

Rovio Entertainment Corporation

Half Year Financial Report

August 14, 2020

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HALF YEAR FINANCIAL REPORT FOR JANUARY-JUNE 2020

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 ROVIO

Record quarterly revenue for Games and high profitability

April-June 2020 highlights

- Rovio group revenue was EUR 69.2 million (71.8) and declined 3.6% year-on-year due to lower movie revenues
- Group adjusted operating profit grew to EUR 13.8 million (5.3) and adjusted operating profit margin to 20.0% (7.4%) due to stable revenues of key games, increased player engagement due to Covid-19 and lower level of user acquisition
- Games revenue grew 2.2% year-on-year to EUR 66.9 million (65.4). In comparable currencies, games revenue grew by approximately by 1%. The Games gross bookings were EUR 67.7 million (65.2) and grew 3.9% year-on-year. In comparable currencies, the gross bookings grew by approximately 2%
- Angry Birds 2 gross bookings were EUR 28.8 million and increased by 15% from Q120
- Rovio launched a new narrative puzzle game Small Town Murders on 10th June
- Rovio acquired Darkfire Games studio in Copenhagen, Denmark
- Rovio established a new game studio to explore future of gaming in Montreal, Canada
- User acquisition investments were EUR 14.0 million (21.3), or 20.9% of the Games segment's revenue (32.6%)
- Brand Licensing revenue was EUR 2.3 million (6.4) and declined 63.7% year-on-year due to lower movie revenues
- Group adjusted operating profit excluding Hatch Entertainment was EUR 15.6 million (8.1) and adjusted operating profit margin 22.5% (11.3%)
- Operating cash flow was EUR 18.7 million (4.8)
- Earnings per share was EUR 0.15 (0.04)

January-June 2020 highlights

- Rovio group revenue was EUR 135.8 million (142.6) and declined 4.8% year-on-year due to lower movie revenues
- Group adjusted operating profit grew to EUR 26.9 million (12.8) and adjusted operating profit margin to 19.8% (9.0%)
- Games revenue declined by 1.6% year-on-year to EUR 129.6 million (131.7). In comparable currencies, games revenue declined by approximately by 2%. The Games gross bookings were EUR 129.8 million (131.0) and declined 0.9% year-on-year. In comparable currencies, the gross bookings declined by approximately 2%.
- User acquisition investments were EUR 27.5 million (45.1), or 21.2% of the Games segment's revenue (34.2%)
- Brand Licensing revenue was EUR 6.2 million (11.0) and declined 43.7% year-on-year
- Group adjusted operating profit excluding Hatch Entertainment was EUR 31.4 million (17.4) and adjusted operating profit margin 23.1% (12.2%)
- Operating cash flow was EUR 30.2 million (8.0)
- Earnings per share was EUR 0.26 (0.11)

Key figures

EUR million	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %
Revenue	69.2	71.8	-3.6 %	135.8	142.6	-4.8 %
EBITDA	16.1	9.6	66.9 %	31.9	20.1	58.8 %
EBITDA margin	23.2 %	13.4 %	-	23.5 %	14.1 %	-
Adjusted EBITDA	15.9	9.6	64.6 %	32.0	20.1	59.3 %
Adjusted EBITDA margin, %	22.9 %	13.4 %	-	23.6 %	14.1 %	-
Operating profit	14.1	5.3	164.3 %	26.8	12.8	109.6 %
Operating profit margin, %	20.3 %	7.4 %	-	19.7 %	9.0 %	-
Adjusted operating profit	13.8	5.3	160.1 %	26.9	12.8	110.3 %
Adjusted operating profit margin, %	20.0 %	7.4 %	-	19.8 %	9.0 %	-
Profit before tax	14.8	4.8	206.2 %	26.3	12.4	112.7 %
Capital expenditure	1.1	1.0	10.6 %	1.8	1.6	13.9 %
User acquisition	14.0	21.3	-34.4 %	27.5	45.1	-39.1 %
Return on equity (ROE), %	19.7 %	18.5 %	-	19.7 %	18.5 %	-
Net gearing ratio, %	-68.1 %	-66.8 %	-	-68.1 %	-66.8 %	-
Equity ratio, %	83.1 %	79.6 %	-	83.1 %	79.6 %	-
Earnings per share, EUR	0.15	0.04	299.6 %	0.26	0.11	131.7 %
Earnings per share, diluted EUR	0.15	0.04	302.6 %	0.26	0.11	133.8 %
Net cash flows from operating activities	18.7	4.8	291.5 %	30.2	8.0	276.2 %
Employees (average for the period)	460	448	2.7 %	463	435	6.4 %

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

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

Kati Levoranta, CEO:

We had an eventful Q2 and continued delivering on our strategy on multiple fronts. We reached record high Games revenue driven by the strong performance of our key games. Our profitability improved significantly year-on-year due to lower user acquisition investments and higher games gross bookings. The strong profitability led to the highest operating cash flow since Q418.

In June, we launched a new narrative puzzle game called Small Town Murders. Our aim is to scale up the user acquisition of the game gradually. Rovio's largest game, Angry Birds 2, grew quarter-on-quarter thanks to game updates, seasonal events and increased player engagement that can be attributed to Covid-19, especially in April. The overall impact of Covid-19, which was visible in a higher level of downloads, daily active users and player engagement, peaked late April. From May onwards these KPIs started to normalize. At the same time, successful game improvements have led to somewhat higher monetization compared to the beginning of the year and stable revenues in our key games.

During Q2, we released news regarding two new Rovio game studios. First, we set up a new studio in Montreal, Canada headed by Ben Mattes, a gaming industry veteran with broad experience from both console and mobile games. In 2020, we are building up the studio's core team, who will be initiating forward-looking projects around the future of gaming. In June, we announced the acquisition of a Copenhagen based RPG studio Darkfire Games, now named Rovio Copenhagen. The studio has already one game in soft launch and the team strengthens our RPG genre mastery. M&A continues to be an integral part of our strategy and during Q2 we strengthened our leadership team by appointing a new Head of Corporate Development, Jakob Longer, to drive Rovio's M&A strategy.

During the first half of this year we have seen heightened viewership and engagement for Angry Birds content across all major digital platforms. As an example, The Angry Birds Movie 2 was amongst the most watched movies on Netflix during the spring. In June, we signed a contract with IMG Licensing Worldwide for exclusive global representation of Angry Birds consumer products and location-based entertainment licensing. With their extensive global operations, supported by front and back office resources across geographies and product categories, we believe IMG can help us build an exciting offering over the coming years to reach our fans with high quality consumer products across the globe.

During these exceptional times we have successfully managed the transition to working from home. Going forward we will carefully follow how the pandemic situation develops and adjust our ways of working accordingly. I would like to express my gratitude to all Rovians and our partners for their tremendous efforts and adaptability.

Outlook for 2020 (unchanged)

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 Ltd., our adjusted operating profit improves.

Basis for outlook

Our 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.

More detailed outlook per games category is given below:

Grow: We believe Angry Birds Dream Blast will grow on an annual basis but starts the year at a lower quarterly run-rate compared to the end of 2019. The game has a strong feature roadmap focusing on improvements to long term retention and monetization. We are continuing to develop Sugar Blast through live operations for its core audience and improve retention and monetization in order to scale the game up.

Earn: The revenues of Angry Birds 2 stabilized despite much lower user acquisition investments y-on-y. We further focus on improving the performance of the game through introducing new updates that increase engagement with our core users. The revenue of the other "earn"-category games for which we have stopped, or lowered UA significantly is expected to continue decline at a steady slow pace, except for Angry Birds Friends which is showing good stability.

Catalogue: We expect these games to continue declining over time. They still receive substantial organic downloads, but the active user base and revenues are expected to decline over time as we do not develop these games further.

New games: We aim to launch 1-3 new games in 2020. We have launched one new game, Small Town Murders in June, and we have currently two games in soft launch and several games in different phases of production.

Games in soft launch are available in a selected number of countries and operated with a limited number of gamers. Soft launch games have advanced far in the game development process. They are being tested and developed in order to verify their commercial potential and scalability. There is no guarantee that games in soft launch will be published.

Audiocast and conference call:

Rovio will host an English language audiocast and conference call on the first half 2020 financial results, including a Q&A session for analysts, media and institutional investors at 14:00-15:00 EEST on August 14, 2020. The audiocast can be viewed live at: <https://investors.rovio.com/en>, and later on the same day as a recording.

Conference call details:

PIN: 15390508#

Finland Toll: +358 981 710 310

Sweden Toll: +46 856 642 651

United Kingdom Toll: +44 333 300 0804

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Rovio in brief

Rovio Entertainment Corporation is a global, games-first entertainment company that creates, develops and publishes mobile games, which have been downloaded over 4.5 billion times so far. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games to various entertainment and consumer products in brand licensing. Today, Rovio offers multiple mobile games, animations and produced The Angry Birds Movie in 2016. Its sequel, The Angry Birds Movie 2, was released in 2019. Rovio is headquartered in Finland and the company's shares are listed on the main list of NASDAQ Helsinki stock exchange with the trading code ROVIO. (www.rovio.com)

Rovio Entertainment Corporation

Half Year Financial Report 1-6/2020

A description of the accounting standards applied in the preparation of this Interim Report is provided in the notes to this Interim Report, in Note 1 Accounting principles.

Market review

According to market intelligence provider Newzoo's latest global games market report published in June 2020, the global mobile gaming market size in end-user generated revenue was estimated to be USD 68.2 billion in 2019 which represented 9.7% year-on-year growth. Newzoo estimates the global mobile gaming market growth to accelerate to 13.3% and reach USD 77.2 billion in 2020 which is slightly higher than the earlier estimate in March (11.6%, USD 76.1 billion). The growth is estimated to be driven by a heightened global gaming activity as a result of Covid-19 lockdown measures.

In 2019-2023, the global mobile gaming market is expected to grow at 10.9% CAGR and the Western market at 8.8% CAGR.

Revenue and result

April-June 2020

In the second quarter 2020, Rovio group revenue was EUR 69.2 million (71.8) and declined 3.6% year-on-year due to lower movie revenues. The Games segment revenue grew 2.2% year-on-year and amounted to EUR 66.9 million (65.4). In comparable currencies, games revenue grew by approximately 1%. The beginning of the quarter (March-April) had a peak in downloads, active users and game revenues due to the increased player engagement during the Covid-19 lockdown around the world. During the end of the quarter, (May-June) we saw player engagement and revenues normalizing as the lockdowns were gradually lifted.

In the reporting period, the gross bookings of Rovio's largest game Angry Birds 2 grew to EUR 28.8 million which was 15% growth from the previous quarter (Q120: EUR 25.0 million). Rovio's second largest game Angry Birds Dream Blast grew somewhat from the previous quarter and amounted to EUR 16.4 million (Q1-20: EUR 16.1 million).

The revenue of the Brand Licensing segment was EUR 2.3 million (6.4) and declined 63.7% year-on-year. The revenue consisted of EUR 0.7 million (5.2) from Content Licensing and EUR 1.6 million (1.1) from Consumer Products. The revenues of Content Licensing declined due to lower revenues mainly from the first Angry Birds Movie. The revenues of the movies are expected to decline over time, however, there are uncertainties in timing of the revenue streams.

The Group's adjusted EBITDA was EUR 15.9 million (9.6), or 22.9% (13.4%) of revenues.

The Group's adjusted operating profit was EUR 13.8 million (5.3) and adjusted operating profit margin 20.0% (7.4%). Excluding Hatch Entertainment cost, the Group's adjusted profit was EUR 15.6 million (8.1) and adjusted operating profit margin 22.5% (11.3%). The adjustments during the reporting period amounted to EUR -0.2 million and were related acquisition of Darkfire Games studio (now Rovio Copenhagen). There were no adjustments in the comparable period.

The Games segment's adjusted EBITDA was EUR 18.1 million (10.5) or 27.1% (16.1%) of revenues. Games EBITDA margin was higher compared to last year due to significantly lower user acquisition investments in the reporting period: EUR 14.0 million (21.3) or 20.9% of revenues (32.6%) as well due to stable revenues despite lower user acquisition.

The Brand Licensing segment's adjusted EBITDA was EUR 1.0 million (3.7) and adjusted EBITDA margin was 41.3% (58.3%). The lower EBITDA of Brand Licensing in the reporting period was due to lower movie revenues.

The Group's profit before taxes was EUR 14.8 million (4.8) and earnings per share EUR 0.15 (0.04).

January-June 2020

In the first half of 2020, Rovio group revenue was EUR 135.8 million (142.6) and declined 4.8% year-on-year due to lower movie revenues.

The Games segment revenue was EUR 129.6 million (131.7) and declined 1.6% year-on-year. In comparable currencies, the decline was approximately 2%.

The revenue of the Brand Licensing -segment was EUR 6.2 million (11.0) and declined 43.7% year-on-year. The revenue consisted of EUR 3.2 million (8.5) from Content Licensing, the majority of which was income from the first Angry Birds Movie, and EUR 3.0 million (2.5) from Consumer Products.

The Group's adjusted EBITDA was EUR 32.0 million (20.1), or 23.6% (14.1%) of revenues.

The Group's adjusted operating profit increased to EUR 26.9 million (12.8) and adjusted operating profit margin increased to 19.8% (9.0%). Excluding Hatch Entertainment operating expenses, the Group's adjusted profit was EUR 31.4 million (17.4) and adjusted operating profit margin 23.1% (12.2%). The adjustments during the reporting period amounted to EUR 0.1 million and were related to restructuring of Brand Licensing and Hatch Entertainment and acquisition of Darkfire Games studio (now Rovio Copenhagen). There were no adjustments in the comparable period.

The Games segment's adjusted EBITDA was EUR 35.9 million (21.7) or 27.7% (16.5%) of revenues. The user acquisition investments in the reporting period were EUR 27.5 million (45.1) or 21.2% of games revenues (34.2%).

The Brand Licensing segment's adjusted EBITDA was EUR 3.5 million (6.2) and adjusted EBITDA margin was 57.0% (56.6%). The decline in EBITDA from last year was due to lower movie revenues.

The Group's profit before taxes was EUR 26.3 million (12.4) and earnings per share EUR 0.26 (0.11).

Financing and investments

Rovio's capital expenditure was EUR 1.1 million (1.0) in the second quarter of 2020.

Rovio refers to the user acquisition costs of the Games segment as investments, but pursuant to accounting regulations, they are recognized as expenses rather than investments due to their average payback period being about a year.

The Games segment's capital expenditure was EUR 0.6 million (0.2) in the second quarter and related to external game development. Brand Licensing segment's capital expenditure was EUR 0.1 million (0.5) and related to external development of TV animated series. The Other-segment's investments were EUR 0.3 million (0.3) for the quarter and consisted mainly of machinery and equipment.

Cash flow from financing amounted to EUR -21.6 million (-7.8) in the second quarter and consisted mainly of acquisition costs of treasury shares of EUR 13.2 million, EUR 6.9 million dividend payments and repayment of Business Finland (the Finnish Funding Agency for Innovation) loan of EUR 1.0 million.

At the end of the second quarter, Rovio's total interest-bearing loans and financial liabilities amounted to EUR 9.1 million (16.1) consisting of EUR 2.1 million product development loans from Business Finland (the Finnish Funding Agency for Innovation) and EUR 6.9 million leasing liabilities.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 116.7 million (124.6).

Development per business segment

Games

April-June 2020

The Games segment's revenue in the reporting period amounted to a quarterly record-high EUR 66.9 million (65.4). Revenue increased year-on-year by 2.2%. In comparable currencies, revenue increased approximately by 1%.

Rovio's largest game Angry Birds 2 increased its gross bookings by 15% from Q1 2020 to EUR 28.8 million and was the main driver of the revenue increase in the reporting period. Rovio's top five games remained unchanged from the previous quarter and were Angry Birds 2, Angry Birds Dream Blast, Angry Birds Friends, Angry Birds Match and Angry Birds Pop. Small Town Murders, the new narrative driven puzzle game was released in June and had gross bookings of EUR 1.0 million in the reporting period.

The Games segment's EBITDA increased by 72.1% and was EUR 18.1 million (10.5). The EBITDA increase was mainly a result of reduced user acquisition investments and an increase in revenue despite the reduction in user acquisition.

The Games segment's user acquisition investments decreased to EUR 14.0 million (21.3), or 20.9% (32.6%) of the Games segment's revenue in the reporting period to adhere with the 12-month payback requirement. Compared to the previous quarter, the Angry Birds 2 user acquisition investments were increased, while the investments for Angry Birds Dream Blast were slightly reduced. Towards the end of the quarter, Small Town Murders user acquisition was ramped up gradually.

The user acquisition investments in the second quarter were divided between the different categories of games as follows: 56.9% into the "Grow" games (Angry Birds Dream Blast, Sugar Blast and Small Town Murders) and 43.1% into the "Earn" games (Angry Birds 2, Angry Birds Match, Angry Birds Friends and Angry Birds Pop), mainly into Angry Birds 2.

The Games segment's capital expenditure in the reporting period amounted to EUR 0.6 million (0.2)

January-June 2020

The Games segment's revenue in the first half of 2020 amounted to EUR 129.6 million (131.7). Revenue decreased year-on-year by 1.6%. In comparable currencies, the decline was approximately 2%.

The Games EBITDA increased by 65.5% to EUR 35.9 million (21.7). The EBITDA increase was mainly a result of reduced user acquisition investments.

The Games segment's user acquisition investments decreased to EUR 27.5 million (45.1), or 21.2% (34.2%) of the Games segment's revenue in the reporting period to adhere with the 12-month payback requirement.

The Games segment's capital expenditure in the reporting period amounted to EUR 1.2 million (0.3)

EUR million	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	1-12/ 2019
Gross bookings	67.7	65.2	3.9%	129.8	131.0	-0.9%	263.2
Revenue	66.9	65.4	2.2%	129.6	131.7	-1.6%	264.8
Adjusted EBITDA	18.1	10.5	72.1%	35.9	21.7	65.5%	35.6
Adjusted EBITDA margin, %	27.1%	16.1%		27.7%	16.5%		13.4%
EBITDA	18.1	10.5	72.1%	35.9	21.7	65.5%	35.6
EBITDA margin, %	27.1%	16.1%		27.7%	16.5%		13.4%
User acquisition	14.0	21.3	-34.4%	27.5	45.1	-39.1%	99.7
User acquisition share of revenue, %	20.9%	32.6%		21.2%	34.2%		37.7%
Capital expenditure	0.6	0.2	238.1%	1.2	0.3	295.6%	1.1

Key performance indicators of the Games segment

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

In the second quarter of 2020, the Games segment's gross bookings increased by 3.9% to EUR 67.7 million (65.2) and increased by approximately 2% year-on-year in comparable currencies.

The number of active users for all games decreased from 5.4 million to 5.1 million as some older games (Angry Birds Rio, Angry Birds Star Wars 1 & 2) were removed from the application stores at the end of Q1. For top 5 games, the number of active users remained stable at 3.7 million.

The amount of monthly unique payers (MUP) was on the previous quarter's level at 390 thousand for the top 5 games and 453 thousand for the whole portfolio.

The decline in player base impacted the monetization KPI's for the whole portfolio and the average revenue per daily active user (ARPDau) improved from the previous quarter from 13 cents to 15 cents. For the top 5 games ARPDau increased from 16 cents to 17 cents. At the same time, MARPPU increased to record level of 44.9 for top 5 games and 44.7 for the whole portfolio.

EUR million	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Gross bookings top 5	58.6	53.7	57.6	57.3	56.7	56.1
Gross bookings total	67.7	62.1	67.0	65.1	65.2	65.8

Million	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
DAU top 5	3.7	3.7	4.1	3.8	3.4	3.5
DAU all	5.1	5.4	5.9	5.9	6.6	7.0
MAU top 5	20.1	19.7	21.0	20.7	16.2	17.1
MAU all	32.5	36.5	37.3	40.7	45.3	49.3

Thousand	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
MUP top 5	390	393	426	428	394	422
MUP all	453	454	497	489	460	495

EUR	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
ARPDau top 5	0.17	0.16	0.15	0.16	0.18	0.18
ARPDau all	0.15	0.13	0.12	0.12	0.11	0.10
MARPPU top 5	44.9	39.6	38.3	38.0	41.5	39.0
MARPPU all	44.7	39.6	38.3	37.7	40.4	38.5

Game-specific performance in the Games segment

Angry Birds 2, Rovio's largest game, increased its gross bookings from the previous quarter by 15% to EUR 28.8 million and grew 9% year-on-year. The user acquisition investments for the game increased slightly in Q2 2020 and there was also a clear peak in player engagement due to Covid-19 in April.

Rovio's second biggest game in the reporting period was Angry Birds Dream Blast with gross bookings of EUR 16.4 million. The Q2 gross bookings increased slightly from the previous quarter and year-on-year even if the user acquisition investments were on a lower level, as the monetization of the game improved during the quarter.

Rovio's third biggest game in the reporting period was Angry Birds Friends, which was released already in 2012. Angry Birds Friends' gross bookings increased by 30% from the previous quarter and 11% year-on-year and were EUR 7.3 million (6.6). This was the highest gross bookings for Angry Birds Friends since Q4-2018.

Angry Birds Match recorded gross bookings of EUR 3.6 million (6.6) and was Rovio's fourth biggest game in the quarter. The drop in Angry Birds Match revenue was due to lower user acquisition investments.

Angry Birds Pop remained Rovio's fifth biggest game in the reporting period. The gross bookings of Angry Birds Pop were EUR 2.6 million (3.0) and were stable quarter-on-quarter.

Sugar Blast, which was launched in September 2019, generated EUR 2.6 million gross bookings in the second quarter, increasing from EUR 2.3 million in Q1-20.

The Other games category generated total gross bookings of EUR 6.5 million during the quarter (8.5). Small Town Murders which was released in June 2020 generated gross bookings of EUR 1.0 million and is included in Other games.

Gross bookings, EUR million	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
AB 2	28.8	25.0	24.9	25.0	26.5	32.0
AB Dream Blast	16.4	16.1	18.8	17.8	14.0	6.9
AB Friends	7.3	5.6	5.9	6.2	6.6	7.2
AB Match	3.6	4.4	5.3	5.7	6.6	6.8
AB Pop	2.6	2.6	2.7	2.7	3.0	3.3
Sugar Blast	2.6	2.3	2.2	0.5		
Other games	6.5	6.1	7.3	7.3	8.5	9.7
Total	67.7	62.1	67.0	65.1	65.2	65.8

Brand Licensing

April-June 2020

The revenue of the Brand Licensing segment in the reporting period April-June 2020 was EUR 2.3 million (6.4) and declined 63.7% year-on-year. The revenue consisted of EUR 0.7 million (5.2) from Content Licensing and EUR 1.6 million (1.1) from Consumer Products. The revenues of Brand Licensing and Content Licensing declined due to lower revenues from the first Angry Birds Movie. The revenues of the movies are expected to decline over time, however, there are uncertainties in timing of the revenue streams.

The Brand Licensing segment's adjusted EBITDA in the reporting period was EUR 1.0 million (3.7) and adjusted EBITDA margin was 41.3% (58.3%). The lower EBITDA in the reporting period was due to lower revenues.

January-June 2020

In the first half of the year, the revenue of the Brand Licensing segment was EUR 6.2 million (11.0) and declined 43.7% year-on-year. The revenue consisted of EUR 3.2 million (8.5) from Content Licensing, the majority of which was income from the first Angry Birds Movie, and EUR 3.0 million (2.5) from Consumer Products. The revenues of Brand Licensing and Content Licensing declined due to lower revenues from the first Angry Birds Movie. The revenues of the movies are expected to decline over time, however, there are uncertainties in timing of the revenue streams.

The Brand Licensing segment's adjusted EBITDA was EUR 3.5 million (6.2) and adjusted EBITDA margin was 57.0% (56.6%). The lower EBITDA in the reporting period was due to lower revenues.

EUR million	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	1-12/ 2019
Revenue	2.3	6.4	-63.7%	6.2	11.0	-43.7%	24.3
Consumer products	1.6	1.1	40.4%	3.0	2.5	21.2%	8.1
Content licensing	0.7	5.2	-86.0%	3.2	8.5	-62.6%	16.2
Adjusted EBITDA	1.0	3.7	-74.3%	3.5	6.2	-43.2%	14.0
Adjusted EBITDA margin, %	41.3%	58.3%		57.0%	56.6%		57.8%
EBITDA	1.0	3.7	-74.3%	3.4	6.2	-45.8%	13.8
EBITDA margin, %	41.3%	58.3%		54.4%	56.6%		56.7%
Capital expenditure	0.1	0.5	-85.7%	0.2	0.5	-64.5%	0.7
Amortization	0.7	3.1	-76.2%	2.5	5.0	-50.1%	9.4

Other segment

Hatch Entertainment

Hatch Entertainment Ltd, Rovio's subsidiary, is developing a cloud-based game streaming service for mobile and smart TVs.

In 2019, Rovio announced that alternative financial structures and partnerships would be explored for Hatch. During the first quarter of 2020 Rovio announced its decision to end the financing round that was started in 2019 and that strategic alternatives for Hatch will be further evaluated.

The competition in game streaming intensified during 2019 while 5G networks and devices rollout has been slower than expected. Due to the changes in the operating environment Hatch Entertainment decided to focus its strategy. Going forward, Hatch will focus on Hatch Kids, a subscription and streaming based digital entertainment and edutainment service tailored for children and families, that was in soft launch in Finland and Sweden on Android during the reporting period. Accordingly, Hatch restructured its operations during the first half of 2020 to align with the updated strategy with annualized cost savings of approximately EUR 6 million.

The new cost level is actualized from June 2020 onwards. Hatch profit impact during the first quarter of 2020 was EUR -2.9 million (-1.8) and during the second quarter EUR -1.7 million (-2.8).

In the second quarter, Rovio Entertainment Corp. converted its inter-company loans to Hatch Entertainment Ltd., consequently, Rovio Entertainment's ownership of Hatch Entertainment increased from 80% to 90.5%.

Consolidated statement of financial position

Consolidated statement of financial position. EUR million	30 June 2020	30 June 2019	31 Dec 2019
Non-current assets	42.9	49.8	44.9
Current receivables	38.5	43.1	47.6
Cash and cash equivalents	116.7	124.6	124.7
Total assets	198.1	217.5	217.3
Equity	157.9	163.1	168.0
Financial liabilities	9.1	6.7	14.4
Advances received and deferred income	8.0	12.5	8.6
Other payables	23.1	35.2	26.3
Total equity and liabilities	198.1	217.5	217.3

Rovio's consolidated statement of financial position amounted to EUR 198.1 million on June 30, 2020 (217.5), with equity representing EUR 157.9 million (163.1) of the total. Cash and cash equivalents amounted to EUR 116.7 million (124.6). The cash deposits amounted to EUR 47.0 million and the cash equivalents to EUR 69.6 million, consisting of investments in money market funds. The decline in cash and cash equivalents was primarily due to paid dividends of EUR 6.9 million and acquisition of treasury shares of EUR 13.2 million during the second quarter, which was partially offset by operating cash flow of EUR 18.7 million.

Total advances received, and deferred income were 8.0 million (12.5).

On June 30, 2020 Rovio's non-current assets were EUR 42.9 million (49.8). The intangible asset decrease is due to amortization, mainly of development expenses of the first Angry Birds Movie. Rovio recognizes amortization on the first Angry Birds movie in each reporting period in an amount that corresponds to 67% of movie's revenue for the period. Amortization for the Angry Birds Movie 2 corresponds to 100% of the movie's revenue for the period.

Rovio's net debt on June 30, 2020 amounted to negative EUR 107.6 million. Rovio's debt consisted of loans from Business Finland (the Finnish Funding Agency for Innovation) of EUR 2.1 million as well as EUR 6.9 million in leasing debt.

Cash flow and financing

Consolidated statement of cash flows, EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Cash flow from operating activities	18.7	4.8	30.2	8.0	10.5
Cash flow from investing activities	-0.7	-1.0	-2.0	-2.4	-3.9
Cash flow from financing activities	-21.6	-7.8	-36.2	-4.8	-6.1
Change in cash and cash equivalents	-3.5	-4.0	-8.0	0.9	0.6
Net foreign exchange difference and value changes in money market funds	-0.9	-0.3	-0.1	0.1	0.5
Cash and cash equivalents at the beginning of the period	121.1	128.8	124.7	123.6	123.6
Cash and cash equivalents at the end of the period	116.7	124.6	116.7	124.6	124.7

Rovio's net cash flow from operating activities amounted to EUR 18.7 million (4.8) in the second quarter. The increase year-on-year was mainly attributable to the increased profit in the reporting period.

Cash flows used in investing activities amounted to EUR -0.7 million (-1.0) in the second quarter. Investments in Games of EUR 0.6 million and Other segment of EUR 0.3 million offset by acquisition of subsidiary net of cash acquired.

Cash flows used in financing activities amounted to EUR -21.6 million (-7.8) in the second quarter. The increase was mainly due to acquisition of treasury shares in total of EUR 13.2 million, dividends payment EUR 6.9 million and repayment of EUR 1.0 million loan to Business Finland.

Personnel

From April to June 2020, Rovio's average number of employees was 460 (448). The Games business unit employed 372 people (339), the Brand Licensing business unit 20 people (33), administrative functions 40 people (38) and Hatch Entertainment 29 people (39).

	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	1-12/ 2019
Employees (average for the Period)	460	448	2.7%	463	435	6.4%	450
Employees (end of period)	472	463	1.9%	472	463	1.9%	466

Flagging notifications

Rovio received the following flagging notifications during the reporting period:

On May 6, 2020 Rovio Entertainment Corporation (the "Company") received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Odey Asset Management LLP. According to the notification the holding of Odey Asset Management LLP in the Company's shares and votes has decreased under 5% on May 5, 2020. Odey Asset Management LLP holds 4,048,367 Company's shares. Each share entitles its holder to one (1) vote.

On June 15, 2020 Rovio Entertainment Corporation (the "Company") received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Xtrackers SICAV. According to the notification the shareholding and voting rights of Xtrackers SICAV has increased over 5% on June 10, 2020. Xtrackers SICAV has delegated its voting rights to Rovio shares to DWS Investment GmbH. Each share entitles its holder to one (1) vote.

On June 15, 2020 Rovio Entertainment Corporation (the "Company") has received a notification pursuant to Chapter 9, Section 5 and 6 of the Securities Markets Act from DWS Investment GmbH. According to the notification the voting rights of DWS Investment GmbH has increased over 5% on June 10, 2020. After the transaction, DWS Investment GmbH holds voting rights for 4,475,885 Rovio's shares. Xtrackers SICAV is the owner of the shares and has delegated its voting rights to DWS Investment GmbH. Each share entitles its holder to one (1) vote.

On June 15, 2020 Rovio Entertainment Corporation (the "Company") received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Xtrackers SICAV. According to the notification the holding of Xtrackers SICAV has decreased under 5% on June 11, 2020. Xtrackers SICAV has delegated its voting rights to the shares to DWS Investment GmbH and, consequently, the voting rights of DWS Investment GmbH have also fallen below the 5% limit. Each share entitles the shareholder to one (1) vote.

On June 15, 2020 Rovio Entertainment Corporation (the "Company") received a notification pursuant to Chapter 9, Section 5 and 6 of the Securities Markets Act from DWS Investment GmbH. According to the notification the holding of DWS Investment GmbH has decreased under 5% on June 11, 2020. DWS Investment GmbH's voting rights are based on shares owned by Xtrackers SICAV. Xtrackers SICAV has delegated its voting rights to the shares to DWS Investment GmbH. Xtrackers SICAV's ownership has decreased below the 5% threshold and therefore DWS Investment GmbH's voting rights have also decreased under the 5% threshold.

Shares and shareholders

On June 30, 2020, Rovio's share capital amounted to EUR 0.7 million and the number of shares was 81,268,111.

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

On June 30, 2020 Rovio Entertainment Corporation held 6,733,059 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Rovio Entertainment Oyj	6,773,059	8.33%
Hed Niklas Peter	1,921,746	2.4%
Ilmarinen Mutual Pension Insurance Company	1,654,000	2.0%
Danske Invest Finnish Institutional Equity Fund	1,180,000	1.4%
Elo Mutual Pension Insurance Company	1,003,004	1.2%
The State Pension Fund	1,000,000	1.2%
Vesterbacka Jan-Peter Edvin	964,579	1.2%
Sijoitusrahasto Aktia Capital	875,074	1.1%
Sijoitusrahasto Aktia Nordic Small Cap	534,196	0.7%
Säästöpankki Kotimaa	506,567	0.6%
Total	16,412,225	20.13%
Other shareholders	64,855,886	79.87%
Number of shares total	81,268,111	100%

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

Share-based incentive program

Rovio has a long-term incentive program that consists of an option plan for all employees, including the CEO and Rovio's management, and a restricted share plan for selected key employees.

The option plan provides for the issuance of up to 5,000,000 options. Each option entitles its holder to subscribe for one share. The option plan includes three lots of options that can be allocated to 2017, 2018, and 2019. Options have a vesting period of two years. The subscription price for the 2017 options is the share price in Rovio's Initial Public Offering. The subscription price for the 2018 options is the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2 -31, 2018, and, for the 2019 options, the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during May 2 -31, 2019.

A total of 853 150 options were allocated under the 2017 option program as of June 30, 2020, a total of 876 330 options were allocated under the 2018 option program as of June 30, 2020 and a total of 1 082 250 options were allocated under the 2019 option program as of June 30, 2020.

The option plan participants can execute their reward during a one-year subscription period following each vesting period through either subscribing for shares or selling options. The option plan participants generally lose the right to their reward if their employment terminates during the vesting period.

The restricted share plan is constructed as a restricted share pool from which a predetermined number of Rovio shares can be allocated to a limited number of selected key employees. The Company's Board of Directors decides for each participant separately the length of the restricted period (1–3 years) relating to the shares allocated to the employee under the restricted share plan. The restricted share plan participants must be working at Rovio when the shares are transferred. The maximum number of shares that can be distributed through the restricted share plan is 1,300,000. Once the maximum number of shares has been allocated, the Board of Directors can decide on a new maximum number. A total of 697 500 rights entitling to shares had been allocated under the restricted share plan as of June 30, 2020.

On January 24, 2020 Rovio Entertainment Corporation announced that the Company has decided to establish a performance share plan for key employees including CEO and members of the leadership team. The objective of the Performance Share Plan is to motivate the key employees to work to increase shareholder value in the long term by offering them a share-based reward for achieving the set performance criteria established by the Board of Directors of Rovio. The Performance Share Plan consists of three (3) annually commencing performance periods, covering the consecutive calendar years of 2020, 2021 and 2022. Each performance period is directly followed by a one-year waiting period. Waiting periods cover calendar years 2021, 2022 and 2023. The Performance Share Plan offers the participants a possibility to earn shares for reaching the required levels set for the performance criteria.

The performance criteria for the plan are Rovio's Adjusted Operating Profit (EBIT, %, Hatch Entertainment Ltd. excluded) and Relative Games Revenue Growth (%). The required performance levels will be decided by the Rovio Board of Directors on annual basis for each performance period at a time. The potential rewards will be paid partly in shares and partly in cash after the end of each relevant waiting period in spring 2022, 2023 and 2024. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards. As a rule, no reward will be paid if a participant's employment or service ends before the reward payment. The rewards to be paid on the basis of the performance period 2020 correspond to the value of an approximate maximum total of 738,000 Rovio Entertainment Corporation shares, including the proportion to be paid in cash.

On January 24, 2020 Rovio Entertainment Corporation announced that the Company establishes an Employee Share Savings (ESS) program. The objective of the ESS Plan is to motivate employees to invest in Rovio shares by offering them additional shares in relation to their investment after a designated holding period.

The ESS Plan consists of annually commencing plan periods, each one consisting of a 12-month savings period and a holding period following the savings period. The ESS plan is offered to approximately 460 Rovio employees, excluding employees in China, United States, United Kingdom and Hatch Entertainment Ltd.

The employees will have an opportunity to save a proportion of their salaries and invest those savings in Rovio shares. The savings will be used for acquiring Rovio shares quarterly after the publication dates of the respective interim reports. Dividends paid for the shares will be reinvested in additional shares to be purchased from the market on the next potential acquisition date. As a reward for the commitment, Rovio grants the participating employees one free matching share (gross) for every two savings shares acquired with their savings, including the proportion to be paid in cash to cover applicable taxes and tax-related costs. The prerequisites for receiving the matching shares are continued employment and holding of savings shares until the end of the holding period. In the first plan period, the savings shares and the matching shares will be acquired by purchasing shares from the market.

Participation in the ESS plan is voluntary and the employees will be invited to participate in one plan period at a time. The first plan period commences on April 1, 2020 and ends on August 31, 2022. The holding period of the first plan period ends on August 31, 2022, after which matching shares will be paid out as soon as practicably possible. The total amount of all savings during the plan period may not exceed 2,100,000 euros. The Board of Directors will decide on potential following plan periods and their details separately.

On May 28 Rovio Entertainment Corporation announced that it will apply for the listing of its series 2018A and 2018B stock options, complying with its 2017-2019 option scheme, on the Nasdaq Helsinki Ltd (First North) estimated as of June 1, 2020. The total number of the 2018A series option rights under the 2017-2019 option scheme is 1,616,667 and the total number of 2018B series option rights is 50,000. Each option right entitles its holder to subscribe to one (1) Rovio Entertainment Corporation new share or Company's treasury share. Rovio Entertainment Corporation holds 714,417 series 2018A option rights and 39,500 series 2018B option rights.

Currently, the share subscription price under the 2018A series option rights is EUR 5.08 per share. The share subscription price under the 2018B series option rights is EUR 5.26 per share. In accordance with the terms and conditions of the option scheme, the subscription price has been reduced by the amount of dividends decided before the share subscription, on the record date of each dividend payment. The share subscription price shall, nevertheless, always amount to at least EUR 0.01. The adjustment based on the distribution of assets shall not apply to stock option sub-categories 2018B, as resolved by the Board of Directors.

In accordance with the terms and conditions of the option scheme, the share subscription period for series 2018A and 2018B option rights begin on June 1, 2020 and the subscription period will end on May 31, 2021[1]. The option rights 2018A and 2018B are freely transferable. The option holders can subscribe the shares during the subscription period by giving the payment and subscription details to their own bank. New shares subscribed with option rights 2018A and 2018B will be listed as additional lots of Company shares on the main list of Nasdaq Helsinki together with the old shares after the share capital increase has been registered.

Changes in Management

On May 4th, 2020 Rovio announced that Mr. Fredrik Löving, a member of the Rovio Board of Directors since 2019 and a member of the Remuneration Committee, resigned from the Rovio Board as of May 1, 2020. The Board will continue with the six remaining members until the next Annual General Meeting. The Board elected Jeferson Valadares to replace Fredrik Löving as a member of the Remuneration Committee.

On June 9th, 2020 Rovio announced that Jakob Longer has been appointed Head of Corporate Development. Jakob will be responsible for Rovio's M&A strategy, including pipeline, deal structuring, and execution and he will be a member of the Rovio Leadership Team.

Risks

As a result of the worldwide coronavirus pandemic Covid-19 the company's business environment has changed, and changes are expected to continue. The pandemic and especially the impact it has on the global economy, may affect Rovio's business and business performance either directly or indirectly.

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

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

The most significant risks are related to the financial performance of Rovio's top games in the market, the continuous development of these games, and ability to develop new successful games. Risks in user acquisition relate to the accuracy of the profit models and the impact on the Group's net profit. New games introduced by competitors and changes in the competitive landscape may also impact the success of Rovio's games revenues, size of user acquisition investments, and the Group's profit. Changes in governmental regulations in different countries can have both short- and long-term implications for the business.

Other significant risks relate to the demand for Angry Birds branded consumer products and other content that may impact the revenues of the Brand Licensing business unit.

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

More details on the risks, uncertainties, and Rovio's risk management can be found online at www.rovio.com and in the most recent published financial statements.

Outlook for 2020 (unchanged)

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 Ltd., our adjusted operating profit improves.

Basis for outlook

Our 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.

More detailed outlook per games category is given below:

Grow: We believe Angry Birds Dream Blast will grow on an annual basis but starts the year at a lower quarterly run-rate compared to the end of 2019. The game has a strong feature roadmap focusing on improvements to long term retention and monetization. We are continuing to develop Sugar Blast through live operations for its core audience and improve retention and monetization in order to scale the game up.

Earn: The revenues of Angry Birds 2 stabilized despite much lower user acquisition investments y-on-y. We further focus on improving the performance of the game through introducing new updates that increase engagement with our core users. The revenue of the other "earn"-category games for which we have stopped, or lowered UA significantly is expected to continue decline at a steady slow pace, except for Angry Birds Friends which is showing good stability.

Catalogue: We expect these games to continue declining over time. They still receive substantial organic downloads, but the active user base and revenues are expected to decline over time as we do not develop these games further.

New games: We aim to launch 1-3 new games in 2020. We have launched one new game, Small Town Murders in June, and we have currently two games in soft launch and several games in different phases of production.

Games in soft launch are available in a selected number of countries and operated with a limited number of gamers. Soft launch games have advanced far in the game development process. They are being tested and developed in order to verify their commercial potential and scalability. There is no guarantee that games in soft launch will be published.

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

The Annual General Meeting of Rovio Entertainment Corporation was held on March 31, 2020. Strict precautionary measures were taken to ensure safety at the meeting despite the corona virus epidemic while at the same time ensuring the shareholders' possibility to exercise their rights.

The Annual General Meeting adopted all the proposals to the General Meeting by the Board of Directors, approved the financial statements for the financial year 2019, approved the remuneration policy for the company's governing bodies and discharged the company's management from liability.

The Annual General Meeting decided that the Board of Directors shall comprise seven (7) members. Mr. Kaj Hed, Ms. Camilla Hed-Wilson, Mr. Kim Ignatius, Mr. Fredrik Löving, Mr. Jeferson Valadares, Mr. Björn Jeffery and Ms. Leemon Wu were elected members of the Board of Directors for the term of office ending at the closure of the Annual General Meeting in 2021. Mr. Kim Ignatius was elected Chairman of the Board of Directors. Mr. Kaj Hed was elected Vice Chairman of the Board of Directors.

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

Ernst & Young Oy, authorized public accountants, was re-elected auditor of the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares up to a maximum of 8,126,811 shares, which corresponds to approximately 10 percent of all the current shares of the company.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares up to a maximum of 8,126,811 shares, which corresponds to approximately 10 percent of all the current shares of the company. In addition to the authorization to issue new shares, the Board of Directors may decide on the conveyance of an aggregate maximum of 8,126,811 own shares held by the company.

Both authorizations will be in force until the closing of the next Annual General Meeting, however no longer than until June 30, 2021.

In its organizing meeting, which was held immediately after the General Meeting, the Board of Directors elected from amongst its members Mr. Kim Ignatius, (Chair), Ms. Camilla Hed-Wilson and Ms. Leemon Wu as members of the Audit Committee, and Ms. Camilla Hed-Wilson (Chair), Mr. Kim Ignatius and Mr. Fredrik Löving as members of the Remuneration Committee.

Dividend Distribution

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.09 per share, EUR 6,926,814.81 in total. The dividend was paid on April 9, 2020 to shareholders who on the record date of the dividend payment April 2, 2020 were recorded in the company's shareholders' register held by Euroclear Finland Ltd.

Events after the review period

There were no events outside of the reporting period.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %
Revenue	69.2	71.8	-3.6 %	135.8	142.6	-4.8 %
EBITDA	16.1	9.6	66.9 %	31.9	20.1	58.8 %
EBITDA margin	23.2 %	13.4 %	-	23.5 %	14.1 %	-
Adjusted EBITDA	15.9	9.6	64.6 %	32.0	20.1	59.3 %
Adjusted EBITDA margin, %	22.9 %	13.4 %	-	23.6 %	14.1 %	-
Operating profit	14.1	5.3	164.3 %	26.8	12.8	109.6 %
Operating profit margin, %	20.3 %	7.4 %	-	19.7 %	9.0 %	-
Adjusted operating profit	13.8	5.3	160.1 %	26.9	12.8	110.3 %
Adjusted operating profit margin, %	20.0 %	7.4 %	-	19.8 %	9.0 %	-
Profit before tax	14.8	4.8	206.2 %	26.3	12.4	112.7 %
Capital expenditure	1.1	1.0	10.6 %	1.8	1.6	13.9 %
User acquisition	14.0	21.3	-34.4 %	27.5	45.1	-39.1 %
Return on equity (ROE), %	19.7 %	18.5 %	-	19.7 %	18.5 %	-
Net gearing ratio, %	-68.1 %	-66.8 %	-	-68.1 %	-66.8 %	-
Equity ratio, %	83.1 %	79.6 %	-	83.1 %	79.6 %	-
Earnings per share, EUR	0.15	0.04	299.6 %	0.26	0.11	131.7 %
Earnings per share, diluted EUR	0.15	0.04	302.6 %	0.26	0.11	133.8 %
Net cash flows from operating activities	18.7	4.8	291.5 %	30.2	8.0	276.2 %
Employees (average for the period)	460	448	2.7 %	463	435	6.4 %

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

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

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

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

Reconciliation of adjusted operating profit

EUR million	4-6/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	69.2		69.2
Other operating income	0.2	-0.2	0.0
Materials and services	-19.8		-19.8
Employee benefits expense	-12.1		-12.1
Depreciation and amortization	-2.0		-2.0
Other operating expenses	-21.5	0.0	-21.5
Operating profit	14.1	-0.2	13.8

EUR million	4-6/2019	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	71.8		71.8
Other operating income	0.0		0.0
Materials and services	-19.0		-19.0
Employee benefits expense	-12.5		-12.5
Depreciation and amortization	-4.3		-4.3
Other operating expenses	-30.7		-30.7
Operating profit	5.3		5.3

EUR million	1-6/2020	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	135.8		135.8
Other operating income	0.3	-0.2	0.0
Materials and services	-37.8		-37.8
Employee benefits expense	-23.3	0.2	-23.2
Depreciation and amortization	-5.1		-5.1
Other operating expenses	-43.0	0.2	-42.8
Operating profit	26.8	0.1	26.9

EUR million	1-6/2019	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	142.6		142.6
Other operating income	0.0		0.0
Materials and services	-38.8		-38.8
Employee benefits expense	-21.9		-21.9
Depreciation and amortization	-7.3		-7.3
Other operating expenses	-61.9		-61.9
Operating profit	12.8		12.8

EUR million	1-12/2019	Income statement	
		Items affecting comparability	excluding items affecting comparability
Revenue	289.1		289.1
Other operating income	0.6		0.6
Materials and services	-77.3		-77.3
Employee benefits expense	-41.7	0.3	-41.4
Depreciation and amortization	-14.3		-14.3
Other operating expenses	-138.3	0.0	-138.3
Operating profit	18.1	0.3	18.3

Reconciliation of adjusted operating profit

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Operating profit	14.1	5.3	26.8	12.8	18.1
Income from Bargain Purchase	-0.2		-0.2		
Restructuring costs arising from employee benefits expenses			0.2		0.3
Restructuring costs in Other operating expenses	0.0		0.2		0.0
Restructuring costs in Depreciation and amortization					
Adjusted operating profit	13.8	5.3	26.9	12.8	18.3

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Operating profit	14.1	5.3	26.8	12.8	18.1
Depreciation and amortization	2.0	4.3	5.1	7.3	14.3
EBITDA	16.1	9.6	31.9	20.1	32.3
Income from Bargain Purchase	-0.2		-0.2		
Restructuring costs arising from employee benefits expenses			0.2		0.3
Restructuring costs in Other operating expenses	0.0		0.2		0.0
Adjusted EBITDA	15.9	9.6	32.0	20.1	32.6

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

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Equity ratio, %	83.1%	79.6%	83.1%	79.6%	80.5%
Equity	157.9	163.1	157.9	163.1	168.0
Advances received	2.0	6.3	2.0	6.3	3.4
Deferred revenue	6.1	6.2	6.1	6.2	5.2
Total assets	198.1	217.5	198.1	217.5	217.3
Return on equity, %	19.7%	18.5%	19.7%	18.5%	10.8%
Profit/loss before tax	31.7	28.8	31.7	28.8	17.7
Shareholder's equity beginning of period	163.1	148.0	163.1	148.0	159.4
Shareholder's equity end of period	157.9	163.1	157.9	163.1	168.0
Net gearing ratio, %	-68.1%	-66.8%	-68.1%	-66.8%	-65.7%
Total interest-bearing debt	9.1	15.7	9.1	15.7	14.4
Cash and cash equivalents	116.7	124.6	116.7	124.6	124.7
Equity	157.9	163.1	157.9	163.1	168.0
Non-current interest-bearing loans and borrowings	6.4	10.1	6.4	10.1	7.7
Current interest-bearing loans and borrowings	2.7	5.6	2.7	5.6	6.7
Cash and cash equivalents	116.7	124.6	116.7	124.6	124.7
Net debt	-107.6	-108.9	-107.6	-108.9	-110.4

Gross bookings

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

Reconciliation of gross bookings to revenue

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Gross bookings	67.7	65.2	129.8	131.0	263.2
Change in deferred revenue	-0.2	0.5	-0.2	0.6	1.2
Custom contracts	0.1	0.3	0.3	0.5	1.0
Other adjustments	-0.8	-0.6	-0.3	-0.4	-0.6
Revenue	66.9	65.4	129.6	131.7	264.8

Custom contracts are distribution contracts that are signed with partners who pre-download Rovio's games onto their own devices or distribute Rovio's games through their proprietary distribution platforms. Custom contracts usually contain a minimum guarantee and revenue share to Rovio. Rovio recognizes corresponding minimum guarantee revenue over the contract period. Custom contracts do not include the application stores operated by Apple and Google.

Calculation principles of alternative performance measures

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

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

Items affecting comparability, which are defined as material items outside the ordinary course of business such as material net gains and losses from business disposals, direct transaction costs related to business acquisitions, restructuring costs for business operations, and costs relating to enlargement of the ownership base of the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DAU (Daily Active Users), which is defined as the number of players that played one of our games during a particular day. Under this metric, a player that plays two different games on the same day is counted as two DAUs. We primarily use information provided by Rovio's own technology, but we also use third-party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools. Average DAUs for a particular period is the average of the DAUs for each day during that period.

MAU (Monthly Active Users), which is defined as the number of players that played one of our games during a particular calendar month. Under this metric, a player that plays two different games in the same month is counted as two MAUs. We primarily use information provided by Rovio's own technology, but we also use third party tracking solutions for historical data and in cases when a game does not contain Rovio's tracking tools.

MUP (Monthly Unique Payers), which is defined as the number of players that made a payment at least once during the calendar month through a payment method for which we can quantify the number of individuals, including payers from our mobile games. MUPs does not include individuals who use certain payment methods for which we cannot quantify the number of unique payers. We only use information provided by Rovio's own payment verification technology.

ARPPU (Average Revenue Per Daily Active User), which is defined as Sum of quarterly Gross Bookings divided by number of days in the quarter divided by average DAU for the quarter.

MARPPU (Monthly Average Revenue Per Paying User), which is defined as Monthly Gross IAP Bookings divided by MUP from verified purchases. MARPPU does not include revenue from custom contracts, revenue deferrals or accounting adjustments such as foreign exchange rate differences between revenue accruals and actual payments.

Half Year Financial Report

January 1–June 30, 2020 - Tables

The figures in the Interim report are unaudited

Statement of consolidated profit or loss and other comprehensive income

EUR million	4-6/ 2020	4-6/ 2019	1-6/ 2020	1-6/ 2019	1-12/ 2019
Revenue	69.2	71.8	135.8	142.6	289.1
Other operating income	0.2	0.0	0.3	0.0	0.6
Materials and services	19.8	19.0	37.8	38.8	77.3
Employee benefits expense	12.1	12.5	23.3	21.9	41.7
Depreciation and amortization	2.0	4.3	5.1	7.3	14.3
Other operating expenses	21.5	30.7	43.0	61.9	138.3
Operating profit	14.1	5.3	26.8	12.8	18.1
Finance income and expenses	0.7	-0.5	-0.5	-0.4	-0.3
Share of profit of associates	0.0	0.0	0.0	0.0	0.0
Profit (loss) before tax	14.8	4.8	26.3	12.4	17.7
Income tax expense	3.7	1.9	6.3	3.5	4.5
Profit for the period	11.1	2.9	20.0	8.9	13.2
Attributable to: Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Equity holders of the parent company	11.1	2.9	20.0	8.9	13.2
Other comprehensive income/expense					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	0.1	-0.1	-0.1	-0.0	0.0
Total comprehensive income for the period net of tax	11.1	2.8	19.9	8.8	13.2
Attributable to: Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Equity holders of the parent company	11.1	2.8	19.9	8.8	13.2
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, EUR	0.15	0.04	0.26	0.11	0.17
Earnings per share, diluted EUR	0.15	0.04	0.26	0.11	0.17

Consolidated statement of financial position

EUR million	30 June 2020	30 June 2019	31 Dec 2019
ASSETS			
Non-current assets	42.9	49.8	44.9
Property, plant and equipment	1.1	0.8	1.0
Intangible assets	27.9	33.3	29.0
Right-of-Use assets	6.7	9.0	7.9
Investments	1.3	0.8	0.8
Non-current receivables	0.7	0.7	0.7
Deferred tax assets	5.2	5.2	5.6
Current assets	155.2	167.7	172.4
Trade receivables	27.9	28.8	32.5
Prepayments and accrued income	7.6	11.7	10.7
Other current financial assets	3.1	2.5	4.5
Cash and cash equivalents	116.7	124.6	124.7
Total assets	198.1	217.5	217.3
EQUITY AND LIABILITIES			
Equity			
Issued capital	0.7	0.7	0.7
Reserves	41.8	37.4	41.8
Translation differences	-0.6	-0.5	-0.5
Treasury shares	-31.0	-2.2	-7.1
Retained earnings	127.0	118.9	119.8
Profit for the period	20.0	8.9	13.2
Equity holders of the parent company	157.9	163.1	168.0
Non-controlling interests	0.0	0.0	0.0
Total equity	157.9	163.1	168.0
Liabilities			
Non-current liabilities	6.4	10.2	7.7
Interest-bearing loans and borrowings	2.1	3.5	2.1
Lease liabilities	4.3	6.6	5.6
Deferred tax liabilities	0.0	0.0	0.0
Current liabilities	33.7	44.3	41.6
Trade and other payables	9.6	12.5	15.2
Interest-bearing loans and borrowings	0.1	3.2	4.2
Lease liabilities	2.6	2.4	2.4
Other current financial liabilities	0.6	0.4	0.7
Advances received	2.0	6.3	3.4
Deferred revenue	6.1	6.2	5.2
Income tax payable	0.1	0.3	0.0
Provisions	0.1	0.3	0.2
Accrued liabilities	12.7	12.6	10.2
Total liabilities	40.1	54.4	49.3
Total equity and liabilities	198.1	217.5	217.3

Consolidated statement of changes in equity

Attributable to the equity holders of the parent on June 30, 2019

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2019	0.7	36.7	-2.7	125.3	-0.5	159.4	0.0	159.4
Profit for the period				8.9		8.9		8.9
Option subscriptions		0.7				0.7		0.7
Other comprehensive income					-0.0	-0.0		-0.0
Share-based payments			0.5	0.7		1.2		1.2
Cash dividends				-7.1		-7.1		-7.1
June 30, 2019	0.7	37.4	-2.2	127.7	-0.5	163.1	0.0	163.1

Attributable to the equity holders of the parent on June 30, 2020

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at Jan 1, 2020	0.7	41.8	-7.1	133.0	-0.5	168.0	0.0	168.0
Profit for the period				20.0		20.0		20.0
Treasury shares acquisition			-24.2			-24.2		-24.2
Other comprehensive income					-0.1	-0.1		-0.1
Cash dividends				-6.9		-6.9		-6.9
Share-based payments			0.3	0.9		1.3		1.3
June 30, 2020	0.7	41.8	-31.0	147.0	-0.6	157.9	0.0	157.9

Consolidated statement of cash flows

EUR million	4-6/ 2020	4-6/ 2019	1-6/ 2020	1-6/ 2019	1-12/ 2019
Operating activities					
Profit (loss) before tax	14.8	4.8	26.3	12.4	17.7
Adjustments:					
Depreciation and amortization on tangible and intangible assets	2.0	4.3	5.1	7.3	14.3
Net foreign exchange differences	0.4	0.3	-0.4	-0.1	-0.5
Gain on disposal of property, plant and equipment	0.0	0.0	-0.0	-0.0	-0.0
Finance costs	0.2	0.3	0.4	0.5	0.8
Share of profit of an associate and a joint venture	0.0	0.0	0.0	0.0	0.0
Other adjustments	0.0	0.0	0.0	0.0	0.0
Other non-cash items	1.1	0.6	1.2	1.3	2.1
Change in working capital:					
Change in trade and other receivables and prepayments	0.4	1.0	6.3	-7.6	-9.8
Change in trade and other payables	2.2	-3.1	-4.6	1.8	-3.4
Interest received	-0.1	0.1	0.1	0.2	0.5
Interest paid	-0.1	-0.3	-0.4	-0.6	-1.1
Income tax paid (received)	-2.2	-3.2	-4.3	-7.2	-10.1
Net cash flows from operating activities	18.7	4.8	30.2	8.0	10.5
Investing activities					
Purchase of tangible and intangible assets	-1.1	-1.0	-1.8	-1.6	-3.1
Other investments	0.0	0.0	-0.6	-0.8	-0.8
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of investments	0.0	0.0	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	0.4	0.0	0.4	0.0	0.0
Proceeds from sale of investments in associates and joint ventures	0.0	0.0	0.0	0.0	0.0
Net cash flows used in investing activities	-0.7	-1.0	-2.0	-2.4	-3.9
Financing activities					
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0
Finance lease repayments	-0.7	-0.7	-1.3	-1.3	-2.7
Proceeds from and repayments of borrowings	-1.0	0.0	-4.0	3.0	3.0
Share subscriptions based on option rights	0.2	0.0	0.3	0.7	5.1
Acquisition of treasury shares	-13.2	0.0	-24.2	0.0	-5.1
Share-based payments	0.0	0.0	0.0	0.0	0.8
Proceeds of share issue	0.0	0.0	0.0	0.0	0.0
Share issue transaction costs	0.0	0.0	0.0	0.0	0.0
Dividends paid to equity holders of the parent	-6.9	-7.1	-6.9	-7.1	-7.1
Net cash flows from/(used in) financing activities	-21.6	-7.8	-36.2	-4.8	-6.1
Change in cash and cash equivalents	-3.5	-4.0	-8.0	0.9	0.6
Net foreign exchange difference and value changes in money market funds	-0.9	-0.3	-0.1	0.1	0.5
Cash and cash equivalents at beginning of period	121.1	128.8	124.7	123.6	123.6
Cash and cash equivalents at the end of the period	116.7	124.6	116.7	124.6	124.7

Notes

1. Key accounting principles

Rovio's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The Half Year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles and methods used in the preparation of the interim report are essentially the same as those applied in the consolidated financial statements for the year 2019.

The figures in the consolidated interim financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

This interim report does not include all the information or disclosures as presented in the consolidated financial statements of December 31, 2019.

The figures in this report are unaudited.

2. Notes to the statement of profit or loss

2.1 Segment disclosures

Rovio has defined its operating segments as Games, Brand Licensing (BLU) and Other.

Rovio defines the Group's Board of Directors as its chief operating decision maker (CODM). The CODM follows Rovio's performance on the segment level, which is presented in section 2.2 Segment operating performance. EBITDA is the primary performance measure that CODM follows. There are no revenues between the operating segments of Rovio Group.

The segment assets and liabilities except for non-current assets are not reported and reviewed by the chief operating decision maker and have not been included in the table below. Rovio did not during the interim period have customers that would require disclosure (i.e. 10% or more of revenues from transactions with a single customer).

2.2 Segment operating performance

The allocations between segments consist of shared functions employee benefits expense as well as general and administrative expenses that are recognized centrally and allocated to the reportable segments as a separate line item in management reporting.

Segment profit and loss 4-6/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	66.9	2.3	0.0		69.2
Other operating income	0.0	0.0	0.2		0.2
Materials and services	19.5	0.3	0.0		19.8
Employee benefits expense	9.3	0.5	1.6	0.7	12.1
User acquisition	14.0	0.0	0.1		14.1
Other operating expenses	4.8	0.4	1.3	1.0	7.4
Allocations	1.2	0.2	0.4	-1.7	0.0
EBITDA	18.1	1.0	-3.0	0.0	16.1
Depreciation and amortization	1.1	0.7	0.2		2.0
Operating profit	17.0	0.2	-3.2		14.1
EBITDA	18.1	1.0	-3.0		16.1
Adjustments	0.0	0.0	-0.2		-0.2
Adjusted EBITDA	18.1	1.0	-3.2		15.9
Operating profit	17.0	0.2	-3.2		14.1
Adjustments	0.0	0.0	-0.2		-0.2
Adjusted operating profit	17.0	0.2	-3.4		13.8

Segment Capital expenditure 4-6/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.6	0.1	0.3	1.1

Segment assets June 30,2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.1	18.9	16.9	42.9

Segment profit and loss 4-6/2019

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	65.4	6.4	0.0		71.8
Other operating income	0.0	0.0	0.0		0.0
Materials and services	18.8	0.3	0.0		19.0
Employee benefits expense	8.7	1.0	2.0	0.7	12.5
User acquisition	21.3	0.0	0.0		21.3
Other operating expenses	4.9	1.1	2.2	1.1	9.3
Allocations	1.2	0.3	0.4	-1.9	0.0
EBITDA	10.5	3.7	-4.6	0.0	9.6
Depreciation and amortization	1.1	3.1	0.1		4.3
Operating profit	9.5	0.6	-4.7		5.3
EBITDA	10.5	3.7	-4.6		9.6
Adjustments	0.0	0.0	0.0		0.0
Adjusted EBITDA	10.5	3.7	-4.6		9.6
Operating profit	9.5	0.6	-4.7		5.3
Adjustments	0.0	0.0	0.0		0.0
Adjusted operating profit	9.5	0.6	-4.7		5.3

Segment Capital expenditure 4-6/2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.2	0.5	0.3	1.0

Segment assets June 30, 2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.2	25.4	17.2	49.8

Segment profit and loss 1-6/2020

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	129.6	6.2	0.1		135.8
Other operating income	0.0	0.0	0.2		0.3
Materials and services	37.3	0.6	0.0		37.8
Employee benefits expense	17.4	1.0	3.5	1.4	23.3
User acquisition	27.5	0.0	0.1		27.6
Other operating expenses	9.2	0.9	3.3	2.0	15.4
Allocations	2.4	0.4	0.7	-3.5	0.0
EBITDA	35.9	3.4	-7.3	0.0	31.9
Depreciation and amortization	2.3	2.5	0.4		5.1
Operating profit	33.6	0.9	-7.7		26.8
EBITDA	35.9	3.4	-7.3		31.9
Adjustments	0.0	0.2	-0.1		0.1
Adjusted EBITDA	35.9	3.5	-7.4		32.0
Operating profit	33.6	0.9	-7.7		26.8
Adjustments	0.0	0.2	-0.1		0.1
Adjusted Operating profit	33.6	1.0	-7.8		26.9

Segment Capital expenditure 1-6/2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	1.2	0.2	0.4	1.8

Segment assets June 30, 2020

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.1	18.9	16.9	42.9

Segment profit and loss 1-6/2019

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	131.7	11.0	0.0		142.6
Other operating income	0.0	0.0	0.0		0.0
Materials and services	38.3	0.5	0.0		38.8
Employee benefits expense	14.9	1.9	3.7	1.4	21.9
User acquisition	45.1	0.0	0.0		45.1
Other operating expenses	9.5	1.8	3.4	2.1	16.8
Allocations	2.2	0.6	0.7	-3.5	0.0
EBITDA	21.7	6.2	-7.8	0.0	20.1
Depreciation and amortization	2.1	5.0	0.3		7.3
Operating profit	19.6	1.2	-8.1		12.8
EBITDA	21.7	6.2	-7.8		20.1
Adjustments	0.0	0.0	0.0		0.0
Adjusted EBITDA	21.7	6.2	-7.8		20.1
Operating profit	19.6	1.2	-8.1		12.8
Adjustments	0.0	0.0	0.0		0.0
Adjusted Operating profit	19.6	1.2	-8.1		12.8

Segment Capital expenditure 1-6/2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.3	0.5	0.8	1.6

Segment assets June 30, 2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.2	25.4	17.2	49.8

Segment profit and loss 1-12/2019

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	264.8	24.3	0.0		289.1
Other operating income	0.6	0.0	0.0		0.6
Materials and services	75.7	1.6	0.0		77.3
Employee benefits expense	28.7	3.5	6.9	2.6	41.7
User acquisition	99.7	0.0	0.1		99.8
Other operating expenses	21.3	4.3	8.8	4.1	38.5
Allocations	4.3	1.1	1.3	-6.7	0.0
EBITDA	35.6	13.8	-17.0	0.0	32.3
Depreciation and amortization	4.3	9.4	0.6		14.3
Operating profit	31.3	4.3	-17.6		18.1
EBITDA	35.6	13.8	-17.0		32.3
Adjustments	0.0	0.3	0.0		0.3
Adjusted EBITDA	35.6	14.0	-17.0		32.6
Operating profit	31.3	4.3	-17.6		18.1
Adjustments	0.0	0.3	0.0		0.3
Adjusted operating profit	31.3	4.6	-17.6		18.3

Segment Capital expenditure 1-12/2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	1.1	0.7	1.4	3.1

Segment assets December 31, 2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	6.9	21.2	16.8	44.9

2.3 Geographical distribution of revenue

The Group's business is very international. North America, and the United States in particular, is Rovio's largest market. The geographical distribution of revenue per segment is presented below.

For in-app purchases and advertising revenue, the Games segment's revenue has been allocated to the geographical markets based on gross bookings, which can be monitored on a country-specific basis. Revenue from custom contracts is presented based on the customer's home country. Revenue deferrals and other adjustment items have been allocated to the geographical markets in proportion to gross bookings, as they are estimated to largely follow the same structure.

The licensing revenue of the Brand Licensing segment has been allocated to the geographical markets based on reported royalties and, for terminating contracts, according to the partner's home country. Revenue from content sales (movie, short form animations) has been allocated to the geographical markets based on the home country of the distribution partner or contractual partner. The advertising revenue allocated to the Brand Licensing segment has been allocated to the geographical markets according to the same principle as in the Games segment.

4-6/2020

4-6/2019

EUR Million	Games	Brand Licensing	Other	Total	Games	Brand Licensing	Other	Total
NAM	45.7	0.8	0.0	46.5	42.7	5.2	0.0	47.9
LATAM	0.6	0.1	0.0	0.6	0.7	0.2	0.0	0.8
EMEA	13.7	1.1	0.0	14.9	14.4	0.7	0.0	15.1
APAC	6.9	0.3	0.0	7.2	7.7	0.2	0.0	8.0
Total	66.9	2.3	0.0	69.2	65.4	6.4	0.0	71.8

1-6/2020

1-6/2019

EUR Million	Games	Brand Licensing	Other	Total	Games	Brand Licensing	Other	Total
NAM	85.5	3.1	0.0	88.6	87.2	8.0	0.0	95.3
LATAM	1.2	0.1	0.0	1.3	1.3	0.3	0.0	1.6
EMEA	27.6	2.3	0.1	29.9	29.4	1.9	0.0	31.3
APAC	15.2	0.7	0.0	15.9	13.7	0.8	0.0	14.4
Total	129.6	6.2	0.1	135.8	131.7	11.0	0.0	142.6

1-12/2019

EUR Million	Games	Brand Licensing	Other	Total
NAM	169.6	15.7	0.0	185.3
LATAM	2.7	1.3	0.0	4.0
EMEA	59.5	5.4	0.0	64.9
APAC	33.0	1.9	0.0	34.9
Total	264.8	24.3	0.0	289.1

2.3 Disaggregation of revenue from contracts with Customers

EUR million	Timing of revenue recognition	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Segment and revenue stream						
Games						
In-application purchases	At a point in time and over time	59.9	55.8	114.2	113.1	225.9
Subscription payments	Over time	0.0	0.0	0.0	0.0	0.0
Custom contracts	Over time	0.1	0.3	0.3	0.5	1.0
Advertising	At a point in time	6.8	9.3	15.1	18.1	37.9
Games total revenue		66.9	65.4	129.6	131.7	264.8
Brand Licensing						
IP Licensing and tangible sales	At a point in time and over time	1.6	1.1	3.0	2.5	8.1
Animation broadcasting and distribution	At a point in time	0.8	5.2	3.0	8.3	15.8
Advertising	At a point in time	-0.1	0.1	0.1	0.1	0.4
Brand Licensing total revenue		2.3	6.4	6.2	11.0	24.3
Other revenue	At a point in time and over time	0.0	0.0	0.1	0.0	0.0
Group revenue		69.2	71.8	135.8	142.6	289.1

3. Notes to the statement of financial position

3.1 Non-Current Assets – Intangible Assets

Reconciliation of beginning and ending balances by classes of assets:

EUR million	Development costs - Games	Trademarks	Development costs - Movie	Development costs - Other	Total
Cost					
At January 1, 2019	28.6	1.6	63.0	20.8	114.0
Additions	0.3	0.0	0.0	0.5	0.8
Disposals	0.0	0.0	0.0	-0.7	-0.7
At June 30, 2019	28.9	1.6	63.0	20.6	114.1
At January 1, 2020	29.7	1.8	63.0	20.9	115.3
Additions	1.5	0.1	0.0	0.4	1.9
Disposals	-0.1	-0.0	-0.1	0.0	-0.2
Reclassification	-0.2	-0.1	0.0	1.1	0.8
At June 30, 2020	30.8	1.8	62.9	22.4	117.9
Amortization and impairment					
At January 1, 2019	20.7	0.8	35.2	18.2	74.9
Amortization	1.0	0.1	4.1	0.7	5.9
Impairment	0.0	0.0	0.0	0.0	0.0
At June 30, 2019	21.7	0.9	39.4	19.0	80.8
At January 1, 2020	22.7	1.0	43.0	19.6	86.4
Amortization	1.0	0.1	1.9	0.6	3.6
Impairment	0.0	0.0	0.0	0.0	0.0
At June 30, 2020	23.7	1.1	44.9	20.2	90.0
Carrying amount					
At June 30, 2019	7.2	0.7	23.6	1.6	33.3
At June 30, 2020	7.1	0.8	18.0	2.1	27.9
At December 31, 2019	6.9	0.8	19.9	1.3	29.0

Development expenses still in production at June 30, 2020 amounted to EUR 4.6 million.

3.2 Non-Current Assets – Tangible Assets

There were no material changes in tangible assets during the first half of 2020.

EUR million	Machinery and equipment
Cost	
At January 1, 2019	5.5
Additions	0.9
Disposals	0.0
Translation differences	0.0
At June 30, 2019	6.6
At January 1, 2020	6.0
Additions	0.4
Disposals	0.0
Translation differences	-0.0
At June 30, 2020	6.4
Depreciation and amortization	
At January 1, 2019	-4.9
Depreciation charge for the period	-0.3
Disposals	-0.0
Translation differences	-0.0
At June 30, 2019	-5.3
At January 1, 2020	-5.1
Depreciation charge for the period	-0.2
Disposals	0.0
Translation differences	-0.0
At June 30, 2020	-5.3
Carrying amount	
At June 30, 2019	1.3
At June 30, 2020	1.1
At December 31, 2019	1.0

3.3 Non-Current Assets – Right of use assets

There were no material changes in tangible assets during the first half of 2020.

EUR million	Property	Machinery and equipment	Total
Cost			
At January 1, 2019	5.6	0.6	6.2
Additions	4.1	0.3	4.4
Disposals	0.0	0.0	0.0
At June 30, 2019	9.7	0.9	10.6
At January 1, 2020	9.9	0.9	10.7
Additions	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
At June 30, 2020	9.9	0.9	10.7

Amortization and impairment			
At January 1, 2019	0.0	0.3	0.3
Amortization	1.1	0.2	1.3
Disposals	0.0	0.0	0.0
At June 30, 2019	1.1	0.5	1.6
At January 1, 2020	2.3	0.5	2.8
Amortization	1.2	0.1	1.3
Disposals	0.0	0.0	0.0
At June 30, 2020	3.5	0.6	4.1
Carrying amount			
At June 30, 2019	8.5	0.5	9.0
At June 30, 2020	6.4	0.2	6.6
At December 31, 2019	7.5	0.3	7.8

3.4 Investments

In the first quarter of 2019, Rovio announced a USD 3.0 million investment in a gaming startup focused venture capital fund managed by Play Ventures. After the second instalment, which was paid in Q1 2020, total investment for the fund was USD 1.5 million (EUR 1.3 million). It is valued on level 3 and currently the fair value equals the initial investment.

4.Changes in contingent liabilities or contingent assets

Future minimum rentals payable under non-cancelable operating leases and other commitments are as follows.

EUR million	At June 30, 2020	At June 30, 2019	At December 31, 2019
Equipment lease commitments			
Due within one year	0.0	0.0	0.0
Due in subsequent years	0.0	0.0	0.0
Total	0.0	0.0	0.0
Office rental commitments			
Due within one year	0.0	0.0	0.0
Due in subsequent years	0.0	0.0	0.0
Total	0.0	0.0	0.0
Other commitments			
Enterprise mortgages	0.0	0.0	0.0
Venture Capital investment commitment	1.3	1.9	1.9
Total	1.3	1.9	1.9

5.Related party transactions

Rovio's related parties include its subsidiaries, associates, key persons belonging to the management and their close family members and entities controlled by them, and entities with significant influence on Rovio. Oivor AB is an entity, that has significant influence over the Rovio Group. In April 2020, EUR 2.9 million was paid out as dividend between the Rovio Group and Oivor.

6. Mergers, acquisitions and divestments

In the second quarter Rovio acquired all outstanding shares of Darkfire Games – a mobile games studio in Copenhagen, Denmark focusing on developing mobile role-playing-games. At the time of the acquisition Darkfire Games had 20 employees. The company was renamed Rovio Copenhagen post-acquisition. The purchase price was less than the acquired net assets and the profit from the bargain purchase, preliminarily amounting to EUR 0.2 million, which was fully recognized during the second quarter.

In the second quarter, Rovio Entertainment Corp. converted its inter-company loans to Hatch Entertainment Ltd., consequently, Rovio Entertainment's ownership of Hatch Entertainment increased from 80% to 90.5%.

7. Calculation of earnings per share

	4-6/ 2020	4-6/ 2019	1-6/ 2020	1-6/ 2019	1-12/ 2019
Earnings per share, EUR	0.15	0.04	0.26	0.11	0.17
Earnings per share, diluted, EUR	0.15	0.04	0.26	0.11	0.17
Shares outstanding at the end of the period (thousands)	74,495	79,678	74,495	79,678	79,612
Weighted average adjusted number of shares during the financial period, basic (thousands)	75,573	79,615	76,993	79,242	79,697
Weighted average adjusted number of shares during the financial period, diluted (thousands)	75,723	80,372	77,125	80,091	79,886