

Rovio Copenhagen ApS

Store Kongensgade 59. B. 5.

1264 København K

CVR No. 38831976

Annual Report 2020

01.04.2020 - 31.12.2020

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 24 June 2021

René Lindell
Chair of the meeting

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	6
Management's Review	7
Accounting Policies	8
Income Statement	12
Balance Sheet	13
Statement of changes in Equity	15
Notes	16

Rovio Copenhagen ApS

Management's Statement

The Executive Board have today considered and approved the annual report of Rovio Copenhagen ApS for the financial year 1 April 2020 - 31 December 2020.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Entity's financial position at 31 December 2020 and of the results of its operations for the financial year 1 April 2019 - 31 March 2020.

I believe that the managements commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the Annual Report for adoption at the Annual General Meeting.

København K, 24 June 2021

Executive Board

Alexandre Pelletier-Normand
Manager

Independent Auditors' Report

To the shareholders of Rovio Copenhagen ApS

Opinion

We have audited the financial statements of Rovio Copenhagen ApS for the financial year 1 April 2020 - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 April - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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

Independent Auditors' Report

Company'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 Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 June 2021

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

Jan Mortensen

State Authorised Public Accountant

mne40030

Rovio Copenhagen ApS

Company details

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CVR No.	38831976
Executive Board	Alexandre Pelletier-Normand, Manager
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 Postbox 330 8100 Aarhus C CVR-no.: 30700228

Management's Review

Primary activities

The Company's purpose is to develop, market and sell computer games as well as related business.

Development in activities and finances

Profit for the year amount to DKK 92.059 and the equity at 31 December 2020 totals DKK 1.479.030. The result for the year is as expected.

During the financial year Darkfire Games was acquired by the Finnish Rovio Entertainment Corporation. The name of the company was changed to Rovio Copenhagen ApS and the fiscal year was changed to calendar year, to match Rovio's fiscal year. The change in ownership did not have a major impact on business. The company continued to develop the Darkfire Heroes game that was soft launched during the previous year. The game was launched globally in April 2021.

The COVID-19 pandemic did not have any significant impact on the production.

Events after the balance sheet date

Darkfire Heroes, that has been in development for a few years and that was in soft launch during the financial year, was globally launched in April 2021. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Accounting Policies

Reporting Class

The Annual Report of Rovio Copenhagen ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

Effective from the financial year 2020, the Company has implemented amending act. no 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements. The accounting policies used in the preparation of the financial statements involve changing headlines in the income statement and balance.

Change in financial year

The Company has rescheduled the fiscal year and the balance date is 31 december, and for this reason the income statement 2020 covers a 9 month period.

Reporting currency

The Annual Report is presented in Danish kroner.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	5 years

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Other receivables

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortised cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortised cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Rovio Copenhagen ApS

Income Statement

	Note	2020 kr.	2019/20 kr.
Gross profit		10.576.217	13.248.079
Employee benefits expense	1	-10.009.394	-12.238.716
Depreciation, amortisation and impairment losses		-347.508	-439.835
Profit from ordinary operating activities		219.315	569.528
Other finance income from group enterprises		1.542	0
Finance expences	2	-36.018	-40.770
Profit from ordinary activities before tax		184.839	528.758
Tax expense on ordinary activities	3	-92.780	-107.046
Profit		92.059	421.712
 Proposed distribution of results			
Retained earnings		92.059	421.712
Distribution of profit		92.059	421.712

Balance Sheet as of 31 December

	Note	2020 kr.	2019/20 kr.
Assets			
Fixtures, fittings, tools and equipment	4	538.854	592.924
Leasehold improvements	5	25.564	31.558
Property, plant and equipment		564.418	624.482
Receivables from group enterprises		0	683.816
Non-current deferred tax assets		0	17.000
Deposits		155.846	154.898
Other financial assets		155.846	855.714
Fixed assets		720.264	1.480.196
Short-term receivables from group enterprises		1.354.549	0
Current deferred tax		42.947	0
Short-term tax receivables		141.273	74.758
Other short-term receivables		137.942	157.982
Deferred income		20.941	73.825
Receivables		1.697.652	306.565
Cash and cash equivalents		2.798.259	1.585.591
Current assets		4.495.911	1.892.156
Assets		5.216.175	3.372.352

Balance Sheet as of 31 December

	Note	2020 kr.	2019/20 kr.
Liabilities and equity			
Contributed capital		50.000	50.000
Retained earnings		1.429.030	1.336.966
Equity		1.479.030	1.386.966
Other accruals	6	1.113.367	710.739
Long-term liabilities other than provisions		1.113.367	710.739
Trade payables		141.411	73.114
Other payables		2.482.367	1.201.533
Short-term liabilities other than provisions		2.623.778	1.274.647
Liabilities other than provisions within the business		3.737.145	1.985.386
Liabilities and equity		5.216.175	3.372.352
Contingent liabilities	7		
Collaterals and assets pledged as security	8		
Group information	9		

Rovio Copenhagen ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 April 2020	50.000	1.336.971	1.386.971
Profit (loss)	<u>0</u>	<u>92.059</u>	<u>92.059</u>
Equity 31 December 2020	<u>50.000</u>	<u>1.429.030</u>	<u>1.479.030</u>

Notes

	2020	2019/20
1. Employee benefits expense		
Wages and salaries	8.371.823	9.689.443
Post-employment benefit expense	1.312.714	1.558.710
Social security contributions	31.153	65.228
Other employee expense	293.704	925.335
	10.009.394	12.238.716
Average number of employees	20	19
2. Finance expenses		
Finance expenses arising from group enterprises	0	17.131
Other finance expenses	36.018	23.639
	36.018	40.770
3. Tax expense		
Annual tax	118.727	207.644
Regulation for deferred tax	-25.947	-100.598
	92.780	107.046
4. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	1.535.597	1.467.171
Addition during the year, incl. improvements	287.444	68.426
Cost at the end of the year	1.823.041	1.535.597
Depreciation and amortisation at the beginning of the year	-942.673	-510.830
Amortisation for the year	-341.514	-431.843
Impairment losses and amortisation at the end of the year	-1.284.187	-942.673
Carrying amount at the end of the year	538.854	592.924
5. Leasehold improvements		
Cost at the beginning of the year	46.622	46.622
Cost at the end of the year	46.622	46.622
Depreciation and amortisation at the beginning of the year	-15.064	-7.072
Amortisation for the year	-5.994	-7.992
Impairment losses and amortisation at the end of the year	-21.058	-15.064
Carrying amount at the end of the year	25.564	31.558

Notes

6. Other accruals

	Due after 1 year	Due within 1 year	Due after 5 years
Holiday fund	0	0	1.113.367
	<u>0</u>	<u>0</u>	<u>1.113.367</u>

7. Contingent liabilities

Contingent liabilities of a non-concellation period on 6 months for the firms tenancy. The liability obligation amounts to DKK 360,000.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

9. 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.