

Rovio Entertainment Interim Report January–June 2020



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Today's speakers



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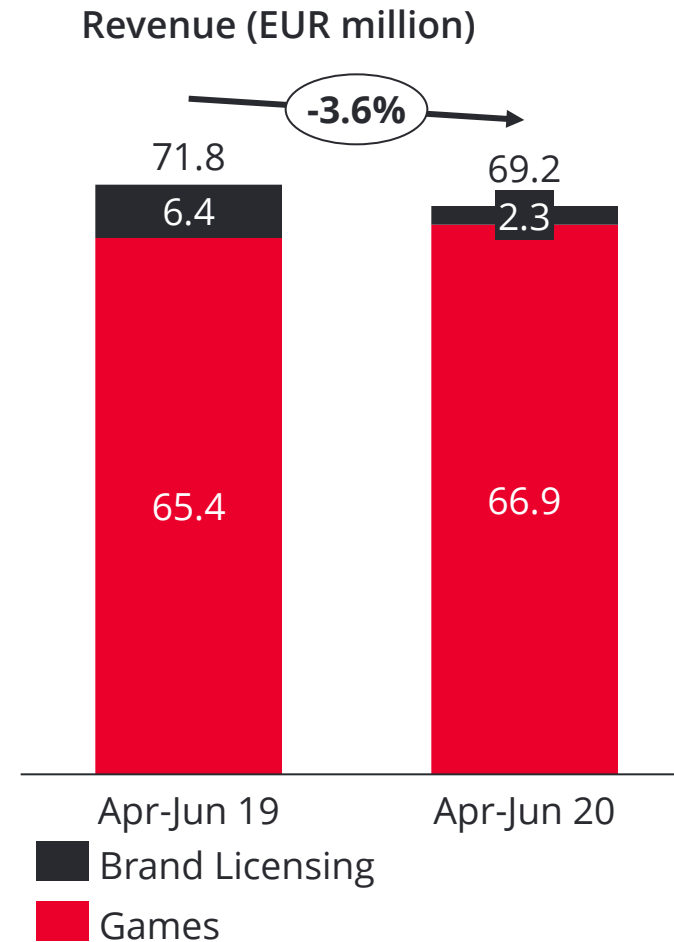
Second Quarter of 2020 in an Eggshell

Games growth with a high profitability

- Group revenue was EUR 69.2m, which decreased 3.6% y-o-y.
 - Record quarterly Games revenue EUR 66.9m (65.4), Angry Birds 2 having highest gross bookings since Q119
 - Brand Licensing EUR 2.3m (6.4), with decreasing revenues from the first Angry Birds movie as expected
- Adjusted EBIT margin was 20.0%. Profitability increased due to the lower level of user acquisition (UA) and stable key games performance.
- Operating cash flow increased y-o-y to EUR 18.7m (4.8).
- New game launch: Small Town Murders on 10th of June
- New studio established in Montreal in May, which will focus on new game development on future of gaming initiatives.
- On 3rd of June we acquired Copenhagen based RPG studio Darkfire Games (renamed as Rovio Copenhagen) with a squad-based RPG game in soft launch called Darkfire Heroes.
- Signed a contract with IMG Licensing Worldwide for an exclusive global representation of Angry Birds consumer products licensing.

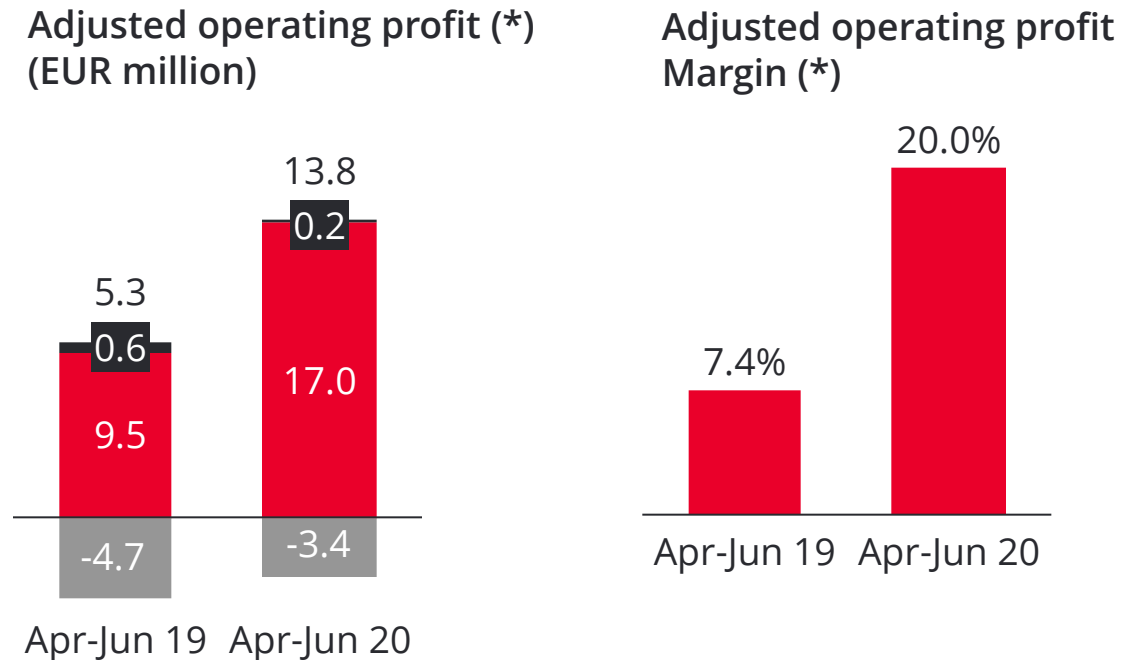
Q220: Games record quarterly revenues, Brand Licensing had decreasing movie revenues

- Group Q220 revenue declined by 3.6% to EUR 69.2m (71.8) due to lower brand licensing revenues.
- Games revenue grew by 2.2% to EUR 66.9m (65.4).
 - Both Grow and Earn games contributed to sales growth. Catalogue games continued to decline.
 - Our games player base demonstrated loyalty despite a lower level of paid UA.
 - Stay at home effect peaked in April but begun to normalize May onwards.
- Brand Licensing declined by 63.7% y-o-y to EUR 2.3m (6.4) due to lower movie revenues from the first Angry Birds Movie.
 - Content Licensing EUR 0.7m (5.2), Consumer Products EUR 1.6m (1.1)



Q220: Improved profit margin driven by lower UA and stable key games performance

- Group adjusted operating profit increased to EUR 13.8m (5.3) and adjusted operating profit margin to 20.0% (7.4%).
- Games adjusted operating profit increased significantly:
 - EARN category games Angry Birds 2 and Angry Birds Friends drivers of profitability.
 - Angry Birds Dream Blast UA was low, but revenues stable impacting profitability positively.
 - UA was EUR 14.0m (21.3) or 20.9% (32.6%) of Games sales.
- Brand Licensing unit adjusted operating profit decreased due to lower movie revenues.

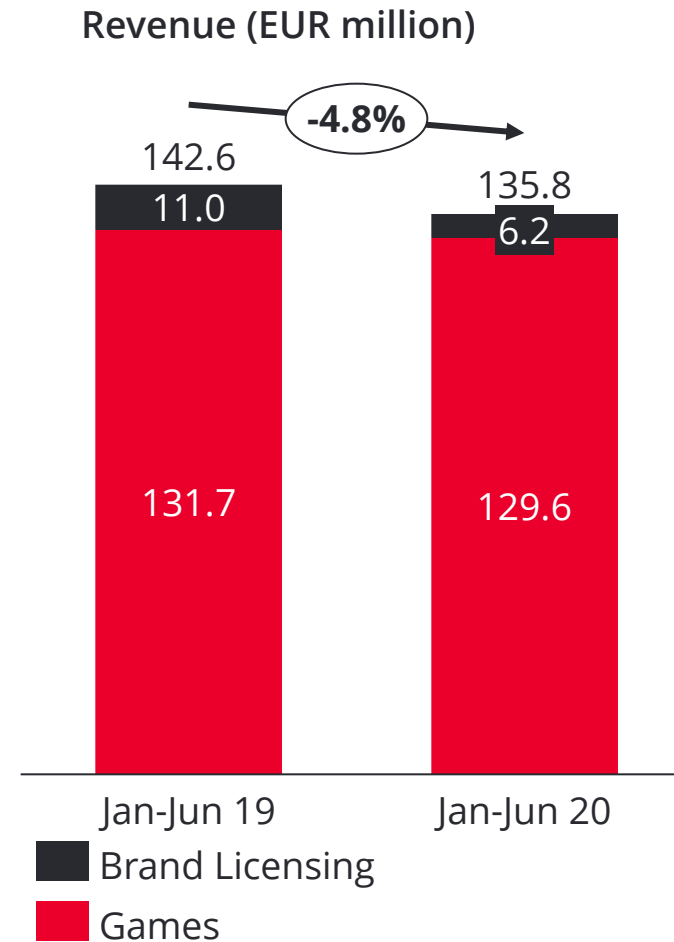


■ Other ■ BLU ■ Games

(*) The adjustments during the Apr-Jun 2020 period amounted to EUR -0.2 million and were related to the bargaining profit from Darkfire Games (renamed as Rovio Copenhagen) acquisition. There were no adjustments in the Apr-Jun 2019 period.

H120: Rovio Group revenue declined by 4.8%

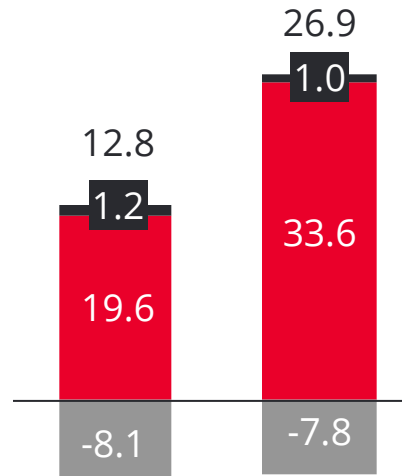
- Group H120 revenue decrease can mainly be attributed to lower movie revenues.
- Games revenue declined y-o-y by 1.6% to EUR 129.6m (131.7).
 - Q120 was lower vs. Q119
- Brand Licensing decreased y-o-y by 43.7% to EUR 6.2m (11.0) due to lower movie revenues – as expected.
 - Content Licensing EUR 3.2m (8.5), Consumer Products EUR 3.0m (2.5)



H120: Improved profit margin driven by lower level of UA and stable key games performance

- Group adjusted operating profit was EUR 26.9m (12.8) and adjusted operating profit margin was 19.8% (9.0%).
- Games adjusted operating profit increased significantly due to good resilience of key games and lower level of UA.
- Brand Licensing unit adjusted operating profit decreased slightly due to lower movie revenues.

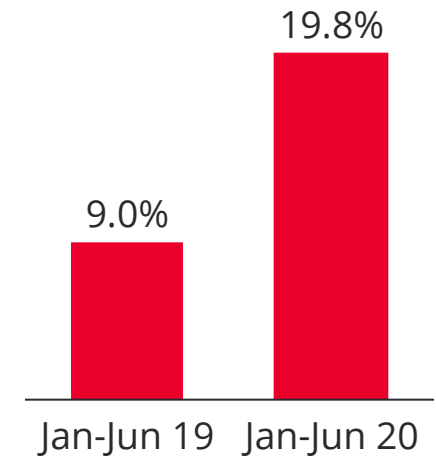
Adjusted operating profit (*)
(EUR million)



Jan-Jun 19 Jan-Jun 20

Other BLU Games

Adjusted operating profit
Margin (*)

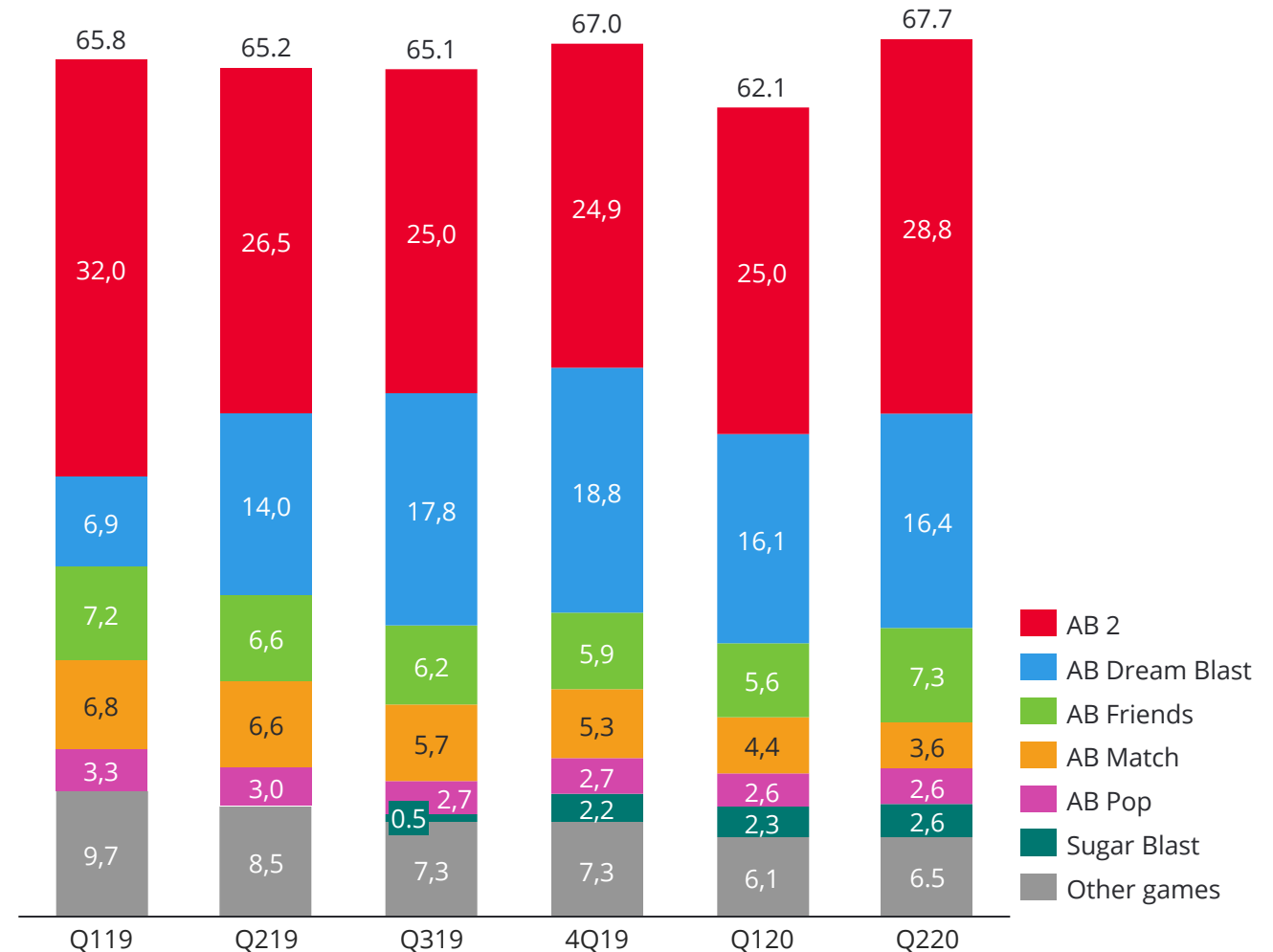


(*) The adjustments during the Jan-Jun 2020 period amounted to EUR 0.1 million and were related to the restructuring of Brand Licensing and Hatch Entertainment in Q1 and the bargaining profit from Darkfire Games acquisition (renamed as Rovio Copenhagen) in Q2. There were no adjustments in the Jan-Jun 2019 period.

Q220: Games gross bookings grew 3.9% y-o-y

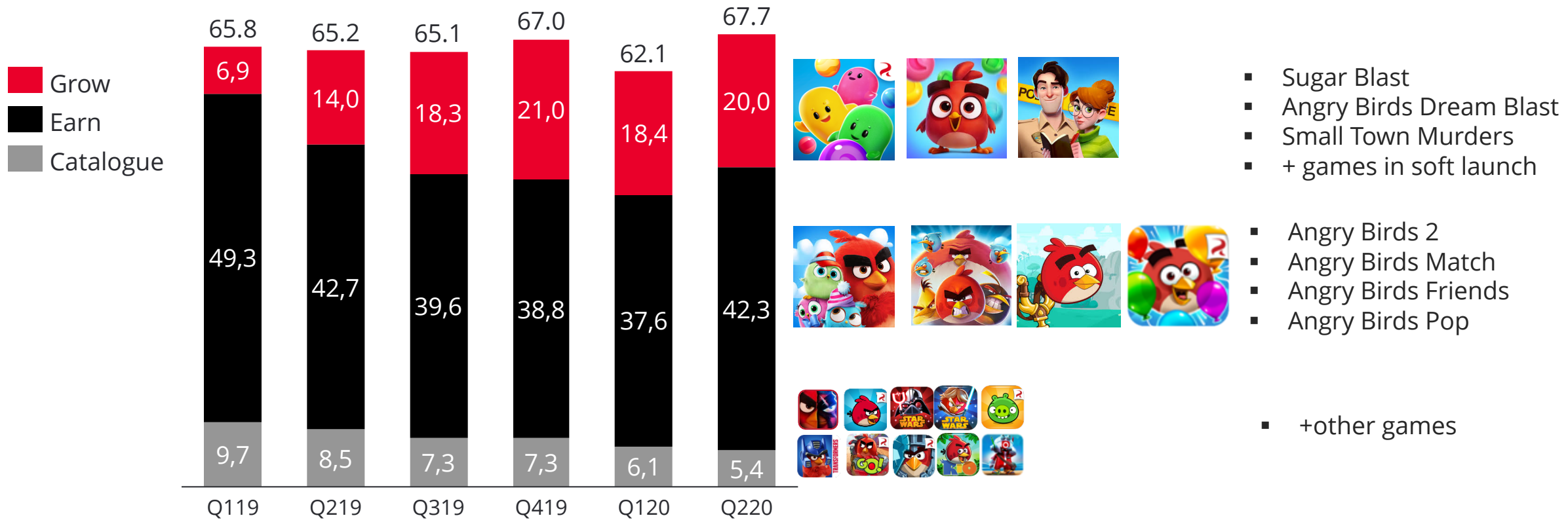
- Games gross bookings EUR 67.7m (65.2) and 3.9% y-o-y growth
 - Angry Birds 2 grew 15% from Q120.
 - Angry Birds Dream Blast grew slightly from Q120.
 - Sugar Blast grew marginally q-on-q.
 - Angry Birds Friends had best quarter since Q4-18.
 - Small Town Murders was launched on 10th of June. The game gross bookings were EUR 1.0m in Q220.
- COVID-19 impact peaking in late April after which downloads, daily active users, engagement and revenues started to normalize, but continued on a higher level vs. Q120.

Games gross bookings (EUR million)



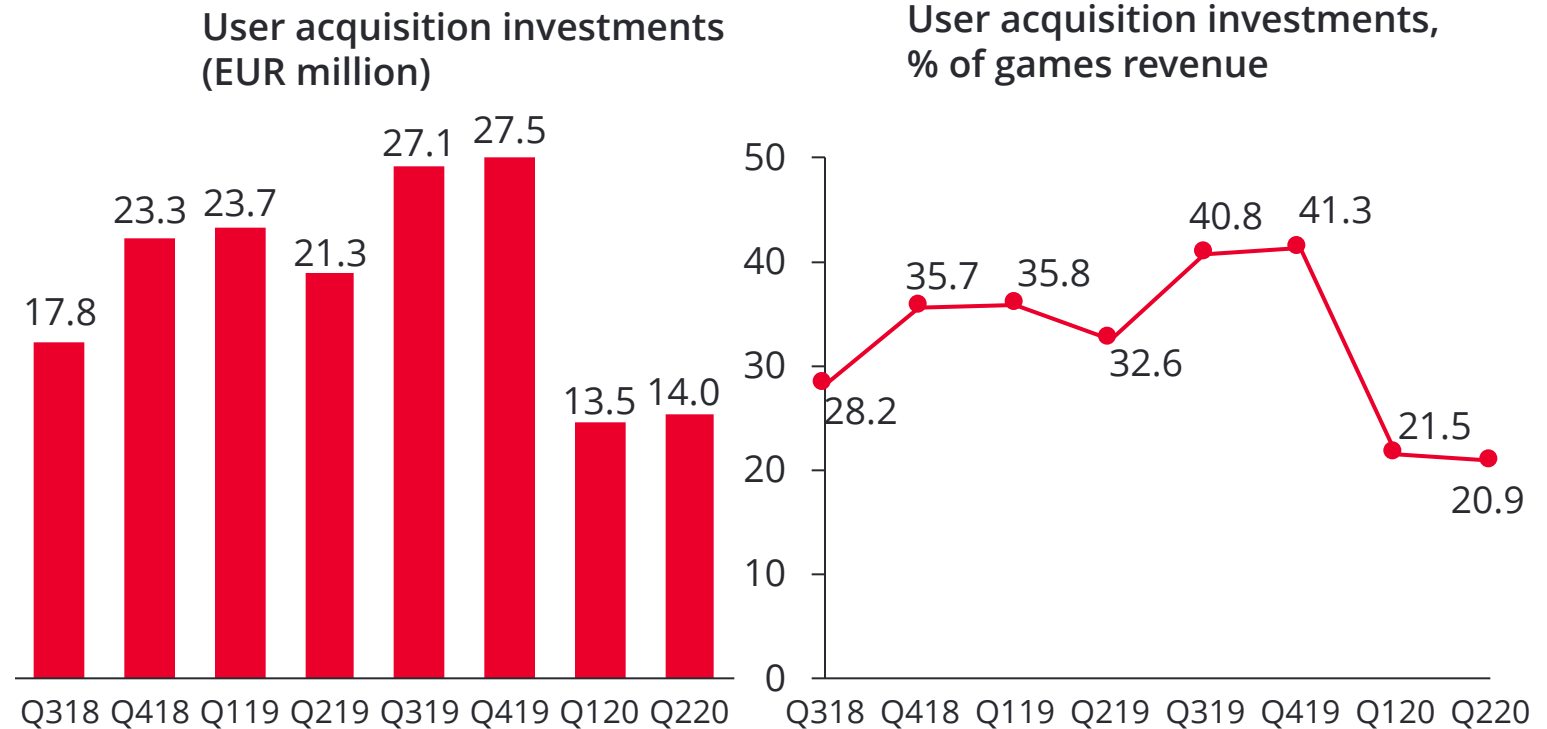
Q220: Q-o-Q pickup in Growth and Earn games

Games gross bookings (EUR million)



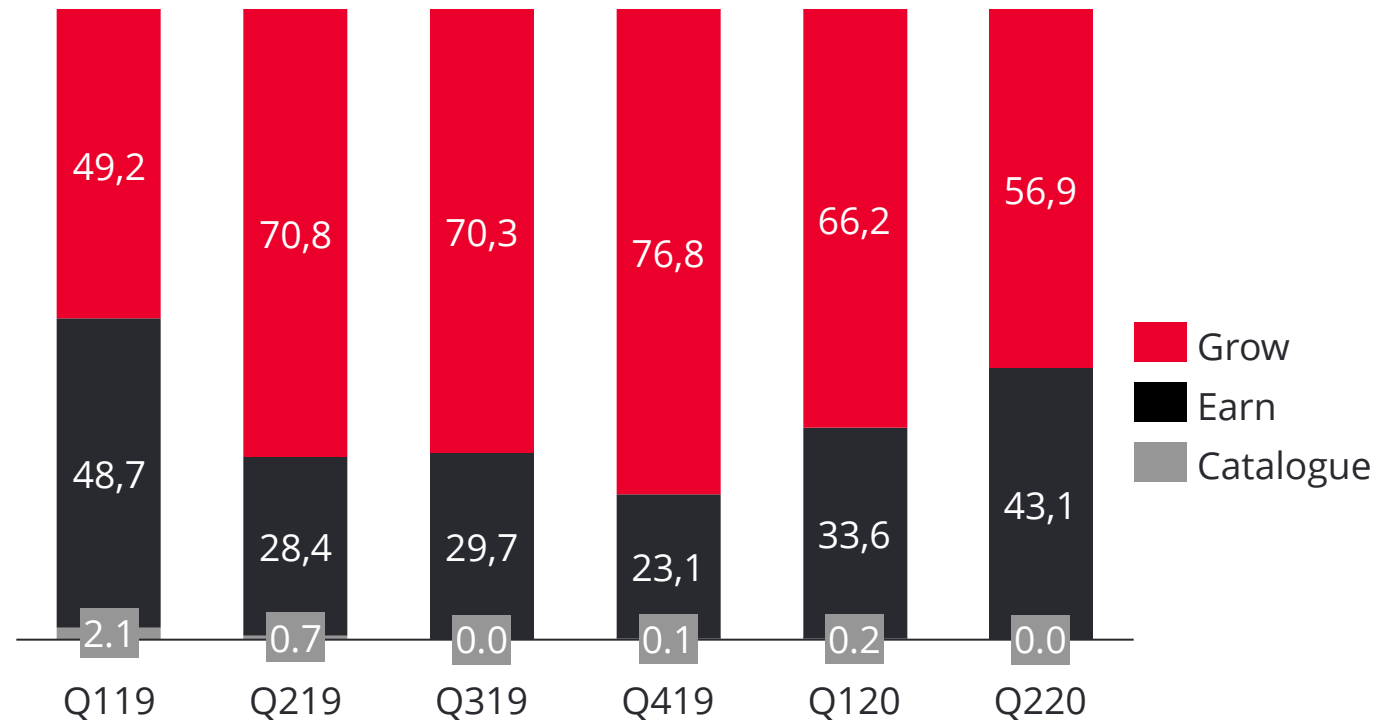
Q220: UA at moderate level

- Q220 UA investments were EUR 14.0m (21.3) or 20.9% (32.6%) of Games revenue.
- Marginal growth in UA vs. Q1 due to launch of new game Small Town Murders.
- Relative UA decreased from Q120 due to higher growth in revenues.



Q119-Q220 UA split (%) per games category

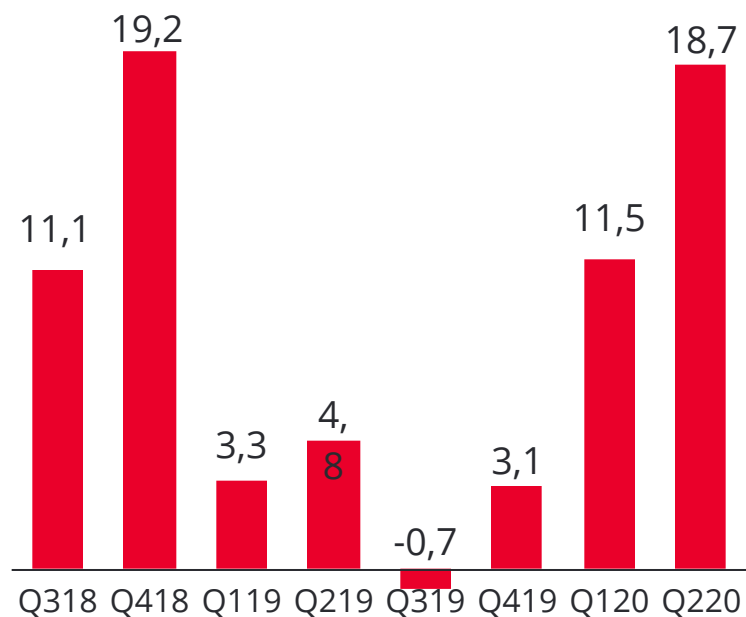
- 56.9% allocated to “Grow” category games Angry Birds Dream Blast and Sugar Blast
- 43.1% of UA to “Earn” category, mainly to Angry Birds 2
- No UA investments in catalogue games



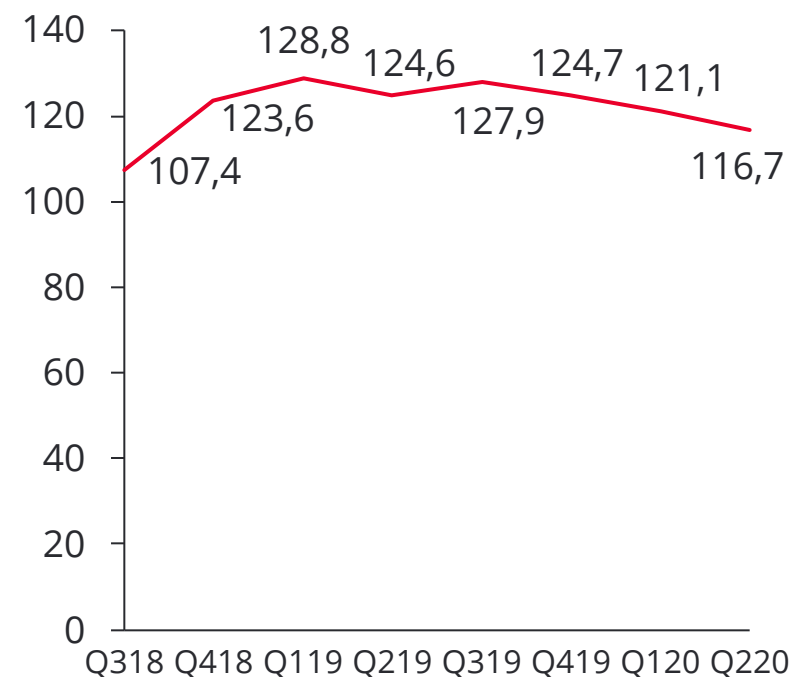
Strong operating cash flow

- Operating cash flow was EUR 18.7m in Q220 (4.8).
 - Cash flow increased significantly y-o-y as a result of improved profitability.
- Cash balance at end of Q220 was EUR 116.7m (end of Q120: EUR 121.1m).
 - EUR 13.2m cash used to purchase treasury shares during Q220.
 - EUR 6.9m cash paid in dividends.

Operating cash flow (EUR million)



Cash & cash equivalents (EUR million)



No changes to 2020 Outlook

2020 outlook

During 2020 we aim to launch 1-3 new games. The timing of new game launches depends on how the games progress in soft launch. Therefore, we do not give a full year 2020 revenue guidance. We start the year at a lower user acquisition level than we ended last year. Due to lower user acquisition investments and the planned cost savings in Hatch Entertainment Oy our adjusted operating profit improves.

Basis for outlook

- Our long-term strategy is to seek growth in the Games business through improving the performance of our key games and developing new games.
- Brand Licensing segment is optimized for profit at a lower revenue which is expected to decline approximately 50% year-on-year in 2020.
- Hatch Entertainment annualized expenses are expected to be approximately EUR 5 million (2019: EUR 10.9 million) on an adjusted basis after restructuring and aligning with its new strategy.

Games roadmap

- We have altogether 10 new games in development, of which 2 are in soft launch:
 - Hard Head Squad (soft launched June 2020)
 - Darkfire Heroes (soft launched August 2019)
- Small Town Murders launched in June 2020.
- We continue to manage the game development pipeline by adding more new projects to the beginning of the funnel and assessing the potential in existing projects.
- Phoenix Rangers was discontinued in May 2020. World Quest is being redesigned and was taken out from soft launch in May 2020.



HARD HEAD SQUAD





MOBILE ACTION RPG
**DARKFIRE
HEROES**

To ask your question



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Q&A

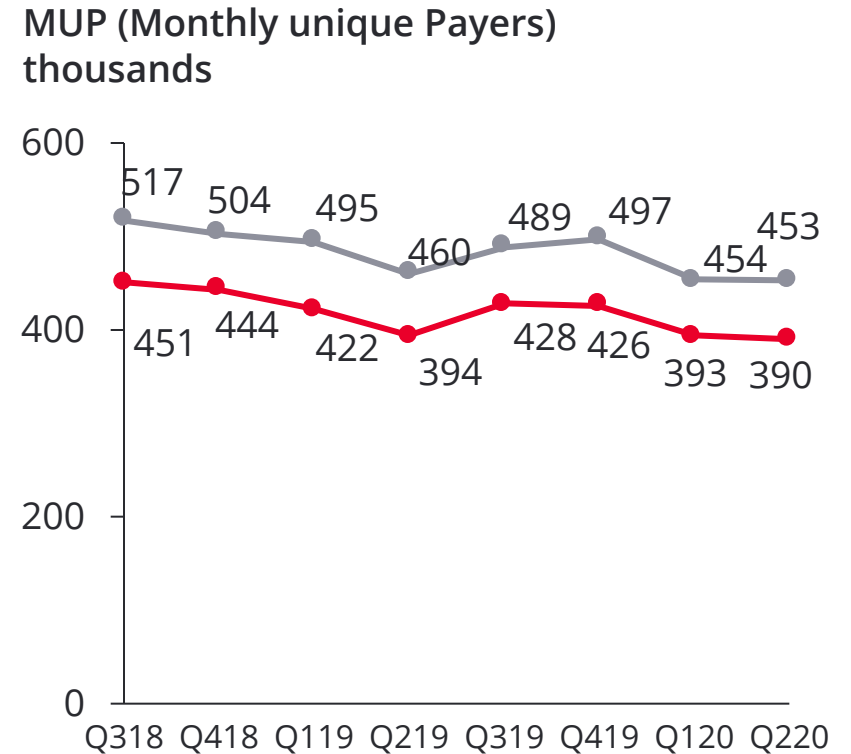
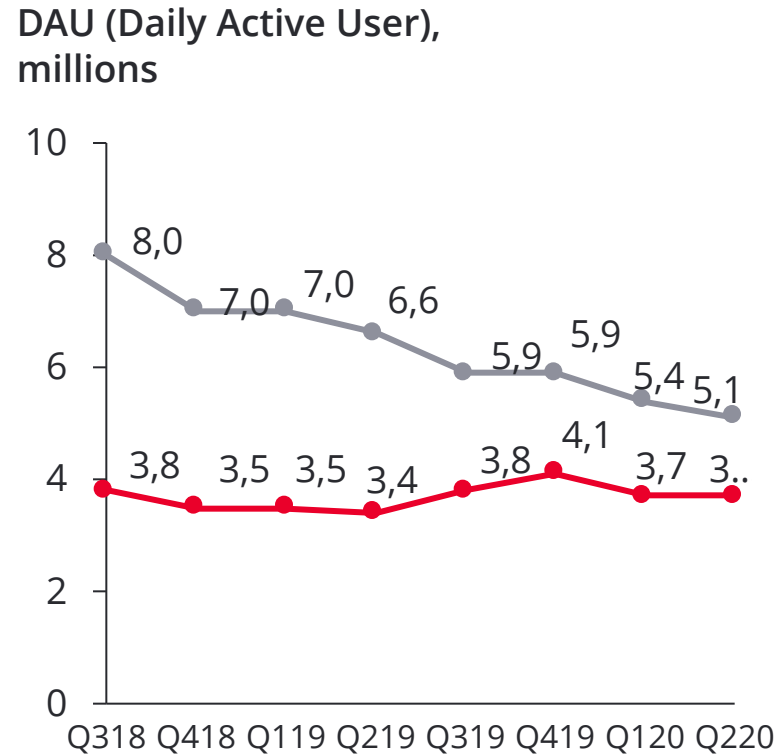


Appendix



Despite a low level of UA DAU and MUP were stable q-o-q in Q220

- Daily active users (DAU) in Q220 for top 5 games was 3.7 million.
- Monthly unique payers (MUP) for top 5 games was 390 thousand.
- Low DAU and MUP can be attributed to low level of UA.

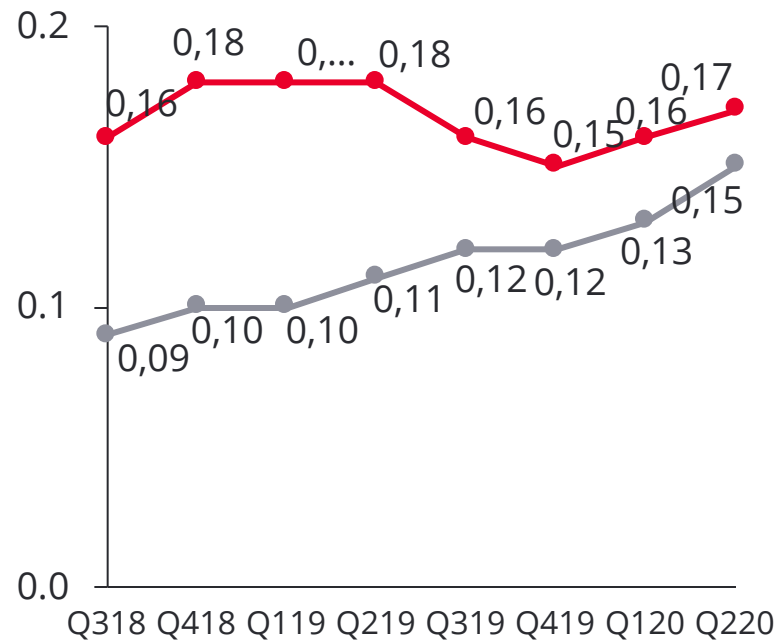


—●— Top 5 games —●— All games

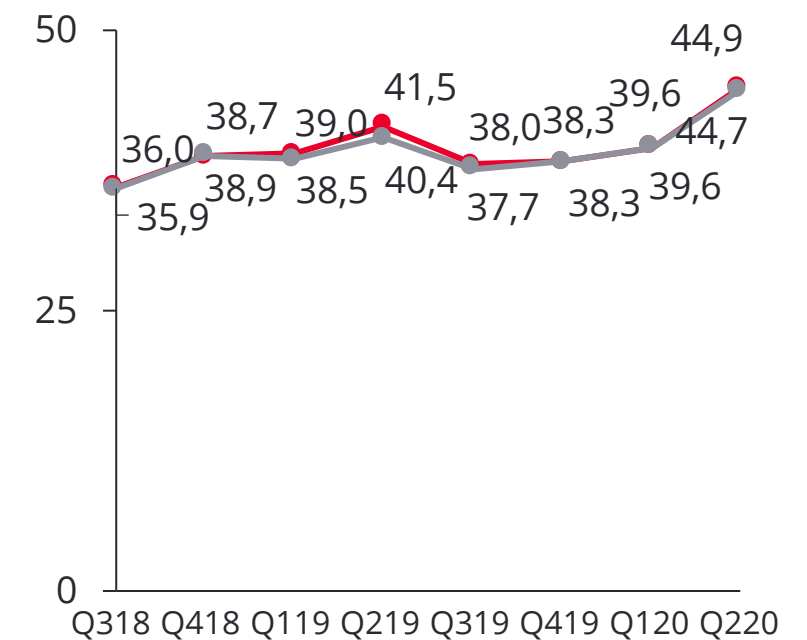
MARPPU grew for third consecutive quarter reaching all time high level in Q220

- ARPPDAU for all games was EUR 0.15.
- ARPPDAU for top 5 games was EUR 0.17.
- MARPPU for top 5 games was EUR 44.9.

ARPPDAU (Average Revenue Per Daily Active User), EUR



MARPPU (Monthly Average Revenue per Unique Payer), EUR



—●— Top 5 games —●— All games