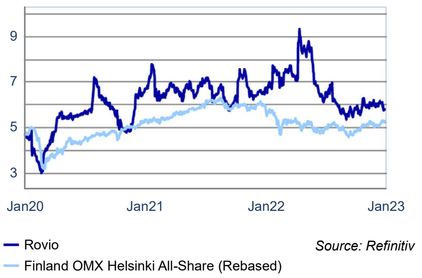
Rovio

Media
Finland

KEY DATA

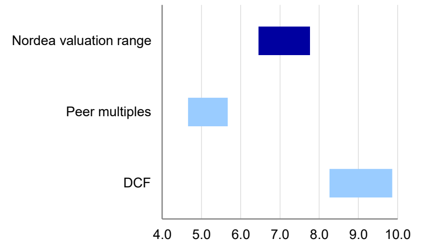
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 5.82
Free Float	50%
Market cap. (bn)	EUR 0.43/EUR 0.43
Website	http://www.rovio.com/
Next report date	09 Feb 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	0%	-3%	-2%
EBIT (adj)	1%	-7%	-7%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Felix Henriksson
Analyst

Marlon Värnik
Analyst

Outlook includes opportunities and threats

We expect Rovio's Games gross bookings to decline by 9% y/y organically in Q4, broadly in line with the mobile gaming market's growth. The softening macroeconomic backdrop and continued headwinds from Apple's app tracking transparency changes create uncertainty for the mobile gaming market for 2023, but we consider Rovio to be relatively well positioned thanks to its strong IP, wide-appeal casual game portfolio, compelling launch pipeline and robust cash generation. Moreover, the high cash pile (year-end 2022E: EUR 126m) allows shareholder remuneration and it could be used to capture distressed M&A opportunities in combination with treasury shares. Our fair value range for Rovio stands at EUR 6.5-7.8 per share, corresponding to 6.5x-8.3x 2023E EV/EBITDA.

Organic decline to continue in Q4; UA spend seasonally high

For Q4, we forecast -9% y/y organic growth in Games gross bookings (Q3: -7%). To offset the organic decline, we look for FX (USD) to provide an 8% tailwind for the top line in Q4. We forecast UA spend to amount to 30.4% of Games revenue (guidance: 28-33%), marking an uptick to the Q3 level of 28.7%, mainly owing to seasonality, but also due to the strong momentum for ABDB. Our Q4 adjusted EBIT forecast of EUR 5.3m is below post-Q3 Infront consensus of EUR 7.1m. We believe the deviation could be a result of higher assumptions for Q4 UA and opex from new studio openings. While these two factors present near-term margin pressure, we view them as important for building greater scale for the future.

New game launches and ABDB to support top line in 2023

We cut 2023E-24E EBIT by 7% due to the weakened USD and our higher assumptions on opex. For 2023E, we model 0.5% organic revenue growth (2022E: -2%) and 5% adjusted EBIT growth (2022E: -12%). We expect the good performance of ABDB as well as the global launches of Moomin: Puzzle and Design (Q3 2023E) and the upcoming Hunter Assassin games (Q2-Q3 2023E: Hunter Assassin 2, Hunter Heroes) to offset the decline in other live games in 2023.

Fair value range of EUR 6.5-7.8

In setting our valuation range for Rovio, we apply 50/50 weights on a DCF valuation and peer multiples-based valuation. Our updated fair value range stands at EUR 6.5-7.8 (6.0-7.2). Compared to our previous valuation approach, we put less emphasis on peer multiples, and more on DCF.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	281	289	272	286	318	313	332
EBITDA (adj)	48	33	65	57	53	53	57
EBIT (adj)	31	18	47	44	39	40	46
EBIT (adj) margin	11.1%	6.4%	17.3%	15.3%	12.2%	12.9%	13.9%
EPS (adj, EUR)	0.31	0.17	0.48	0.49	0.46	0.43	0.49
EPS (adj) growth	-7.1%	-44.5%	180.7%	4.0%	-7.4%	-6.1%	13.7%
DPS (ord, EUR)	0.09	0.09	0.12	0.12	0.13	0.14	0.15
EV/Sales	0.7	0.9	1.2	1.2	1.0	0.9	0.8
EV/EBIT (adj)	5.9	13.5	7.1	8.2	8.0	7.0	5.6
P/E (adj)	12.5	26.1	13.3	13.3	12.7	13.5	11.9
P/BV	1.9	2.1	2.8	2.4	2.0	1.8	1.6
Dividend yield (ord)	2.4%	2.0%	1.9%	1.8%	2.2%	2.4%	2.6%
FCF Yield bef A&D, lease	13.6%	1.8%	12.6%	7.7%	8.6%	9.0%	9.5%
Net debt	-120	-110	-129	-126	-119	-144	-171
Net debt/EBITDA	-2.5	-3.4	-2.2	-2.5	-2.6	-2.7	-3.0
ROIC after tax	53.6%	30.0%	79.7%	55.9%	30.5%	28.9%	33.5%

Source: Company data and Nordea estimates

Game portfolio update

Q4 2022 expectations

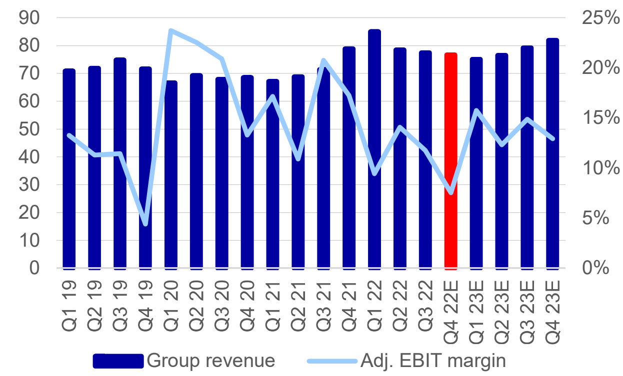
Organic growth under pressure due to market headwinds

We expect decent performance in a tough market

Based on data.ai top grossing rankings data and Rovio's mid-quarter analyst meeting on 2 December 2022, the company's key live games seem to be seeing continued solid performance in a tough market environment characterised by Apple's ATT policy changes, high inflation and slowing economic growth. Data.ai, Newzoo and Sensor Tower point towards -6 to -9% y/y growth for the mobile gaming market in Q4 (Q3: -9%, according to Sensor Tower). This implies a 5-6% decline for 2022, according to Newzoo and data.ai. For 2023, data.ai expects a 3% market decline.

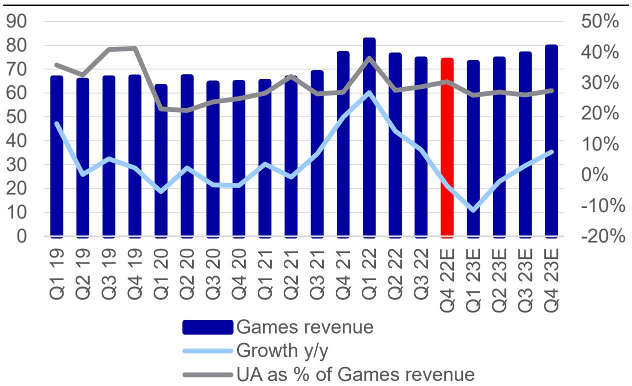
For Q4, we forecast -9% y/y organic growth in Games gross bookings (Q3: -7%) for Rovio. We look for the US dollar to provide an 8% tailwind for Rovio's top line in Q4. According to Rovio's mid-quarter meeting, user acquisition (UA) spend for Q4 is tracking towards the mid-point of the guidance for 28-33% of Games revenue (Nordea: 30.4%), marking an uptick to the Q3 level of 28.7%, mainly due to seasonality.

GROUP REVENUE (EURm) AND ADJUSTED EBIT MARGIN (%)



Source: Company data and Nordea estimates

GAMES REVENUE (EURm), GROWTH Y/Y (%) AND UA AS A PERCENTAGE OF GAMES REVENUE (%)



Source: Company data and Nordea estimates

Our Q4 revenue estimate is 2% below post-Q3 Infront consensus, and our adjusted EBIT forecast of EUR 5.3m is below consensus of EUR 7.1m. We believe the deviation could be a result of our higher assumptions for Q4 UA and opex from new studio openings. While these two factors present near-term margin pressure, we view them as important for building greater scale for the future.

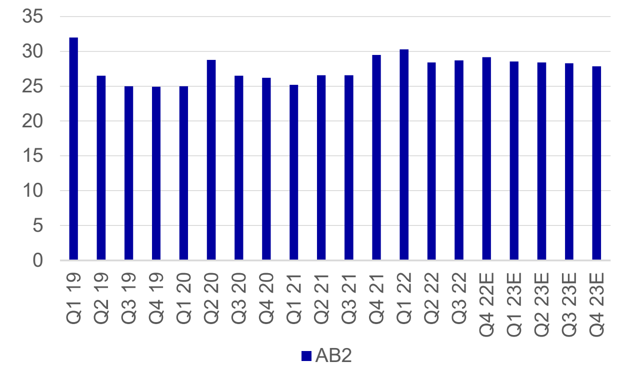
Below, we walk through our Q4 expectations for Rovio's most important games.

Angry Birds 2 (AB2)

We expect q/q growth from AB2

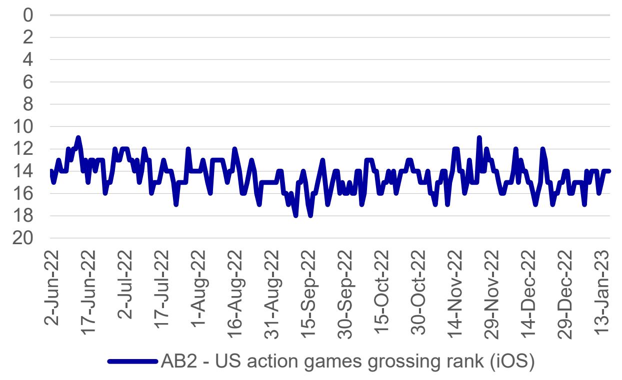
For Rovio's largest game, AB2, we model gross bookings of EUR 29.2m, corresponding to -1% y/y and 2% q/q growth. We expect seasonal events (Halloween, Christmas) to have supported sequential growth for the game. In addition, Rovio has introduced the game's first new character in three years, which we understand has been well received by fans, thereby providing monetisation potential.

AB2: GROSS BOOKINGS (EURm)



Source: Company data and Nordea estimates

AB2: US ACTION GAMES GROSSING RANK ON iOS



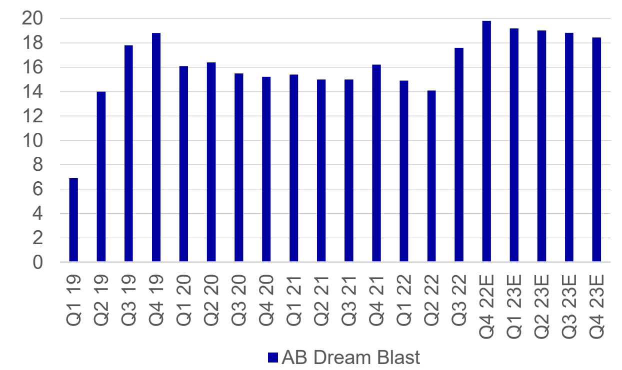
Source: data.ai

Angry Birds Dream Blast (ABDB)

Upbeat performance by ABDB

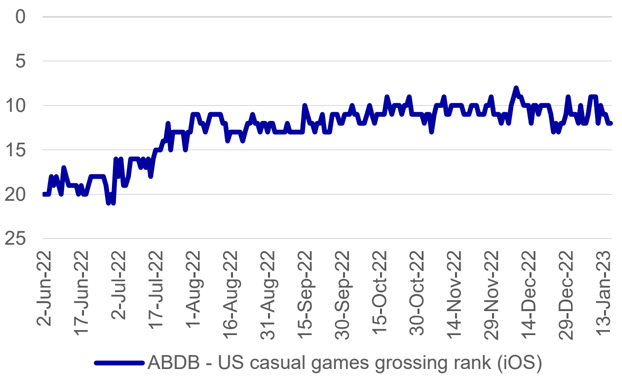
Based on Rovio's mid-quarter call, the quarterly run rate for its second-largest game, ABDB, continues to be around EUR 20m, as noted in the Q3 report. We model bookings of EUR 19.8m for Q4, up 22% y/y and 13% q/q. Rovio has been investing in ABDB given its good KPIs, ramping up UA spend and growing the game team.

ABDB: GROSS BOOKINGS (EURm)



Source: Company data and Nordea estimates

ABDB: US CASUAL GAMES GROSSING RANK ON iOS



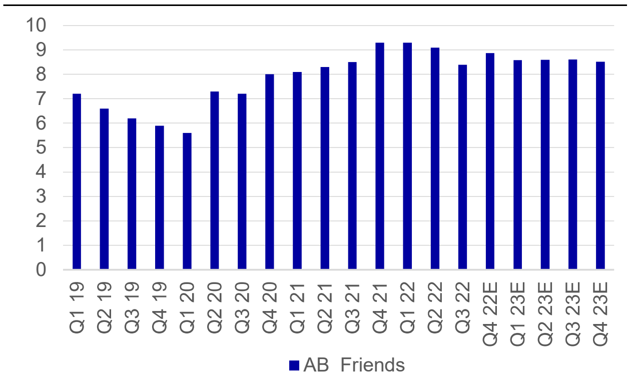
Source: data.ai

Angry Birds Friends (AB Friends)

AB Friends recovering from Q3 glitch with Facebook

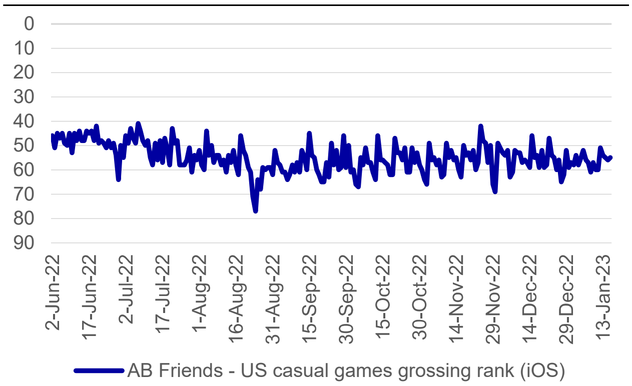
AB Friends' performance has normalized following a weak Q3 impacted by issues on the Facebook platform, which lead to some players churning. We forecast EUR 8.9m of gross bookings for Q4 for the game, which implies -5% y/y and 6% q/q growth. No UA spend is directed to AB Friends, making the game highly profitable for Rovio.

AB FRIENDS: GROSS BOOKINGS (EURm)



Source: Company data and Nordea estimates

AB FRIENDS: US CASUAL GAMES GROSSING RANK ON iOS



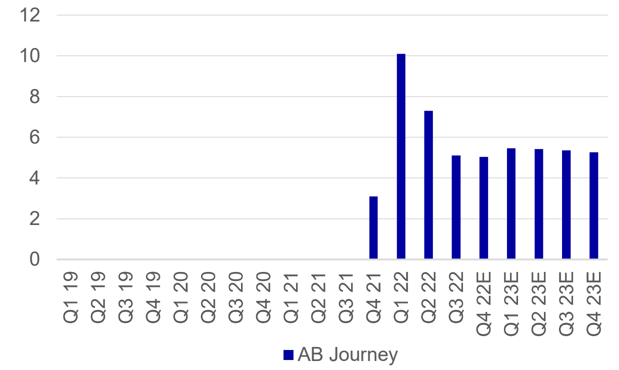
Source: data.ai

AB Journey still struggling to gain momentum

Angry Birds Journey (AB Journey)

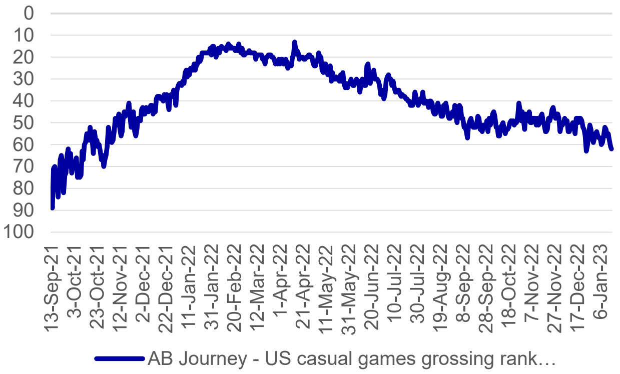
The decline in AB Journey's performance seems to have somewhat stabilised in Q4, but UA for the game remains low. We model gross bookings of EUR 5.1m for the game in Q4, which compares to EUR 5.0m in Q3. Rovio continues to work on getting the game back on a growth trajectory, with performance having deteriorated following a good launch in January 2022.

AB JOURNEY: GROSS BOOKINGS (EURm)



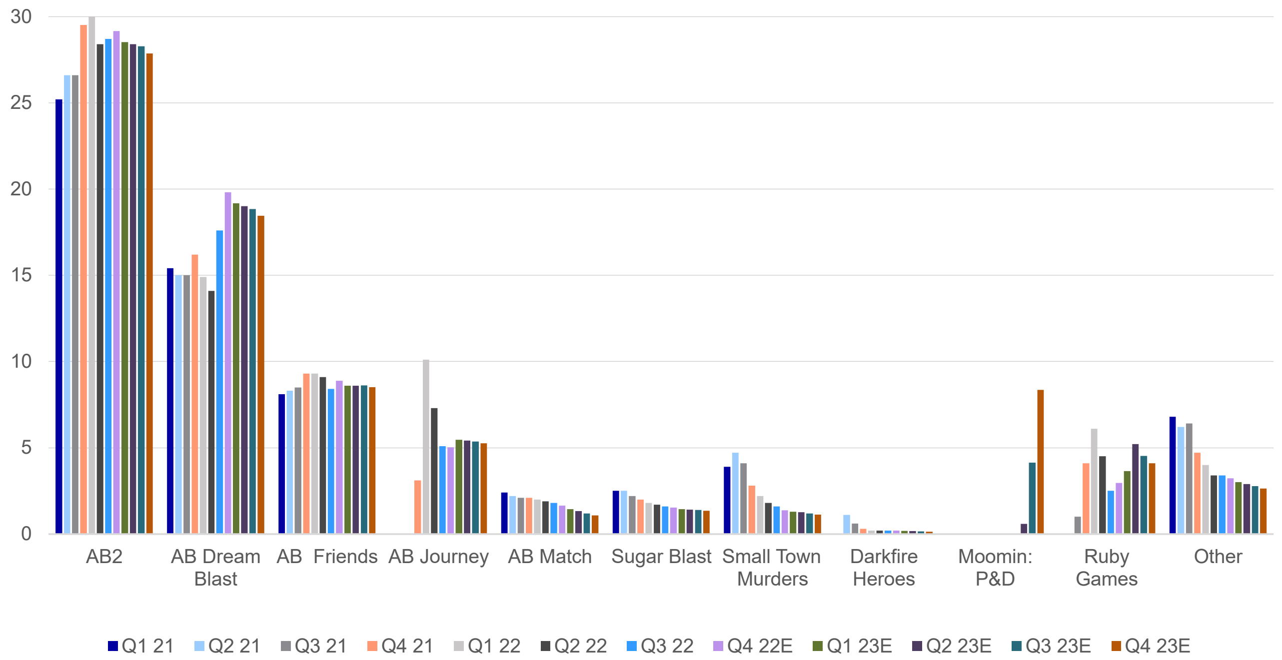
Source: Company data and Nordea estimates

AB JOURNEY US CASUAL GAMES GROSSING RANK ON iOS



Source: data.ai

QUARTERLY GROSS BOOKINGS CONTRIBUTION: ACTUALS AND ESTIMATES PER GAME (EURm)



Source: Company data and Nordea estimates

GAME PORTFOLIO OVERVIEW

Title	Angry Birds Friends	Angry Birds 2	Angry Birds Match	Angry Birds Dream Blast
Genre	Slingshot	Slingshot	Puzzle	Puzzle
Launch	Q1 2012	Q3 2015	Q3 2017	Q1 2019
Category	Earn	Earn	Earn	Grow
Cumulative sales (EURm)	213	672	90	249
Q4 2022E sales (EURm)	9	29	2	20
- % of Games	12%	40%	2%	27%
2022E sales (EURm)	36	117	7	66
- % of Games	12%	39%	2%	22%

Title	Sugar Blast	Small Town Murders	Darkfire Heroes	Angry Birds Journey
Genre	Puzzle	Puzzle	RPG	Slighshot
Launch	Q3 2019	Q2 2020	Q2 2021	Q1 2022E
Category	Catalogue	Earn	Catalogue	Grow
Cumulative sales (EURm)	28	30	3	31
Q4 2022E sales (EURm)	2	1	0	5
- % of Games	2%	2%	0%	7%
2022E sales (EURm)	7	7	1	28
- % of Games	2%	2%	0%	9%

Title	Moomin: Puzzle and Design	Ruby Games
Genre	Puzzle	Hypercasual
Launch	n.a.	n.a.
Category	Soft launch	n.a.
Cumulative sales (EURm)	0	n.a.
Q4 2022E sales (EURm)	0	3
- % of Games	0%	4%
2022E sales (EURm)	0	16
- % of Games	0%	5%

Source: Company data and Nordea estimates

Pipeline of ten games with solid IP

Development pipeline consisting of ten games

In conjunction with the Q3 results, Rovio provided more visibility into its development pipeline of ten games, which includes titles based on the strong Angry Birds, Moomin and Hunter Assassin IP games. We expect the two Hunter Assassin games (Hunter Assassin 2, Hunter Heroes) and Moomin: Puzzle and Design to be next up for a global launch in 2023.

GAME DEVELOPMENT PIPELINE OVERVIEW

Source: Company data

Expanding the studio network to Barcelona and Montreal

New studio openings in Barcelona and Montreal

In conjunction with the Q3 results, Rovio announced a new studio in Barcelona that will focus on supporting the Espoo puzzle studio with previously outsourced level design and live ops. Rovio plans to grow the studio to 15 developers in the next 12 months. The company also opened a second studio in Montreal with a small team of six industry veterans who decided to jointly leave their former employer Voodoo. They specialise in very fast prototyping and market testing for the production of hybrid casual games.

The original Montreal studio focuses on cross-platform games

The original Montreal studio is now tasked with expanding Angry Birds beyond mobile. They have one game in development, which is a multiplayer cross-platform title targeted at the Gen Z audience. The new head of the studio is Andréane Meunier, who has more than a decade's worth of experience from leadership roles at Ubisoft, including working on the popular Assassin's Creed franchise.

Espoo battle studio being reorganised

Rovio has also started negotiations for its plans to reorganise the battle studio in Espoo, which focuses on strategy games. The current plan is to move most positions within that studio to other areas with a better market fit and growth opportunities.

Relevant industry trends to follow in 2023

Below, we have listed six relevant mobile gaming industry trends to follow in 2023 for Rovio shareholders:

Resiliency of mobile gaming will be put to test in 2023

- **Resiliency of mobile gaming in a recession:** The biggest uncertainty in 2023, in our view, relates to the resiliency of mobile gaming spend in a recession. The outlook is less predictable than usual, given the deteriorating macroeconomic backdrop, the post-pandemic consumer cool-off, the war in Ukraine and changes to mobile privacy. The market saw an unprecedented boom during the pandemic, growing from USD 68bn to USD 92bn in 2022. The low entry barrier for mobile gaming also implies a lower barrier to exit. On the one hand, microtransactions related to free-to-play mobile games are unlikely to account for a sizeable portion of household spending, but on the other hand, there is tons of free content available to gamers who wish to cut discretionary spend. Data.ai expects -3% market growth for 2023, following -5% in 2022 and 15% in 2021. However, it accredits the decline more so to privacy changes by Apple and Google, which make it harder to target high-spenders. This makes monetisation through in-app purchases more difficult.

Apple's app-tracking transparency changes still present headwinds

- **Continuing to adapt to the post-IDFA era:** Apple's changes in its ad tracking transparency presented a material headwind for the industry in 2022, with IDFA no longer being a relevant user identifier, making targeted advertising harder for publishers. We believe companies will continue to adapt to these changes in 2023. New monetisation strategies (e.g. wider price ranges for in-app purchases, removal of loot boxes) and UA strategies (e.g. user-level personalisation of games) are likely to be explored, in addition to which genre-mashing (e.g. adding RPG elements to match-3 games) could present opportunities for differentiation. We view Rovio as a relative winner in the post-IDFA era, given its strong Angry Birds IP, wide-appeal casual games and Beacon tech platform.

Apple may be forced to allow third-party app stores on its platform

- **Potential introduction of third-party app stores on iOS:** Pressured by EU legislators (EU Digital Markets Act), Apple could open its platform to third-party app stores in 2023-24. Apple currently commands a 30% cut (15% after one year) on in-app purchases and apps on its App Store. The introduction of third-party app stores would likely imply lower platform fees for publishers (e.g. 10-15%). Additionally, we find it likely that the remaining margin gain would at least partly be passed on to consumers via lower prices to create incentives to transact outside of Apple's platform or to be directed towards UA. Regardless of the magnitude of the margin gain, we find the overall pressure on Apple and Google as beneficial for mobile gaming publishers.

Consolidation set to continue, but with smaller average deal size

- **Market consolidation:** Even though capital has become more expensive, we expect mobile gaming industry M&A activity to continue in 2023, although with smaller average deal sizes compared to the mega deals of 2022. We believe larger publishers will utilise M&A to drive user acquisition and DAU growth, especially as targeted user acquisition has become tougher after Apple's policy changes. Games-only or teams-only acquisitions could become more common relative to acquisitions of entire studios. In our view, Rovio is well positioned to engage in M&A if attractive opportunities arise, given our estimate of EUR ~130m in cash at the end of 2022 and its 9% ownership of own shares (EUR ~40m firepower at the current share price).

Cross-platform gaming is a rising trend

- **Cross-platform strategies:** More and more games are allowing gamers to play together on different platforms, such as PCs, consoles and mobiles. Our understanding is that some 60% of mobile gamers also play on PC and console platforms. Examples of successful cross-platform games include PUBG and Fortnite. We expect the trend to continue in 2023. It makes sense to us that gamers want their quick fix (for example, during weekdays) and prefer to engage in longer sessions on PCs/consoles over the weekend with more spare time. Rovio looks to benefit from this trend with its Montreal studio, which focuses on bringing Angry Birds beyond mobile.

Hypercasual genre as it has existed will transform to incorporate more casual gaming elements

- **Transforming the hypercasual genre to hybrid casual:** The hypercasual genre, characterised by short game development cycles, ad-based monetisation and high revenue volatility, is set to transform to hybrid casual, i.e. adopting more elements from the casual game genre (i.e. Rovio's bread and butter). This is mainly because Google recently began enforcing tighter restrictions on ad placements and formats, making the traditional ad-based monetisation mechanics tougher to execute successfully. Since acquiring the hypercasual studio Ruby Games in August 2021, Rovio has been shifting Ruby's strategy towards hybrid casual. For instance, the upcoming Hunter Assassin 2 game will feature a deeper metagame and an in-app store, compared to pure ad monetisation used by its predecessor that launched in 2020. Moreover, Rovio's new Montreal studio, with a team recruited from hypercasual genre market leader Voodoo, is looking to launch hybrid casual games.

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q4 22E**	**2022E**	**2023E**	**2024E**	**Q4 22E**	**2022E**	**2023E**	**2024E**	**Q4 22E**	**2022E**	**2023E**	**2024E**
Sales	**76.7**	**317.6**	**312.7**	**332.4**	**78.0**	**318.9**	**321.2**	**338.3**	**-2%**	**0%**	**-3%**	**-2%**
- growth y/y	-2.8%	11.0%	-1.6%	6.3%	-1.1%	11.4%	0.7%	5.3%	-1.7pp	-0.5pp	-2.3pp	1.0pp
Adj. EBITDA	**8.6**	**52.8**	**52.6**	**56.9**	**8.3**	**52.5**	**55.9**	**60.2**	**4%**	**1%**	**-6%**	**-6%**
- margin	11.2%	16.6%	16.8%	17.1%	10.6%	16.4%	17.4%	17.8%	0.6pp	0.2pp	-0.6pp	-0.7pp
Adj. EBIT	**5.3**	**38.6**	**40.5**	**46.0**	**4.9**	**38.3**	**43.8**	**49.4**	**7%**	**1%**	**-7%**	**-7%**
- margin	6.9%	12.2%	12.9%	13.9%	6.3%	12.0%	13.6%	14.6%	0.5pp	0.2pp	-0.7pp	-0.8pp
EBIT	**5.3**	**31.9**	**40.5**	**46.0**	**4.9**	**31.6**	**43.8**	**49.4**	**7%**	**1%**	**-7%**	**-7%**
- margin	6.9%	10.0%	12.9%	13.9%	6.3%	9.9%	13.6%	14.6%	0.5pp	0.1pp	-0.7pp	-0.8pp
PTP	5.3	35.7	40.5	46.0	4.9	35.4	43.8	49.4	7%	1%	-7%	-7%
Net profit	4.1	26.9	31.6	35.9	3.9	26.7	34.1	38.5	7%	1%	-7%	-7%
EPS	**0.06**	**0.36**	**0.43**	**0.48**	**0.05**	**0.36**	**0.46**	**0.52**	**7%**	**1%**	**-7%**	**-7%**
DPS		**0.13**	**0.14**	**0.15**		**0.13**	**0.14**	**0.15**		**0%**	**0%**	**0%**

Source: Nordea estimates

Detailed estimates

REPORTED ANNUAL NUMBERS AND ESTIMATES (EURm, EUR AND %)

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	CAGR 19-22	CAGR 22-25E
Group estimates											
Revenue	**297.1**	**281.2**	**289.1**	**272.2**	**286.2**	**317.6**	**312.7**	**332.4**	**350.3**	**3%**	**3%**
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	11.0%	-1.6%	6.3%	5.4%		
- *organic*					*5.8%*	*-2.0%*	*0.5%*	*6.3%*	*5.4%*		
- *FX*					*-2.5%*	*8.7%*	*-2.0%*	*0.0%*	*0.0%*		
- *structure*					*1.9%*	*4.3%*	*0.0%*	*0.0%*	*0.0%*		
- growth q/q											
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-79.1	-79.5	-84.9	-89.7	1%	4%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-56.4	-57.5	-58.9	-60.4	11%	2%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-138.6	-124.1	-132.8	-138.1	0%	0%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.8**	**46.2**	**52.6**	**56.9**	**63.1**	**13%**	**11%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**54.8**	**52.8**	**52.6**	**56.9**	**71.2**	**17%**	**10%**
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.6%	16.8%	17.1%	20.3%		
D&A	-28.6	-16.4	-14.3	-17.5	-12.9	-14.3	-12.1	-10.8	-9.6		
EBIT	**31.4**	**31.5**	**18.1**	**42.5**	**37.9**	**31.9**	**40.5**	**46.0**	**53.5**	**21%**	**19%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**43.8**	**38.6**	**40.5**	**46.0**	**53.5**	**28%**	**12%**
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.2%	12.9%	13.9%	15.3%		
Net financials	-4.6	0.7	-0.3	-1.8	2.7	3.8	0.0	0.0	0.0		
PTP	**26.7**	**32.2**	**17.7**	**40.7**	**40.6**	**35.7**	**40.5**	**46.0**	**53.5**	**26%**	**14%**
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-8.8	-8.9	-10.1	-10.7		
- tax rate	22%	24%	25%	21%	25%	25%	22%	22%	20%		
Net profit	**20.7**	**24.5**	**13.2**	**32.1**	**30.4**	**26.9**	**31.6**	**35.9**	**42.8**	**27%**	**17%**
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.41**	**0.36**	**0.43**	**0.48**	**0.58**	**31%**	**17%**
Segment details											
Games											
Revenue	247.9	250.4	264.8	258.2	276.4	306.2	302.8	323.8	342.8	5%	4%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	10.8%	-1.1%	6.9%	5.9%		
- growth q/q											
UAC, EURm	69.6	78.6	99.6	58.8	77.3	95.9	81.7	92.3	96.3	-1%	0%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.3%	27.0%	28.5%	28.1%		
Brand licencing											
Revenue	49.1	30.8	24.3	13.9	9.9	11.4	9.9	8.6	7.5	-22%	-13%
- growth y/y		-37.3%	-21.1%	-42.8%	-28.8%	15.5%	-13.5%	-12.8%	-12.7%		
- growth q/q											

Source: Company data and Nordea estimates

REPORTED QUARTERLY NUMBERS AND ESTIMATES (EURm, EUR AND %)

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Group estimates												
Revenue	**67.1**	**68.8**	**71.4**	**78.9**	**85.0**	**78.5**	**77.4**	**76.7**	**75.1**	**76.5**	**79.2**	**81.9**
- growth y/y	0.8%	-0.6%	5.2%	15.2%	26.7%	14.1%	8.4%	-2.8%	-11.7%	-2.6%	2.3%	6.7%
- organic	*6.7%*	*5.5%*	*4.3%*	*6.2%*	*12.4%*	*-1.1%*	*-4.6%*	*-11.1%*	*-14.3%*	*-1.4%*	*7.3%*	*10.7%*
- FX	*-5.9%*	*-6.0%*	*-0.6%*	*3.0%*	*5.2%*	*8.7%*	*12.0%*	*8.4%*	*2.6%*	*-1.2%*	*-4.9%*	*-4.0%*
- structure	*0.0%*	*0.0%*	*1.5%*	*6.0%*	*9.1%*	*6.5%*	*1.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
- growth q/q	-2.0%	2.5%	3.8%	10.5%	7.7%	-7.6%	-1.4%	-0.9%	-2.1%	1.9%	3.6%	3.4%
Materials and services	-18.2	-18.7	-18.3	-19.3	-20.9	-19.3	-19.4	-19.5	-19.1	-19.5	-20.0	-20.9
Employee benefits expense	-12.2	-12.9	-11.3	-15.6	-13.3	-14.6	-14.0	-14.5	-13.5	-14.9	-14.3	-14.7
Other operating expenses	-25.4	-28.6	-24.8	-30.9	-40.8	-31.3	-32.2	-34.2	-28.4	-30.4	-31.4	-33.9
EBITDA	**11.8**	**8.7**	**16.9**	**13.4**	**11.1**	**14.3**	**12.2**	**8.6**	**14.4**	**11.9**	**13.7**	**12.6**
Adj. EBITDA	**12.4**	**8.7**	**17.2**	**16.5**	**13.6**	**15.0**	**15.6**	**8.6**	**14.4**	**11.9**	**13.7**	**12.6**
- margin	18.5%	12.6%	24.1%	20.9%	16.0%	19.2%	20.1%	11.2%	19.1%	15.6%	17.3%	15.4%
D&A	-2.2	-2.5	-2.9	-5.3	-3.6	-3.8	-3.6	-3.3	-3.0	-3.0	-3.1	-3.0
EBIT	**9.6**	**6.2**	**14.0**	**8.1**	**7.5**	**10.5**	**8.6**	**5.3**	**11.3**	**8.9**	**10.6**	**9.7**
Adj. EBIT	**10.2**	**6.2**	**14.3**	**13.1**	**10.0**	**11.2**	**12.1**	**5.3**	**11.3**	**8.9**	**10.6**	**9.7**
- margin	15.2%	9.0%	20.1%	16.6%	11.8%	14.3%	15.6%	6.9%	15.1%	11.6%	13.4%	11.8%
Net financials	0.9	0.1	0.6	1.1	0.2	2.0	1.6	0.0	0.0	0.0	0.0	0.0
PTP	**10.5**	**6.3**	**14.6**	**9.2**	**7.7**	**12.5**	**10.2**	**5.3**	**11.3**	**8.9**	**10.6**	**9.7**
Taxes	-3.0	-1.1	-3.1	-3.0	-2.2	-2.8	-2.6	-1.2	-2.5	-2.0	-2.3	-2.1
- tax rate	29%	17%	21%	33%	29%	22%	25%	22%	22%	22%	22%	22%
Net profit	**7.5**	**5.2**	**11.5**	**6.2**	**5.5**	**9.7**	**7.6**	**4.1**	**8.8**	**7.0**	**8.3**	**7.5**
EPS, diluted	**0.10**	**0.07**	**0.16**	**0.08**	**0.07**	**0.13**	**0.10**	**0.06**	**0.12**	**0.09**	**0.11**	**0.10**
Segment details												
Games												
Revenue	64.9	66.4	68.6	76.5	82.3	75.9	74.2	73.8	72.8	74.3	76.4	79.3
- growth y/y	3.5%	-0.7%	6.9%	18.8%	26.8%	14.3%	8.2%	-3.5%	-11.6%	-2.2%	3.0%	7.5%
- growth q/q	0.8%	2.3%	3.3%	11.5%	7.6%	-7.8%	-2.2%	-0.6%	-1.4%	2.0%	2.9%	3.8%
UAC, EURm	17.3	21.3	18.1	20.6	31.3	20.9	21.3	22.4	18.9	20.0	20.6	22.2
- % of revenue	26.7%	32.1%	26.4%	26.9%	38.0%	27.5%	28.7%	30.4%	26.0%	27.0%	26.9%	28.0%
Brand licencing												
Revenue	2.2	2.4	2.8	2.4	2.7	2.6	3.2	2.9	2.3	2.2	2.8	2.6
- growth y/y	-43.6%	4.3%	-24.3%	-41.5%	22.7%	8.3%	14.3%	22.1%	-14.3%	-13.9%	-13.2%	-12.8%
- growth q/q	-46.3%	9.1%	16.7%	-14.3%	12.5%	-3.7%	23.1%	-8.4%	-21.1%	-3.2%	24.0%	-8.0%

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S GAME PORTFOLIO (MILLIONS AND %), ANNUAL

GAME KPIs	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Bookings												
Gross bookings - TOP 5	55	57	56	61	67	61	71	65	63	63	62	61
Gross bookings - All	64	67	67	74	81	72	72	74	73	74	76	79
Rolling 12M - TOP5	224	223	224	229	241	245	259	263	259	261	253	249
Rolling 12M - All	261	260	262	272	288	294	300	299	291	293	297	303
User amount												
DAU - TOP 5	3.1	3.1	3.2	3.2	3.6	3.3	3.1	3.3	3.3	3.2	3.1	3.1
DAU - All	4.2	4.2	4.9	6.5	7.3	6.7	6.3	8.0	8.0	8.4	8.1	8.0
MAU - TOP 5	16.6	17.1	17.9	18.1	20.8	18.1	17.4	18.4	18.4	17.9	17.5	17.1
MAU - All	25.6	26.0	32.0	44.8	53.3	45.8	42.1	55.8	56.9	60.3	57.3	55.9
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	17%	18%	18%	18%	18%	18%	18%	18%
DAU/MAU - All	16%	16%	15%	15%	14%	15%	15%	14%	14%	14%	14%	14%
Retention												
MAU retention - TOP5	94%	103%	105%	101%	115%	87%	96%	106%	100%	98%	98%	98%
MAU retention - All	94%	102%	123%	140%	119%	86%	92%	133%	102%	106%	95%	98%
Conversion												
MUP - TOP 5	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
MUP - All	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.5
Conversion rate (TOP5)	2.4%	2.3%	2.2%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Conversion rate (All)	1.8%	1.8%	1.5%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Monetisation												
ARPDAU - TOP 5	0.20	0.20	0.19	0.21	0.21	0.20	0.22	0.21	0.21	0.22	0.22	0.22
ARPDAU - All	0.17	0.17	0.15	0.12	0.12	0.12	0.13	0.10	0.10	0.10	0.10	0.11
MARPPU - TOP 5	40.7	41.7	40.6	41.4	41.9	45.4	46.3	52.4	51.4	52.3	53.1	53.3
MARPPU - All	41.1	42.5	40.2	40.9	41.5	44.7	45.6	45.0	43.5	41.9	45.4	48.3

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S GAME PORTFOLIO (MILLIONS AND %), QUARTERLY

GAME KPIs	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Bookings												
Gross bookings - TOP 5	55	57	56	61	67	61	71	61	59	59	58	57
Gross bookings - All	64	67	67	74	81	72	72	74	73	74	76	79
Rolling 12M - TOP5	224	223	224	229	241	245	259	259	251	249	237	233
Rolling 12M - All	261	260	262	272	288	294	300	299	291	293	297	303
User amount												
DAU - TOP 5	3.1	3.1	3.2	3.2	3.6	3.3	3.1	3.3	3.3	3.2	3.1	3.1
DAU - All	4.2	4.2	4.9	6.5	7.3	6.7	6.3	8.0	8.0	8.4	8.1	8.0
MAU - TOP 5	16.6	17.1	17.9	18.1	20.8	18.1	17.4	16.8	16.5	16.1	15.8	15.4
MAU - All	25.6	26.0	32.0	44.8	53.3	45.8	42.1	55.8	56.9	60.3	57.3	55.9
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	17%	18%	18%	19%	20%	20%	20%	20%
DAU/MAU - All	16%	16%	15%	15%	14%	15%	15%	14%	14%	14%	14%	14%
Retention												
MAU retention - TOP5	94%	103%	105%	101%	115%	87%	96%	96%	99%	98%	98%	98%
MAU retention - All	94%	102%	123%	140%	119%	86%	92%	133%	102%	106%	95%	98%
Conversion												
MUP - TOP 5	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.3
MUP - All	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.5
Conversion rate (TOP5)	2.4%	2.3%	2.2%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Conversion rate (All)	1.8%	1.8%	1.5%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Monetisation												
ARPDAU - TOP 5	0.20	0.20	0.19	0.21	0.21	0.20	0.22	0.20	0.20	0.20	0.20	0.20
ARPDAU - All	0.17	0.17	0.15	0.12	0.12	0.12	0.13	0.10	0.10	0.10	0.10	0.11
MARPPU - TOP 5	40.7	41.7	40.6	41.4	41.9	45.4	46.3	54.3	53.4	54.2	55.1	55.3
MARPPU - All	41.1	42.5	40.2	40.9	41.5	44.7	45.6	45.0	43.5	41.9	45.4	48.3

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), ANNUAL

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E
AB2									
Gross bookings	78.7	117.3	108.4	106.5	107.9	116.6	113.1	104.0	93.7
- % of total	*32%*	*46%*	*41%*	*41%*	*40%*	*39%*	*37%*	*32%*	*27%*
UAC	31.5	39.9	16.3	17.7	19.7	23.6	19.5	14.6	9.4
AB Dream Blast									
Gross bookings	0.0	0.5	57.5	63.2	61.6	66.4	75.5	69.8	64.2
- % of total	*0%*	*0%*	*22%*	*24%*	*23%*	*22%*	*25%*	*22%*	*19%*
UAC	0.0	11.5	60.8	28.0	28.3	34.5	24.6	17.5	12.8
AB Match									
Gross bookings	10.1	26.2	24.4	13.4	8.8	7.3	5.0	3.3	2.2
- % of total	*4%*	*10%*	*9%*	*5%*	*3%*	*2%*	*2%*	*1%*	*1%*
UAC	5.3	6.9	4.0	0.4	0.0	0.0	0.0	0.0	0.0
AB Friends									
Gross bookings	32.7	31.3	25.9	28.1	34.2	35.7	34.3	33.0	31.6
- % of total	*13%*	*12%*	*10%*	*11%*	*13%*	*12%*	*11%*	*10%*	*9%*
UAC	7.4	8.3	3.3	0.6	0.0	0.0	0.0	0.0	0.0
Small Town Murders									
Gross bookings	0.0	0.0	0.0	7.8	15.5	7.0	4.8	3.8	3.0
- % of total	*0%*	*0%*	*0%*	*3%*	*6%*	*2%*	*2%*	*1%*	*1%*
UAC	0.0	0.0	0.0	8.7	14.3	1.6	0.0	0.0	0.0
Sugar Blast									
Gross bookings	0.0	0.0	2.7	9.9	9.2	6.6	5.6	4.7	3.8
- % of total	*0%*	*0%*	*1%*	*4%*	*3%*	*2%*	*2%*	*1%*	*1%*
UAC	0.0	0.0	6.2	3.5	2.1	0.0	0.0	0.0	0.0
Darkfire Heroes									
Gross bookings	0.0	0.0	0.0	0.0	2.0	0.8	0.6	0.4	0.3
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*0%*	*0%*	*0%*	*0%*
UAC	0.0	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0
AB Journey									
Gross bookings	0.0	0.0	0.0	0.0	3.1	27.5	21.5	19.9	18.3
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*9%*	*7%*	*6%*	*5%*
UAC	0.0	0.0	0.0	0.0	3.2	22.0	9.7	7.0	5.5
Moomin: Puzzle and Design									
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	13.1	39.2	33.9
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*4%*	*12%*	*10%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	13.0	27.4	15.3
Hypercasual (Ruby Games)									
Gross bookings	0.0	0.0	0.0	0.0	5.1	16.0	17.5	16.8	17.4
- % of total	*0%*	*0%*	*0%*	*0%*	*2%*	*5%*	*6%*	*5%*	*5%*
UAC	0.0	0.0	0.0	0.0	0.0	14.0	14.2	8.4	8.7
Other									
Gross bookings	127.1	78.0	44.2	30.3	24.1	15.4	11.8	28.9	74.5
- % of total	*51%*	*31%*	*17%*	*12%*	*9%*	*5%*	*4%*	*9%*	*22%*
UAC	25.4	12.1	9.0	0.0	4.2	0.2	0.7	17.5	44.6

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), QUARTERLY

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22E	Q1 23E	Q2 23E	Q3 23E	Q4 23E
AB2												
Gross bookings	25.2	26.6	26.6	29.5	30.3	28.4	28.7	29.2	28.5	28.4	28.3	27.9
- % of total	*39%*	*40%*	*40%*	*40%*	*38%*	*39%*	*40%*	*40%*	*39%*	*38%*	*37%*	*35%*
UAC	4.5	4.8	4.8	5.6	5.9	5.7	6.0	6.0	5.1	5.0	4.8	4.6
AB Dream Blast												
Gross bookings	15.4	15.0	15.0	16.2	14.9	14.1	17.6	19.8	19.2	19.0	18.8	18.5
- % of total	*24%*	*23%*	*22%*	*22%*	*18%*	*19%*	*24%*	*27%*	*26%*	*26%*	*25%*	*23%*
UAC	7.0	7.0	6.8	7.5	6.7	5.9	10.2	11.7	7.7	6.7	5.7	4.6
AB Match												
Gross bookings	2.4	2.2	2.1	2.1	2.0	1.9	1.8	1.6	1.4	1.3	1.2	1.1
- % of total	*4%*	*3%*	*3%*	*3%*	*2%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*1%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AB Friends												
Gross bookings	8.1	8.3	8.5	9.3	9.3	9.1	8.4	8.9	8.6	8.6	8.6	8.5
- % of total	*13%*	*12%*	*13%*	*13%*	*12%*	*13%*	*12%*	*12%*	*12%*	*12%*	*11%*	*11%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Small Town Murders												
Gross bookings	3.9	4.7	4.1	2.8	2.2	1.8	1.6	1.4	1.3	1.3	1.2	1.1
- % of total	*6%*	*7%*	*6%*	*4%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*1%*
UAC	3.7	5.0	4.2	1.4	1.1	0.4	0.2	0.0	0.0	0.0	0.0	0.0
Sugar Blast												
Gross bookings	2.5	2.5	2.2	2.0	1.8	1.7	1.6	1.5	1.4	1.4	1.4	1.3
- % of total	*4%*	*4%*	*3%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
UAC	1.0	0.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Darkfire Heroes												
Gross bookings	0.0	1.1	0.6	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
- % of total	*0%*	*2%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
UAC	1.0	3.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AB Journey												
Gross bookings	0.0	0.0	0.0	3.1	10.1	7.3	5.1	5.0	5.5	5.4	5.4	5.3
- % of total	*0%*	*0%*	*0%*	*4%*	*13%*	*10%*	*7%*	*7%*	*8%*	*7%*	*7%*	*7%*
UAC	0.0	0.0	0.0	3.2	11.3	5.1	3.1	2.5	3.0	2.7	2.1	1.8
Moomin: Puzzle and Design												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	4.1	8.4
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*5%*	*11%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	4.6	7.9
Hypercasual (Ruby Games)												
Gross bookings	0.0	0.0	1.0	4.1	6.1	4.5	2.5	2.9	3.6	5.2	4.5	4.1
- % of total	*0%*	*0%*	*1%*	*6%*	*8%*	*6%*	*3%*	*4%*	*5%*	*7%*	*6%*	*5%*
UAC	0.0	0.0	0.6	2.9	6.1	3.8	1.9	2.2	3.1	5.2	3.4	2.5
Other												
Gross bookings	6.7	6.2	6.6	4.6	3.9	3.4	4.9	3.2	3.0	2.9	2.8	3.1
- % of total	*10%*	*9%*	*10%*	*6%*	*5%*	*5%*	*7%*	*4%*	*4%*	*4%*	*4%*	*4%*
UAC	0.1	0.6	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.7

Source: Company data and Nordea estimates

Valuation

We use DCF and peer multiples in setting our fair value range for Rovio

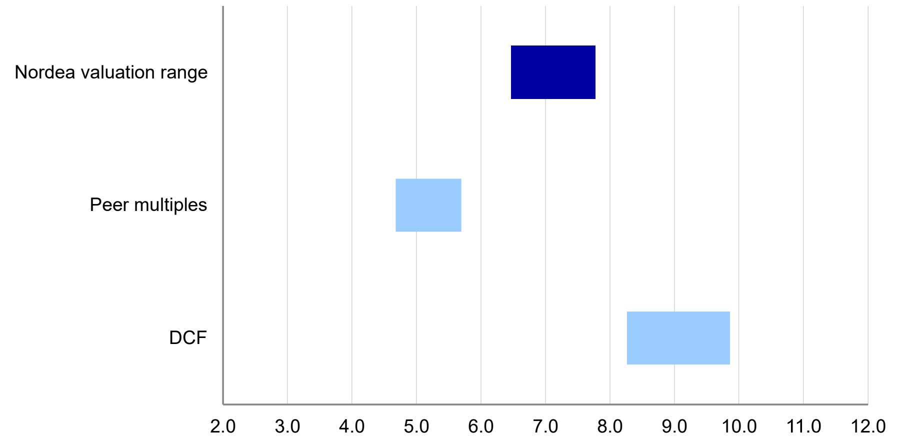
Valuation range of EUR 6.5-7.8

In setting our valuation range for Rovio, we apply 50/50 weights on DCF valuation and peer multiples-based valuation. Our updated fair value range stands at EUR 6.5-7.8 (6.0-7.2). Compared to our previous valuation approach, we put less emphasis on peer multiples, and more on DCF.

We derive a DCF-based fair value range of EUR 8.1-9.9 per share by applying a WACC range of 7.8-9.8%. Our peer valuation applies a 15% range to the median EV/sales, EV/EBITDA, EV/EBIT and P/E multiples of Western mobile gaming peers. We note that peer multiples have been subject to derating in the recent past. We apply a 20% discount to median multiples, as Rovio's growth profile is weaker than that of the peer group. We have historically applied a 30% discount, but due to improved execution, strong IP, stable business profile, high cash generation and a healthy balance sheet, we find basis for a narrower valuation discount, especially as we view Rovio as a relative winner in a recessionary scenario. Our peer valuation derives a EUR 4.7-5.7 per share fair value for Rovio.

Our valuation range is EUR 6.5-7.8

VALUATION APPROACHES (EUR PER SHARE)



Source: Nordea estimates

DCF valuation yields more upside compared to peer multiples

DETAILED VALUATION OUTCOMES (EUR PER SHARE)

Method	Low	Mid	High
DCF	8.3	9.0	9.9
Peer multiples	4.7	5.5	5.7
EV/sales	5.0	5.6	6.2
EV/EBITDA	3.9	4.3	4.6
P/E	5.3	7.0	6.5
EV/EBIT	4.5	5.0	5.5
Average	**6.5**	**7.2**	**7.8**

Source: Nordea estimates

DCF valuation range of EUR 8.3-9.9

DCF valuation

We base our DCF valuation on a bottom-up approach, which we use to forecast current and upcoming quarterly revenues for 2022-24 on a game-by-game basis. We model user acquisition and marketing costs using the same approach for the corresponding period. When valuing the Brand Licensing business, we take a similar bottom-up approach, forecasting quarterly revenue, profitability and capex for the business unit. We apply a 7.8-9.8% WACC to our DCF valuation.

DCF VALUATION (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	413-545	5.8-7.4
(Net debt)	126	1.7
Market value of associates	0	0.0
(Market value of minorities)	0	0.0
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	56	0.8
DCF Value	**594-726**	**8.3-9.9**

Source: Company data and Nordea estimates

WACC COMPONENTS

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.2
Forward looking equity beta	1.2-1.7
Cost of equity	7.8-9.8%
Cost of debt	3.0%
Tax-rate used in WACC	20%
Equity weight	100%
WACC	**7.8-9.8%**

Source: Company data and Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	3.83%	3.5%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	14.2%	12.0%	12.0%	12.0%	12.0%	0.5%	
Capex/depreciation, x	0.6	0.8	0.8	0.8	0.8	0.8	
Capex/sales	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	
NWC/sales	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	
FCFF, CAGR	-227.0%	-2.3%	3.5%	3.1%	2.6%	-43.0%	2.5%

Source: Company data and Nordea estimates

Peer valuation

Our peer group for relative valuation consists of Western mobile gaming companies. In terms of benchmarking, we regard EV-based multiples, such as EV/EBIT, EV/EBITDA and EV/sales, as the most relevant multiples for the gaming sector. EV/sales is especially interesting thanks to its stability – from time to time, other multiples can be inflated as a result of timing effects in revenue recognition and game releases.

EV/sales, albeit volatile, varies far less. EV multiples are also preferable because many companies in the mobile gaming business have net cash positions, and EV multiples are neutral to a company's financial gearing, thus giving a better comparison point.

Lastly, we add a traditional P/E multiple and FCF yield to complement our EV-based relative valuation framework.

WESTERN MOBILE GAMING PEERS: VALUATION MULTIPLES

	EV/Sales			EV/EBITDA			EV/EBIT			P/E			FCF yield		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Western mobile gaming peers															
G5 Entertainment Ab (Publ)	1.1	1.0	1.0	5.2	4.1	3.7	17.2	6.9	6.0	22.7	8.3	7.4	7.7%	11.2%	12.7%
Mag Interactive Ab (Publ)	1.4	1.1	1.0	6.6	6.2	5.0	21.2	19.1	11.0		27.9	16.1			
Modern Times Group Mtg Ab	1.1	1.0	0.9	4.5	4.3	4.1	7.9	7.3	6.5	13.1	18.1	14.1	5.5%	5.7%	7.2%
Playtika Holding Corp	1.8	1.8	1.7	5.3	5.0	4.7	10.3	9.4	8.4	15.2	11.8	10.2	11.5%	15.5%	16.7%
Stillfront Group Ab (Publ)	1.6	1.5	1.4	4.7	4.2	3.9	7.6	6.8	5.8	6.1	5.6	4.9	-6.8%	11.8%	14.6%
Peer average	1.4	1.3	1.2	5.2	4.8	4.3	12.8	9.9	7.6	14.3	14.3	10.5	4.5%	11.1%	12.8%
Peer median	**1.4**	**1.1**	**1.0**	**5.2**	**4.3**	**4.1**	**10.3**	**7.3**	**6.5**	**14.1**	**11.8**	**10.2**	**6.6%**	**11.5%**	**13.7%**
Rovio Entertainment Oyj (NDA)	**1.0**	**1.0**	**0.8**	**6.1**	**5.6**	**4.8**	**8.3**	**7.3**	**5.9**	**12.7**	**13.6**	**11.9**	**5.5%**	**8.9%**	**9.5%**
difference	**-26%**	**-14%**	**-19%**	**17%**	**30%**	**17%**	**-19%**	**1%**	**-10%**	**-10%**	**15%**	**17%**	**-0.2pp**	**-0.2pp**	**-0.3pp**
Rovio Entertainment Oyj (consensus)	1.1	1.1	1.1	6.4	6.2	6.1	9.2	8.2	7.8	13.5	13.7	12.3	4.3%	7.7%	7.7%
difference	-21%	-3%	4%	24%	43%	51%	-11%	14%	20%	-5%	16%	21%	-0.3pp	-0.3pp	-0.4pp

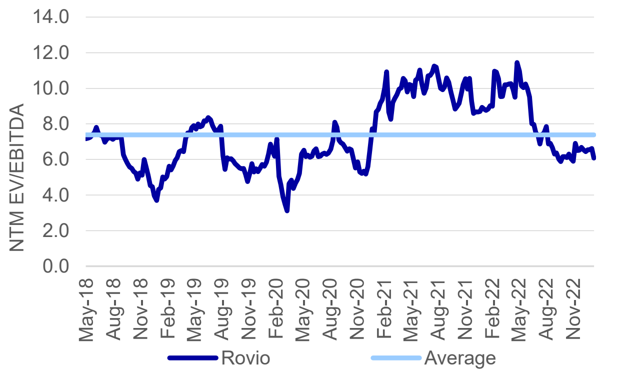
Source: Refinitiv and Nordea estimates

WESTERN MOBILE GAMING PEERS: KEY FINANCIALS AND KPIs*

	Country	Price Local	Mcap EURm	EV EURm	Sales CAGR 19-21	21-24E	EBITDA margin 2022E	2023E	2024E	DAU (mln)	MAU (mln)	DAU/ MAU	ARPDAU USD
Western mobile gaming peers													
G5 Entertainment Ab (Publ)	Sweden	200	157	139	5.4%	3.2%	20.5%	25.1%	26.4%	1.8	6.4	28%	
Mag Interactive Ab (Publ)	Sweden	25	58	50	29.0%		20.8%	17.7%	20.1%	1.2	3.5	34%	0.08
Modern Times Group Mtg Ab	Sweden	78	892	522	13.5%	2.2%	23.3%	23.0%	23.2%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	10	3,281	4,476	14.6%	6.3%	34.3%	35.6%	35.8%	9.0	30.2	30%	0.78
Stillfront Group Ab (Publ)	Sweden	15	693	1,034	70.2%	10.7%	35.0%	35.8%	36.9%	12.5	65.8	19%	0.14
Peer average					26.5%	5.6%	26.8%	27.4%	28.5%	4.9	21.3	28%	0.35
Peer median					**14.6%**	**4.8%**	**23.3%**	**25.1%**	**26.4%**	**1.8**	**6.4**	**30%**	**0.26**
Rovio Entertainment Oyj (NDA)	**Finland**	**5.8**	**485**	**346**	**-0.5%**	**5.1%**	**16.7%**	**16.8%**	**17.1%**	**7.3**	**53.3**	**14%**	**0.12**
difference					**-15pp**	**0pp**	**-6.6pp**	**-8pp**	**-9pp**	**306%**	**733%**	**-16pp**	**-14pp**
Rovio Entertainment Oyj (consensus)	Finland	5.8	485	346	-0.5%	4.8%	16.8%	17.2%	17.2%	n.a.	n.a.	n.a.	n.a.
difference					-15pp	0pp	-6pp	-8pp	-9pp	n.a.	n.a.	n.a.	n.a.

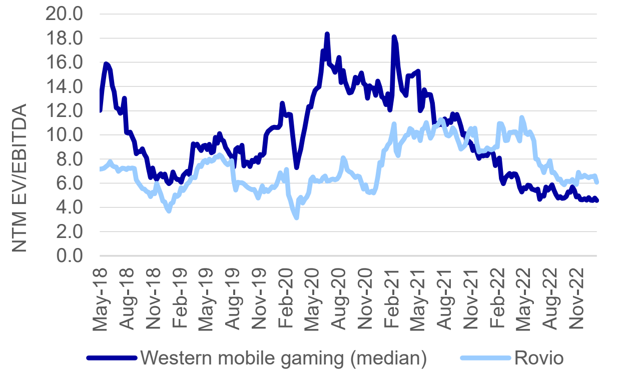
**KPI figures (DAU, MAU, ARPDAU) are based on the latest fiscal quarter*
Source: Company data, Refinitiv and Nordea estimates

ROVIO: NTM EV/EBITDA



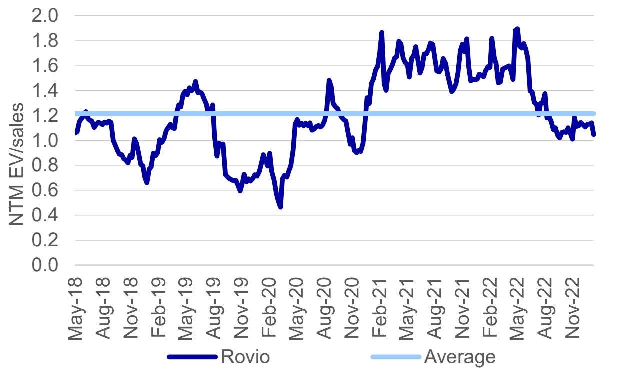
Source: Refinitiv

ROVIO VS. WESTERN MOBILE GAMING PEERS: EV/EBITDA



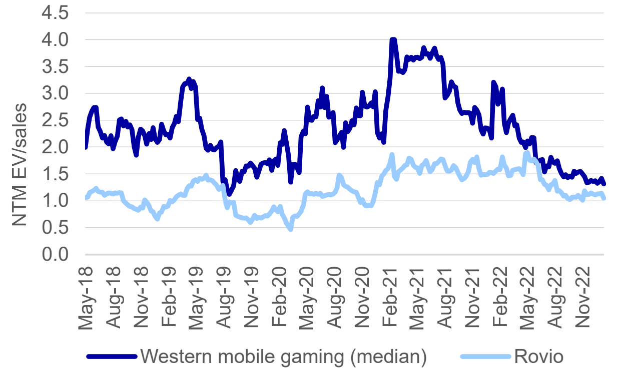
Source: Refinitiv

ROVIO: NTM EV/SALES



Source: Refinitiv

ROVIO VS. WESTERN MOBILE GAMING PEERS: NTM EV/SALES



Source: Refinitiv

Reported numbers and forecasts

INCOME STATEMENT											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenue	**158**	**142**	**192**	**297**	**281**	**289**	**272**	**286**	**318**	**313**	**332**
Revenue growth	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	11.0%	-1.6%	6.3%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	17	-6	35	60	48	32	60	51	46	53	57
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	17	-6	35	60	48	32	60	51	46	53	57
Amortisation and impairments	-7	-15	-18	-29	-16	-14	-18	-13	-14	-12	-11
EBIT	10	-22	17	31	32	18	43	38	32	40	46
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	1	1	-1	-5	1	0	-2	3	4	0	0
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**11**	**-21**	**16**	**27**	**32**	**18**	**41**	**41**	**36**	**40**	**46**
Reported taxes	-3	3	-5	-6	-8	-5	-9	-10	-9	-9	-10
Net profit from continued operations	8	-18	11	21	25	13	32	30	27	32	36
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	8	-18	11	21	25	13	32	30	27	32	36
EPS, EUR	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.41**	**0.37**	**0.43**	**0.49**
DPS, EUR	0.04	0.00	0.06	0.06	0.09	0.09	0.12	0.12	0.13	0.14	0.15
of which ordinary	0.04	0.00	0.06	0.06	0.09	0.09	0.12	0.12	0.13	0.14	0.15
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	14.6%	16.8%	17.1%
EBITA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	14.6%	16.8%	17.1%
EBIT	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	10.0%	12.9%	13.9%
Adjusted earnings											
EBITDA (adj)	17	-6	35	65	48	33	65	57	53	53	57
EBITA (adj)	17	-6	35	65	48	33	65	57	53	53	57
EBIT (adj)	10	-22	17	36	31	18	47	44	39	40	46
EPS (adj, EUR)	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.46	0.43	0.49
Adjusted profit margins in percent											
EBITDA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.7%	16.8%	17.1%
EBITA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.7%	16.8%	17.1%
EBIT (adj)	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.2%	12.9%	13.9%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	1.3%	2.1%	2.8%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-5.1%	1.9%	11.9%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	0.3%	5.1%	20.5%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	6.3%	6.8%	24.2%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	14.9%	16.7%	9.2%	10.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	6.4%	6.4%	10.5%	11.3%	11.2%	11.6%	13.1%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.4%	16.4%	17.5%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E (adj)	n.a.	n.a.	n.a.	27.5	12.5	26.1	13.3	13.3	12.7	13.5	11.9
EV/EBITDA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.8	5.4	4.5
EV/EBITA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.8	5.4	4.5
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	8.0	7.0	5.6

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E	n.a.	n.a.	n.a.	33.5	12.4	26.6	15.2	15.9	15.8	13.5	11.9
EV/Sales	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	0.97	0.90	0.77
EV/EBITDA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.7	5.4	4.5
EV/EBITA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.7	5.4	4.5
EV/EBIT	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	9.7	7.0	5.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	2.2%	2.4%	2.6%
FCF yield	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	0.5%	8.1%	8.6%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	8.6%	9.0%	9.5%
Payout ratio	37.1%	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	28.4%	32.5%	30.7%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	39	69	74	53	39	29	19	62	87	84	83
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	39	69	74	53	39	29	19	25	15	9	4
of which goodwill	0	0	0	0	0	0	0	38	72	75	79
Tangible assets	2	1	1	1	1	9	10	8	8	8	8
of which leased assets	0	0	0	0	0	8	8	7	7	7	7
Shares associates	0	0	0	0	0	1	2	8	8	8	8
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	6	1	3	5	6	8	8	8	8	8
Other non-IB non-current assets	1	2	1	1	1	1	1	3	3	3	3
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	42	77	77	57	45	45	39	90	115	112	111
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	25	19	28	29	23	33	21	28	31	30	32
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	17	13	16	13	11	15	10	9	9	9	10
Cash and bank	54	34	29	91	124	125	139	161	126	151	178
Total current assets	95	66	73	133	158	172	170	197	166	191	220
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**287**	**281**	**303**	**331**
Shareholders equity	94	74	87	140	160	168	165	198	216	238	263
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	94	74	87	140	160	168	165	198	216	238	263
Deferred tax	0	0	0	0	0	0	0	3	3	3	3
Long term interest bearing debt	0	16	3	3	3	2	1	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	13	13	13	13
Non-current lease debt	0	0	0	0	0	6	6	4	4	4	4
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	17	3	3	4	8	7	21	20	20	20
Short-term provisions	1	3	1	1	1	0	1	0	0	0	0
Accounts payable	6	8	8	9	11	15	7	9	10	10	10
Current lease debt	0	0	0	0	0	2	3	3	3	3	3
Other current liabilities	37	33	35	37	29	20	25	29	32	31	33
Short term interest bearing debt	0	8	17	0	0	4	0	28	0	0	0
Total current liabilities	44	53	60	47	40	42	36	69	45	44	47
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**287**	**281**	**303**	**331**
Balance sheet and debt metrics											
Net debt	-54	-10	-10	-88	-120	-110	-129	-126	-119	-144	-171
of which lease debt	0	0	0	0	0	8	9	7	7	7	7
Working capital	-1	-10	1	-4	-5	13	-2	-1	-2	-2	-2
Invested capital	41	68	78	53	40	58	37	89	113	110	110
Capital employed	94	99	106	143	163	182	175	233	223	245	270
ROE	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	13.0%	13.9%	14.3%
ROIC	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	30.5%	28.9%	33.5%
ROCE	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	18.6%	17.3%	17.9%
Net debt/EBITDA	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-2.6	-2.7	-3.0
Interest coverage	n.m.	n.m.	12.3	6.8	81.5	17.2	34.9	n.m.	n.m.	n.m.	n.m.
Equity ratio	68.0%	51.8%	58.0%	73.8%	78.5%	77.3%	79.4%	68.8%	76.7%	78.6%	79.6%
Net gearing	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-55.2%	-60.6%	-64.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	**17**	**-6**	**35**	**60**	**48**	**32**	**60**	**51**	**46**	**53**	**57**
Paid taxes	-9	1	0	-1	-11	-10	-6	-10	-9	-9	-10
Net financials	0	-1	-2	-1	0	-1	-1	3	4	0	0
Change in provisions	1	2	-2	0	0	0	1	0	0	0	0
Change in other LT non-IB	n.a.	-6	5	-1	-2	-1	-2	10	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	n.a.	5	-1	4	4	3	10	0	0	0	0
Funds from operations (FFO)	**7**	**-5**	**35**	**60**	**39**	**24**	**62**	**53**	**41**	**44**	**47**
Change in NWC	10	6	-13	-1	3	-13	1	-9	0	0	0
Cash flow from operations (CFO)	**17**	**1**	**23**	**60**	**43**	**11**	**64**	**44**	**41**	**44**	**47**
Capital expenditure	0	0	0	0	-1	-4	-5	-7	-5	-5	-6
Free cash flow before A&D	**17**	**1**	**23**	**60**	**41**	**7**	**59**	**37**	**37**	**38**	**40**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	-38	-44	-23	-9	0	0	0	-8	-34	-4	-4
Free cash flow	-21	-42	0	51	41	7	59	29	2	35	37
Free cash flow bef A&D, lease adj	17	1	23	60	41	7	59	37	37	38	40
Dividends paid	-3	0	-5	-5	-7	-7	-7	-9	-9	-10	-10
Equity issues / buybacks	0	0	0	36	1	0	-31	0	0	0	0
Net change in debt	0	25	-6	-17	0	3	-4	0	-28	0	0
Other financing adjustments	0	0	0	-1	-3	0	0	0	0	0	0
Other non-cash adjustments	78	-2	5	-3	1	-1	-3	1	0	0	0
Change in cash	54	-19	-6	62	33	1	14	22	-35	25	27
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	52.7%	34.2%	44.5%	59.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	2.4%	1.5%	1.7%	1.9%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	9	4	4	6	7	6	6	6
Market cap.	n.a.	n.a.	n.a.	715	303	359	463	483	427	427	427
Enterprise value	n.a.	n.a.	n.a.	627	183	248	334	357	308	283	256
Diluted no. of shares, year-end (m)	74.9	74.9	74.9	79.2	79.4	81.3	73.4	73.4	73.4	73.4	73.4

Source: Company data and Nordea estimates

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Nordea Bank Abp

Nordea IB & Equity Division, Equity Research
Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg.no. 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea IB & Equity Division, Equity Research
Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea IB & Equity Division, EquityResearch
Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea IB & Equity Division, Equity Research
Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650