offeror**") offers to acquire (i) all of the issued and outstanding shares in Rovio Entertainment Corporation (the "**Company**" or "**Rovio**") that are not held by Rovio or its subsidiaries (the "**Shares**") and (ii) all of the issued and outstanding options under Stock Options 2022A (the "**Options**") through a voluntary recommended public cash tender offer in accordance with Chapter 11 of the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**") and subject to the terms and conditions set forth herein (the "**Offer**").

The Offeror is directly and wholly owned by Sega Corporation ("**Sega Corporation**"), a corporation incorporated and existing under the laws of Japan, that, in turn, is directly and wholly owned by Sega Sammy Holdings Inc. ("**SSHD**"), a corporation incorporated and existing under the laws of Japan, with its shares listed on the Tokyo Stock Exchange. On April 17, 2023, SSHD and the Company entered into a combination agreement (the "**Combination Agreement**") pursuant to which the Offeror makes the Offer and pursuant to which SSHD has transferred its rights and obligations to the Offeror (in accordance with its terms).

Share Offer Price and Option Offer Price

The Offer was announced by the Offeror on April 17, 2023 (the "**Offer Announcement**") with an offer price of EUR 9.25 in cash for each Share validly tendered in the Offer (the "**Share Offer Price**") and EUR 1.48 in cash for each Option validly tendered in the Offer (the "**Option Offer Price**"), subject to any adjustments as set out below.

The Share Offer Price has been determined based on 76,179,063 issued and outstanding Shares and the Option Offer Price has been determined based on 742,300 issued and outstanding Options as at the date of this tender offer document (the "**Offer Document**"). Should the Company increase the number of Shares as a result of any measure with a dilutive effect, excluding any subscription for the Company's shares based on Options or in any other way distribute or transfer value to its shareholders, or if a record date with respect to any of the foregoing occurs prior to any settlement of the Offer (with the effect that any resulting distribution of funds is not payable to the Offeror), then the Share Offer Price and the Option Offer Price payable by the Offeror shall be reduced accordingly on a euro-for-euro basis.

Any adjustment of the Share Offer Price and the Option Offer Price pursuant to the above will be announced by way of a stock exchange release. If the Share Offer Price or Option Offer Price is adjusted, the Offer Period (as defined below) will continue for at least ten (10) Finnish banking days following such announcement.

Offer Period

The offer period for the Offer commences on May 8, 2023, at 9:30 a.m. (Finnish time) and expires on July 3, 2023, at 4:00 p.m. (Finnish time), unless the offer period is extended or discontinued as described below (the "**Offer Period**"). The acceptance of the Offer must be received by the relevant account operator, as described below under "*– Acceptance Procedure for the Offer*", before the expiration of the Offer Period.

The Offeror may extend the Offer Period (i) at any time until the Conditions to Completion (as defined below) have been fulfilled or waived, (ii) in case of any competing offer as referred to in Chapter 11, Section 17 of the Finnish Securities Market Act, and/or (iii) with a Subsequent Offer Period (as defined below) in connection with any announcement whereby the Offeror declares the Offer unconditional.

The Offeror will announce a possible extension of the Offer Period, including the duration of the extended Offer Period, which shall be at least two (2) weeks or until further notice beyond two (2) weeks, by a stock exchange release at the latest on the first (1st) Finnish banking day following the expiration of the original Offer Period. Furthermore, the Offeror will announce any possible further extension of an already extended Offer Period or an extension of a discontinued extended Offer Period at the latest on the first (1st) Finnish banking day following the expiration of an already extended Offer Period or a discontinued extended Offer Period.

According to Chapter 11, Section 12 of the Finnish Securities Markets Act, the duration of the Offer Period in its entirety may not extend beyond ten (10) weeks. However, if the Conditions to Completion have not been fulfilled due to a particular obstacle as referred to in the Finnish Financial Supervisory Authority's (the "**FIN-FSA**") Regulations and Guidelines (9/2013) on Takeover Bids and Mandatory Bids (as amended, the "**Takeover Guidelines**"), such as, for example, pending approval by a competition or foreign-investment regulatory authority, the Offeror may extend the Offer Period beyond ten (10) weeks until such obstacle has been removed and the Offeror has had reasonable time to respond to the situation in question, provided that the business operations of the Company are not hindered for longer than is reasonable, as referred to in Chapter 11, Section 12, Subsection 2 of the Finnish Securities Markets Act. The Offer Period may also be extended as required under applicable laws and regulations, including, without limitations, the federal securities laws of the United States. The expiry date of any extended Offer Period will in such case, unless published in connection with the announcement of the extension of the Offer Period, be published by the Offeror at least two (2) weeks before such expiry. Further, any Subsequent Offer Period may extend beyond ten (10) weeks.

The Offeror may discontinue the Offer Period should all the Conditions to Completion (as defined below) be fulfilled or waived, where capable of being waived, by the Offeror prior to the expiration of the Offer Period whereby the Offeror will consummate the Offer in accordance with its terms and conditions after the expiration of the discontinued Offer Period by purchasing the Shares and Options validly tendered in the Offer and paying the Share Offer Price and Option Offer Price to the shareholders and option holders that have validly accepted the Offer. However, the duration of the Offer Period shall be at least three (3) weeks from the date of the commencement of the Offer Period. The Offeror will announce any decision on the discontinuation of the Offer Period as soon as possible after such a decision has been made and, in any case, no less than two (2) weeks prior to the expiration of the discontinued Offer Period. If the Offeror discontinues the Offer Period, the Offer Period will expire at an earlier time on a date announced by the Offeror.

The Offeror reserves the right to extend the Offer Period following any announcement whereby the Offeror declares the Offer unconditional (such extended Offer Period, the "**Subsequent Offer Period**"). In the event of such Subsequent Offer Period, the Subsequent Offer Period will expire on the date and at the time determined by the Offeror in such an announcement. The expiration of a Subsequent Offer Period will be announced at least two (2) weeks before the expiration of such Subsequent Offer Period. The Offeror may also extend the Subsequent Offer Period by announcing this through a stock exchange release at the latest on the first (1^{st}) Finnish banking day following the initially expected expiration of the Subsequent Offer Period.

Conditions to Completion of the Offer

The obligation of the Offeror to complete the Offer is conditional upon the requirements set forth below (the "**Conditions to Completion**") being fulfilled on or by the date of the Offeror's announcement of the final result of the Offer in accordance with Chapter 11, Section 18 of the Finnish Securities Markets Act, or, to the extent permitted by applicable law, their fulfilment being waived by the Offeror:

1. the Offer having been validly accepted with respect to Shares representing, together with any Shares otherwise held by the Offeror prior to the announcement of the final result of the Offer, on a fully diluted basis, more than 90 percent of the Shares and voting rights of the Company as calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act allowing the Offeror to commence compulsory redemption proceedings;

2. the receipt of all necessary approvals, permits, consents, clearances or other actions by any competition authorities or other regulatory authorities required under any applicable competition laws or other regulatory laws in any jurisdiction for the completion of the Offer by the Offeror;

3. no legislation or other regulation has been issued or decision by a competent court or regulatory authority has been given that would wholly or in part prevent or postpone the completion of the Offer;

4. no fact or circumstance having arisen or been discovered after the announcement of the Offer that, individually or taken together with any other information, constitutes a Material Adverse Change (as defined below);

5. the Company not having failed to make public or disclose any information that should have been made public or disclosed by it under applicable laws, provided that, in each case, the information made public, disclosed, or the failure to disclose information, constitutes a Material Adverse Change (as defined below);

6. the Combination Agreement has not been terminated in accordance with its terms and remains in full force and effect, and no event having occurred that would give the Offeror the right to terminate the Combination Agreement in accordance with its terms;

7. the Board of Directors of the Company having issued its unanimous and unconditional recommendation that the shareholders and option holders of the Company accept the Offer and the recommendation remaining in full force and effect and having not been modified, cancelled or changed (excluding any technical modification or amendment of the recommendation required under applicable laws or the Helsinki Takeover Code as a result of a competing offer or otherwise so long as the recommendation to accept the Offeror's Offer is upheld); and

8. the undertakings by Moor Holding AB, Brilliant Problems Oy, Oy Impera Ab, Adventurous Ideas Oy, Niklas Hed, and Mert Can Kurum, to accept the Offer remain in full force and effect in accordance with their terms and have not been modified, cancelled or changed.

The Conditions to Completion set out herein are exhaustive. The Offeror may invoke any of the Conditions to Completion so as to cause the Offer not to proceed, to lapse or to be withdrawn, if the circumstances which give rise to the right to invoke the relevant Condition to Completion have a significant meaning to the Offeror in view of the Offer, as referred to in the Takeover Guidelines and the Helsinki Takeover Code. The Offeror reserves the right to waive, to the extent permitted by applicable law and regulation, any of the Conditions to Completion that have not been fulfilled. If all Conditions to Completion have been fulfilled or the Offeror has waived the requirements for the fulfilment of all or some of them no later than at the time of announcement of the final results of the Offer, the Offeror will consummate the Offer in accordance with its terms and conditions after the expiration of the Offer Period by purchasing the Shares and Options validly tendered in the Offer and paying the Share Offer Price and Option Offer Price to the shareholders and option holders that have validly accepted the Offer.

"**Material Adverse Change**" means (a) the Company or any of its subsidiaries becoming insolvent, subject to administration, bankruptcy or any other equivalent insolvency proceedings or, if any legal proceedings (other than by the Offeror or its affiliates) or corporate resolution is taken by, or against any of, them in respect of any such proceedings, if such action could reasonably be expected to result in the commencement of such proceedings provided, in each case, that such proceedings could reasonably be expected to result in a material adverse change in, or material adverse change to, the business, assets, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; or (b) any fact, change, effect, event, occurrence or circumstance that, individually or in the aggregate, has a material adverse change in, or material adverse change to, the business, assets, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; and provided further that none of the following shall be deemed to constitute a material adverse change:

(i) any change in capital market conditions generally or general economic conditions, including with respect to interest rates or currency exchange rates, except to the extent such change or effect has a disproportionate effect on the Company relative to other industry participants in jurisdictions where the Company or its subsidiaries conduct business;

(ii) any change in geopolitical conditions or any outbreak or escalation of hostilities, acts of war or terrorism, including the exacerbation of Russia's military actions against Ukraine;

(iii) any epidemic, pandemic, hurricane, tornado, flood, earthquake or other natural or man-made disaster occurring or escalating, including a change in the prevailing COVID-19 situation;

(iv) any change in applicable statutes, generally approved accounting principles or IFRS, except to the extent such change has a disproportionate effect on the Company relative to other industry participants in jurisdictions where the Company or its subsidiaries conduct business;

(v) any change in the general conditions of the gaming or entertainment industries in Finland or elsewhere, except to the extent such change has a disproportionate effect on the Company relative to other industry participants in jurisdictions where the Company or its subsidiaries conduct business;

(vi) the failure of the Company to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings, net asset value or other financial or operating metrics before, on or after the date of the Combination Agreement, provided that nothing provided in this clause (vi) shall prevent or otherwise affect the determination whether any change or effect underlying such failure has resulted in or contributed to a Material Adverse Change;

(vii) any matters that have been Fairly Disclosed as a Material Adverse Change in the Disclosed Information (excluding any disclosures therein that are cautionary or forward-looking in nature) prior to the signing of the Combination Agreement;

(viii) changes in the market price or trading volume of the Company's securities, provided that nothing in this sub-clause (viii) shall prevent or otherwise affect a determination whether any change or effect underlying such change has resulted in or contributed to a Material Adverse Change;

(ix) the announcement of the Tender Offer and the Offeror becoming a new controlling shareholder of the Company; and

(x) any actions taken by the Company at the express written request or with the express written consent of the Offeror.

"**Fairly Disclosed**" means disclosure of a fact, matter, occurrence or event in the Disclosed Information (as defined below) or the Combination Agreement in a manner that enables an offeror having completed its review of the Disclosed Information with the support of its professional advisors in the position of the Offeror, to reasonably identify the nature, scope and effects of such fact, matter, occurrence or event so disclosed.

"**Disclosed Information**" means information published through a stock exchange release of the Company (including any publicly disclosed annual or quarterly reports of the Company) together with the Due Diligence Information (as defined below).

"**Due Diligence Information**" means the information that the Company (directly or through its representatives or advisors, as the case may be) has disclosed to the Offeror and any of their advisers before the date of the Combination Agreement (i) in the virtual data room made available by the Company to the Offeror and/or any of their advisers or (ii) in management presentations, management interviews and expert sessions in connection with the transactions contemplated in the Combination Agreement and the preparations therefor.

Obligation to Increase the Share Offer Price and the Option Offer Price and to Pay Compensation

The Offeror reserves the right to acquire Shares and/or Options before, during and/or after the Offer Period and any Subsequent Offer Period in public trading on Nasdaq Helsinki or otherwise to the extent permitted by applicable laws and regulations.

Should the Offeror or another party acting in concert with the Offeror in a manner as stipulated in Chapter 11, Section 5 of the Finnish Securities Markets Act acquire Shares and/or Options after the Offer Announcement and before the expiry of the Offer Period or any Subsequent Offer Period at a price higher than the Share Offer Price or the Option Offer Price, or otherwise on more favourable terms, the Offeror must, in accordance with Chapter 11, Section 25 of the Finnish Securities Markets Act, amend the terms and conditions of the Offer to correspond with the terms and conditions of such an acquisition on more favourable terms (increase obligation). In such case, the Offeror will make public its increase obligation without delay and pay, in connection with the completion of the Offer, the increased Offer Price and/or the Option Offer Price in accordance with such amended terms and conditions of the Offer to those shareholders and/or option holders that have accepted the Offer.

Should the Offeror or another party acting in concert with the Offeror in a manner as stipulated in Chapter 11, Section 5 of the Finnish Securities Markets Act acquire Shares or Options within nine (9) months after the expiration of the Offer Period or any Subsequent Offer Period at a price higher than the Share Offer Price and/or the Option Offer Price, or otherwise on more favourable terms, the Offeror must, in accordance with Chapter 11, Section 25 of the Finnish Securities Markets Act, pay the difference between the consideration paid in an acquisition on more favourable terms and the Share Offer Price and/or the Option Offer Price paid to those shareholders and/or option holders that have accepted the Offer (compensation obligation). In such case, the Offeror will make public its compensation obligation without delay and pay the difference between the consideration paid in such an acquisition on more favourable terms and the Share Offer Price or the Option Offer Price within one (1) month of the date when the compensation obligation arose for those shareholders and option holders that have accepted the Offer.

However, according to Chapter 11, Section 25, Subsection 5 of the Finnish Securities Markets Act, the compensation obligation will not be triggered in circumstances where the payment of a higher price than the Share Offer Price and/or the Option Offer Price is based on an arbitral award pursuant to the Finnish Companies Act, provided that the Offeror or any party referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act has not offered to acquire Shares and/or Options on terms that are more favourable than those of the Offer before or during the arbitral proceedings.

Acceptance Procedure of the Offer

Shares

The Offer may be accepted by a shareholder registered during the Offer Period in the shareholders' register of Rovio maintained by Euroclear Finland Oy ("**Euroclear Finland**"), with the exception of Rovio and its subsidiaries. The Offer must be accepted separately for each book-entry account that Shares are held on. A shareholder of Rovio submitting an acceptance must have a cash account with a financial institution operating in Finland or abroad (see "*– Terms of Payment and Settlement*" and "*Restrictions and Important Information*"). Shareholders may only accept the Offer unconditionally and for all Shares that are held on the book-entry accounts mentioned in the acceptance form at the time of the execution of the transaction with respect to the Shares of such shareholder. Acceptances submitted and not validly withdrawn during the Offer Period are valid also until the expiration of an extended or discontinued Offer Period, if any.

Most Finnish account operators are expected to send a notice regarding the Offer and related instructions and an acceptance form to their customers who are registered as shareholders in the shareholders' register of Rovio maintained by Euroclear Finland. Shareholders of Rovio who do not receive such instructions or an acceptance form from their account operator or asset manager should first contact their account operator or asset manager and can subsequently contact Danske Bank A/S, Finland Branch ("**Danske Bank**") by sending an email to rovio-offer@danskebank.com, where such shareholders of Rovio can receive information on submitting their acceptance of the Offer, or, if such shareholders are U.S. residents or located within the United States, they may contact their brokers for the necessary information.

Those shareholders of Rovio whose Shares are nominee-registered and who wish to accept the Offer, must submit their acceptance in accordance with the instructions given by their custodian of the nominee-registered Shares. The Offeror will not send an acceptance form or any other documents related to the Offer to nominee-registered shareholders of Rovio.

If any Shares are pledged or otherwise subject to restrictions that prevent or limit their transferability, the acceptance of the Offer may require the consent of the pledgee or other beneficiary of such restriction. If so, acquiring this consent is the responsibility of the relevant shareholder of Rovio. Such consent must be delivered in writing to the account operator.

A shareholder of Rovio who wishes to accept the Offer must submit the properly completed and duly executed acceptance form to the account operator that manages the shareholder's book-entry account in accordance with the instructions and within the time period set by the account operator. Any acceptance must be submitted in such a manner that it will be received within the Offer Period and/or any Subsequent Offer Period taking into account, however, the instructions given by the relevant account operator. The account operator may request the receipt of acceptances prior to the expiration of the Offer Period and/or Subsequent Offer Period. Shareholders of Rovio submit acceptances at their own risk. Any acceptance will be considered as submitted only when an account operator has actually received it. The Offeror reserves the right to reject or approve, in its sole discretion, any acceptance submitted outside the Offer Period or any Subsequent Offer Period, as applicable, or in an incorrect or incomplete manner.

A shareholder who has validly accepted the Offer in accordance with the terms and conditions of the Offer may not sell or otherwise transfer their tendered Shares. By accepting the Offer, the shareholders authorise their account operator to enter into their book-entry account a sales reservation or a restriction on the right of disposal in the manner set out in "– *Technical Completion of the Offer*" below after the shareholder has delivered a duly executed acceptance form with respect to the Shares. Furthermore, the shareholders of Rovio that accept the Offer authorise their account operator to perform necessary entries and undertake any other measures needed for the technical execution of the Offer, and to sell all the Shares held by the shareholder of Rovio at the time of the execution of the settlement of the Offer, as set out under "*– Completion of the Offer* " below, to the Offeror in accordance with the terms and conditions of the Offer. In connection with the settlement of the Offer, the sales reservation or the restriction on the right of disposal will be removed and the Share Offer Price will be transferred to the shareholders of Rovio.

By giving an acceptance on the Offer, the shareholder authorises their depository participant to disclose the necessary personal data, the number of their book-entry account and the details of the acceptance to the parties involved in the order or the execution of the order and settlement of the Shares.

Options

The Offer may be accepted by an option holder registered during the Offer Period in the register of option holders, with the exception of Rovio and its subsidiaries. Evli Alexander Incentives Oy ("**Evli**"), which manages Rovio's Options, will send a notification of the Offer, including instructions and the relevant acceptance form, to all such option holders. Evli will instruct all holders of Options on the acceptance of the Offer through Evli's website. Option holders who do not receive such notification from Evli can contact Danske Bank by sending an email to: rovio-offer@danskebank.com.

An option holder registered during the Offer Period in the register of option holders wishing to accept the Offer shall submit a properly completed and duly executed acceptance form to Evli in accordance with its instructions and within the time limit set by Evli. The acceptance form shall be submitted so that it is received during the Offer Period or, if the Offer Period has been extended, during such extended Offer Period, however, always in accordance with the instructions of Evli. The Offeror reserves the right to reject or approve, in its sole discretion, any acceptance submitted outside the Offer Period or any Subsequent Offer Period, as applicable, or in an incorrect or incomplete manner.

The option holders may accept the Offer only in whole and regarding all of their Options. The option holders may not agree to sell only a portion of their Options.

If any Options are pledged or otherwise subject to restrictions that prevent or limit their transferability, the acceptance of the Offer may require the consent of the pledgee or other beneficiary of such restriction. If so, acquiring this consent is the responsibility of the relevant option holder of Rovio. Such consent must be delivered in writing to the account operator.

By accepting the Offer, the option holders authorise Evli to sell the Options to the Offeror in accordance with the terms and conditions of the Offer. An option holder may accept the Offer only unconditionally and in relation to all of its Options and subject to the right to withdraw the Options tendered in accordance with the terms and conditions of the Offer. The Offeror may reject any partial tender of the Options. An option holder that has validly accepted the Offer and that has not properly withdrawn its acceptance in accordance with the terms and conditions of the Offer may not sell or otherwise dispose of its tendered Options unless otherwise provided by mandatory law.

Right of Withdrawal of Acceptance

An acceptance of the Offer may be withdrawn by a shareholder or option holder of Rovio at any time before the expiration of the Offer Period until the Offeror has announced that all Conditions to Completion have been fulfilled or waived, where capable of being waived, by the Offeror, that is, the Offeror has declared the Offer unconditional. After such announcement, the Shares and Options already tendered may not be withdrawn except in the event that a third party announces a competing public offer for the Shares and Options prior to the expiration of the Offer Period (including any extended or discontinued Offer Period) and provided that the execution of the settlement of the Shares and Options as set out under "– *Completion of the Offer*" below has not yet been executed.

A valid withdrawal of an acceptance of the Offer requires that a withdrawal notification is submitted in writing to the account operator to whom the original acceptance was submitted.

For nominee-registered Shares, the shareholders must request their relevant custodian to execute a withdrawal notification.

If a shareholder or option holder of Rovio validly withdraws an acceptance of the Offer, the sales reservation or the restriction on the right of disposal with respect to Shares or Options, as applicable, will be removed within three (3) Finnish banking days of the receipt of a withdrawal notification.

A shareholder or option holder of Rovio who has validly withdrawn their acceptance of the Offer may accept the Offer again during the Offer Period by following the procedure set out under "– *Acceptance Procedure of the Offer*" above.

A shareholder or option holder of Rovio who withdraws their acceptance of the Offer is obligated to pay any fees that their account operator or custodian may collect for the withdrawal. In accordance with the Takeover Guidelines, if a competing offer has been announced during the Offer Period and the completion of the Offer has not taken place, the Offeror will not charge the shareholders for validly withdrawing their acceptance in such a situation, nor will Danske Bank in their capacity as arranger of the Offer.

In the event of a Subsequent Offer Period, the acceptance of the Offer will be binding and cannot be withdrawn, unless otherwise provided under mandatory law.

Technical Completion of the Offer

When an account operator has received the properly completed and duly executed acceptance form with respect to the Shares in accordance with the terms and conditions of the Offer, the account operator will enter a sales reservation or a restriction on the right of disposal into the relevant shareholder's book-entry account. In connection with the settlement of the Offer, the sales reservation or the restriction on the right of disposal will be removed and the Share Offer Price will be paid to the relevant shareholder.

Announcement of the Result of the Offer

The preliminary result of the Offer will be announced by a stock exchange release on or about the first (1st) Finnish banking day following the expiration of the Offer Period (including any extended or discontinued Offer Period). In connection with the announcement of the preliminary result, it will be announced whether the Offer will be completed subject to the Conditions to Completion continuing to be fulfilled or waived on the date of the final result announcement and whether the Offer Period will be extended. The final result of the Offer will be announced on or about the third (3rd) Finnish banking day following the expiration of the Offer Period. In connection with the announcement of the final result, the percentage of the Shares and Options in respect of which the Offer has been validly accepted and not validly withdrawn will be confirmed.

The Offeror will announce the initial percentage of the Shares and Options validly tendered during a Subsequent Offer Period on or about the first (1st) Finnish banking day following the expiry of the Subsequent Offer Period and the final percentage on or about the third (3rd) Finnish banking day following the expiry of the Subsequent Offer Period.

Completion of the Offer

The settlement of the Offer will be executed with respect to all of those Shares and Options of Rovio with respect to which the Offer has been validly tendered, and not validly withdrawn, by no later than on the eight (8th) Finnish banking day following the expiration of the Offer Period (the "**Completion Date**"), preliminarily expected to be on July 13, 2023. If possible, the settlement of the Shares will be executed on Nasdaq Helsinki, provided that such execution is allowed under the rules applied to trading on Nasdaq Helsinki. Otherwise, the settlement will be made outside Nasdaq Helsinki. The completion trades will be settled on or about the Completion Date (the "**Clearing Day**"), preliminarily expected to be on July 13, 2023.

Terms of Payment and Settlement

The Share Offer Price will be paid on the Clearing Day to each shareholder of Rovio who has validly accepted, and not validly withdrawn, the Offer into the management account of the shareholder's book-entry account. The Option Offer Price will be paid on the Clearing Day to each option holder who has validly accepted, and not validly withdrawn, the Offer into the bank account informed by the option holder of in the acceptance form. In any case, the Share Offer Price or Option Offer Price will not be paid to any bank accounts situated in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or any other jurisdiction where the Offer is not being made (see "*Restrictions and Important Information*"). The actual time of receipt of the payment by an individual shareholder or option holder will in each case depend on the schedules for payment transactions between financial institutions and agreement between the individual shareholder or option holder and their respective account operator, custodian or nominee.

In the event of a Subsequent Offer Period, the Offeror will in connection with the announcement thereof announce the terms of payment and settlement for Shares and Options tendered during the Subsequent Offer Period. The settlement with respect to Shares and Options validly tendered and accepted in accordance with the terms and conditions of the Offer during the Subsequent Offer Period will, however, be executed within not more than two (2) week intervals.

The Offeror reserves the right to postpone the payment of the Share Offer Price and the Option Offer Price if payment is prevented or suspended due to a force majeure event, but will immediately effect such payment once the force majeure event preventing or suspending payment is resolved.

Transfer of Title

Title to the Shares and Options in respect of which the Offer has been validly accepted, and not validly withdrawn, will pass to the Offeror on the Clearing Day against the payment of the Share Offer Price and Option Offer Price by the Offeror to the tendering shareholder or option holder. In the event of a Subsequent Offer Period, title to the Shares and Options validly tendered in the Offer during a Subsequent Offer Period will pass to the Offeror against the payment of the Share Offer Price or the Option Offer Price by the Offeror to the tendering shareholder or option holder as promptly as reasonable following their tender.

Transfer Tax and Other Payments

The Offeror will pay any transfer tax that may be charged in Finland in connection with the sale of the Shares or Options pursuant to the Offer.

Each shareholder and option holder of Rovio is liable for any payments that, based on an agreement made with the shareholder or option holder, an account operator may charge as well as for any fees and commissions charged by account operators, custodians, custodial nominee account holders or other parties related to the release of collateral or the revoking of any other restrictions preventing the sale of the Shares or Options. Each shareholder and option holder of Rovio is liable for any fees that relate to a withdrawal of an acceptance made by the shareholder or option holder.

The Offeror is liable for any other customary costs caused by the registration of entries in the book-entry system required by the Offer, the execution of trades pertaining to the Shares and Options pursuant to the Offer and the payment of the Share Offer Price and the Option Offer Price.

The receipt of cash pursuant to the Offer by a shareholder or an option holder may be a taxable transaction for the respective shareholder or option holder under applicable tax laws, including those of the country of residency of the shareholder or the option holder. Any tax liability arising to a shareholder or an option holder from the receipt of cash pursuant to the Offer will be paid and borne by such shareholder or option holder. Each shareholder and option holder is urged to consult with an independent professional adviser regarding the tax consequences of accepting the Offer.

Other Matters

The Offeror reserves the right to amend the terms and conditions of the Offer in accordance with Chapter 11, Section 15 of the Finnish Securities Markets Act. These terms and conditions and the Offer are governed by Finnish law. Any disputes arising out of or in connection with the Offer will be settled by a court of competent jurisdiction in Finland.

Should the FIN-FSA issue an order regarding an extension of the Offer Period, the Offeror reserves the right to decide upon the withdrawal of the Offer in accordance with Chapter 11, Section 12 of the Finnish Securities Markets Act.

Should a competing offer be published by a third party during the Offer Period, the Offeror reserves the right, as stipulated in Chapter 11, Section 17 of the Finnish Securities Markets Act, to (i) decide upon an extension of the Offer Period; (ii) decide upon an amendment of the terms and conditions of the Offer; and (iii) decide, during the Offer Period, but before the expiration of the competing offer, to let the Offer lapse. The Offeror will decide on all other matters related to the Offer, subject to applicable laws and regulations and the provisions of the Combination Agreement.

Other Information

Danske Bank acts as arranger in relation to the Offer, which means that it performs certain administrative services relating to the Offer. This does not mean that a person who accepts the Offer (the "**Participant**") will be regarded as a customer of Danske Bank as a result of such acceptance. A Participant will be regarded as a customer only if Danske Bank has provided advice to the Participant or has otherwise contacted the Participant personally regarding the Offer. If the Participant is not regarded as a customer, the investor protection rules under the Finnish Act on Investment Services (747/2012, as amended) will not apply to the acceptance. This means, among other things, that neither the so-called customer categorization nor the so-called appropriateness test will be performed with respect to the Offer. Each Participant is therefore responsible for ensuring that it has sufficient experience and knowledge to understand the risks associated with the Offer.

Important Information regarding NID and LEI

According to Directive 2014/65/ EU on markets in financial instruments (MiFID II), all investors must have a global identification code from 3 January 2018, in order to carry out a securities transaction. These requirements require legal entities to apply for registration of a Legal Entity Identifier ("**LEI**") code, and natural persons need to ascertain their National ID or National Client Identifier ("**NID**") in order to be able to accept the Offer. Note that it is each person's legal status that determines whether a LEI code or NID number is required, and the book-entry account operator may be prevented from performing the transaction on behalf of the person in question if a LEI code or NID number (as applicable) is not provided. Legal persons who need to obtain a LEI code can contact the relevant authority or one of the suppliers available on the market. Those who intend to accept the Offer are encouraged to apply for registration of a LEI code (legal persons) or ascertain their NID number (natural persons) well in advance, as this information is required in the acceptance form upon acceptance of the Offer.

Information regarding Processing of Personal Data

Shareholders and option holders who accept the Offer will submit personal data, such as name, address and social security number, to Danske Bank, who is the controller for the processing of such data. Personal data provided to Danske Bank will be processed in data systems to the extent required to administer the Offer. Personal data obtained from sources other than the customer may also be processed. Personal data may also be processed in the data systems of companies with which Danske Bank cooperates and it may be disclosed to the Offeror to the extent necessary for administering the Offer. Address details may be obtained by Danske Bank through an automatic procedure executed by Euroclear Finland. Additional information on processing of personal data by Danske Bank, including details on how to exercise data subjects' rights, may be found at www.danskebank.com.

PRESENTATION OF THE OFFEROR

The Offeror and Sega Corporation in Brief

The Offeror is a UK private limited company (company number 01669057), domiciled in the United Kingdom with its registered address at 27 Great West Rd, Brentford TW8 9BW, Middlesex, United Kingdom, that is directly and wholly owned by Sega Corporation. The Offeror is the European distribution arm of Sega Corporation, a worldwide leader in interactive entertainment. Headquartered in Brentford, London, the Offeror wholly owns some leading development studios, including Sports Interactive and Creative Assembly, the creators of Football Manager and Total War, respectively.

Sega Corporation engages in the planning, development, sales, and operation of consoles, PCs, and mobile games, as well as arcade equipment. Sega Corporation also plans, develops and provides products based on characters, in the form of digital services and prizes, by utilizing expertise gained from the video game business. In the console, PC, and mobile game business, Sega Corporation develops content through its various studios in Japan and overseas and distributes them worldwide through its many marketing bases around the globe. In the arcade products business, Sega Corporation has developed many ground-breaking products that symbolized each era with innovation and creativity, such as prize machines, and medal games, in addition to various different arcade games. In order to strengthen global development capabilities, Sega Corporation has historically acquired numerous development studios, from the UK-based Creative Assembly in 2005, to the Japan-based ATLUS. CO., LTD. (formerly, Index Corporation) in 2013, and the acquired studios have all greatly expanded in scale while also releasing many new titles across the globe.

Persons Related to the Offeror as Stipulated in Chapter 11, Section 5 of the Finnish Securities Markets Act

Persons related to the Offeror as referred to in Chapter 11, Section 5 of the Securities Markets Act include the direct and indirect majority owned subsidiaries of SSHD.

Neither the Offeror nor any party related to the Offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act has during the period of six (6) months preceding the Offer Announcement acquired any Shares in Rovio in public trading or otherwise.

As at the date of this Offer Document, neither the Offeror nor any party related to the Offeror as referred to in Chapter 11, Section 5 of the Finnish Securities Market Act holds any Shares or Options in Rovio.

The Board of Directors and the CEO

As at the date of this Offer Document, the Board of Directors of the Offeror consists of the following persons: Gary Dale, Timothy Heaton, Katsuhiro Ichinose, Tatsuyuki Miyazaki and Shuji Utsumi. Gary Dale also acts as the CEO of the Offeror.

PRESENTATION OF ROVIO

All financial and other information presented in this Offer Document concerning Rovio has been extracted from, and has been exclusively based upon, the interim report published by Rovio as at and for the three months ended March 31, 2023, the annual report and audited financial statements published by Rovio as at and for the year ended December 31, 2022, stock exchange releases published by Rovio, entries in the Finnish trade register and other publicly available information. Consequently, the Offeror does not accept responsibility for such information except for the accurate reproduction of such information herein.

General Overview

Rovio 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, and its sequel. 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 Oyun ve Yazılım Danışmanlık Sanayi Ticaret Anonim Şirketi, which was acquired in 2021.

Rovio's revenue in 2022 was approximately EUR 317.7 million. Rovio's adjusted EBITDA amounted to EUR 53.9 million in 2022, or approximately 17.0 percent of revenues. At the end of 2022, Rovio employed 546 persons. Most of the employees are based in Finland where Rovio is headquartered.

Rovio is a public limited liability company incorporated under the laws of Finland, with its shares listed on the official list of Nasdaq Helsinki under the trading code "ROVIO". The ISIN code of the shares of Rovio is FI4000266804. Rovio is registered in the Finnish Trade Register under the business identity code 1863026-2. The legal entity identifier (LEI) code of Rovio is 743700H95H3OPXDV6568. The Company is domiciled in Espoo, and its registered address is Keilaranta 7, 02150 Espoo, Finland. Rovio's telephone number is +358 207 888 300.

Shares and Share Capital

As at the date of this Offer Document, the registered share capital of Rovio amounts to EUR 733,390 and the number of issued shares in Rovio is 82,963,825, of which 76,179,063 are outstanding Shares and 6,784,762 are held in treasury. The shares in Rovio have no nominal value. The articles of association of Rovio do not include provisions on the minimum or maximum amount of share capital.

Rovio has one class of shares. The shares in Rovio are entered into the Finnish book-entry securities system. Each Share entitles its holder to one vote at each general meeting of shareholders of Rovio. All Shares give equal rights to dividends and other distributable funds by Rovio. The articles of association of Rovio do not include any provisions or restrictions on voting rights that deviate from provisions of the Finnish Companies Act.

Ownership Structure

The following table sets forth the ten largest shareholders of Rovio and their ownership of all issued shares and voting rights in Rovio according to the shareholders' register maintained by Euroclear Finland Oy ("**Euroclear Finland**") as at April 30, 2023:

	Number of shares	Percent of shares and votes
Adventurous Ideas Oy	6,459,500	7.79
Brilliant Problems Oy	6,459,500	7.79
Oy Impera Ab	5,084,722	6.13
Ilmarinen Mutual Pension Insurance Company	2,165,000	2.61
Sijoitusrahasto Aktia Capital	1,425,074	1.72
Hed Niklas Peter	1,365,345	1.65
The State Pension Fund	1,000,000	1.21
Elo Mutual Pension Insurance Company	987,000	1.19
Veritas Pension Insurance Company Ltd	631,715	0.76
Pakarinen Janne	526,893	0.64
Ten largest shareholders in total	26,104,749	31.47
Other shareholders	50,074,314	60.36
Treasury shares	6,784,762	8.18
Total	82,963,825	**100.00**

Treasury Shares

To the knowledge of the Offeror, Rovio and its subsidiaries hold as at the date of this Offer Document in the aggregate 6,784,762 treasury shares, representing approximately 8.18 percent of all the shares and share capital of Rovio. The Offer is not being made of the treasury shares held by Rovio or shares held by its subsidiaries.

Stock Options and Other Special Rights Entitling to Shares

On the date of the Offer Document Rovio has one ongoing option plan, Stock Options 2022A under which a total of 742,300 Options have been allocated, entitling their owners to subscribe for new shares in the Company or existing shares held by the Company. Each Option under Stock Options 2022A entitles to subscribe for one (1) share in Rovio. The maximum number of shares in Rovio that can be subscribed for based on the Options corresponds to 0.97 percent of the Shares on a fully diluted basis. For more information on Stock Options 2022A and the Option Offer Price, see "*Background and Objectives – Long-term Share-based Incentive Schemes and Stock Options 2022A of Rovio*" and "*Information on the Pricing of the Offer – The Offer Price*". In addition, on April 3, 2023, Rovio's Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares, as described below in "*– Authorizations – Authorization for the Board of Directors to decide on the Issuance of Shares and the Issuance of Special Rights Entitling to Shares*".

Rovio also operates Share-based Incentive Schemes for its employees, as described above in "*Background and Objectives – Long-term Share-based Incentive Schemes and Stock Options 2022A of Rovio*".

Authorizations

Authorization for the Board of Directors to decide on the Issuance of Shares and the Issuance of Special Rights Entitling to Shares

On April 3, 2023, Rovio's Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The number of new shares to be issued on the basis of the authorization may not exceed an aggregate maximum of 8,296,382 shares, which corresponds to approximately 10 percent of all the current shares of the Company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,296,382 own shares held by the Company.

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

The authorization is in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2024.

Authorization for the Board of Directors to Decide on the Repurchase and/or on the Acceptance as Pledge of the Company's Own Shares

On April 3, 2023, Rovio's Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,296,382 shares, which corresponds to approximately 10 percent of all the current shares of the Company. The Company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the Company.

Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price formed in trading on a regulated market on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors is entitled to decide how shares are repurchased and/or accepted as pledge. Own shares may be repurchased otherwise than in proportion to the shares held by the shareholders (directed repurchase).

The authorization is in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2024.

Shareholders' Agreements and Certain Other Agreements

The Offeror is not aware of any shareholders' agreements or other agreements or arrangements concerning the use of voting power or shareholding in Rovio or containing information that would materially affect the assessment of the benefits of the Offer.

Board of Directors, President and CEO and Auditor

In accordance with the provisions of the Finnish Companies Act, the Board of Directors of Rovio is responsible for the Company's management and the proper organization of its operations.

According to the articles of association of Rovio, the Company shall have a Board of Directors consisting of minimum of (3) and a maximum of nine (9) ordinary members. The number of deputy members may not exceed three (3). The Annual General Meeting of Rovio elects the members of the Board of Directors, including the Chair and the Vice Chair of the Board of Directors. As at the date of this Offer Document, the Board of Directors consists of the following persons: Kim Ignatius, (Chair of the Board of Directors), Björn Jeffery (Vice Chair of the Board of Directors), Camilla Hed-Wilson, Niklas Hed, Langer Lee and Henna Mäkinen.

Pursuant to the Finnish Companies Act, the CEO is appointed by the Board of Directors of the Company. As at the date of this Offer Document, the CEO of Rovio is Alexandre Pelletier-Normand.

The auditor of Rovio is Ernst & Young Oy, with Terhi Mäkinen, Authorised Public Accountant, as the responsible auditor.

Rovio's Ownership in the Offeror

To the knowledge of the Offeror, Rovio does not own any shares or securities entitling to shares in the Offeror or in any party related to the Offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act.

Financial Information

The unaudited consolidated interim report published by Rovio as at and for the three months ended March 31, 2023, and audited consolidated financial statements of Rovio as at and for the financial year ended December 31, 2022, and the Board of Directors' report as at and for the financial year ended December 31, 2022, are included in this Offer Document (see "*Annex A: Financial Information of Rovio*") in the form published by Rovio.

Future Prospects Published by Rovio

The future prospects and information on risks to which Rovio is exposed has been described in the audited consolidated financial statements of Rovio published on March 10, 2023. See "*Annex A: Financial Information of Rovio*."

Articles of Association

The articles of association of Rovio are included in this Offer Document. See "*Annex B: Articles of Association of Rovio*".

ANNEX A

FINANCIAL INFORMATION OF ROVIO

The unaudited consolidated interim report published by Rovio as at and for the three months ended March 31, 2023 and the *audited consolidated financial statements published by Rovio as at and for the year ended December 31, 2022, as they have been included in this Offer Document, are based on information made public by Rovio. The Offeror does not accept any responsibility for such information except for the accurate reproduction of such information in this Offer Document.*

Index to Financial Information

Rovio Entertainment Corporation

Interim Report

April 28, 2023

Q1

INTERIM REPORT FOR JANUARY–MARCH 2023

23

We craft joy.

Angry Birds Dream Blast reached new heights

January–March 2023 highlights

- Rovio's group revenue declined by 10.5% to EUR 76.0 million (85.0). On a comparable (*) basis, revenue declined by 13.2%. The comparable decrease was due to the high spike of Angry Birds Journey launch in Q1'22.
- Group EBITDA increased to EUR 12.1 million (11.1), and the EBITDA margin increased to 15.9% (13.1).
- Group adjusted EBITDA decreased to EUR 12.1 million (13.6), and the adjusted EBITDA margin declined to 15.9% (16.0).
- Group operating profit increased to EUR 8.8 million (7.5), and the operating profit margin increased to 11.6% (8.8).
- Group adjusted operating profit declined to EUR 8.8 million (10.0), and the adjusted operating profit margin declined to 11.5% (11.8).
- Games' gross bookings declined by 10.9% to EUR 72.0 million (80.8). Comparable (*) gross bookings declined by 13.6%. Sequentially, comparable games' gross bookings grew by 0.9%, while the US mobile gaming market grew by 1.6% (**).
- Rovio's biggest game in Q1 2023 was Angry Birds Dream Blast, which saw its gross bookings grow by 67.7% to EUR 24.9 million (14.9).
- User acquisition investments decreased to EUR 23.9 million (31.1), representing 32.3% of games' revenue (37.8).
- Operating cash flow decreased to EUR -8.8 million (14.0) due to changes in working capital (bonus payments in March and the New Mexico lawsuit settlement payment in January).
- Earnings per share increased to EUR 0.10 (0.07). Adjusted earnings per share was stable at EUR 0.10 (0.10).
- Events after the review period: On April 17, 2023, Sega announced a recommended cash offer of EUR 9.25 per share to the shareholders and EUR 1.48 per option to the option holders of Rovio. The total value of the offer, based on all 76,179,063 issued and outstanding shares in Rovio and all 742,300 issued and outstanding options under the Company's Stock Options 2022A plan, amounts in aggregate to approximately EUR 706 million. The Board of Directors of Rovio, represented by a quorum comprising all members of the Board of Directors, has unanimously agreed to recommend that the shareholders and the option holders of Rovio accept the offer. Shareholders in Rovio who in aggregate hold Shares corresponding to approximately 49.1 percent of the outstanding Shares and votes in Rovio, have irrevocably undertaken to accept the offer, subject to certain customary conditions. The offer is currently expected to be completed during the third quarter of 2023.

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

**) Source: data.ai

Key figures

EUR million	1–3/ 2023	1–3/ 2022	Change, %	1–12/ 2022
Revenue	76.0	85.0	-10.5%	317.7
EBITDA	12.1	11.1	8.8%	43.3
EBITDA margin	15.9%	13.1%		13.6%
Adjusted EBITDA	12.1	13.6	-11.4%	53.9
Adjusted EBITDA margin, %	15.9%	16.0%		17.0%
Operating profit	8.8	7.5	17.5%	28.6
Operating profit margin, %	11.6%	8.8%		9.0%
Adjusted operating profit	8.8	10.0	-12.2%	39.2
Adjusted operating profit margin, %	11.5%	11.8%		12.3%
Profit before tax	9.2	7.6	20.1%	30.6
Adjusted profit for the period	7.2	7.5	-2.9%	31.4
Capital expenditure	2.3	2.1	9.0%	7.0
User acquisition	23.9	31.1	-23.3%	96.5
Return on equity (ROE), %	14.7%	19.8%		14.4%
Net gearing ratio, %	-65.7%	-80.2%		-72.7%
Equity ratio, %	83.4%	70.3%		79.3%
Earnings per share, EUR	0.10	0.07	30.3%	0.30
Earnings per share, diluted EUR	0.09	0.07	29.1%	0.30
Adjusted earnings per share, EUR	0.10	0.10	-5.0%	0.42
Net cash flows from operating activities	-8.8	14.0	-163.2%	49.9
Employees (average for the period)	554	494	12.1%	513

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

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

Alex Pelletier-Normand, CEO

In the first quarter of 2023, Angry Birds Dream Blast continued its strong growth and reached a new revenue record, growing by 67.7% compared to the same period last year and by 15.3% compared to the previous quarter. Looking at our performance as a whole, our comparable gross bookings grew by 0.9% sequentially, overall in line with the US mobile gaming market, slowly recovering from the weaker than normal holiday season in December. During the same period, we were pleased to see our new games taking leaps forward.

Our comparable revenue decreased by 13.2% against the same period in the previous year, largely due to the launch of Angry Birds Journey in early 2022 affecting the comparison figures. Our adjusted operating profit declined in line with the lower revenue.

Regarding our new game titles, we have made great progress with Moomin: Puzzle & Design and Bad Piggies 2, among others. The Moomin game showed promising results in the mid-term retention test in the Japanese market in Q1, remaining on track for global launch. Bad Piggies 2, a physics-based puzzle game developed by our Stockholm studio, is starting its soft launch. This too is a great achievement for us. The game is totally novel and highly anticipated by the fans.

The Angry Birds brand continues to grow in reach and fandom. We reached a new milestone with the Angry Birds YouTube channel hitting 6 million subscribers. The implementation of our loyalty program and online hub 'Red's club' progresses as planned and is expected to roll out during the summer.

Last week, Sega announced a cash tender offer to acquire all shares and options of Rovio. Rovio's Board of Directors has agreed to recommend the offer, and 49.1% of shareholders have irrevocably undertaken to accept it, subject to certain customary conditions. The offer provides concrete evidence that our mission to craft joy with player-focused gaming experiences that last for decades forms an attractive strategy for the future. We are thrilled at the idea of using our expertise and tools to bring even more joy to our players, enhancing and expanding Rovio's and Sega's vibrant IPs. Red the Angry Bird and Sonic the Hedgehog are two globally recognized and iconic characters made by two remarkably complementary companies, with a worldwide reach that spans mobile, PC, console, and beyond. This planned transaction supports the cross-platform expansion of our IP using Sega's capabilities, while enabling Sega to utilize our distinctive know-how in live operations and our growth platform Beacon to bring their titles to the global mobile gaming market.

For the time being, we continue our daily work as usual, operating and improving our live games while crafting ambitious and innovative new games for our players. Looking further ahead, we remain strongly confident in our stand-alone strategy; however, combining the strengths of Rovio and Sega presents an incredibly exciting future.

2023 outlook (unchanged)

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

Additional information on user acquisition investments in Q2 2023

User acquisition investments in Q2 2023 are expected to be 27–32% of games' revenues.

Audiocast and conference call

Rovio will host an audiocast and phone conference on the first quarter 2023 financial results, including a Q&A session, for analysts, media and institutional investors in English on April 28, 2023 at 14:00–15:00 EEST. The audiocast can be viewed live at https://investors.rovio.com/en and as a recording later the same day.

Dial-in details for the phone conference

https://palvelu.flik.fi/teleconference/?id=10010645

More information

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Distribution

Nasdaq Helsinki, key media, https://investors.rovio.com/en

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.

Rovio Entertainment Corporation Interim Report 1–3/2023

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

Market review

According to the market intelligence provider Newzoo's latest global mobile 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, whereas data.ai estimates the global market to continue to decline at a rate of -3% in 2023 to USD 107 billion. Based on the Q1 2023 data provided by data.ai, the global mobile gaming market declined by 0.8% compared to the same period in 2022 but grew by 3.5% compared to the previous quarter. However, compared to the pre-pandemic level, the global market was now 28.0% bigger than in Q1 2020.

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).

Revenue and result

January–March 2023

In the first quarter of 2023, Rovio's group revenue declined by 10.5% to EUR 76.0 million (85.0). On a comparable basis (at constant fx rates), revenue declined by 13.2%. The comparable decrease was due to the high spike of Angry Birds Journey launch in Q1'22.

Games' revenue decreased by 10.2% to EUR 73.9 million (82.3). Games' gross bookings declined by 10.9% to EUR 72.0 million (80.8). Comparable (at constant fx rates) gross bookings declined by 13.6%. Sequentially, comparable games' gross bookings grew by 0.9%, while the US mobile gaming market grew by 1.6% (source: data.ai).

Brand licensing revenue decreased by 19.0% to EUR 2.2 million (2.7), mainly due to lower revenue from feature films.

The group EBITDA increased to EUR 12.1 million (11.1), while the EBITDA margin increased to 15.9% (13.1). The group adjusted EBITDA decreased to EUR 12.1 million (13.6), and the adjusted EBITDA margin declined to 15.9% (16.0).

The group operating profit increased to EUR 8.8 million (7.5), and the operating profit margin increased to 11.6% (8.8). The group adjusted operating profit declined to EUR 8.8 million (10.0), while the adjusted operating profit margin declined to 11.5% (11.8). There were only minor adjustments related to the Ruby Games contingent liability in the reporting period. Adjustments in the comparison period amounted to EUR 2.5 million and were related to changes in the contingent liability of the Ruby Games acquisition.

User acquisition investments decreased to EUR 23.9 million (31.1), representing 32.3% of games' revenue (37.8). The decrease was driven by the AB Journey global launch in early 2022.

The user acquisition investments were split between Rovio's different game categories as follows: 67.1% in the "Grow" category (Angry Birds Journey and Angry Birds Dream Blast) and 21.2% in the "Earn" category (Angry Birds 2, Angry Birds Match, Angry Birds Friends, Small Town Murders), practically almost all of which concerned Angry Birds 2. The share of user acquisition investments made in hyper-casual games (i.e. Ruby Games) was 9.9%, while 1.9% of the investments were made in the "Catalogue" category.

The Group's profit before taxes increased to EUR 9.2 million (7.6). Earnings per share increased to EUR 0.10 (0.07), and adjusted earnings per share was stable at EUR 0.10 (0.10).

Key performance indicators of games

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

In the first quarter of 2023, games' gross bookings declined to EUR 72.0 million (80.8), out of which Ruby Games generated gross bookings of EUR 2.8 million.

The number of daily active users (DAU) was stable at 3.2 million (3.2 million in Q4'22) for the top 5 games and declined slightly to 6.1 million (6.3 million in Q4'22) for the whole portfolio, which also includes Ruby Games. The number of monthly active users (MAU) decreased to 18.5 million (18.9 million in Q4'22) for the top 5 games and increased to 44.7 million (43.7 million in Q422) for the whole portfolio due to Ruby Games' new game launches.

The number of monthly unique payers (MUP) increased to 411 thousand (409 thousand in Q4'22) for the top 5 games and was stable at 454 thousand (454 thousand in Q4'22) for the whole portfolio.

Average revenue per daily active user (ARPDAU) was stable at 22 cents (22 in Q4'22) for the top 5 games and at 13 cents (13 in Q4'22) for the whole portfolio. Monthly average revenue per paying user (MARPPU), excluding Ruby Games, decreased to EUR 45.1 (46.3 in Q4'22) for the top 5 games and EUR 44.4 (45.5 in Q4'22) for the whole portfolio.

EUR million	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
Gross bookings top 5	63.7	65.2	61.6	60.8	66.7	60.9
Gross bookings total	72.0	74.0	70.8	72.4	80.8	74.0

Million	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
DAU top 5	3.2	3.2	3.1	3.3	3.6	3.2
DAU all	6.1	6.3	6.3	6.7	7.3	6.5
MAU top 5	18.5	18.9	17.4	18.1	20.8	18.1
MAU all	44.7	43.7	42.1	45.8	53.3	44.8

Thousand	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
MUP top 5	411	409	385	390	464	420
MUP all	454	454	435	444	522	485

EUR	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
ARPDAU top 5	0.22	0.22	0.22	0.20	0.21	0.21
ARPDAU all	0.13	0.13	0.13	0.12	0.12	0.12
MARPPU top 5	45.1	46.3	46.3	45.5	41.9	41.4
MARPPU all	44.4	45.5	45.6	44.7	41.5	40.9

Game-specific gross bookings

Rovio's biggest game in Q1 2023 was Angry Birds Dream Blast, which overtook Angry Birds 2 as the biggest game following strong growth compared to both the same period in 2022 (+67.7%) and the previous quarter (+15.3%). The gross bookings of the game increased to a quarterly record of EUR 24.9 million. User acquisition investments for the game increased significantly.

The gross bookings of Angry Birds 2, Rovio's second biggest game, decreased by 18.0% to EUR 24.8 million due a slow start of the quarter. User acquisition investments for the game decreased from Q4 2022.

The gross bookings of Angry Birds Friends, Rovio's third biggest game, decreased by 7.6% to EUR 8.6 million.

Angry Birds Journey, which was launched globally in January 2022, recorded the fourth highest gross bookings of the portfolio at EUR 3.6 million. User acquisition investments for the game decreased further during the quarter.

The hyper-casual category, acquired with Ruby Games in September 2021, generated EUR 2.8 million in gross bookings, which represented a decline of 53.8%.

The Other games category generated total gross bookings of EUR 5.5 million.

Gross bookings, EUR million	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
AB Dream Blast	24.9	21.6	17.6	14.1	14.9	16.2
AB 2	24.8	28.6	28.7	28.4	30.3	29.5
AB Friends	8.6	8.8	8.4	9.1	9.3	9.3
AB Journey	3.6	4.4	5.1	7.3	10.1	3.1
AB Pop!	1.7	1.9	1.9	1.9	2.0	2.3
Hyper-casual	2.8	2.7	2.5	4.5	6.1	4.1
Other games	5.5	6.1	6.7	7.1	8.1	9.6
Total	**72.0**	**74.0**	**70.8**	**72.4**	**80.8**	**74.0**

Consolidated statement of financial position

Consolidated statement of financial position, EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current assets	87.5	90.9	89.0
Current receivables	42.1	36.5	34.6
Money market funds	50.4	50.5	59.9
Cash and bank deposits	108.4	121.8	110.8
Total assets	**288.5**	**299.6**	**294.3**
Equity	233.4	204.7	226.8
Financial liabilities	21.6	48.8	18.9
Advances received and deferred income	8.6	8.4	8.5
Other payables	24.8	37.8	40.1
Total equity and liabilities	**288.5**	**299.6**	**294.3**

Rovio's consolidated statement of financial position amounted to EUR 288.5 million on March 31, 2023 (294.3 on December 31, 2022), with equity representing EUR 233.4 million (226.8 on December 31, 2022) of the total. Cash and cash equivalents amounted to EUR 158.8 million (170.7 on December 31, 2022). Cash deposits amounted to EUR 108.4 million and cash equivalents to EUR 50.4 million, consisting of investments in money market funds. The change in cash and cash equivalents was attributable to cash flow from operating activities of EUR -8.8 million, investments of EUR -2.3 million and financing activities of EUR -0.7 million.

Advances received and deferred income totaled 8.6 million (8.5 on December 31, 2022).

On March 31, 2023 Rovio's non-current assets amounted to EUR 87.5 million (89.0 on December 31, 2022). The decrease in non-current assets consisted mainly of EUR 0.8 million negative goodwill revaluation due to fx changes, amortization of development costs EUR 1.7 million, amortization of the Angry Bird Movies EUR 0.6 million and depreciation of leased office buildings EUR 0.7 million. This was offset by investments in external game development of EUR 2.0 million and an addition in leased office buildings due to an index adjustment of office leases amounting to EUR 0.4 million.

Rovio's net debt on March 31, 2023 amounted to EUR –153.3 million. Rovio's interest-bearing debt amounted to EUR 5.5 million (5.9 on December 31, 2022), consisting of EUR 0.1 million product development loans from Business Finland (the Finnish Funding Agency for Innovation), as well as EUR 5.4 million leasing liabilities mainly related to office leases. Contingent consideration liabilities related to the Ruby Games acquisition amounted to EUR 12.4 million.

Cash flow and investments

Consolidated statement of cash flows, EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Cash flow from operating activities	-8.8	14.0	49.9
Cash flow from investing activities	-2.3	-2.1	-24.9
Cash flow from financing activities	-0.7	-0.7	-17.0
Change in cash and cash equivalents	**-11.9**	**11.2**	**8.0**
Net foreign exchange difference and value changes in money market funds	-0.0	0.3	1.9
Cash and cash equivalents at the beginning of the period	170.7	160.8	160.8
Cash and cash equivalents at the end of the period	**158.8**	**172.3**	**170.7**

In the first quarter of 2023, Rovio's net cash flow from operating activities amounted to EUR -8.8 million (14.0). The decrease was mainly due to changes in working capital (bonus payments in March and the New Mexico lawsuit settlement payment in January).

Cash flows used in investing activities amounted to EUR -2.3 million (-2.1), consisting of capital expenditure. The investments were mainly related to external game development.

Cash flows used in financing activities amounted to EUR -0.7 million (-0.7), consisting of finance lease payments.

Personnel

In the first quarter of 2023, Rovio's average number of employees was 554 (494).

	1–3/ 2023	1–3/ 2022	Change, %	1–12/ 2022
Employees (average for the Period)	554	494	12.1%	513
Employees (end of period)	558	495	12.7%	546

Flagging notifications

Rovio received the following flagging notification during the reporting period:

Transaction date	Shareholder	Threshold	Direct holding, %	Total holding, %
February 6, 2023	Invesco Ltd.	below 5%	below 5%	below 5%

Shares and shareholders

On March 31, 2023, Rovio's share capital amounted to EUR 0.7 million, and the number of shares was 82,963,825.

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

On March 31, 2023, Rovio Entertainment Corporation held a total of 6,784,762 of its own shares.

Shareholder	Number of shares	Percentage of shares and votes
Brilliant Problems Oy	6,459,500	7.8%
Adventurous Ideas Oy	6,459,500	7.8%
Impera Oy Ab	5,084,722	6.1%
Ilmarinen Mutual Pension Insurance Company	2,165,000	2.6%
Sijoitusrahasto Aktia Capital	1,425,074	1.7%
Hed Niklas Peter	1,365,345	1.6%
The State Pension Fund	1,000,000	1.2%
Elo Mutual Pension Insurance Company	987,000	1.2%
Danske Invest Finnish Equity Fund	846,427	1.0%
Veritas Pension Insurance Company Ltd.	630,290	0.8%
Total	**26,422,858**	**31.9%**
Other shareholders	49,756,205	60.0%
Rovio Entertainment Corporation	6,784,762	8.2%
Number of shares total	**82,963,825**	**100.0%**

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

Share-based incentive program

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

The objective of the Employee Share Savings Plan (ESSP) is to motivate employees to invest in Rovio shares by offering them additional shares in relation to their investment after a designated holding period. The ESSP 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 fourth plan period commenced on April 1, 2023 and will end on August 31, 2025. 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 practically possible after the applicable holding period. Participation is voluntary.

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 canceled, 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 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. A reward payment of 59,464 shares was made on March 31, 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.

The performance criteria for the performance period 2023-2025 are Group's EBITDA (EUR) for the financial year 2025 (weight 50 %) and Group's Net Revenue (EUR) for the financial year 2025 (weight 50 %). The rewards to be paid on the basis of the performance period 2023-2025 correspond to the value of an approximate maximum total of 15,000,000 euros. The potential rewards will be paid in spring 2026.

The Restricted Share Unit Plan (RSU) 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 RSU 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 maximum number of shares that can be distributed through the RSU is 1,300,000. Once the maximum number of shares has been allocated, the Board of Directors can decide on a new maximum number. In total, 280,756 rights entitling to shares had been allocated under the restricted share plan as of March 31, 2023.

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 March 31, 2023, a total of 742,300 series 2022A option rights had been allocated. 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.

Risks

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

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

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

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

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

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

2023 outlook (unchanged)

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

Additional information on user acquisition investments in Q2 2023

User acquisition investments in Q2 2023 are expected to be 27–32% of games' revenues.

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

The Annual General Meeting of Rovio Entertainment Corporation was held on April 3, 2023, beginning at 1.00 p.m. at Hanaholmen, at the address Hanasaarenranta 5, Espoo, Finland. The Annual General Meeting adopted all the proposals to the General Meeting by the Board of Directors and the Shareholders' Nomination Board, approved the financial statements for the financial year 2022, approved the remuneration report for the company's governing bodies and discharged the company's management from liability.

The Annual General Meeting decided that the Board of Directors shall comprise six (6) members. Niklas Hed, Camilla Hed-Wilson, Kim Ignatius, Björn Jeffery, and Langer Lee as well as Henna Mäkinen as a new member were elected as members of the Board of Directors for the term of office ending at the closure of the Annual General Meeting in 2024. Kim Ignatius was elected Chair of the Board of Directors. Björn Jeffery was elected Vice Chair of the Board of Directors.

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

Ernst & Young Oy, authorized public accountants, was re-elected as auditor of the company. Ernst & Young Oy has notified that Terhi Mäkinen, APA, acts as the auditor with principal responsibility. The auditor's term of office will end at the closure of the Annual General Meeting in 2024. The auditor is paid remuneration according to the auditor's reasonable invoice approved by the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The number of own shares to be repurchased and/or accepted as pledge may not exceed 8,296,382 shares, which corresponds to approximately 10 percent of all the current shares of the company. The company together with its subsidiaries cannot at any moment own or hold as pledge more than 10 percent of all the shares of the company.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies Act. The number of new shares to be issued on the basis of the authorization may not exceed an aggregate maximum of 8,296,382 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,296,382 own shares held by the company. The Board of Directors is entitled to decide on all terms of the issuance of shares and of special rights entitling to shares, and it is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue).

The authorizations are in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2024.

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

Dividend distribution

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.13 per share. The remaining part of the distributable funds are retained in shareholders' equity. The dividend was paid to shareholders who on the record date of the dividend payment April 5, 2023 were recorded in the company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on April 14, 2023.

Events after the review period

On April 17, 2023, Sega announced a recommended cash offer of EUR 9.25 per share to the shareholders and EUR 1.48 per option to the option holders of Rovio. The total value of the offer, based on all 76,179,063 issued and outstanding shares in Rovio and all 742,300 issued and outstanding options under the Company's Stock Options 2022A plan, amounts in aggregate to approximately EUR 706 million. The Board of Directors of Rovio, represented by a quorum comprising all members of the Board of Directors, has unanimously agreed to recommend that the shareholders and the option holders of Rovio accept the offer. Shareholders in Rovio who in aggregate hold Shares corresponding to approximately 49.1 percent of the outstanding Shares and votes in Rovio, have irrevocably undertaken to accept the offer, subject to certain customary conditions. The offer is currently expected to be completed during the third quarter of 2023.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	1–3/ 2023	1–3/ 2022	Change, %	1–12/ 2022
Revenue	76.0	85.0	-10.5%	317.7
EBITDA	12.1	11.1	8.8%	43.3
EBITDA margin	15.9%	13.1%		13.6%
Adjusted EBITDA	12.1	13.6	-11.4%	53.9
Adjusted EBITDA margin, %	15.9%	16.0%		17.0%
Operating profit	8.8	7.5	17.5%	28.6
Operating profit margin, %	11.6%	8.8%		9.0%
Adjusted operating profit	8.8	10.0	-12.2%	39.2
Adjusted operating profit margin, %	11.5%	11.8%		12.3%
Profit before tax	9.2	7.6	20.1%	30.6
Adjusted profit for the period	7.2	7.5	-2.9%	31.4
Capital expenditure	2.3	2.1	9.0%	7.0
User acquisition	23.9	31.1	-23.3%	96.5
Return on equity (ROE), %	14.7%	19.8%		14.4%
Net gearing ratio, %	-65.7%	-80.2%		-72.7%
Equity ratio, %	83.4%	70.3%		79.3%
Earnings per share, EUR	0.10	0.07	30.3%	0.30
Earnings per share, diluted EUR	0.09	0.07	29.1%	0.30
Adjusted earnings per share, EUR	0.10	0.10	-5.0%	0.42
Net cash flows from operating activities	-8.8	14.0	-163.2%	49.9
Employees (average for the period)	554	494	12.1%	513

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

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

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

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

Reconciliation of adjusted operating profit

EUR million	1–3/ 2023	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	**76.0**		**76.0**
Other operating income	0.4		0.4
Materials and services	-19.5		-19.5
Employee benefits expense	-13.4		-13.4
Depreciation and amortization	-3.3		-3.3
Other operating expenses	-31.4	-0.0	-31.4
Operating profit	**8.8**	**-0.0**	**8.8**

EUR million	1–3/ 2022	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	**85.0**		**85.0**
Other operating income	1.1		1.1
Materials and services	-20.9		-20.9
Employee benefits expense	-13.3		-13.3
Depreciation and amortization	-3.6		-3.6
Other operating expenses	-40.8	2.5	-38.3
Operating profit	**7.5**	**2.5**	**10.0**

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

Reconciliation of adjusted operating profit

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Operating profit	**8.8**	**7.5**	**28.6**
M&A transaction costs			
Change in fair value of contingent liability	-0.0	2.5	4.9
Asset impairment			
Legal fees related to claims			5.1
Restructuring costs arising from employee benefits expenses			0.6
Restructuring costs in Other operating expenses			0.0
Restructuring costs in Depreciation and amortization			
Adjusted operating profit	**8.8**	**10.0**	**39.2**

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Operating profit	**8.8**	**7.5**	**28.6**
Depreciation and amortization	3.3	**3.6**	14.7
EBITDA	**12.1**	**11.1**	**43.3**
M&A transaction costs			
Change in fair value of contingent liability	-0.0	2.5	4.9
Legal fees related to claims			5.1
Restructuring costs arising from employee benefits expenses			0.6
Restructuring costs in Other operating expenses			0.0
Adjusted EBITDA	**12.1**	**13.6**	**53.9**

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

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Equity ratio, %	**83.4%**	**70.3%**	**79.3%**
Equity	233.4	204.7	226.8
Advances received	1.4	1.7	1.4
Deferred revenue	7.2	6.8	7.1
Total assets	288.5	299.6	294.3
Return on equity, %	**14.7%**	**19.8%**	**14.4%**
Profit/loss before tax	32.1	37.5	30.6
Shareholder's equity beginning of period	204.7	175.1	197.5
Shareholder's equity end of period	233.5	204.7	226.8
Net gearing ratio, %	**-65.7%**	**-80.2%**	**-72.7%**
Total interest-bearing debt	5.5	8.2	5.9
Cash and cash equivalents	158.8	172.3	170.7
Equity	233.4	204.7	226.8
Non-current interest-bearing loans and borrowings	3.2	4.8	3.1
Current interest-bearing loans and borrowings	2.3	3.5	2.8
Cash and cash equivalents	158.8	172.3	170.7
Net debt	**-153.3**	**-164.1**	**-164.8**

Gross bookings

The following table sets out reconciliation of gross bookings used in key operational metrics and reported revenue.

Reconciliation of gross bookings to revenue

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Gross bookings	72.0	80.8	298.0
Change in deferred revenue	0.1	-0.4	-0.7
Custom contracts	2.0	1.5	7.1
Other adjustments	-0.2	0.4	2.3
Games' revenue	**73.9**	**82.3**	**306.7**

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

Calculation principles of IFRS performance measures

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

Calculation principles of alternative performance measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DAU (Daily Active Users), which is defined as the number of players that played one of our games during a particular day. Under this metric, a player that plays two different games on the same day is counted as two DAUs. We primarily use information provided by Rovio's own technology, but we also use third-party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools. Average DAUs for a particular period is the average of the DAUs for each day during that period.
MAU (Monthly Active Users), which is defined as the number of players that played one of our games during a particular calendar month. Under this metric, a player that plays two different games in the same month is counted as two MAUs. We primarily use information provided by Rovio's own technology, but we also use third party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools.
MUP (Monthly Unique Payers), which is defined as the number of players that made a payment at least once during the calendar month through a payment method for which we can quantify the number of individuals, including payers from our mobile games. MUPs does not include individuals who use certain payment methods for which we cannot quantify the number of unique payers. We only use information provided by Rovio's own payment verification technology.
ARPDAU (Average Revenue Per Daily Active User), which is defined as Sum of quarterly Gross Bookings divided by number of days in the quarter divided by average DAU for the quarter.
MARPPU (Monthly Average Revenue Per Paying User), which is defined as Monthly Gross IAP Bookings divided by MUP from verified purchases. MARPPU does not include revenue from custom contracts, revenue deferrals or accounting adjustments such as foreign exchange rate differences between revenue accruals and actual payments.

Interim report January 1 – March 31, 2023 – Tables

The figures in the Interim report are unaudited.

Statement of consolidated profit or loss and other comprehensive income

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Revenue	**76.0**	**85.0**	**317.7**
Other operating income	0.4	1.1	2.8
Materials and services	19.5	20.9	79.6
Employee benefits expense	13.4	13.3	57.8
Depreciation and amortization	3.3	3.6	14.7
Other operating expenses	31.4	40.8	139.9
Operating profit	**8.8**	**7.5**	**28.6**
Finance income and expenses	0.4	0.2	2.0
Profit (loss) before tax	**9.2**	**7.6**	**30.6**
Income tax expense	-1.9	-2.2	-7.7
Profit for the period	**7.3**	**5.5**	**22.9**
Equity holders of the parent company	7.3	5.5	22.9
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	0.0	0.0	1.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Translation differences	-1.1	1.1	4.6
Total comprehensive income for the period net of tax	**6.2**	**6.5**	**28.5**
Equity holders of the parent company	**6.2**	**6.5**	**28.5**
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, EUR	0.10	0.07	0.30
Earnings per share, diluted EUR	0.09	0.07	0.30

Consolidated statement of financial position

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets	**87.5**	**90.9**	**89.0**
Property, plant and equipment	1.6	1.3	1.6
Intangible assets	20.3	24.2	20.8
Goodwill	39.0	38.2	39.8
Right-of-use assets	5.2	7.2	5.4
Investments	9.6	8.3	12.1
Non-current receivables	3.5	3.4	0.9
Deferred tax assets	8.4	8.2	8.4
Current assets	**200.9**	**208.7**	**205.3**
Trade receivables	31.7	28.5	25.3
Prepayments and accrued income	9.0	7.3	8.0
Other current financial assets	1.5	0.7	1.3
Money market funds	50.4	50.5	59.9
Cash and cash equivalents	108.4	121.8	110.8
Total assets	**288.5**	**299.6**	**294.3**
EQUITY AND LIABILITIES			
Equity			
Issued capital	0.7	0.7	0.7
Reserves	51.9	46.0	51.9
Translation differences	3.5	1.1	4.7
Treasury shares	-35.6	-36.1	-35.9
Fair value reserve	3.9	3.0	3.9
Retained earnings	201.7	184.5	178.6
Profit for the period	7.3	5.5	22.9
Equity holders of the parent company	**233.4**	**204.7**	**226.8**
Non-controlling interests	0.0	0.0	0.0
Total equity	**233.4**	**204.7**	**226.8**
Liabilities			
Non-current liabilities	**17.8**	**21.6**	**18.0**
Interest-bearing loans and borrowings	0.0	0.3	0.1
Contingent consideration liabilities	12.1	13.6	12.0
Lease liabilities	3.1	4.5	3.0
Deferred tax liabilities	2.5	3.2	2.8
Current liabilities	**37.2**	**73.4**	**49.5**
Trade and other payables	9.3	15.3	12.1
Interest-bearing loans and borrowings	0.1	0.5	0.1
Contingent consideration liabilities	0.3	29.9	0.3
Lease liabilities	2.3	3.0	2.6
Other current financial liabilities	3.8	2.4	0.7
Advances received	1.4	1.7	1.4
Deferred revenue	7.2	6.8	7.1
Income tax payable	0.2	1.4	1.9
Provisions	0.1	0.0	0.3
Accrued liabilities	12.6	12.6	23.0
Total liabilities	**55.0**	**95.0**	**67.5**
Total equity and liabilities	**288.5**	**299.6**	**294.3**

Consolidated statement of changes in equity

Attributable to the equity holders of the parent on March 31, 2022

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2022	**0.7**	**46.0**	**-36.9**	**184.6**	**3.0**	**0.1**	**197.5**	**0.0**	**197.5**
Profit for the period				5.5			5.5		5.5
Other comprehensive income			0.7	-0.1		1.1	1.7		1.7
March 31, 2022	**0.7**	**46.0**	**-36.1**	**190.0**	**3.0**	**1.1**	**204.7**	**0.0**	**204.7**

Attributable to the equity holders of the parent on March 31, 2023

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Fair value reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2023	**0.7**	**51.9**	**-35.9**	**201.5**	**3.9**	**4.7**	**226.8**	**0.0**	**226.8**
Profit for the period				7.3			7.2		7.2
Option subscriptions							0.0		0.0
Treasury shares acquisition							0.0		0.0
Other comprehensive income						-1.1	-1.1		-1.1
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax							0.0		0.0
Cash dividends							0.0		0.0
Share-based payments			0.3	0.2			0.5		0.5
March 31, 2023	**0.7**	**51.9**	**-35.6**	**209.0**	**3.9**	**3.5**	**233.4**	**0.0**	**233.4**

Consolidated statement of cash flows

EUR million	1–3/ 2023	1–3/ 2022	1–12/ 2022
Operating activities			
Profit (loss) before tax	9.2	7.6	30.6
Adjustments:			
Depreciation and amortization on tangible and intangible assets	3.3	3.6	14.7
Net foreign exchange differences	0.1	-0.3	-1.7
Gain on disposal of property, plant and equipment	0.0	-0.0	0.0
Finance costs	-0.4	0.1	-0.3
Other non-cash items	0.2	3.1	5.6
Change in working capital:			
Change in trade and other receivables and prepayments	-7.2	-0.4	1.1
Change in trade and other payables	-10.2	6.2	11.6
Interest received	0.8	0.0	1.3
Interest paid	-0.2	-0.2	-0.6
Income tax paid (received)	-4.4	-6.0	-12.3
Net cash flows from operating activities	**-8.8**	**14.0**	**49.9**
Investing activities			
Purchase of tangible and intangible assets	-2.3	-2.1	-7.0
Other investments	0.0	0.0	-0.3
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0
Loans granted, investments	0.0	0.0	0.0
Proceeds from sales of other investments	0.0	0.0	2.0
Acquisition of subsidiaries, net of cash acquired	0.0	0.0	-19.6
Net cash flows used in investing activities	**-2.3**	**-2.1**	**-24.9**
Financing activities			
Finance lease repayments	-0.7	-0.7	-2.7
Proceeds from and repayments of borrowings	0.0	-0.0	-0.5
Share subscriptions based on option rights	0.0	0.0	5.9
Acquisition of treasury shares	0.0	0.0	-10.7
Share-based payments	0.0	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	-8.9
Net cash flows from/(used in) financing activities	**-0.7**	**-0.7**	**-17.0**
Change in cash and cash equivalents	**-11.9**	**11.2**	**8.0**
Net foreign exchange difference and value changes in money market funds	-0.0	0.3	1.9
Cash and cash equivalents at beginning of period	170.7	160.8	160.8
Cash and cash equivalents at the end of the period	**158.8**	**172.3**	**170.7**
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	108.4	121.8	110.8
Money market funds at the end of period	50.4	50.5	59.9
Cash and cash equivalents at the end of the period	**158.8**	**172.3**	**170.7**

Notes

1. Key accounting principles

Rovio's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The interim report is not presented in accordance with IAS 34 standard, as Rovio applies the statutes of the Finnish Securities Markets Act (1278/2015) regarding the regular disclosure requirements. The accounting principles and methods used in the preparation of the interim report are essentially the same as those applied in the consolidated financial statements for the year 2022.

The figures in the interim report have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures. This interim report does not include all the information or disclosures as presented in the consolidated financial statements of December 31, 2022.

2. Changes in contingent liabilities or contingent assets

Future non-cancellable other commitments are as follows.

EUR million	On March 31, 2023	On March 31, 2022	On December 31, 2022
Venture Capital investment commitment	0.4	0.4	0.4
Total	**0.4**	**0.4**	**0.4**

Venture Capital investments

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

3. Related party transactions

Rovio's related parties include its subsidiaries, associates, key persons belonging to the management and their close family members and entities controlled by them, and entities with significant influence on Rovio.

There were no abnormal related party transactions during the reporting period.

4. Calculation of earnings per share

	1–3/ 2023	1–3/ 2022	1–12/ 2022
Earnings per share, EUR	0.10	0.07	0.30
Earnings per share, diluted, EUR	0.09	0.07	0.30
Shares outstanding at the end of the period (thousands)	76,179	74,535	76,107
Weighted average adjusted number of shares during the financial period, basic (thousands)	76,118	74,418	75,218
Weighted average adjusted number of shares during the financial period, diluted (thousands)	77,187	74,819	76,091

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:

	Group			Parent company		
€ 000	**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 USD19.7 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 is 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 minimun 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	30,365
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**	**15,800**
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**	**10,358**
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: Additions / Disposals	Changes with no cash flow impact: Additions / Disposals	Net foreign exchange differences	Changes in fair value	2022
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: Additions / Disposals	Changes with no cash flow impact: Additions / Disposals	Net foreign exchange differences	Changes in fair value	2021
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) teur 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 liabilites					
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, is 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 < 30 days	30-60 days	61-90 days	91-180 days	181-365 days	> 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 form 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 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

	December 31, 2022			December 31, 2021		
Fair value hierarchy	**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, responsibilieties 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 preliminiary 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:

		Holding (%)	
Name of the company	**Domicile**	**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 businessw 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
Deferred tax:		
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
Intagible 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
Intagible 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	How our audit addressed the 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).	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	How our audit addressed the 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.	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 ESESF 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

ANNEX B

ARTICLES OF ASSOCIATION OF ROVIO

Articles of Association of Rovio Entertainment Corporation

1) Company name

The name of the company is Rovio Entertainment Oyj. The company's parallel name in English is Rovio Entertainment Corporation.

2) Registered office of the company

The company's registered office is in Espoo, Finland.

3) Line of business of the company

The line of business of the company is software design, manufacture, publication, publishing and consultancy. In addition, the company's line of business includes film production, book publishing activities, spinoffs and advertising services. In addition, the company's line of business is to manage and own securities, shares, real estate and other assets in Finland and abroad by itself or through its own companies. The company's line of business is also to provide administrative, financial and other group services to its group companies as well as to provide securities and guarantees on behalf of the group companies.

4) Book-entry system

The shares of the company shall belong to the book-entry system after the expiry of the registration period.

5) Board of Directors

The governance of the company and the appropriate organization of the company's operations is managed by the Board of Directors, which, according to the decision of the Annual General Meeting, includes a minimum of (3) and a maximum of nine (9) ordinary members. The number of deputy members may not exceed three (3). The term of the members of the Board of Directors shall be until the conclusion of the first Annual General Meeting following the election. The Annual General Meeting elects the Chair and the Vice Chair of the Board of Directors.

6) Chief Executive Officer

The company may have a Chief Executive Officer. The Board of Directors shall decide on the appointment and dismissal of the Chief Executive Officer.

7) Representation

In addition to the Board of Directors, the company is represented by the Chair of the Board of Directors and the Chief Executive Officer, each alone, and two members of the Board of Directors together.

8) Financial year

The financial year of the company is the calendar year.

9) Auditors

The company's auditor shall be an auditing firm approved by the Finnish Patent and Registration Office. The term of the auditor shall be until the conclusion of the first Annual General Meeting following the election.

10) Notice to General Meeting and registration

The general meetings of the company are held in Helsinki, Espoo or Vantaa. The Annual General Meeting shall be held annually within six (6) months from the termination 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 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 the company'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 the company of its attendance by the date specified in the notice convening the Meeting, which date may not be earlier than ten (10) days prior to the Meeting.

11) Annual General Meeting

At the Annual General Meeting the following shall be presented:

1. The financial statements and the report of the Board of Directors, as well as

2. The audit report,

decided:

3. The adoption of the financial statements, which, in a parent company, also includes the adoption of the consolidated financial statements,

4. The use of the profit shown on the balance sheet,

5. The discharge from liability for the members of the Board of Directors and the Chief Executive Officer,

6. The remuneration of the members of the Board of Directors and of the auditor, as well as

7. The number of members of the Board of Directors,

elected:

8. The Chair, the Vice Chair and the members of the Board of Directors, as well as

9. The auditor,

handled:

10. Any other matters possibly contained in the notice to the Meeting.

ANNEX C

STATEMENT BY THE BOARD OF DIRECTORS OF ROVIO

27 April 2023

Statement of the Board of Directors of Rovio Entertainment Corporation regarding the cash offer by Sega to the shareholders and option holders of Rovio Entertainment Corporation

On April 17, 2023, Sega Europe Limited ("**Sega Europe"** or the "**Offeror**") announced a cash offer for all the issued and outstanding shares (the "**Shares**" or, individually, a "**Share**") in Rovio Entertainment Corporation ("**Rovio**" or the "**Company**") for a cash consideration of EUR 9.25 per Share (the "**Offer**"). The Offer also comprises a cash offer for all the issued and outstanding options under the Company's Stock Options 2022A plan (the "**Options**" or, individually, an "**Option**") for a cash consideration of EUR 1.48 per Option.

The Board of Directors of the Company (the "**Rovio Board**") has decided to issue the statement below regarding the Offer as required by the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**").

1. Offer in Brief

Sega Europe is a UK private limited company, domiciled in the United Kingdom with its registered address at 27 Great West Rd, Brentford TW8 9BW, Middlesex, United Kingdom, that is directly and wholly owned by Sega Corporation ("**Sega Corporation**"), a corporation incorporated and existing under the laws of Japan, that, in turn, is directly and wholly owned by Sega Sammy Holdings Inc. ("**SSHD**"), a corporation incorporated and existing under the laws of Japan, with its shares listed on the Tokyo Stock Exchange.

SSHD and Rovio have on April 17, 2023, entered into a combination agreement (the "**Combination Agreement**") pursuant to which the Offeror makes the Offer and pursuant to which SSHD has transferred its rights and obligations to the Offeror (in accordance with the terms of the Combination Agreement).

As at the date of this statement, Rovio has 82,963,825 issued shares, of which 76,179,063 are outstanding and of which 6,784,762 are held in treasury, and a total of 742,300 outstanding Options.

The Offeror and its parent companies reserved the right to acquire, or enter into arrangements to acquire, Shares and Options before, during and/or after the offer period outside the Offer in public trading on Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") or otherwise. The Offeror has undertaken to disclose any such purchases made or arranged in accordance with applicable rules.

The Offer will be made pursuant to the terms and conditions to be included in the tender offer document (the "**Offer Document**") expected to be published by the Offeror on or about May 5, 2023, upon the Finnish Financial Supervisory Authority (the "**FIN-FSA**") having approved the Offer Document.

The Offer was announced with an offer price of EUR 9.25 in cash for each validly tendered Share (the "**Share Offer Price**") and an offer price of EUR 1.48 in cash for each validly tendered Option (the "**Option Offer Price**") in the Offer in each case, subject to any adjustments set out below.

The Share Offer Price represents a premium of:

- approximately 63.1 percent compared to the closing price of EUR 5.67 for Rovio's Share on Nasdaq Helsinki on January 19, 2023, i.e., the last day of trading prior to the announcement by a certain third party regarding its non-binding indicative proposal to acquire all issued and outstanding shares of Rovio;
- approximately 55.2 percent compared to the volume-weighted average trading price of EUR 5.96 for Rovio's Share on Nasdaq Helsinki during the last three-months before January 19, 2023;

- approximately 19.0 percent compared to the closing price of EUR 7.78 for Rovio's Share on Nasdaq Helsinki on April 14, 2023, being the last day of trading before the announcement of the Offer; and
- approximately 17.5 percent compared to the volume-weighted average trading price of EUR 7.87 for Rovio's Share on Nasdaq Helsinki during the last three-months before the announcement of the Offer.

The Share Offer Price has been determined based on 76,179,063 Shares and the Option Offer Price has been determined based on 742,300 Options. Should the Company increase the number of Shares as a result of any measure with a dilutive effect, excluding any subscription for the Company's shares based on the Options, or in any other way distribute or transfer value to its shareholders or option holders, or if a record date with respect to any of the foregoing occurs prior to any settlement of the Offer (with the effect that any resulting distribution of funds is not payable to the Offeror), then the Share Offer Price and the Option Offer Price payable by the Offeror shall be reduced accordingly on a euro-for-euro basis.

Moor Holding AB, Brilliant Problems Oy, Adventurous Ideas Oy, Oy Impera Ab, Niklas Hed, Mert Can Kurum, Ilmarinen Mutual Pension Insurance Company and Veritas Pension Insurance Company Ltd., who in aggregate hold approximately 49.1 percent of the outstanding Shares and votes in Rovio, have irrevocably undertaken to accept the Offer subject to certain customary conditions. The undertakings are among other terms subject to the condition that the Offeror does not announce that it will no longer pursue or complete (or that it will cancel) the Offer, and that no other party announces a competing offer to acquire the Shares in Rovio for a consideration of at least EUR 9.72 per Share where Sega Europe does not within seven (7) business days match or exceed the competing offer by increasing the Share Offer Price.

The completion of the Offer is subject to the satisfaction or waiver by the Offeror of certain customary conditions on or prior to the Offeror's announcement of the final results of the Offer, including, among others, that approvals by all necessary regulatory authorities have been received and the Offeror having achieved acceptances in respect of more than 90 percent of the Shares and votes in Rovio on a fully diluted basis as calculated in accordance with Chapter 18 Section 1 of the Finnish Limited Liability Companies Act (624/2006, as amended, the "**Finnish Companies Act**").

The Offeror has confirmed to the Rovio Board that the Offer is fully financed with cash on hand available within the Sega group. The funds available to the Offeror suffice for completing the Offer in accordance with its terms, compulsory redemption proceedings, if any, in accordance with the Finnish Companies Act and the payment of possible termination fees by the Offeror in accordance with the Combination Agreement. The Offeror has also informed that as part of Sega group's capital policy, the Offeror or its parent companies may access external debt, in a way that does not affect the capability and willingness to fund the Offer.

The offer period is expected to commence on or about May 8, 2023, and to expire on or about July 3, 2023. The Offeror reserves the right to extend the offer period from time to time in accordance with, and subject to, the terms and conditions of the Offer and applicable laws and regulations, in order to satisfy the conditions to completion of the Offer, including, among others, the receipt of all necessary regulatory, governmental or similar approvals, permits, clearances and consents from authorities or similar, required under applicable laws in any jurisdiction for the completion of the Offer. The Offer is currently expected to be completed during the third quarter of 2023.

The detailed terms and conditions of the Offer will be included in the Offer Document, which the Offeror expects to publish on or about May 5, 2023.

As announced in connection with the publication of the Offer, pursuant to the Combination Agreement, the Rovio Board may, at any time prior to the completion of the Offer, withdraw, modify, amend or include conditions to or decide not to issue its recommendation for the shareholders and option holders of the Company to accept the Offer or take actions contradictory to its earlier recommendation but only if the Rovio Board, on the basis of its fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code), considers that, due to materially changed circumstances (arising out of either a competing offer, a superior offer or an intervening event), the acceptance of the Offer would no longer be in the best interest of the holders of Shares and Options, the Rovio Board has taken advice from its external legal advisor and its financial advisor, and the Rovio Board has provided the Offeror with a reasonable opportunity, during a period of not less than five (5) business days after having informed the Offeror of its intentions to take any of the actions listed above, to negotiate with the Rovio Board in respect of such actions. Withdrawing, modifying, amending or including conditions to or deciding not to issue its recommendation requires further, that (i) the Rovio Board has given the Offeror a reasonable opportunity, during a period of not less than five (5) business Days after the Offeror having received all material information from the Company relating to such superior offer, competing offer or intervening event, to agree with the Rovio Board on improving the terms of the Offer, and in case of a superior offer or a competing offer, (ii) the Company has informed the Offeror that the Rovio Board has determined, after having considered in good faith any revisions to the terms of the Combination Agreement and having consulted with the Company's external legal advisor and financial advisor, that such competing offer constitutes a superior offer as a whole or would, if announced, constitute a superior offer, as and if applicable, and (iii) such competing offer has been publicly announced such that it becomes a superior offer. The foregoing shall apply mutatis mutandis in the event of any of the relevant financial or other material terms of the superior offer being amended, in which case the time period above for the Offeror to negotiate with the Rovio Board shall be extended by no less than five (5) business days.

The Rovio Board has seen it fit to agree to the non-solicitation undertaking, based on their assessment of the terms and conditions of the Offer and the irrevocable undertakings provided by the Company's significant shareholders to the Offeror, and also considering that the non-solicitation undertaking does not prevent the Rovio Board from complying with its fiduciary duties in a situation in which the Rovio Board has received a competing offer, or from complying with the applicable regulation otherwise.

2. Background for the Statement

Pursuant to the Finnish Securities Markets Act, the Rovio Board must prepare a public statement regarding the Offer.

The statement must include a well-founded assessment of the Offer from the perspective of Rovio and its shareholders and option holders as well as of the strategic plans presented by the Offeror in the Offer Document and their likely effects on the operations of, and employment at, Rovio.

For the purposes of issuing this statement, the Offeror has submitted to the Rovio Board a draft version of the Finnish language Offer Document in the form in which the Offeror has filed it with the FIN-FSA for approval on April 26, 2023 (the "**Draft Offer Document**") and its corresponding English language version.

In preparing its statement, the Rovio Board has relied on information provided in the Draft Offer Document by the Offeror and certain other information provided by the Offeror and has not independently verified this information. Accordingly, the Rovio Board's assessment of the consequences of the Offer on Rovio's business and employees, as presented by the Offeror, should be treated with caution.

3. Assessment Regarding Strategic Plans Presented by the Offeror in the Draft Offer Document and Their Likely Effects on the Operations of, and Employment at, Rovio

Information Given by the Offeror in the Offer Announcement and Draft Offer Document

The Rovio Board has assessed the Offeror's strategic plans based on the statements made in the Company's and the Offeror's announcement of the Offer published on April 17, 2023 (the "**Offer Announcement**"), and the Draft Offer Document.

The Offeror, Sega Europe, is the European distribution arm of Sega Corporation, a worldwide leader in interactive entertainment. Headquartered in Brentford, London, Sega Europe wholly owns some leading development studios, including Sports Interactive and Creative Assembly, the creators of Football Manager and Total War, respectively.

Sega Corporation engages in the planning, development, sales, and operation of consoles, PCs, and mobile games, as well as arcade equipment. Sega Corporation also plans, develops and provides products based on characters, in the form of digital services and prizes, by utilizing expertise gained from the video game business. In the console, PC, and mobile game business, Sega Corporation develops content through its various studios in Japan and overseas and distributes them worldwide through its many marketing bases around the globe. In the arcade products business, Sega Corporation has developed many ground-breaking products that symbolized each era with innovation and creativity, such as prize machines, and medal games, in addition to various different arcade games. In order to strengthen global development capabilities, Sega Corporation has historically acquired numerous development studios, from the UK-based Creative Assembly in 2005, to the Japan-based ATLUS. CO., LTD. (formerly, Index Corporation) in 2013, and the acquired studios have all greatly expanded in scale while also releasing many new titles across the globe.

The Offer is part of SSHD's growth strategy to invest up to JPY 250 billion (EUR 1,702 million based on an EUR to JPY foreign exchange rate of 146.9) during the five-year period ending FY2026/3, part of which has been looked at as investment opportunity to strengthen its Entertainment Contents Business. SSHD firmly believes that it is imperative to continue investing in its game development and operating capabilities, in order to further strengthen its position in this fast-growing mobile and global gaming market, which therefore led to the decision to acquire Rovio.

Sega Corporation aims to accelerate its growth in the global gaming market and increase its corporate value by generating synergies between Sega Corporation's existing businesses and Rovio's strengths, including its global IPs and live service-mobile game development capabilities. More specifically, Sega Corporation aims to create synergies with particular focus in the following areas:

- Utilization of Rovio's distinctive know-how in live service mobile game operation, to bring Sega Corporation's current and new titles to the global mobile gaming market, where there is large potential, and many users can be accessed
    - Sega Corporation strongly believes Rovio's platform, Beacon, holds 20 years of high-level expertise in live service-mobile game operation centered around the United States and Europe
- Rapid expansion of both companies' fanbase by sharing know-how regarding multi-media expansion of global characters
    - Rovio and Sega Corporation have both succeeded in extending their IPs, "Angry Birds" and "Sonic the Hedgehog", to various media outside of video games, such as movies, anime, and merchandising, and accordingly hold a strong fanbase around the world as well as know-how regarding IP expansion
- Support cross-platform expansion of Rovio's IP using Sega Corporation's capabilities
    - Rovio is aiming to expand its platform outside of mobile gaming, and Sega Corporation will actively look to support this process through its capabilities

The completion of the Offer is not expected to have any immediate material effects on the operations, assets, the position of the management or employees, or the location of the offices of Rovio. However, as is customary, the Offeror intends to change the composition of the Rovio Board after the completion of the Offer and, without prejudice to the foregoing, might investigate the possibility to change the legal domicile of the Company.

Board Assessment

The Rovio Board considers that the information on the Offeror's strategic plans concerning Rovio included in the Offer Announcement and Draft Offer Document is of a general nature. However, based on the information presented to Rovio and the Rovio Board, the Rovio Board believes that the completion of the Offer is not expected to have any immediate material effects on Rovio's operations or the position of the employees of Rovio.

On the date of this statement, the Rovio Board has not received any formal statements as to the effects of the Offer to the employment at Rovio from Rovio's employees.

4. Assessment Regarding Financing Presented by the Offeror in the Draft Offer Document

Information given by the Offeror

The Rovio Board has assessed the Offeror's financing based on the statements made in the Offer Announcement and the Draft Offer Document. In addition, the Company's legal adviser Roschier, Attorneys Ltd. has reviewed a confirmation letter from the Offeror concerning the availability of financing of the Offer (the "**Cash Confirmation**").

Pursuant to the Draft Offer Document, the Offeror plans to use cash on hand available within the Sega group to fund the Offer. The funds available to the Offeror suffice for completing the Offer, for financing the potential compulsory redemption proceedings in accordance with the Finnish Companies Act and the payment of possible termination fees payable by the Offeror pursuant to the Combination Agreement. Pursuant to the Draft Offer Document, as part of Sega group's capital policy, the Offeror or its parent companies may access external debt, in a way that does not affect the capability and willingness to fund the Offer.

The Offeror's obligation to complete the Offer is not conditional upon availability of financing under the conditions to completion of the Offer (assuming that all the conditions to completion of the Offer are otherwise satisfied or waived by the Offeror).

The Offeror's Representations and Warranties in the Combination Agreement

In the Combination Agreement, the Offeror represents and warrants to Rovio that the Offeror has on the date of the Combination Agreement and will have on the completion date secured necessary and adequate financing, as evidenced in the Cash Confirmation, to finance the payment of the aggregate Share Offer Price and Option Offer Price for all of the Shares and Options in connection with the Offer on the completion date, in connection with the potential compulsory redemption proceedings thereafter and the payment of possible termination fees by the Offeror pursuant to the Combination Agreement. The Offeror's obligation to complete the Offer is not conditional upon availability of financing under the conditions to completion of the Offer (assuming that all the conditions to completion of the Offer are otherwise satisfied or waived by the Offeror).

Board Assessment

Based on the information made available by the Offeror to the Company, the Offeror's obligation to complete the Offer is not conditional upon availability of financing (assuming that all the conditions to completion of the Offer are otherwise satisfied or waived by the Offeror). The Rovio Board believes that the Offeror has secured necessary and adequate financing in sufficient amounts in the form of cash on hand available in the Sega group and/or under credit facilities that are not subject to any availability or draw down conditions other than a condition that all the conditions to completion are satisfied (or waived by the Offeror), or are subject to a condition the satisfaction of which is within the control of the Offeror, as evidenced in the Cash Confirmation, in order to finance the Offer at completion, compulsory redemption proceedings, if any, in accordance with the requirement set out in Chapter 11, Section 9 of the Finnish Securities Markets Act and the payment of possible termination fees by the Offeror pursuant to the Combination Agreement.

5. Assessment of the Offer from the Perspective of Rovio and its shareholders and option holders

As part of its strategic review announced on February 6, 2023, following the receipt of expressions of interest and indicative non-binding proposals regarding Rovio, the Rovio Board entered into preliminary non-binding discussions with certain parties, including the Offeror, regarding their indicative proposals to acquire all the Shares and the Options. As a result of such strategic review and the discussions, the Rovio Board has deemed the Offer to constitute the most favorable option for Rovio and its shareholders and option holders. When evaluating the Offer, analyzing alternative opportunities available to Rovio, and concluding on its statement, the Rovio Board has considered several factors, including, but not limited to, Rovio's recent financial performance, current position and future prospects, the historical performance of the trading price of Rovio's Shares, and the conditions for the Offeror to complete the Offer.

The Rovio Board's assessment of continuing the business operations of Rovio as an independent company has been based on reasonable future-oriented estimates, which include various uncertainties, whereas the Share Offer Price and the premium included therein as well as the Option Offer Price are not subject to any uncertainty other than the fulfillment of the conditions to completion of the Offer.

Goldman Sachs International ("**Goldman Sachs**") delivered an opinion to the Rovio Board dated April 17, 2023, that, as at April 17, 2023, and based upon and subject to the factors and assumptions set forth therein, the EUR 9.25 in cash per Share to be paid to the shareholders (other than SSHD and its affiliates) pursuant to the Offer was fair from a financial point of view to such shareholders. The opinion of Goldman Sachs does not relate to the Offer for the Options.

The full text of the written opinion of Goldman Sachs, dated April 17, 2023, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix 1 to this statement. Goldman Sachs provided its opinion solely for the information and assistance of the Rovio Board in connection with its consideration of the Offer. The Goldman Sachs opinion is not a recommendation as to whether any shareholder or option holder should tender their Shares or Options in connection with the Offer or any other matter.

The Rovio Board believes that the Share Offer Price is fair to the shareholders and the Option Offer Price is fair to the option holders based on its assessment of the matters and factors, which the Rovio Board has concluded to be material in evaluating the Offer. These matters and factors include, but are not limited to:

- the information and assumptions on the business operations and financial condition of Rovio as at the date of this statement and their expected future development, including an assessment of expected risks and opportunities related to the implementation and execution of Rovio's current strategy;

- the premium being offered for the Shares;

- the historical trading price of the Shares;

- transaction certainty, and that the conditions of the Offer are reasonable and customary;

- valuation multiples of the Shares compared to the industry multiples before the announcement of the Offer;

- valuations and analysis made and commissioned by the Rovio Board as well as discussions with an external financial adviser; and

- the opinion issued by Goldman Sachs.

In addition, the Rovio Board considers the Share Offer Price and the Option Offer Price levels as well as the major shareholders' support for the Offer in the form of irrevocable undertakings representing in aggregate approximately 49.1 percent of the outstanding Shares and votes in Rovio, to positively affect the ability of the Offeror to gain control of more than 90 percent of the Shares and, thereby, help successfully complete the Offer.

The Rovio Board has concluded that the relevant business prospects of Rovio would provide opportunities for Rovio to develop its business as an independent company for the benefit of Rovio and its shareholders and option holders. However, taking into consideration the risks and uncertainties associated with such stand-alone approach, particularly the recent macroeconomic development and the uncertainty it causes for the short and medium term, as well as the terms and conditions of the Offer included in the Draft Offer Document, the Rovio Board has concluded that the Offer is a favorable alternative for the shareholders and option holders.

6. Recommendation of the Rovio Board

The Rovio Board has carefully assessed the Offer and its terms and conditions based on the Draft Offer Document, the opinion issued by Goldman Sachs, the Offer Announcement, and other available information.

Based on the foregoing, the Rovio Board considers that the Offer and the amount of the Share Offer Price and the Option Offer Price are, under the prevailing circumstances, fair to Rovio's shareholders and option holders.

Given the above-mentioned viewpoints, the Rovio Board unanimously recommends that the shareholders and option holders of Rovio accept the Offer.

All members of the Rovio Board have participated in the decision-making concerning the statement. The evaluation of independence of the members of the Rovio Board is available on the website of Rovio in connection with the Annual Report 2022.

7. Certain Other Matters

The Rovio Board notes that the transaction may, as is common in such processes, involve unforeseeable risks.

The Rovio Board notes that the shareholders should also take into account the potential risks related to non-acceptance of the Offer. If the acceptance condition of more than 90 percent of the Shares and votes is waived, the completion of the Offer would reduce the number of Rovio's shareholders and the number of Shares, which would otherwise be traded on Nasdaq Helsinki. Depending on the number of Shares validly tendered in the Offer, this could have an adverse effect on the liquidity and value of the Shares. Furthermore, pursuant to the Finnish Companies Act, a shareholder that holds more than two-thirds of the shares and voting rights carried by the shares in a company has sufficient voting rights to, independently and without cooperation with other shareholders, decide upon certain corporate transactions, including, but not limited to, a merger of the company into another company, an amendment of the articles of association of the company, a change of domicile of the company and an issue of shares in the company in deviation from the shareholders' pre-emptive subscription rights.

Pursuant to Chapter 18 of the Finnish Companies Act, a shareholder that holds more than 90 percent of all shares and votes in a company has the right to acquire and, subject to a demand by other shareholders, also be obligated to redeem the shares owned by the other shareholders. In such case, the Shares held by shareholders of Rovio, who have not accepted the Offer, may be redeemed through redemption proceedings under the Finnish Companies Act in accordance with the conditions set out therein.

Rovio and the Offeror have undertaken to comply with the Helsinki Takeover Code referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act.

This statement of the Rovio Board does not constitute investment or tax advice, and the Rovio Board does not specifically evaluate herein the general price development or the risks relating to the Shares or the Options in general. Shareholders and option holders must independently decide whether to accept the Offer, and they should take into account all the relevant information available to them, including information presented in the Offer Document and this statement as well as any other factors affecting the value of the Shares and the Options.

Rovio has appointed Goldman Sachs as its financial adviser and Roschier, Attorneys Ltd. as its legal adviser in connection with the Offer.

The Board of Directors of Rovio Entertainment Corporation

Appendix 1: Opinion issued by Goldman Sachs

Disclaimer

Goldman Sachs International, which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Rovio and no one else in connection with the Offer and the matters set out in this statement. Neither Goldman Sachs International nor its affiliates, nor their respective partners, directors, officers, employees or agents are responsible to anyone other than Rovio for providing the protections afforded to clients of Goldman Sachs International, or for giving advice in connection with the Offer or any matter or arrangement referred to in this statement.

Goldman Sachs

PERSONAL AND CONFIDENTIAL

17 April 2023

Board of Directors
Rovio Entertainment Oyj
Keilaranta 7
02150 Espoo
Finland

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders (other than Sega Sammy Holdings Inc. ("Buyer") and its affiliates) of the outstanding shares (the "Shares") of Rovio Entertainment Oyj (the "Company") of the €9.25 in cash per Share to be paid to such holders pursuant to the Combination Agreement, dated as of 17 April 2023 (the "Agreement"), by and between the Buyer and the Company. The Agreement provides for a tender offer for all of the Shares (the "Tender Offer") pursuant to which the Buyer (or one of its affiliates, currently expected to be Sega Europe Limited ("Acquisition Sub")) will pay €9.25 in cash per Share for each Share accepted. The Agreement further provides for a tender offer for all of the option rights issued by the Company as to which option right tender offer we express no opinion. The Agreement further provides that, following completion of the Tender Offer and subject to the satisfaction of the requirements of the Finnish Companies Act, the Buyer (or Acquisition Sub) intends to commence compulsory redemption proceedings ("Redemption Proceedings") for all outstanding Shares not purchased pursuant to the Tender Offer, as to which Redemption Proceedings we express no opinion.

Goldman Sachs International and its affiliates (collectively, "Goldman Sachs") are engaged in advisory, underwriting, lending and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, Buyer, any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the "Transaction"). We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, all of which are contingent upon consummation of the Tender Offer, and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We may also in the future provide financial advisory and/or underwriting services to the Company and Buyer and their respective affiliates for which Goldman Sachs Investment Banking may receive compensation.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to shareholders of the Company for the five fiscal years ended 31 December 2022; certain interim reports to shareholders of the Company; certain other communications from the Company to its shareholders; certain publicly available research analyst reports for the Company; and certain internal financial analyses and forecasts for the Company prepared by its management, as approved for our use by the Company (the "Forecasts"). We have also held discussions with members of the senior management of the Company regarding its assessment of the past and current business operations, financial condition and future prospects of the Company; reviewed the reported price and trading activity for the Shares; compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the gaming industry and in other industries; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company or any of its subsidiaries and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or on the expected benefits of the Transaction in any way meaningful to our analysis. We have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. This opinion addresses only the fairness from a financial point of view to the holders (other than the Buyer and its affiliates) of Shares, as of the date hereof, of the €9.25 in cash per Share to be paid to such holders pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Transaction or may potentially be pursued after the Tender Offer, including, Redemption Proceedings, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Transaction, whether relative to the €9.25 in cash per Share to be paid to the holders (other than the Buyer and its affiliates) of Shares pursuant to the Agreement or otherwise. We are not expressing any opinion as to the prices at which the Shares will trade at any time, as to the potential effects of volatility in the credit, financial and stock markets on the Company, Buyer or its affiliates or the Transaction, or as to the impact of the Transaction on the solvency or viability of the Company, the Buyer or its affiliates or the ability of the Company, the Buyer or its affiliates to pay their respective obligations when they come due. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided solely for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to whether or not any holder of Shares should tender such Shares in connection with the Tender Offer or any other matter. This opinion has been approved by a fairness committee of Goldman Sachs.

This opinion is not, is not intended to be and should not be construed to be, a valuation report of the type typically rendered by qualified auditors or independent valuation experts. Accordingly, this opinion has not been prepared in accordance with the standards and guidelines for valuation reports prepared by qualified auditors. An opinion like this as to whether the €9.25 in cash per Share to be paid to the holders (other than the Buyer and its affiliates) of Shares pursuant to the Agreement is fair from a financial point of view differs in a number of important respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts as well as from accounting valuations generally.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the €9.25 in cash per Share to be paid to the holders (other than the Buyer and its affiliates) of Shares pursuant to the Agreement is fair from a financial point of view to such holders of Shares.

Very truly yours,

Nicholas H...

(GOLDMAN SACHS INTERNATIONAL)