

**Rovio Entertainment
Interim Report
January–June 2018**



**Kati Levoranta, CEO
René Lindell, CFO**

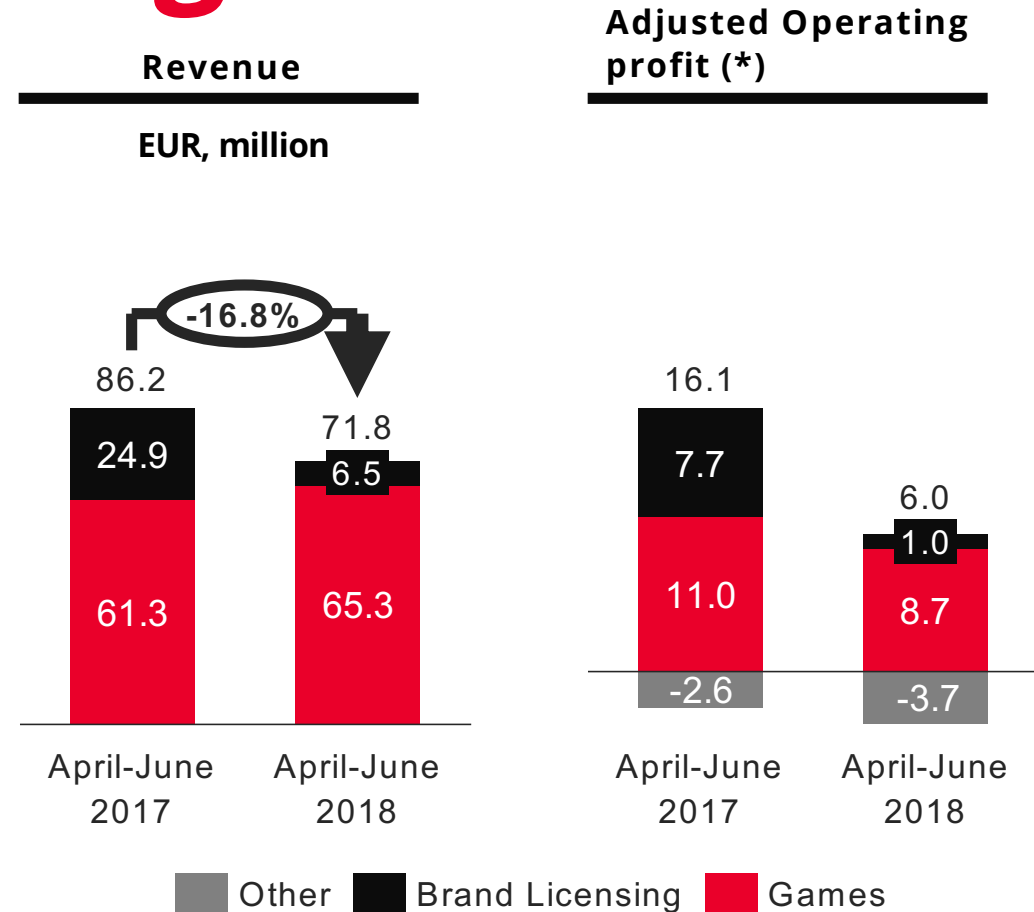
August 17, 2018

Second Quarter in an Eggshell

- Games as a Service (GaaS) strategy works
- Angry Birds 2 – again best quarter ever
- Record number of Monthly Unique Payers (MUP)
- Improved DAU, MAU and ARPPDAU
- Movie revenue down year-on-year as expected
- Solid profitability despite record amount of user acquisition investments
- Currency headwind continued

2Q18 Financial Highlights

- Revenue increased 9.2% from previous quarter but declined 16.8% year-on-year – comparability impacted by large revenue peak from Angry Birds Movie in 2Q17
 - Content licensing was 4.0 million in 2Q18 and 22.4 2Q17
- Adjusted operating profit was EUR 6.0 million and adjusted operating margin 8.4%
- Operating margin impacted by large increase in user acquisition investments to record amount EUR 22.9 million or 35.1% of Games revenues
- Currency headwind approximately EUR 9 million in 2Q18



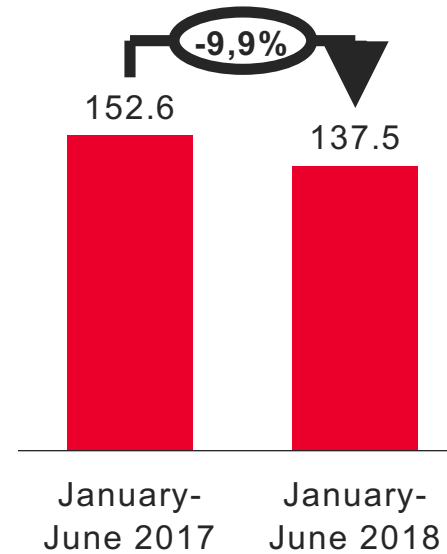
(*) There were no adjustments in the April-June 2018 reporting period. In April-June 2017 the adjustments were EUR 2.0 million in total and were related to the reorganization of the Brand Licensing business.

1H18 Financial Highlights

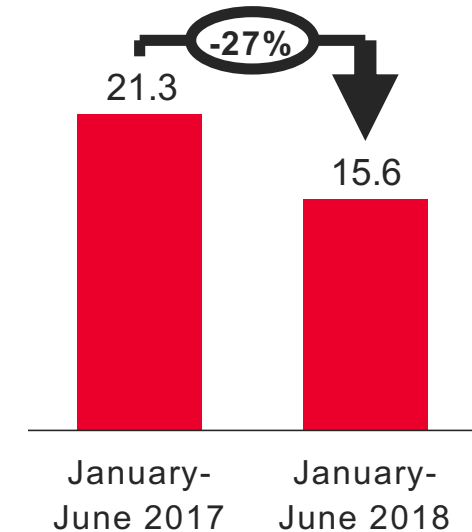
- Revenue decreased 9.9% year-on-year – comparability impacted by large revenue peak from Angry Birds Movie in 2Q17
 - Content licensing was 11.2 million in 1H18 and 29.4 in 2Q17
- Adjusted operating profit was EUR 15.6 (21.3) million and adjusted operating margin 11.3% (14.0%)
- Currency headwind approximately EUR 19 million in 1H18

Revenue

EUR, million



Adjusted Operating profit (*)



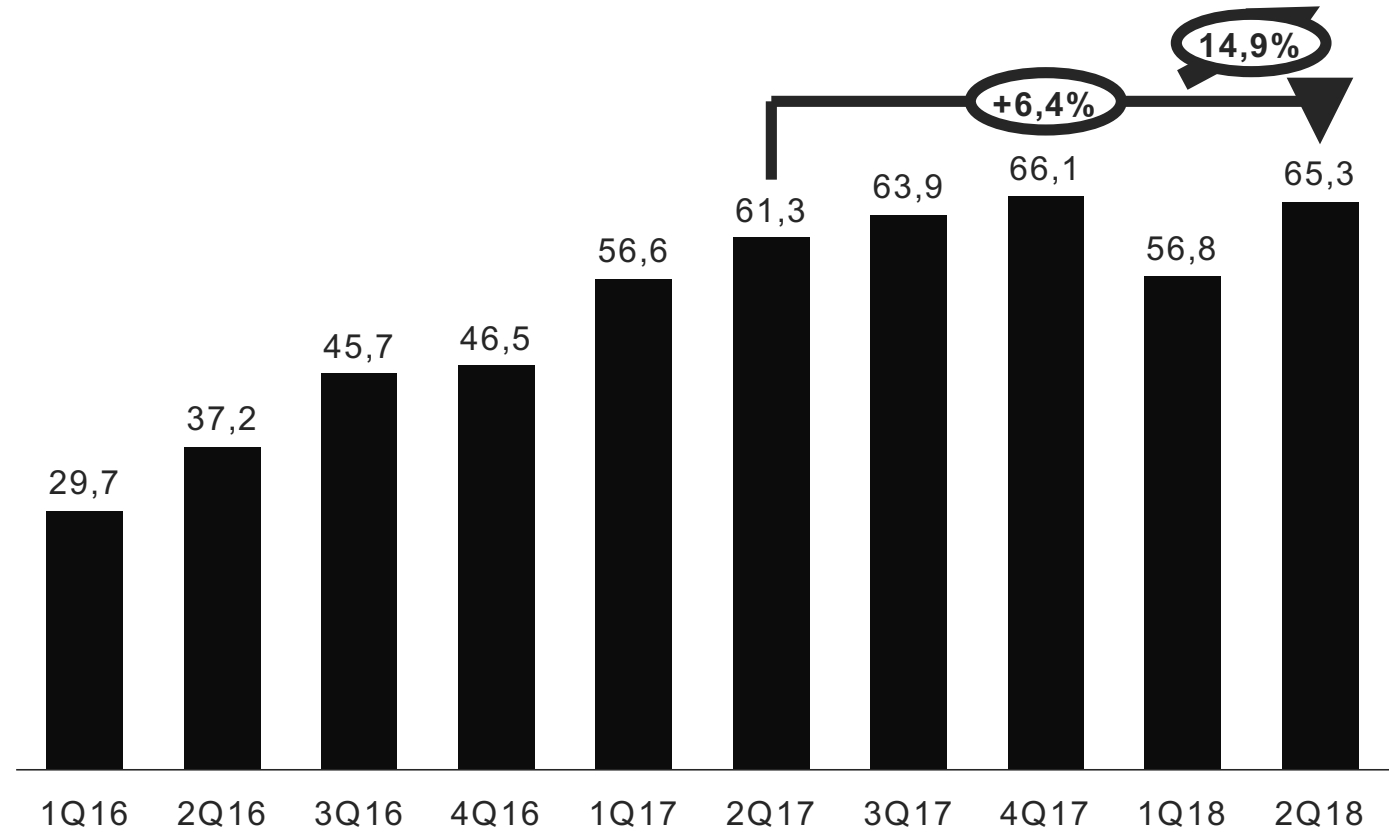
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Games Highlights

Revenue (EUR million)

2Q18 Highlights:

- Revenue increased 14.9% from previous quarter and 6.4 % y-o-y,
- In comparable currencies, the year-on-year growth was approx.12%
- Adjusted EBITDA was EUR 9.2 million (13.5)

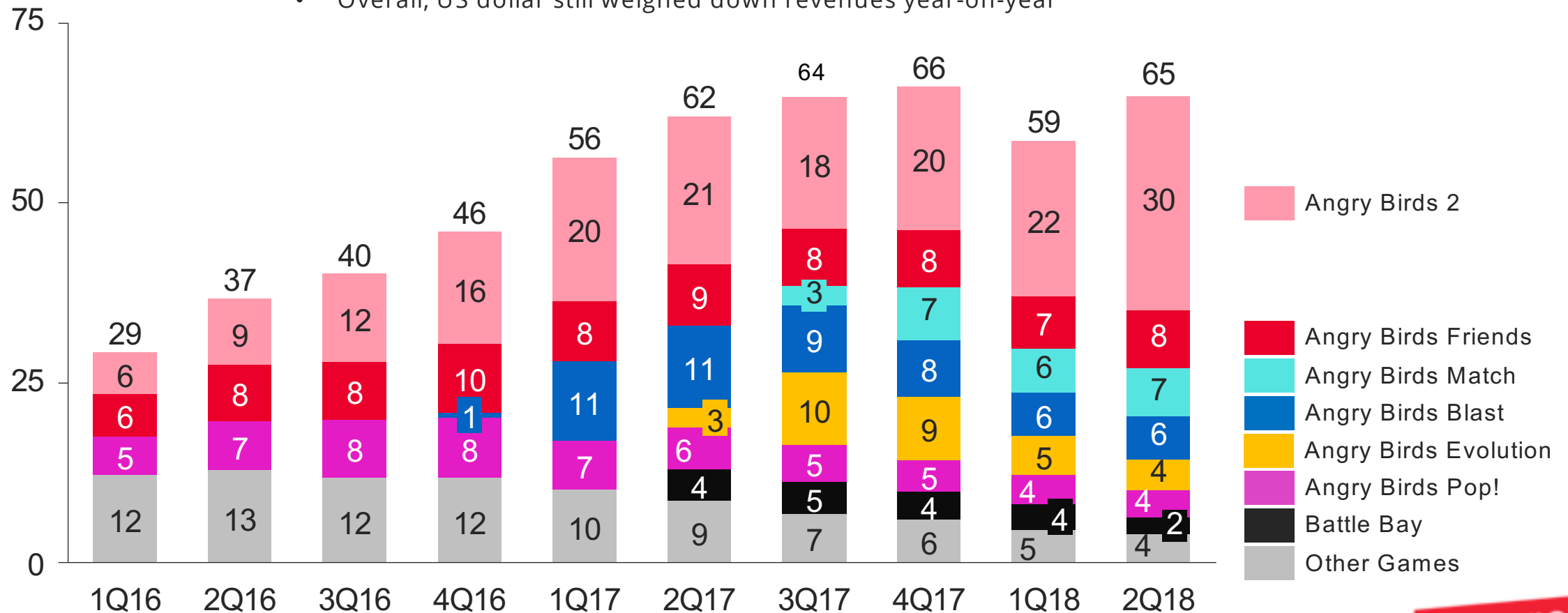


Gross Bookings per Game

Gross bookings
(EUR million)

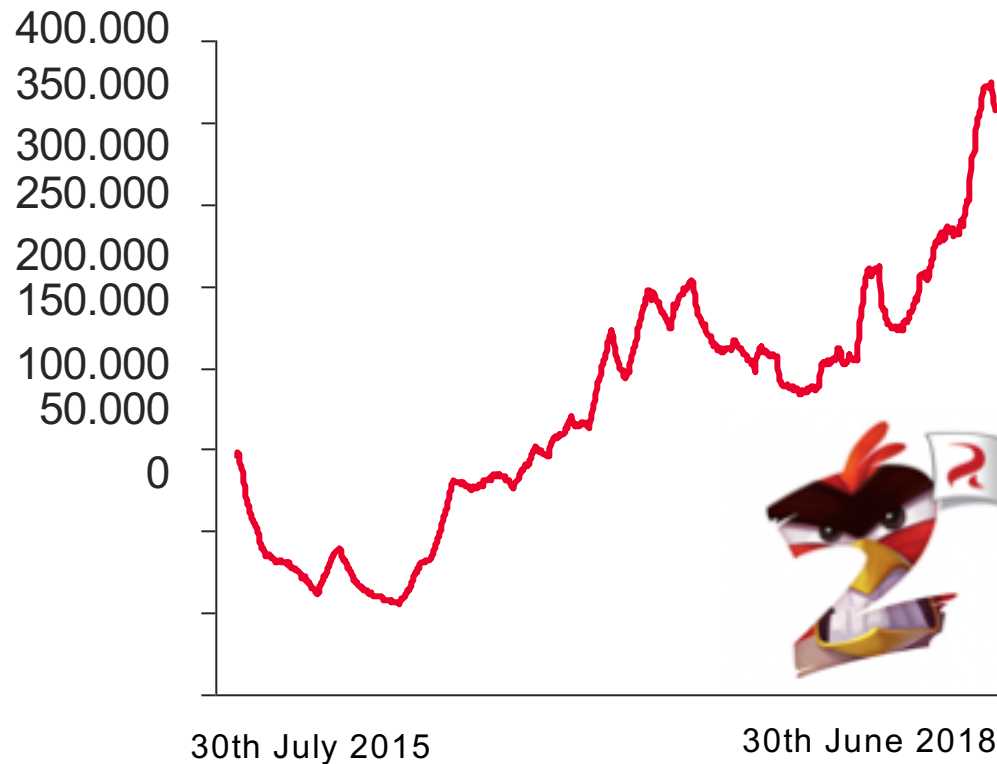
2Q18 Highlights:

- Angry Birds 2 growth accelerated to 44% year-on-year (50% in comparable currencies)
- Quarter-on-quarter, Angry Birds Friends and Angry Birds Match returned to growth path
- Overall, US dollar still weighed down revenues year-on-year

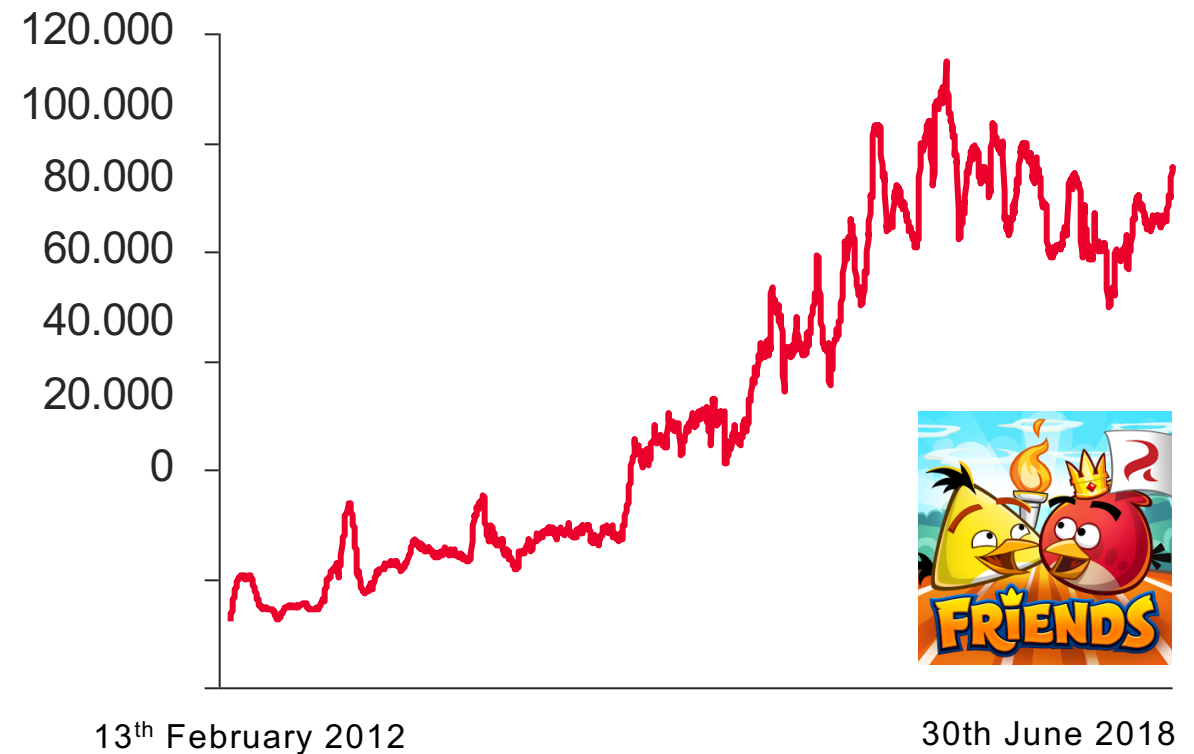


Games as a Service

Angry Birds 2 daily gross bookings (EUR) (*)



Angry Birds Friends daily gross bookings (EUR) (*)



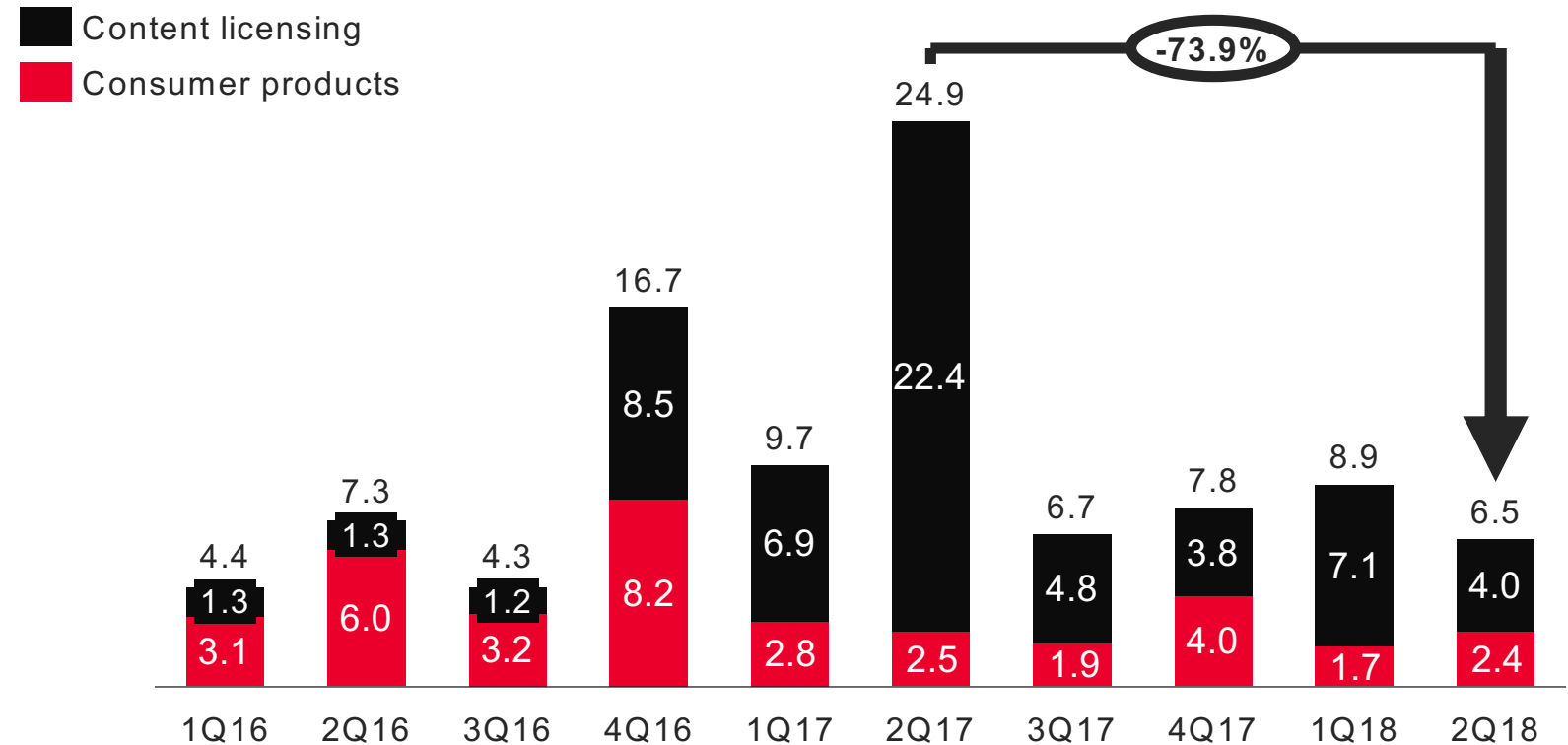
*) 30-day rolling average

Brand Licensing Highlights

2Q18 Highlights:

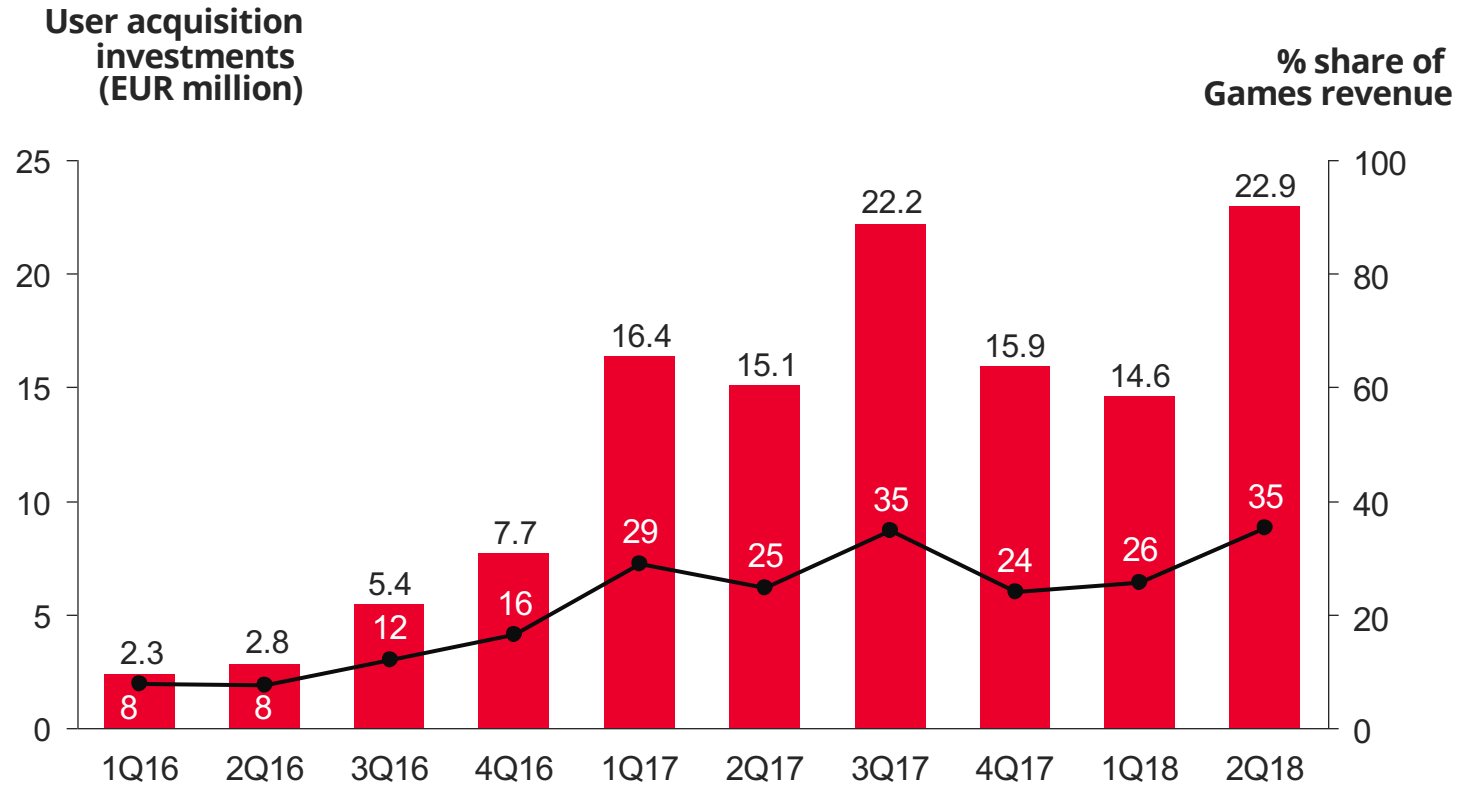
- Unit revenue was EUR 6.5 million and declined significantly year-on-year as expected due to large revenue peak from Angry Birds Movie in Q2 2017
- Adjusted EBITDA was EUR 3.6 million (20.7)
- Build-up of licensing towards next Angry Birds Movie ongoing

Revenue (EUR million)



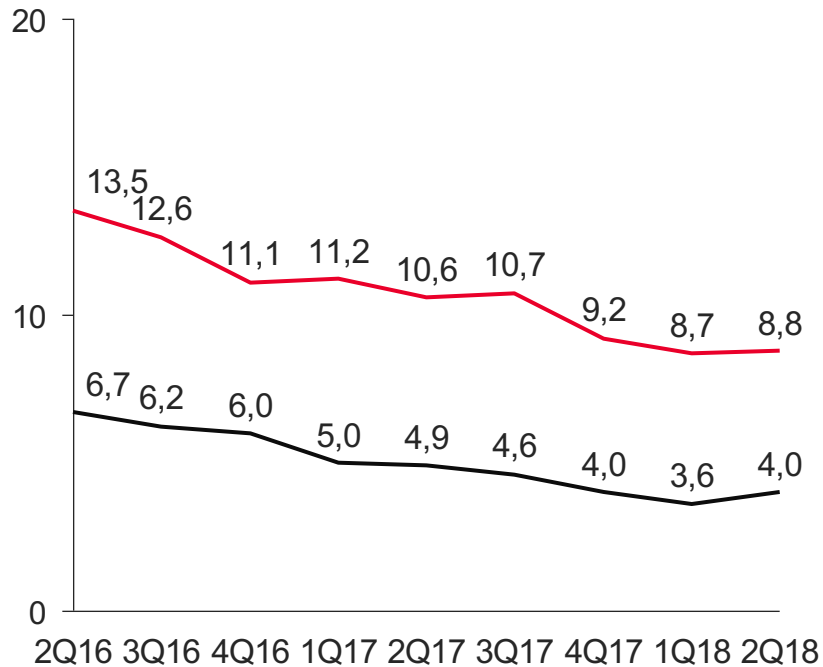
Record User Acquisition Investments

- User acquisition reached record number in Q2/18 as expected due to lengthening of UA payback to 8-12 months (previous 8-10 months) and improved performance of key games
- Typically cost-per-installs increase toward end of the year, thus keeping same level of UA investments in Q3-Q4 is uncertain



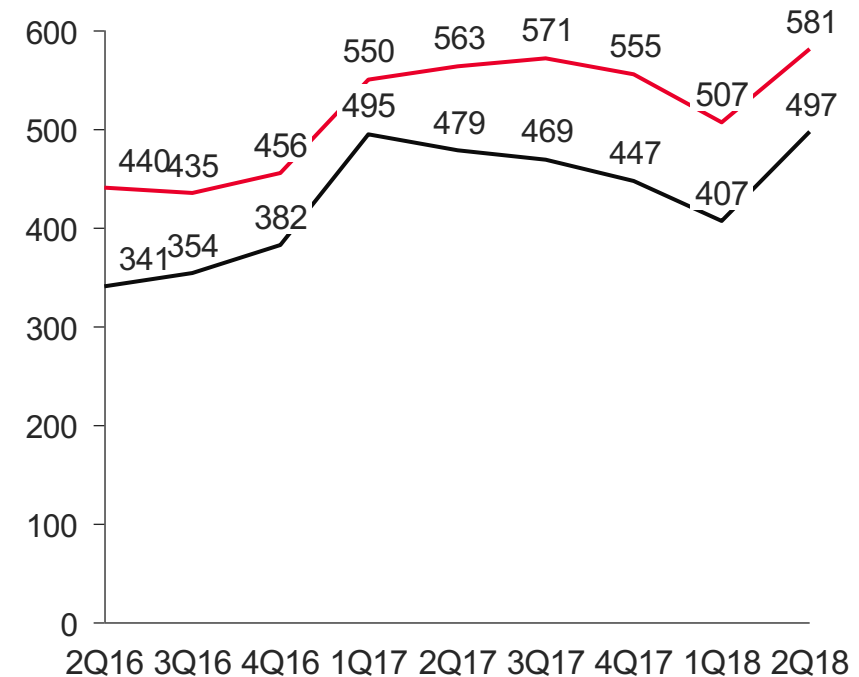
Growth in Total Users and paying Users

DAU
(Daily Active User),
millions



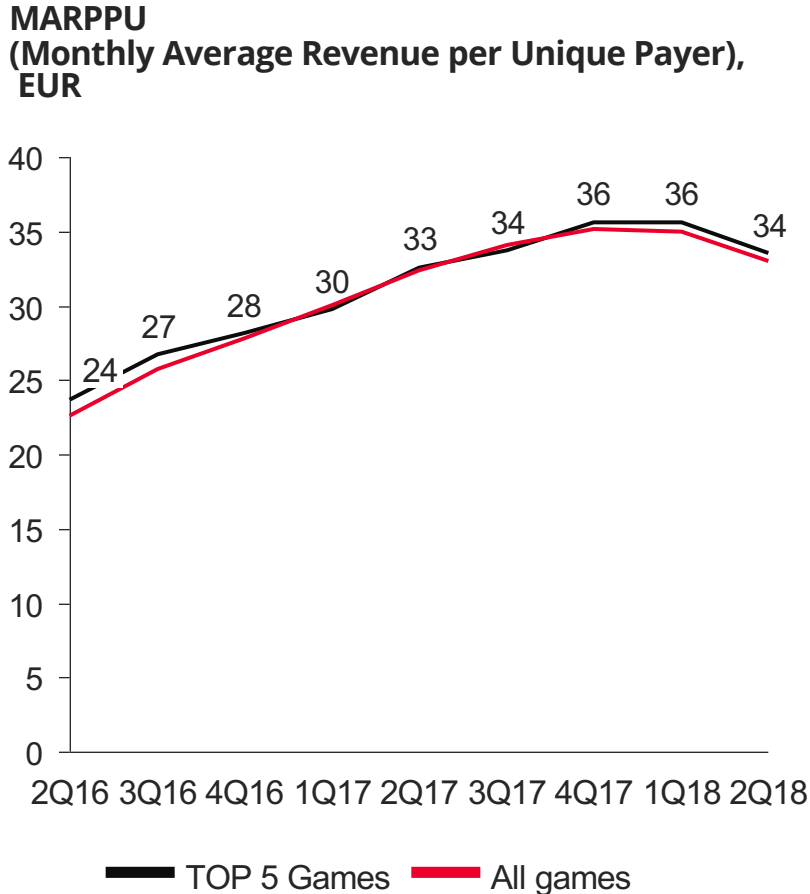
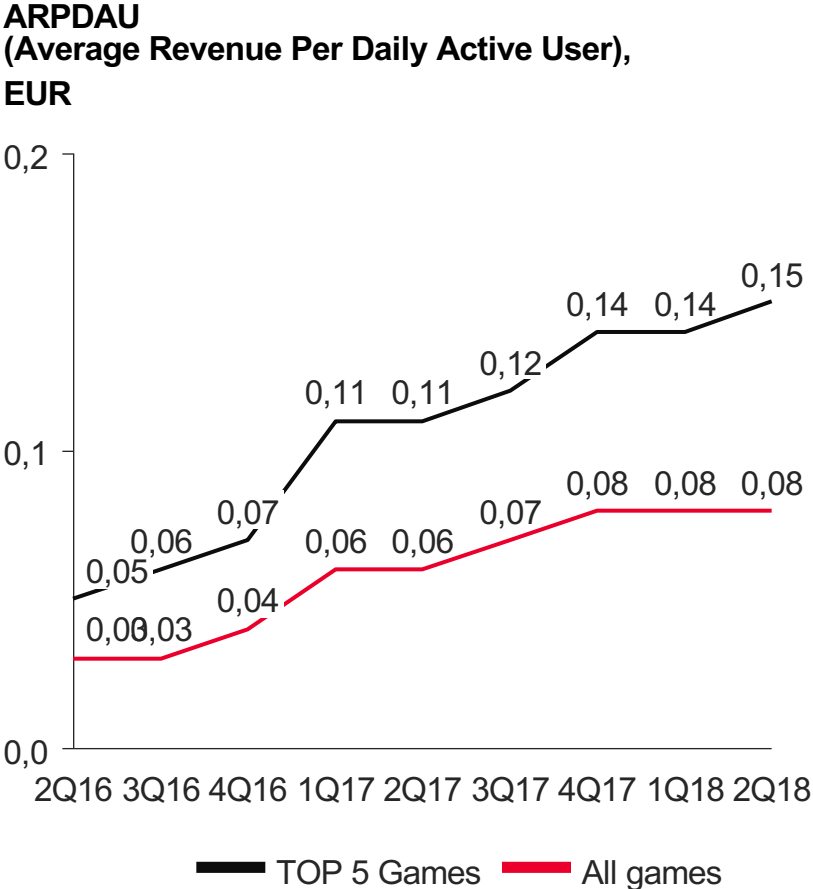
— TOP5 games — All games

MUP
(Monthly Unique Payers),
1000's



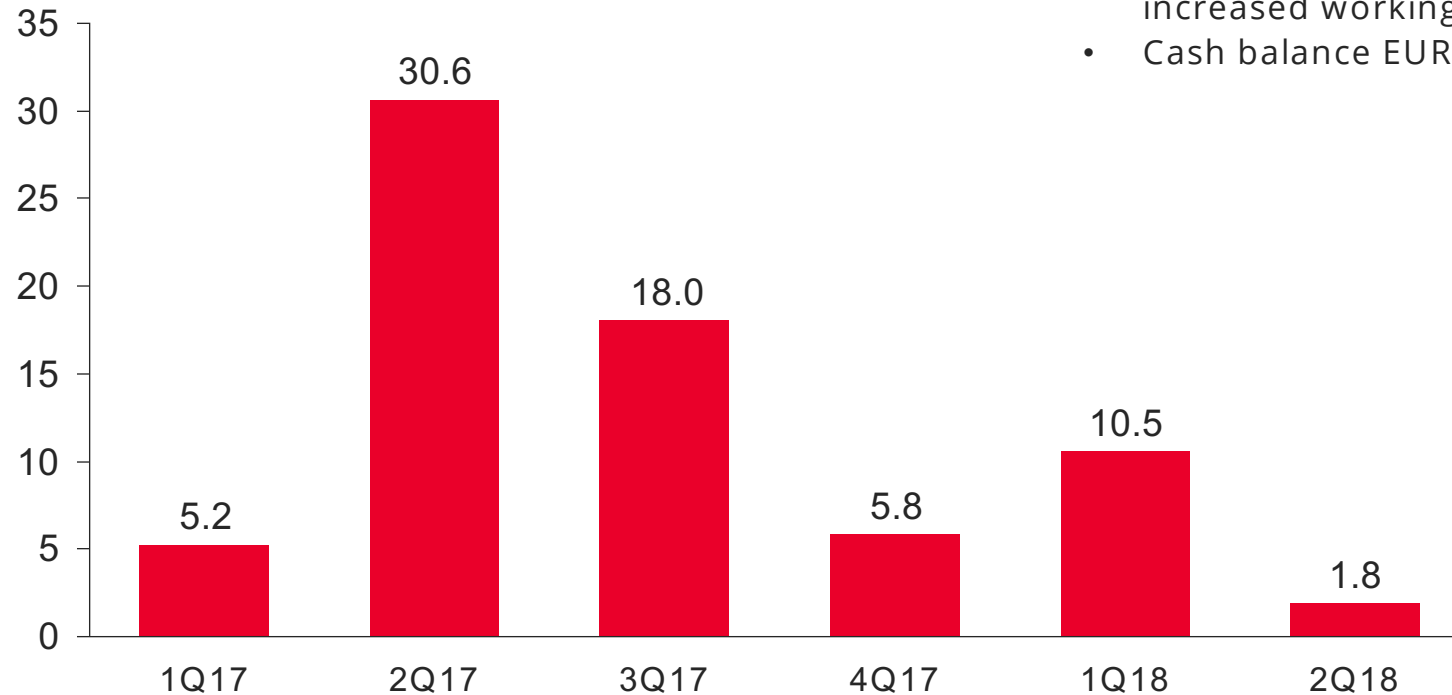
— TOP5 games — All games

ARPDAAU growing, MARPPU slightly lower



Cash Flow in Q2 lower due to User Acquisition Push

Cash flow from operating activities (EUR million)



2Q18 Highlights:

- Operating cash flow EUR 1.8 million
- High user acquisition investments in Q2 increased working capital
- Cash balance EUR 97.0 million

Outlook for 2018 unchanged

2018 Outlook

Rovio Group revenue is expected to be 260-300 million euros in 2018 (297 million euros in 2017).

Rovio's profitability as measured by earnings before interest and tax excluding items affecting comparability is expected to be 9 to 11 percent (12.1 percent in 2017).

We continue to execute Our Strategy

Grow Games business

Improve existing key games and user acquisition

Develop new games

Explore the future of gaming

Investigate and invest in new technologies and platforms

Leverage strong consolidation platform

Continue screening and evaluation of potential M&A targets, primary focus on free-to-play mobile games

Grow the Angry Birds brand and Licensing business

Attractive slate of movie licensing partners secured