

We craft joy.

# Rovio Entertainment

Full Year and Q4 2022  
Earnings Call Presentation

February 9, 2023





# Today's speakers.



René Lindell  
CFO



Alex Pelletier-Normand  
CEO



Timo Rahkonen  
VP, IR & Corporate Strategy





## Dial-in information

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# The Board 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, which 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.

# Full year 2022 and Q4 highlights.

## Q4 and full year outperformed a soft market, but fell short of our ambitions

- Comparable gross bookings +5.4% QoQ (US market +2% according to data.ai), but -7.9% YoY
- Full year comparable gross bookings -2.8% (US market -12%)

## Record-high revenues in 2022

- Group MEUR 317.7 (+11.0%)
- Games MEUR 306.7 (+11.0%)

## Increased opportunities in user acquisition

- Angry Birds Dream Blast scaled up in H2, and Angry Birds Journey launched in January
- Adjusted EBITDA MEUR 53.9 in 2022 (-1.6%)

## Market showed signs of stabilization

- The US market increased in Q4 for the first time after five consecutive quarters of decline

## Investments in live games paying off

- All 3 top live games made record-high annual revenue
- Angry Birds Dream Blast's gross bookings grew by 33% YoY to a quarterly record in Q4

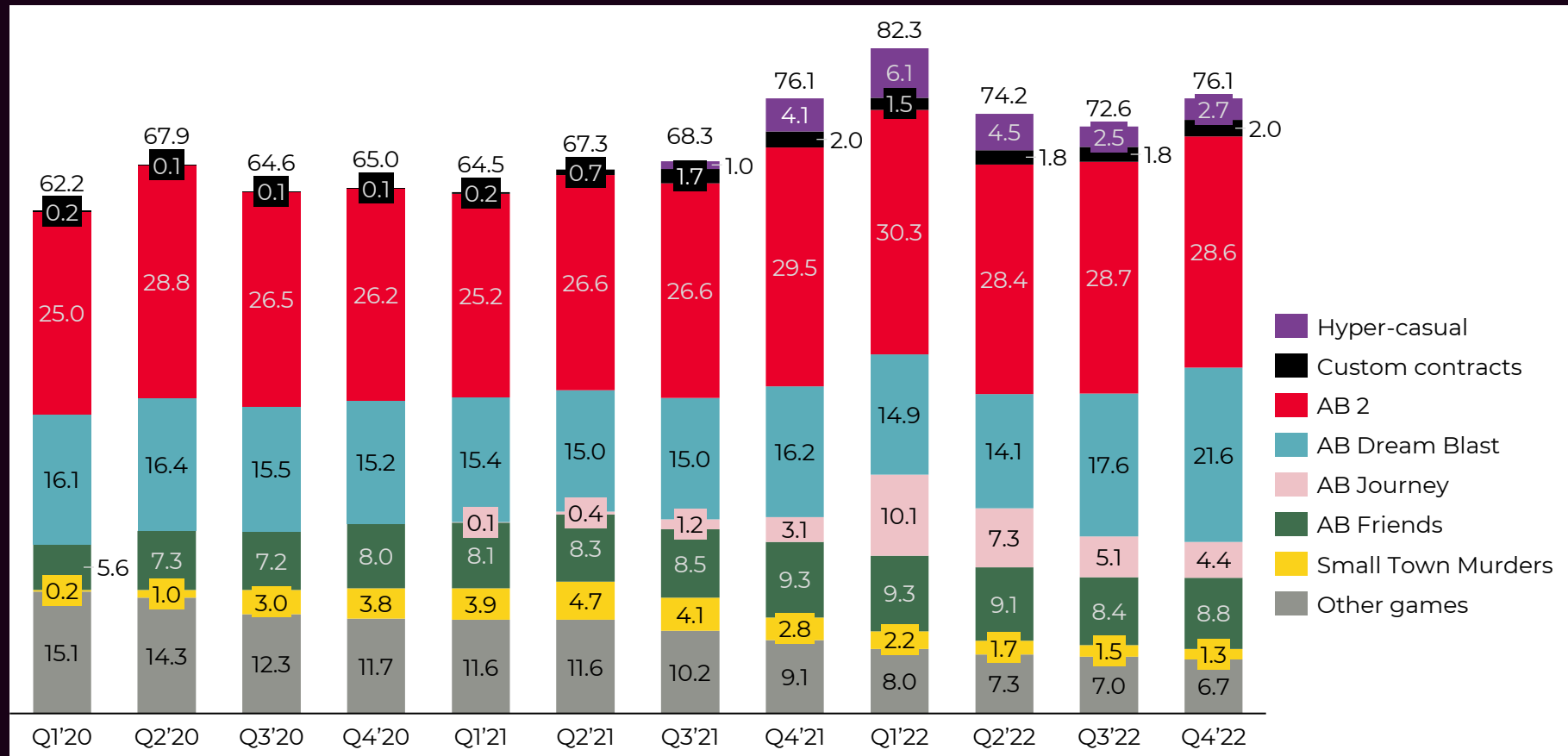
## Game development progressing

- Several games in soft launch in 2023

# Q4'22: Live games performed well in a soft market.

Strong performance of AB Dream Blast continued

GAMES' GROSS BOOKINGS AND CUSTOM CONTRACTS (EUR MILLION)

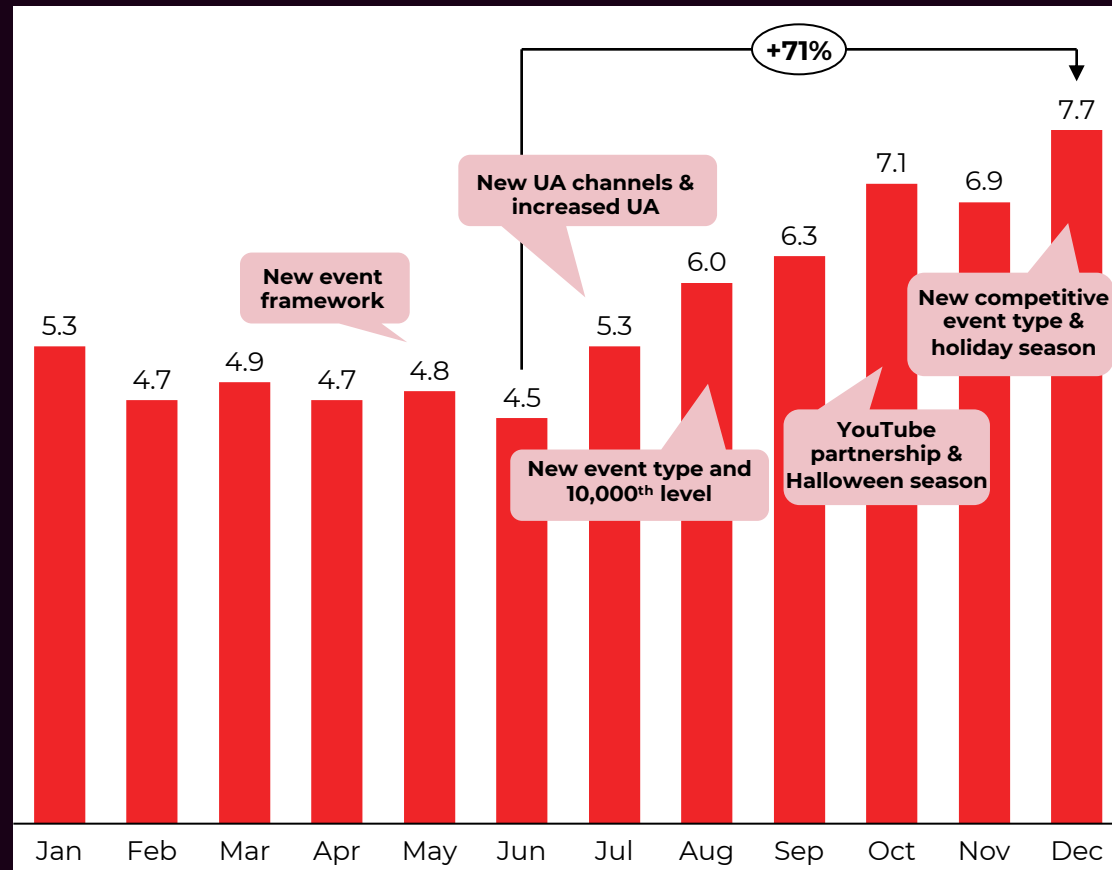


- Games' gross bookings increased by 9.8% in 2022, driven by:
  - Growth of our top live games
  - Launch of Angry Birds Journey
  - Ruby Games acquisition
- Comparable gross bookings increased by 5.4% in Q4 compared to Q3

# Angry Birds Dream Blast took off in 2022.

Investments in user acquisition and increased focus on our live games have started to pay off

## GROSS BOOKINGS (EUR MILLION)



Angry Birds Dream Blast gross bookings grew by 33% YoY to a quarterly record in Q4, driven by:

- Seasonal events
- New game features
- New channels
- Adjustments in ways of working

Improved game performance leads to improved scale in user acquisition investments



Seasonal events

New features & events



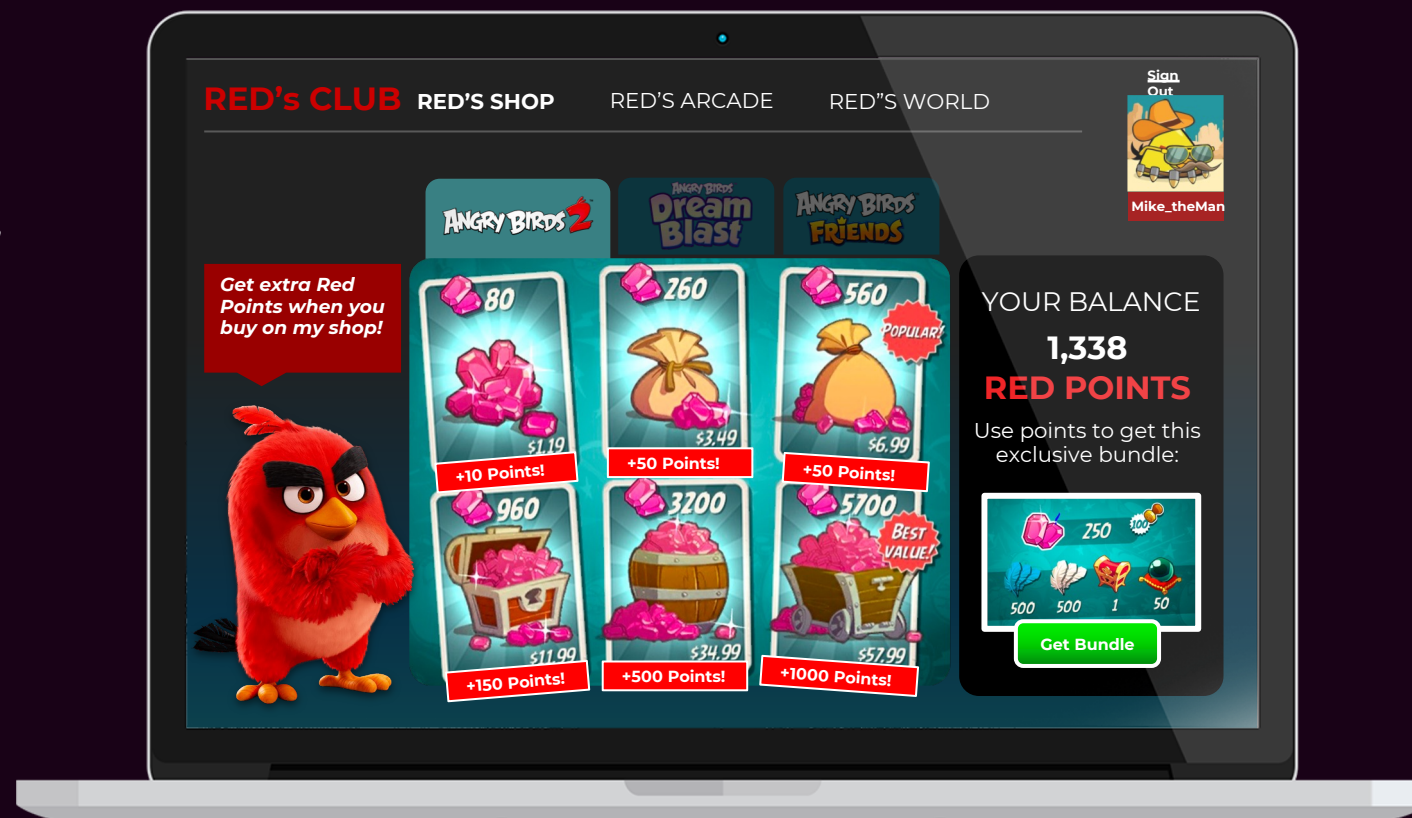
# Red's Club: building a loyalty program and an online hub.

Reward players for loyalty, engagement and spending

Built around a Rovio account: "Red ID"

- Save progress across devices & platforms
- Participate in a loyalty program for rewards
- Web shop
- Play on web

Phased rollout starting in Q2 2023



Concept art



# 9 new games in development – 4 in soft launch.

## New game pipeline



**Moomin: Puzzle & Design**  
Casual Puzzle & Decorate game  
in soft launch



**Two Hunter Assassin games**  
Hunter Heroes – multiplayer game  
Hunter Assassin 2 – single player



**"Angry Birds NEXT"**  
Angry Birds flying beyond mobile with  
multiplayer cross-platform game



**Moomin**  
Enters next soft launch  
test in Japan in Q1'23



**Hunter Assassin 2 and  
Hunter Heroes**  
Continue in soft launch



**Wizard Hero**  
Entered soft launch with  
promising early results



**Bad Piggies 2**  
Approaching soft launch



**Angry Birds RPG game**  
New game from  
Copenhagen



**Novel Angry Birds game**  
First game from Toronto



**Bad Piggies 2**  
Sequel to a fan  
favorite Bad Piggies



**Match-3 game**  
New game from  
Puzzle Studio



**Wizard Hero**  
Hybrid-casual game from  
Ruby in soft launch

# Advancing towards our sustainability goals.



Safe & Responsible  
Gaming

## Goals

**Safe and responsible gaming space  
for our players**

## 2023 highlights

Publishing of the inclusive playbook



People & Society

**Inclusive and equitable workplace  
with diverse workforce**

Head of DEI to increase representation  
and employee sentiment



Climate &  
Environment

**Minimal negative impact and  
maximal positive impact on the planet**

Commitment to Science Based Targets

# Strategic focus in 2023 to deliver long-term growth.

## Growth drivers

**Double down on top live games**

- Scale learnings and duplicate the success of AB Dream Blast with our other top live games
- Club Red release



**Invest in new game development**

- 9 new games in development
- Progress towards new successful launches in the near future



**M&A**

- Continue exploring M&A opportunities, with a focus on promising games and IPs



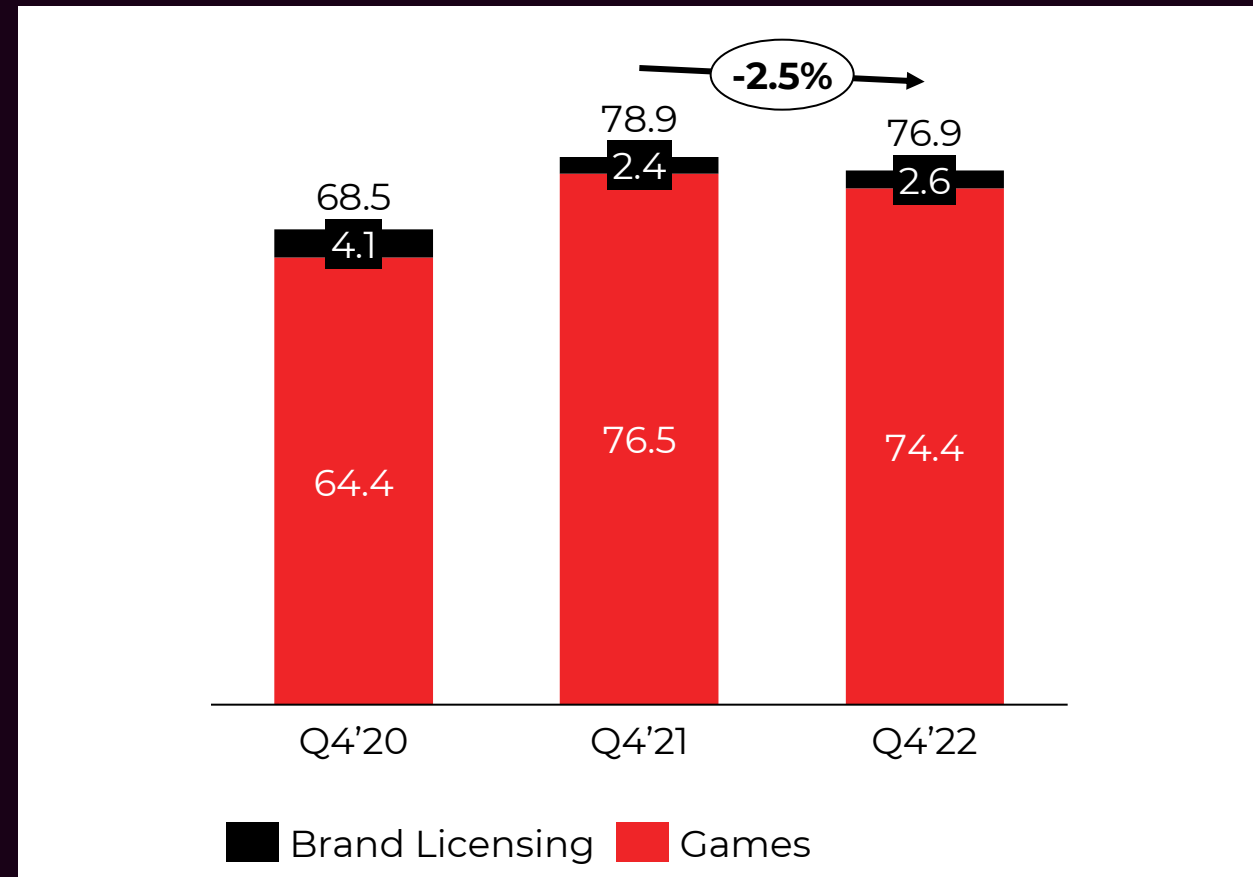


# Q4 and Full Year 2022 Financials

# Q4'22: Group revenue declined due to a softer end of year

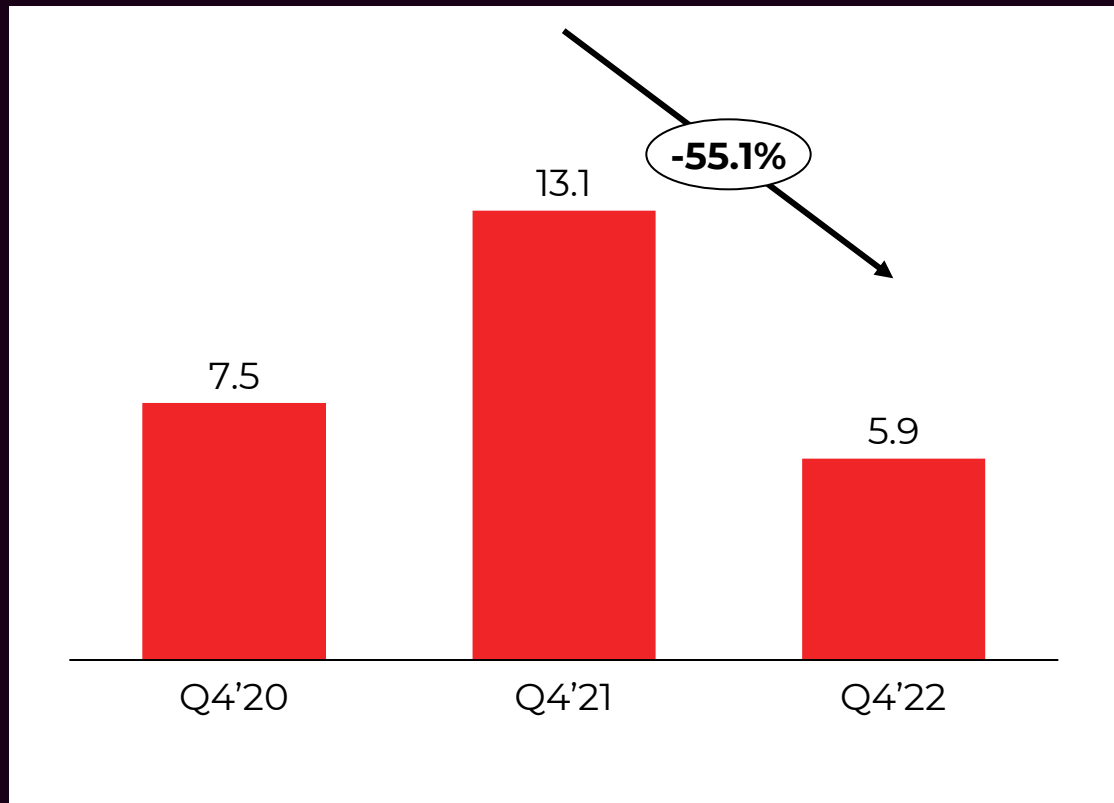
Favorable FX rates supported reported revenue; comparable revenue declined by 10.0%

REVENUE (EUR MILLION)

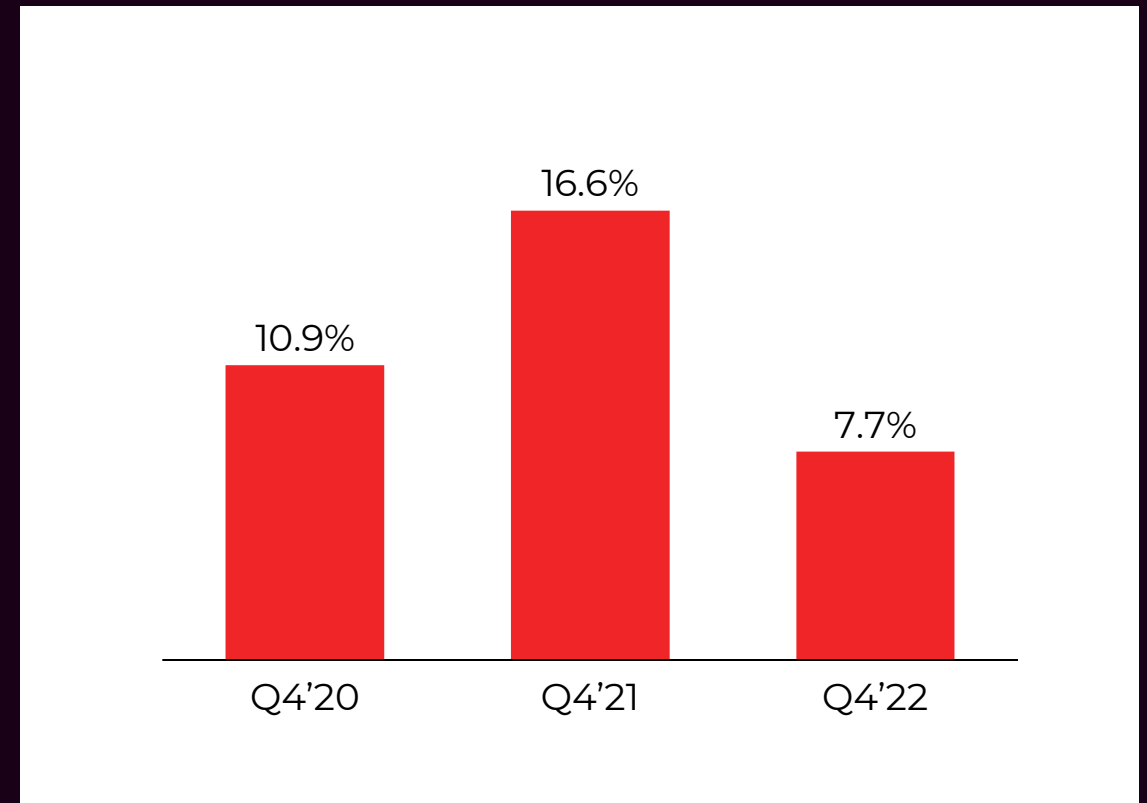


# Q4'22: Profit declined due to lower ad revenue and gross margin as well as higher spend on user acquisition

ADJUSTED OPERATING PROFIT (EUR MILLION) (\*)



ADJUSTED OPERATING PROFIT MARGIN (%)

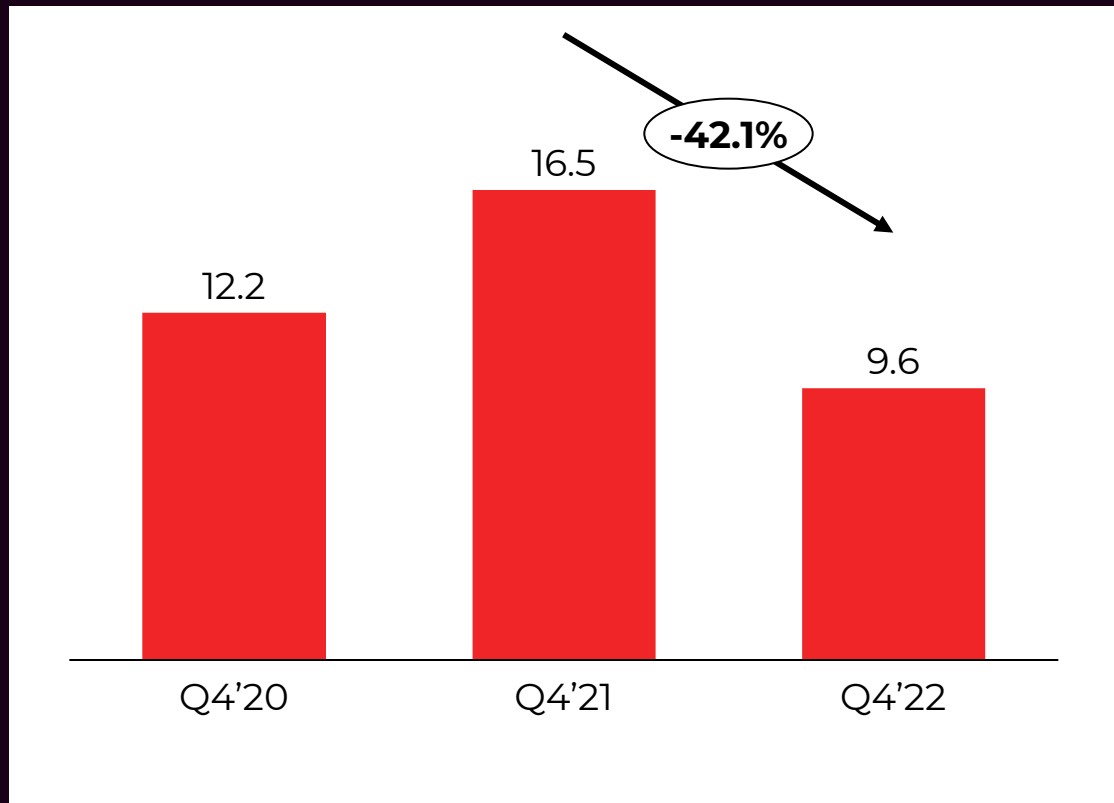


(\*) Adjustments in Q4'20 were EUR 4.6m, in Q4'21 EUR 5.1m and in Q4'22 EUR 3.9m.

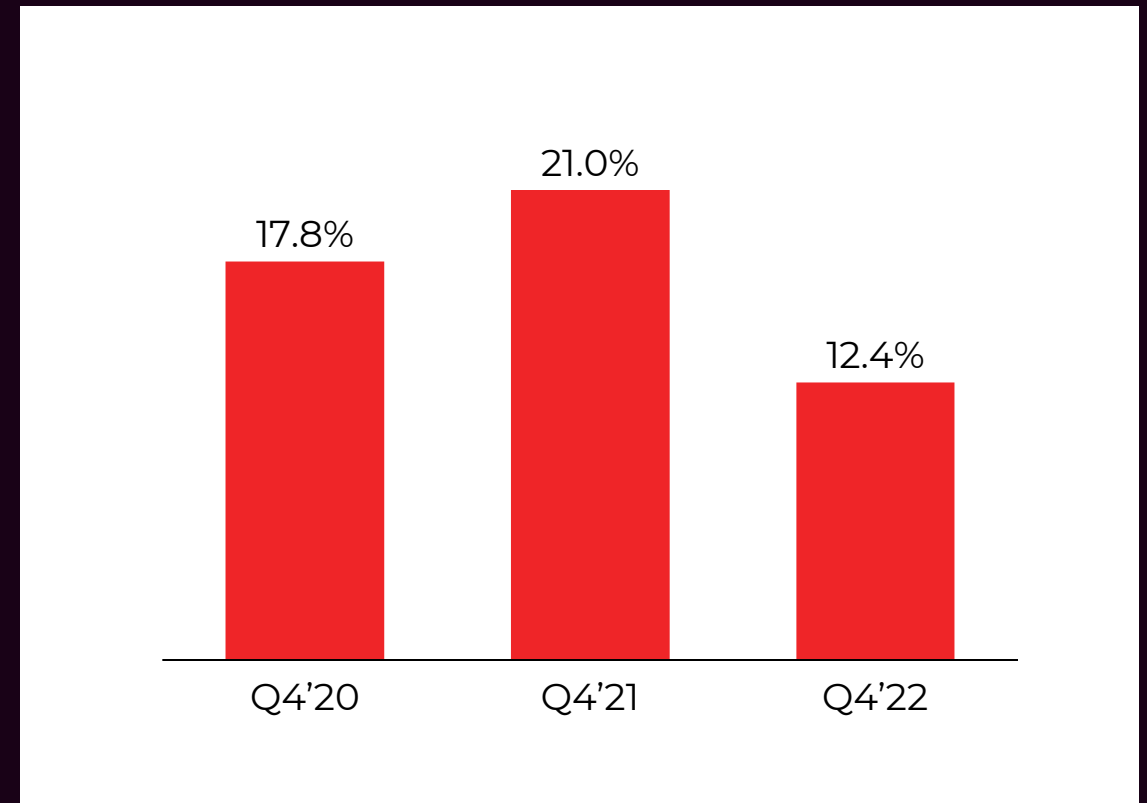


# Q4'22: Adjusted EBITDA declined due to similar reasons as adjusted EBIT

ADJUSTED EBITDA (EUR MILLION) (\*)



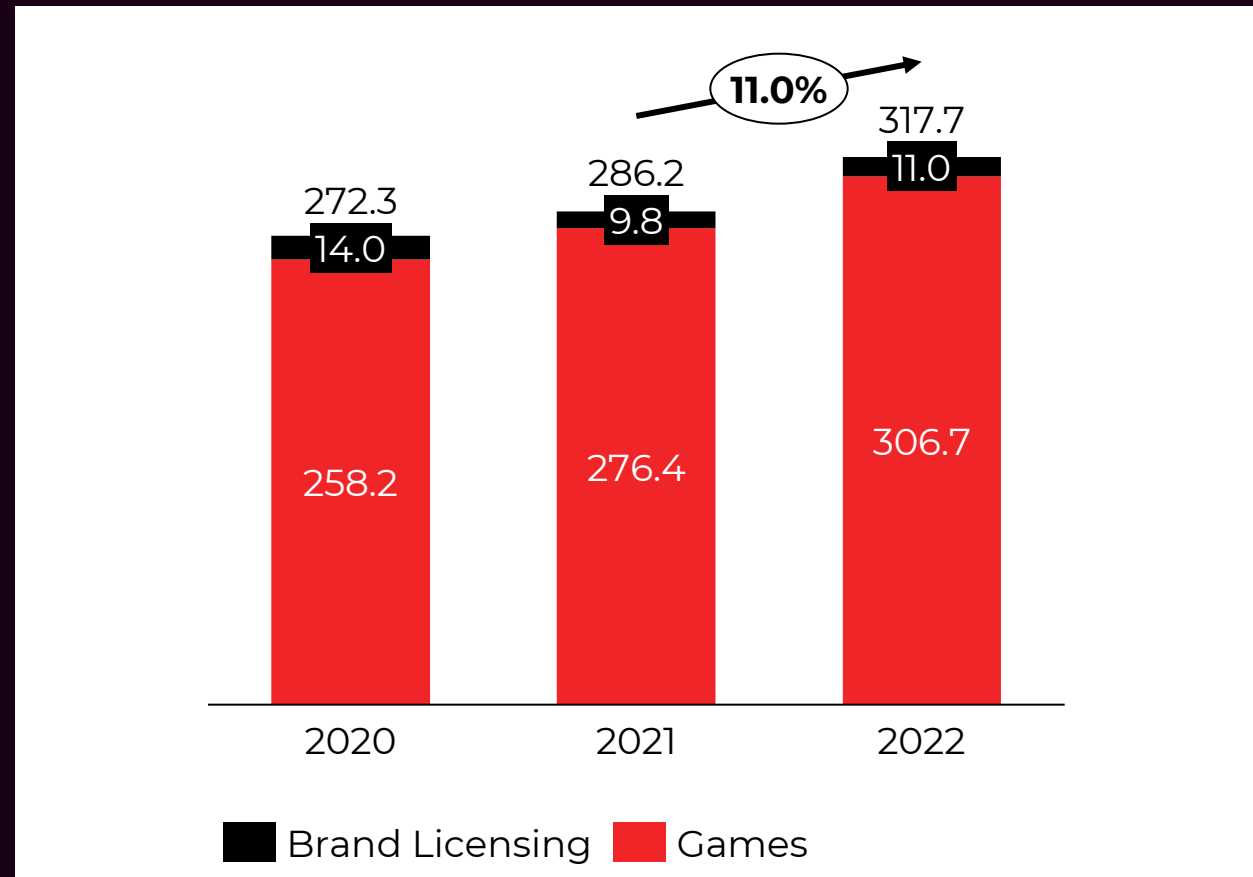
ADJUSTED EBITDA MARGIN (%)



(\*) Adjustments in Q4'20 were EUR 0.0m, in Q4'21 EUR 3.1m and in Q4'22 EUR 3.9m.

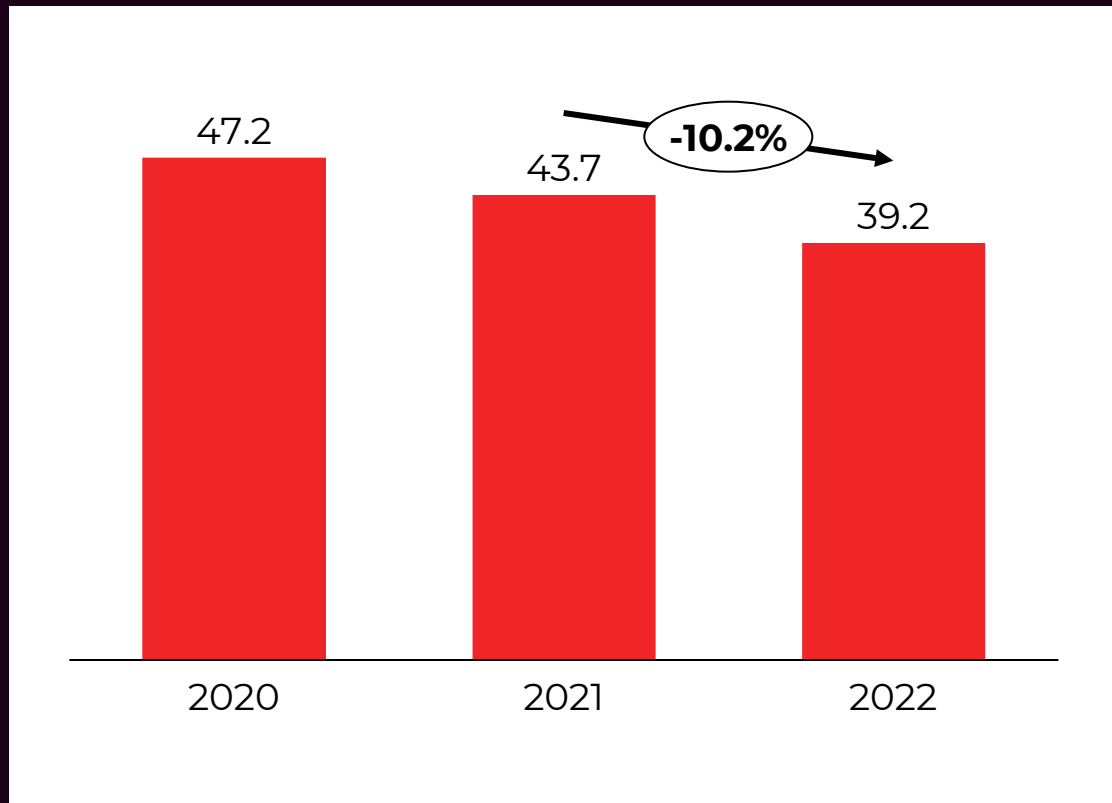
2022: Full year revenue growth driven by inorganic growth (Ruby Games), the launch of Angry Birds Journey and favorable FX rates  
Comparable revenue declined by 12%

REVENUE (EUR MILLION)

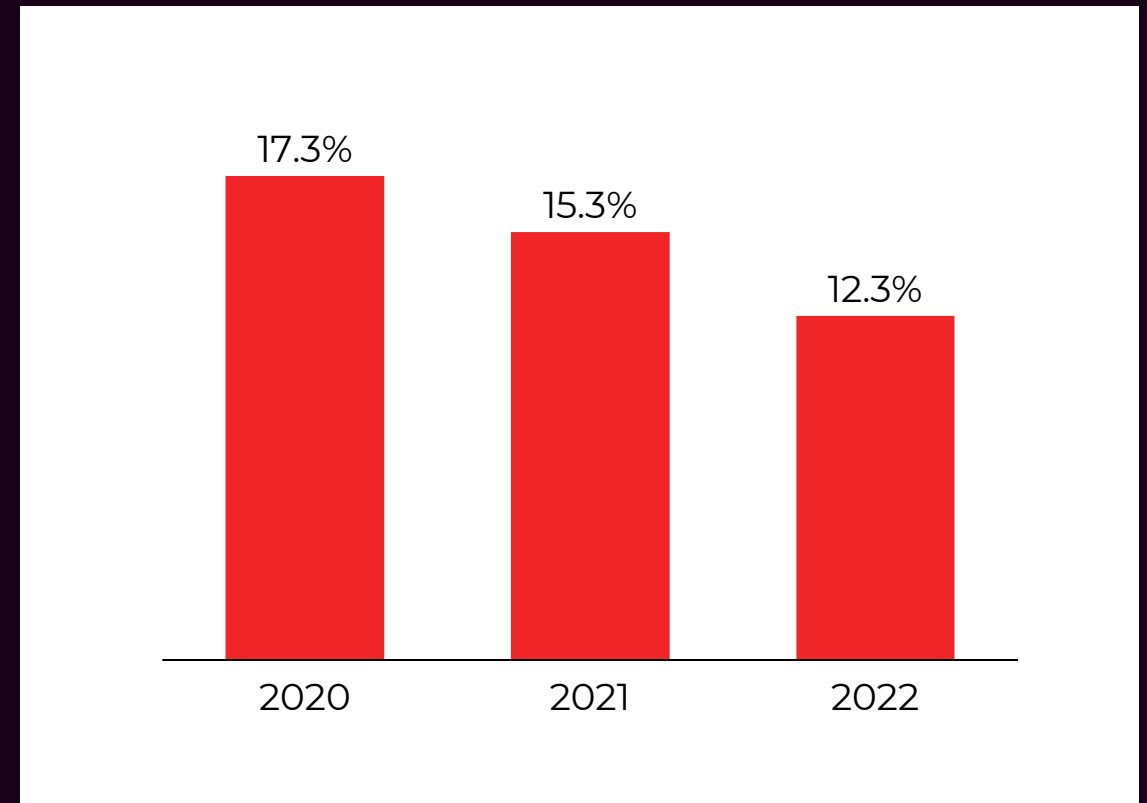


# 2022: Full year profit lower due to higher investments in user acquisition for the launch of Angry Birds Journey

ADJUSTED OPERATING PROFIT (EUR MILLION) (\*)



ADJUSTED OPERATING PROFIT MARGIN (%)



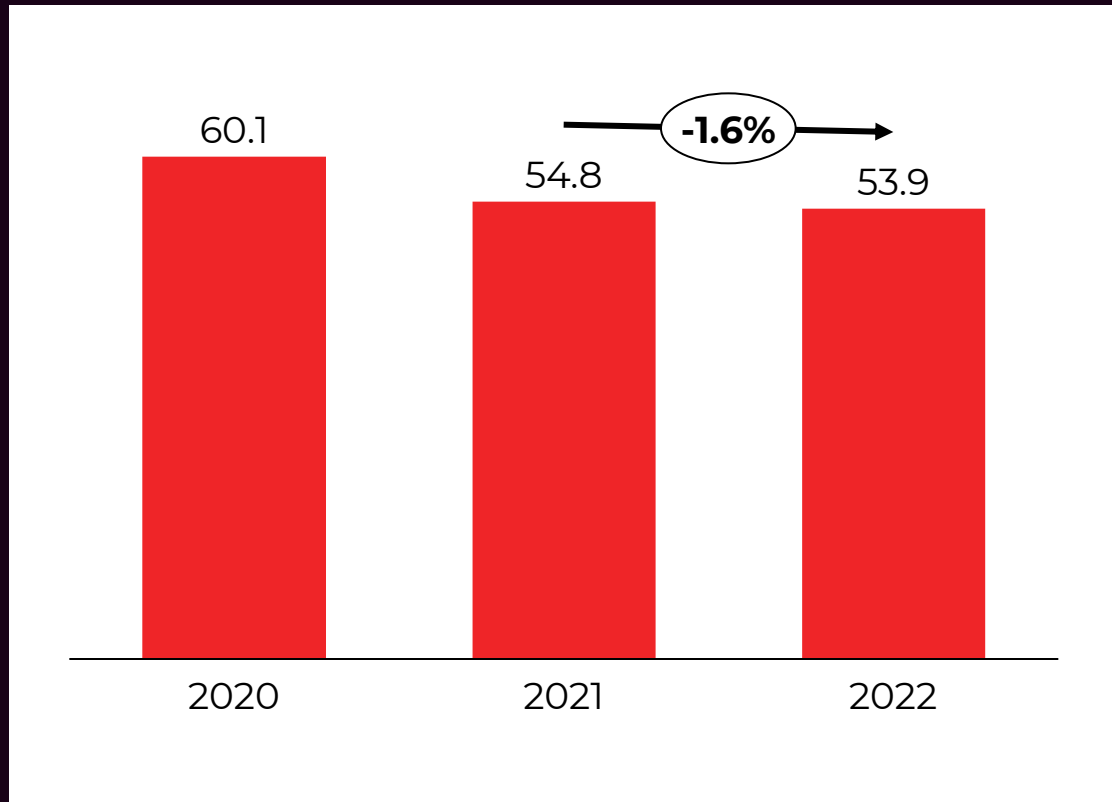
(\*) Adjustments in 2020 were EUR 4.7m, in 2021 EUR 5.9m and in 2022 EUR 10.6m.



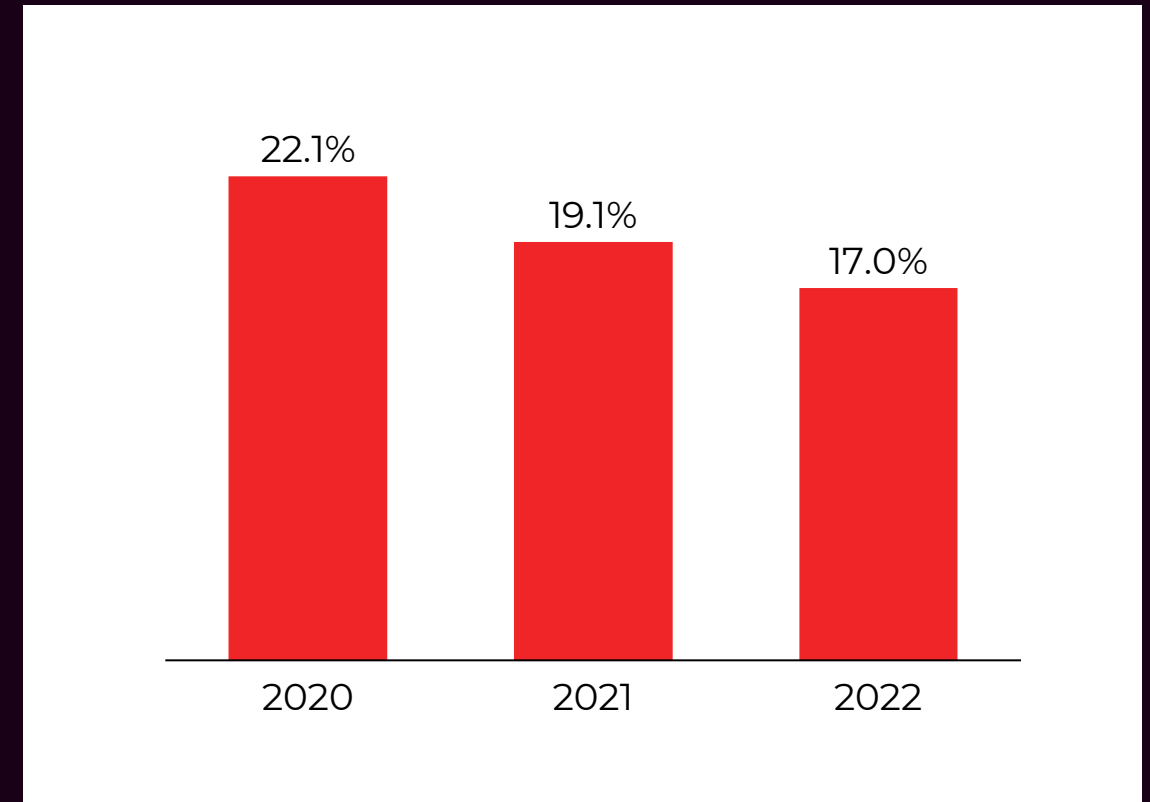
# 2022: Adjusted EBITDA declined but at a lower rate than EBIT due to a difference in adjustments

Hatch asset write-offs in Q4'21 impacted adjusted EBIT but not adjusted EBITDA

ADJUSTED EBITDA (EUR MILLION) (\*)



ADJUSTED EBITDA MARGIN (%)



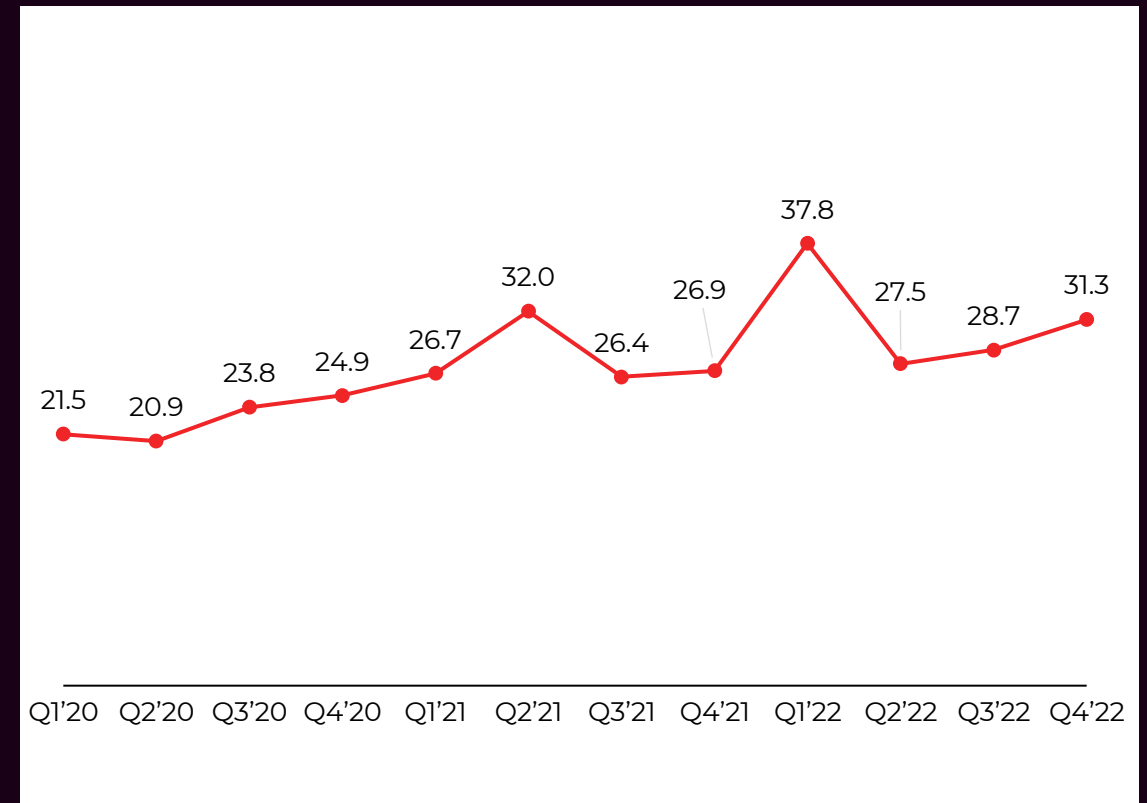
(\*) Adjustments in 2020 were EUR 0.1m, in 2021 EUR 4.0m and in 2022 EUR 10.6m.

# Q4'22: UA investments increased, driven by AB Dream Blast.

## USER ACQUISITION INVESTMENTS (EUR MILLION)



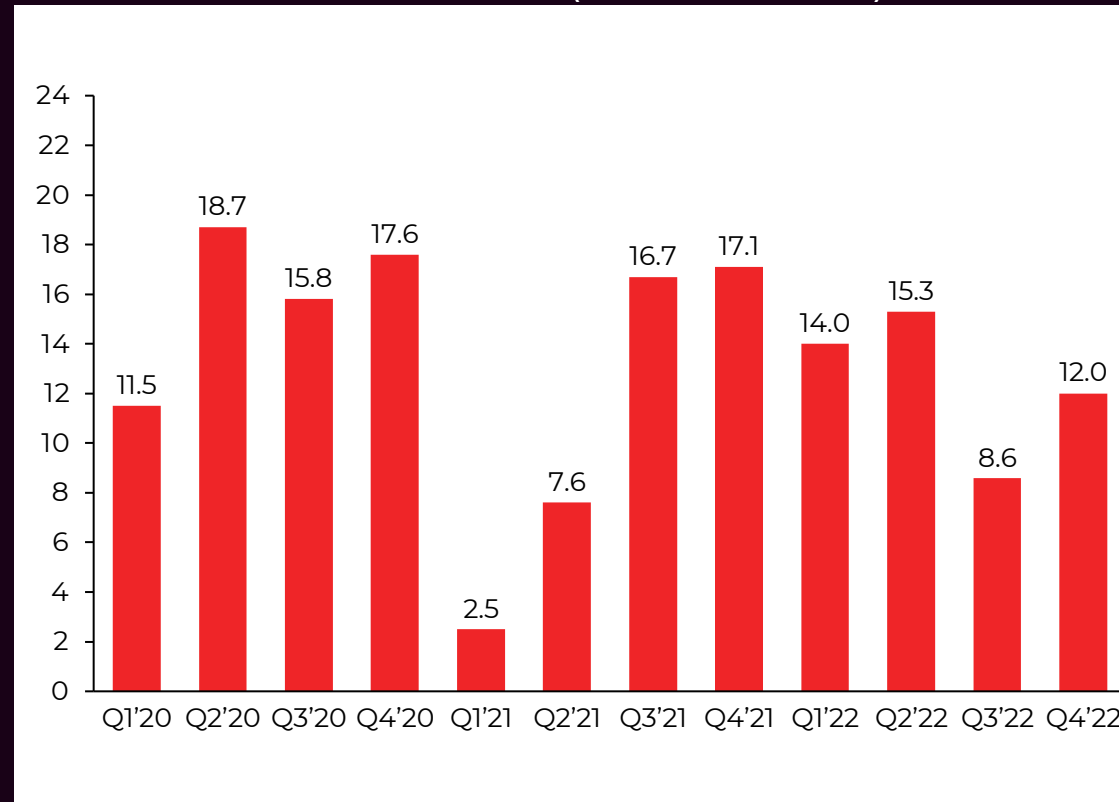
## USER ACQUISITION AS % OF GAMES REVENUE



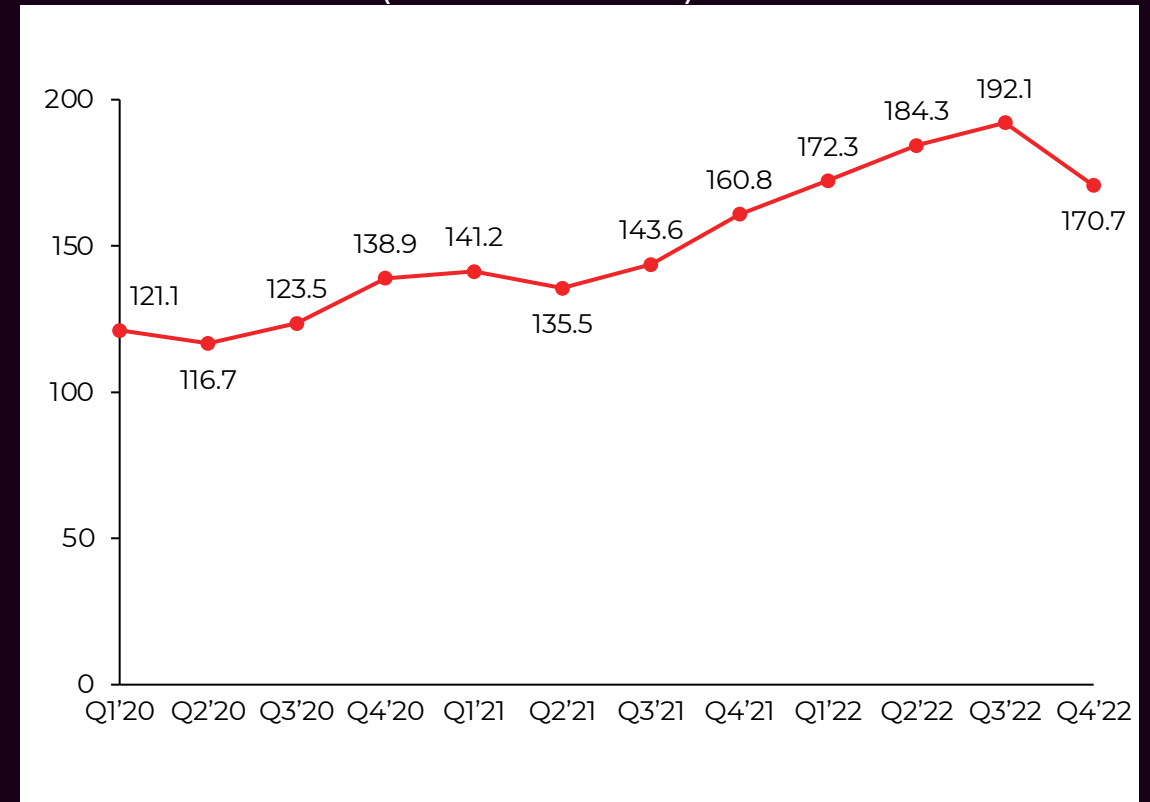
# Q4'22: Operating cash flow declined due to lower profit, which was partially offset by a decrease in working capital.

2<sup>nd</sup> tranche of Ruby acquisition of 19.7 MUSD paid November resulted in a decline in cash balance

OPERATING CASH FLOW (EUR MILLION)



CASH BALANCE (EUR MILLION)



# Dividend proposal for 2022: EUR 0.13 per share.

- The Board of Directors is proposing to the Annual General Meeting a dividend of EUR 0.13 (2021: EUR 0.12) per share for 2022.
- Based on the number of shares outstanding on December 31, 2022, the dividends would amount to EUR 9.9 million, which represents 31.5% of the adjusted net profit

# Outlook for 2023.

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

## **Additional information on user acquisition investments in Q1-2023:**

User acquisition investments in Q1 2023 are expected to be 29–34% of games' revenues.



# Q&A.



## Dial-in information

PIN: 10010644#

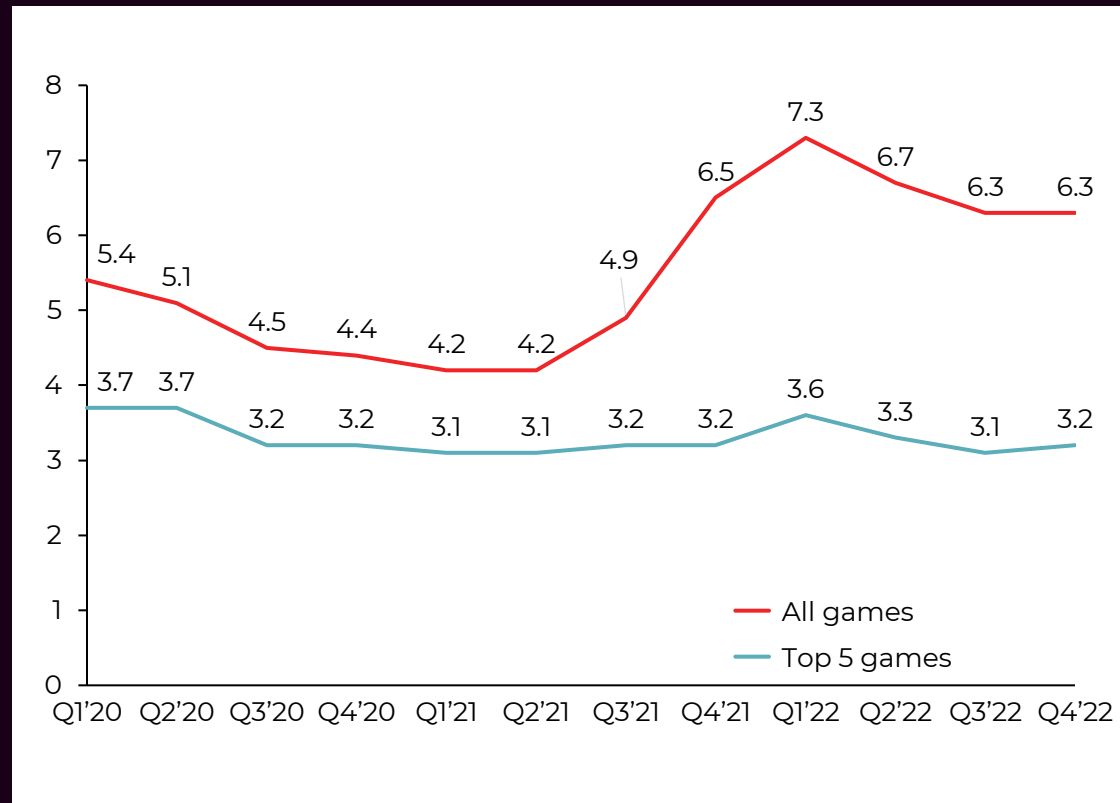
- Finland: +358 942 450 972
- Sweden: +46 852 507 003
- United Kingdom: +44 2070 435 048
- United States: +1 7744 509 900

# Appendix.

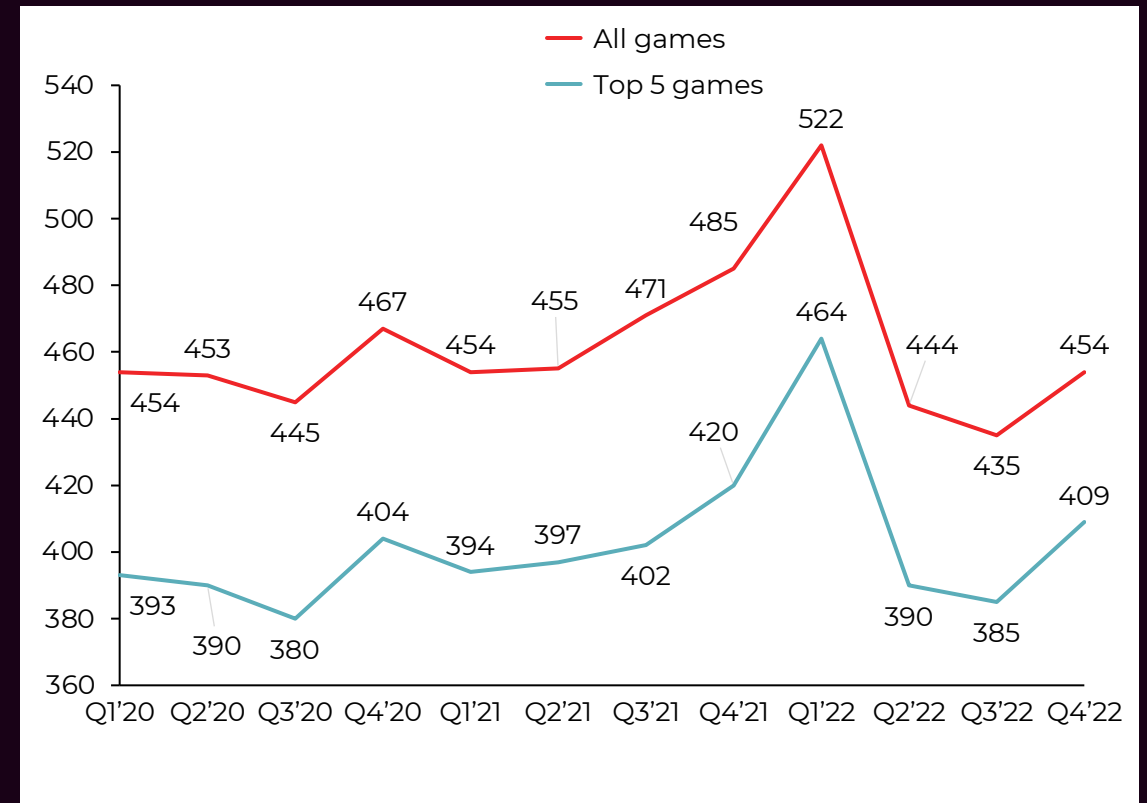


# Q4'22: Number of monthly unique payers increased.

## DAILY ACTIVE USERS (MILLION) (\*)



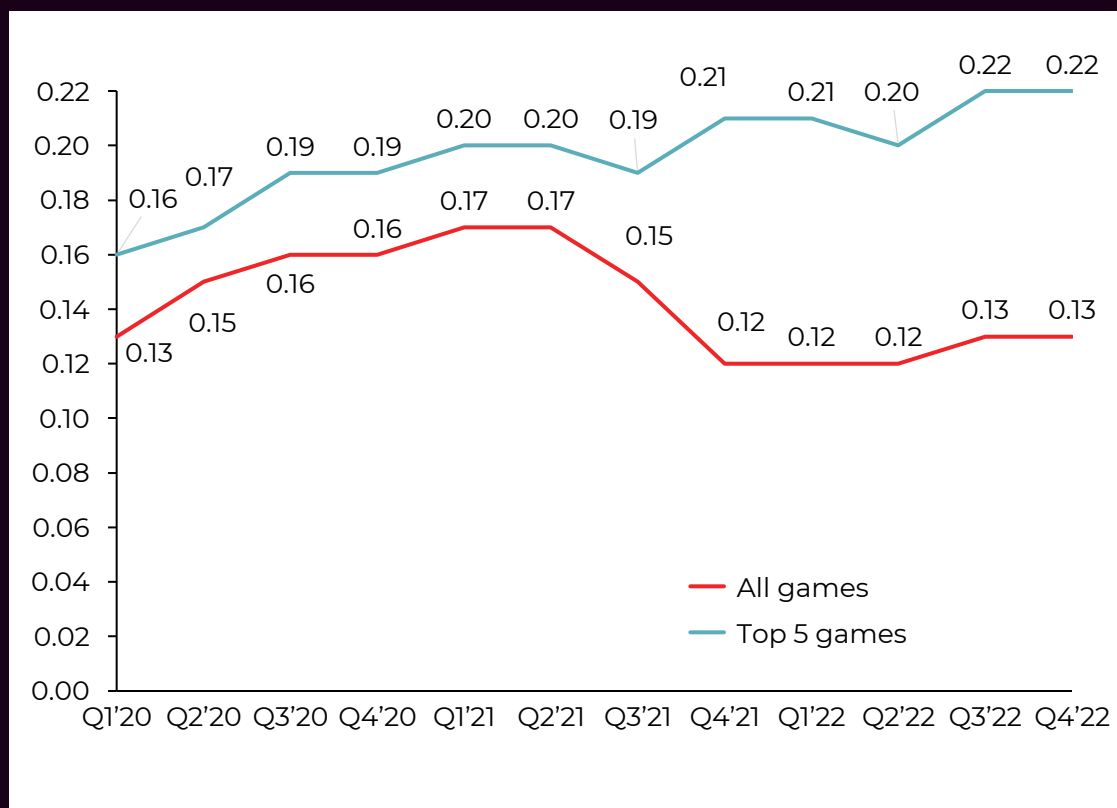
## MONTHLY UNIQUE PAYERS (THOUSAND) (\*)



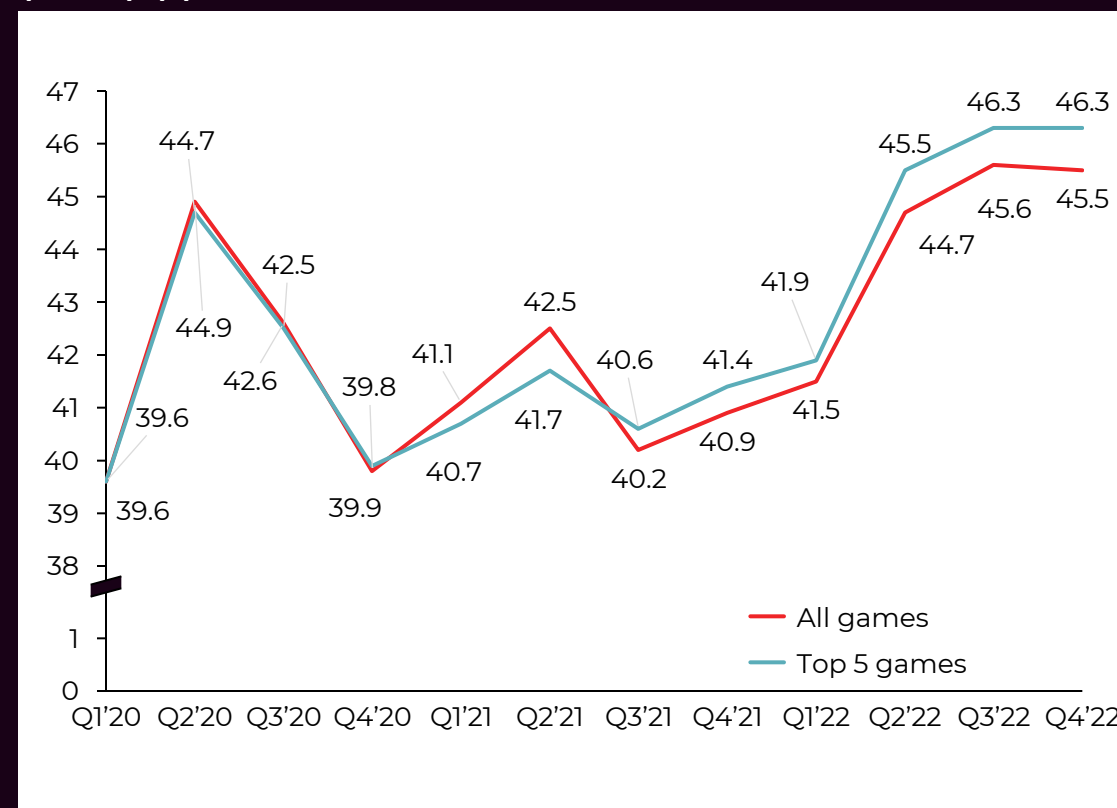
(\*) Ruby Games' DAU included starting in September 2021. Ruby Games excluded from MUP.

# Q4'22: ARPPDAU and MARPPU remained stable.

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



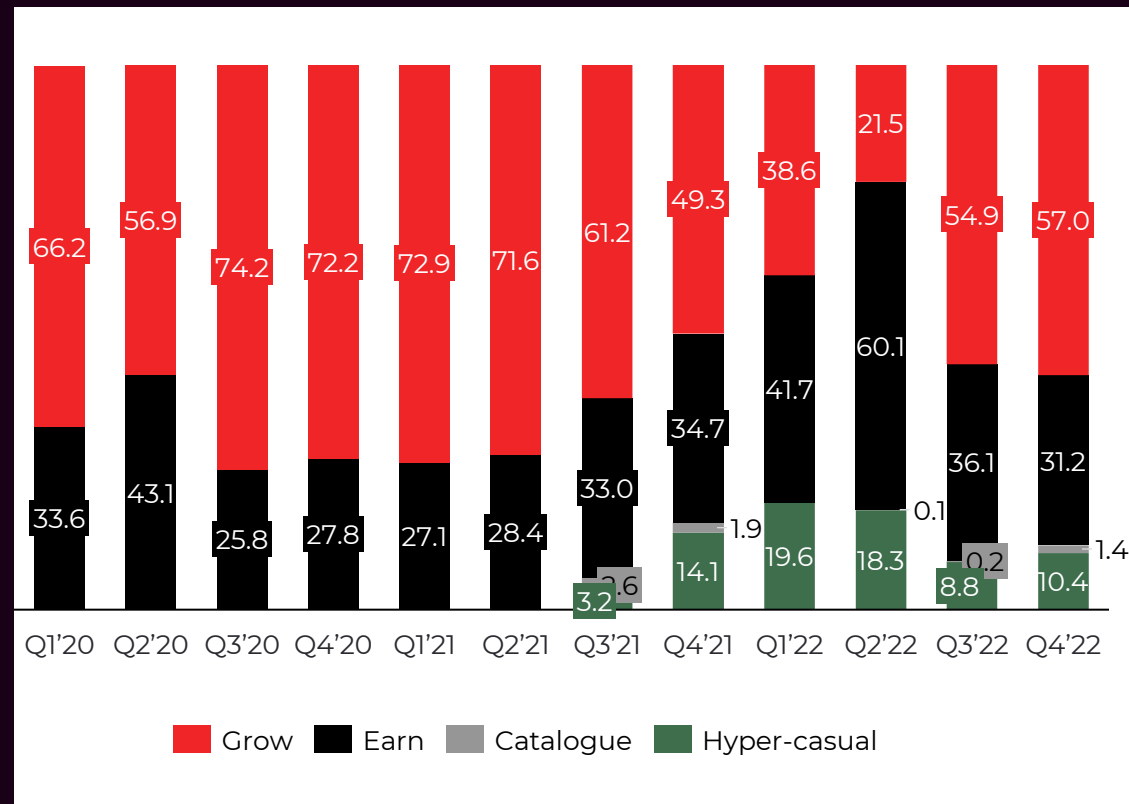
## MONTHLY AVERAGE REVENUE PER PAYING USER (EUR) (\*)



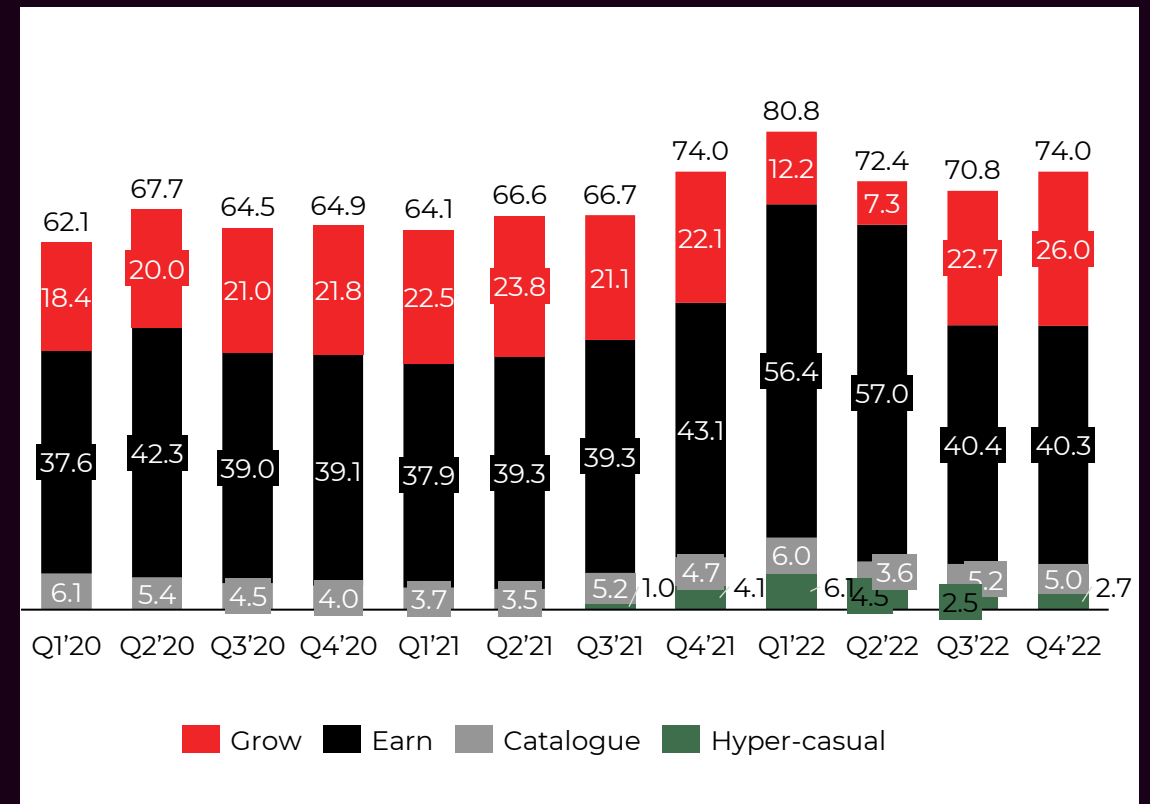
(\*) Ruby Games' ARPPDAU included starting in September 2021. Ruby Games excluded from MARPPU.

# Q4'22: User acquisition focused on the Grow category.

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



GAMES GROSS BOOKINGS (EUR MILLION)



(\*) Games categories per life-cycle. Each quarter presents the categorization during that specific period. Categories in Q4'22:

**Grow:** Angry Birds Journey, Angry Birds Dream Blast + games in soft launch

**Earn:** Angry Birds 2, Angry Birds Friends, Small Town Murders, Angry Birds Match

**Catalogue:** Other games

**Hyper-casual:** Ruby Games



# IR contacts & financial reporting in 2023

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## Financial reporting in 2023:

Interim report January–March 2023 on April 28  
Half-year report January–June 2023 on August 11  
Interim report January–September 2023 on October 27

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Annual Report 2022 on March 13 at the latest

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Annual General Meeting 2023 on April 3

A dark, top-down view of a meeting table. Two laptops are open, one on the left and one on the right. A red coffee cup is in the center. Hands of people are visible around the table, some resting on the laptops. The overall scene is dimly lit, with the white text and logo standing out prominently.

 ROVIO