Rovio Entertainment Corporation

Interim Report

April 25, 2019

Q1 19

INTERIM REPORT FOR JANUARY-MARCH 2019

ROVIO

Games revenue up 16.6% year-on-year, strong start for new game Angry Birds Dream Blast

January-March 2019 highlights

- Rovio's revenue was EUR 70.9 million (65.7) or 7.8% growth year-on-year; In comparable currencies, the growth was approximately 3%
- Rovio's newest game Angry Birds Dream Blast, launched on 24th January, had gross bookings of EUR 6.9 million during Q1 and reached a quarterly run-rate of EUR 11.5 million in March
- Games revenue in Q1 grew to EUR 66.3 million (56.8) or 16.6% year-on-year. In comparable currencies, the revenue growth was approximately 11%. The Games gross bookings were EUR 65.8 million (58.6) or 12.3% growth year-on-year and in comparable currencies the growth was 7%.
- User acquisition investments were EUR 23.7 million (14.6), or 35.8% of the Games segment's revenue (25.7%)
- Brand Licensing revenue was EUR 4.6 million (8.9) or -48.2% lower year-on-year, as expected
- Group adjusted operating profit was EUR 7.5 million (9.6) and adjusted operating profit margin 10.5% (14.6 %)
- Group adjusted operating profit excluding Hatch Entertainment was EUR 9.3 million (10.8) and adjusted operating profit margin 13.1% (16.4%)
- Operating cash flow was EUR 3.3 million (10.5)
- Earnings per share was EUR 0.08 (0.09)
- Rovio has adopted the IFRS 16 Leases-standard as it became effective, on January 1, 2019. The impact on group EBITDA in the reporting period was EUR +0.6 million, on operating profit EUR 0.0 million, on operating cash flow EUR +0.6 million and the balance sheet total increased by EUR 9.2 million at the end of the reporting period.

Key figures

EUR million	1-3/ 2019	1-3/ 2018	Change, %	1–12/ 2018
Revenue	70.9	65.7	7.8%	281.2
EBITDA*	10.5	14.3	-26.7%	47.8
EBITDA margin*	14.8%	21.8%	-	17.0%
Adjusted EBITDA*	10.5	14.6	-28.3%	47.5
Adjusted EBITDA margin, %*	14.8%	22.2%	-	16.9%
Operating profit*	7.5	9.2	-19.2%	31.5
Operating profit margin, %*	10.5%	14.1%	-	11.2%
Adjusted operating profit*	7.5	9.6	-22.1%	31.2
Adjusted operating profit margin, %*	10.5%	14.6%	-	11.1%
Profit before tax	7.5	9.0	-16.0%	32.2
Capital expenditure	0.7	0.3	105.1%	1.3
User acquisition cost	23.7	14.6	62.7%	78.6
Return on equity (ROE), %	19.5%	25.7%	-	21.5%
Net gearing ratio, %*	-67.4%	-66.4%	-	-75.3%
Equity ratio, %*	78.4%	81.5%	-	83.7%
Earnings per share, EUR	0.08	0.09	-15.2%	0.31
Earnings per share, diluted EUR	0.07	0.09	-15.0%	0.31
Net cash flows from operating activities*	3.3	10.5	-68.9%	42.6
Employees (average for the period)	422	385	9.6%	388

*Not fully comparable due to IFRS 16 adoption in 2019. See Note 1 for details.

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:

Rovio's first quarter 2019 started with a blast! Strong performance of Angry Birds 2 and successful launch of Angry Birds Dream Blast drove Rovio Games first quarter revenue up 16.6% year-over-year.

Rovio's revenue in the first quarter of 2019 was EUR 70.9 (65.7) million, growing by 7.8% compared to the same period of the last year. The adjusted operating profit was EUR 7.5 (9.6) million and the adjusted operating profit margin was 10.5% (14.6%). The decline in operating profit was mainly due to lower revenues in Brand Licensing in the beginning of the year, as expected.

We launched successfully a new game Angry Birds Dream Blast at the end of January. The gross bookings of Dream Blast were EUR 6.9 million in the first quarter and this supported Rovio's games business unit to reach EUR 66.3 million gross bookings. In March, the quarterly gross bookings run rate of Dream Blast already exceeded EUR 11 million and it is now Rovio's second largest game.

Gross bookings of Angry Birds 2 were on a good level of EUR 32 million despite lower user acquisition investments for the game. Angry Birds 2 grew 48% year-on-year. Angry Birds Friends performed steadily with the quarterly revenue of EUR 7.2 million. We invested a record amount of EUR 23.7 million in user acquisition (14.6) of which majority was to boost the launch of Angry Birds Dream Blast.

Our new games pipeline continues to be very healthy. We have currently 14 games in different phases of development, of which two are in soft launch. We aim to have our next global game launch during the second half of the year.

Brand Licensing unit's revenue was EUR 4.6 million and 48.2% lower year-on-year, due to lower revenues from The Angry Birds Movie, as expected. The premier of The Angry Birds Movie 2 is taking place in August this year and we expect the movie and surrounding marketing to boost our licensing business as well as drive users to our Angry Birds games during the second half of 2019.

Our new, immersive augmented reality game, Angry Birds AR: Isle of Pigs, is in pre-registration in Apple App Store and will be available for download shortly for Apple iPhone and iPad users.

Hatch Entertainment, Rovio's 80% owned subsidiary developing a mobile game streaming service for mass audiences, has signed a partnership agreement with Samsung in April, following collaborations with leading teleoperators NTT DOCOMO and Sprint. To accelerate its growth, Hatch Entertainment is seeking external funding and further strategic partnerships.

While having many exciting things ahead of us I'd like to thank already now all Rovians for the great and fun start of the year!

Outlook for 2019 (unchanged)

In 2019, Rovio expects group revenues to grow to EUR 300 – 330 million and adjusted operating profit margin between 9 and 11 per cent.

Basis for outlook

In 2019, Rovio Games business continues developing its live game portfolio according to the Games as a Service strategy, profitable user acquisition and development of new games. Target is to launch at least two new games in 2019 (the first one, Angry Birds Dream Blast, was launched on January 24th). The expected timing of the second launch is during the second half of the year.

The user acquisition investments are expected to be around 30 percent of Games revenues for the full year with payback target of 12 months. The amount of user acquisition may vary depending on development of the games' monetization, timing of new game launches and the level of competition in the market.

The Brand Licensing segment revenues are expected grow in 2019 with focus on the second half of the year when the Angry Birds Movie sequel is scheduled for release.

The first half of 2019 is expected to have revenues at a similar level or slightly better than the last half of 2018 while the profit is less than the average for the whole year of 2019. Overall, the largest revenue growth and profit contribution is expected from the second half of 2019. The profit margin excluding Hatch Entertainment is expected to be between 12 and 14 per cent.

Briefing and webcast:

Rovio will host an English language webcast on the 2019 first quarter results, including the Q&A session for investors, media and institutional investors at 14:00-15:00 EET on 25.4.2019. The webcast can be viewed live at: http://www.rovio.com/investors-investor-calendar , and later the same day as a recording.

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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 4.5 billion times so far. The Company 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, the Company offers multiple mobile games, animations and has produced The Angry Birds Movie, which opened number one in theatres in 50 countries and the sequel which is in production. 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 Interim Report 1–3/2019

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 April 2019, the global mobile gaming market size in end-user generated revenue was estimated to be USD 62 billion in 2018 which represented 10% year-on-year growth. In 2019, Newzoo estimates the global mobile gaming market to grow by 10% to USD 68 billion.

The global growth rate was somewhat reduced from their previous report due to the lower market growth especially in China, Middle East and Africa. The Chinese market growth is still recovering from the ending of the 9-month hiatus in approving new game launches for both foreign and domestic game developers at the end of 2018.

In the long-term, the global mobile gaming market is expected to continue its double-digit growth of 11% CAGR during 2018-2022. The Western market is expected to grow at 9% CAGR during 2018-2022.

Revenue and result

January-March 2019

In the first quarter 2019, Rovio group revenue was EUR 70.9 million (65.7) and grew 7.8% year-on-year. In comparable currencies the growth was approximately 3%.

The Games segment revenue was EUR 66.3 million (56.8) or 16.6% growth year-on-year. The USD to EUR exchange rate was favorable in this quarter and in comparable currencies, the growth was 11%. The year-on-year growth was due to Angry Birds 2, that grew 48% year-on-year, and due to successful launch of the new game Angry Birds Dream Blast on January 24th.

The revenue of the Brand Licensing -segment was EUR 4.6 million (8.9) or -48.2% decline year-on-year, as expected due to lower revenues from the first Angry Birds movie. The revenue consisted of EUR 3.2 million (7.1) from Content Licensing, the majority of which was income from the Angry Birds Movie, and EUR 1.4 million (1.7) from Consumer Products.

The Group's adjusted EBITDA was EUR 10.5 million (14.6), or 14.8% (22.2%) of revenues. The lower EBITDA this year compared to last year was mainly due to lower revenues from the first Angry Birds movie.

The Group's adjusted operating profit was EUR 7.5 million (9.6) and adjusted operating profit margin 10.5 (14.6%). Excluding Hatch Entertainment operating expenses, the Group's adjusted profit was EUR 9.3 million (10.8) and adjusted operating profit margin 13.1% (16.4%). There were no adjustments in the reporting period. The adjustments in the first quarter 2018 were EUR 0.3 million and were related to the closing of Rovio's games studio in London.

The Games segment's adjusted EBITDA was EUR 11.2 million (10.6) or 16.8% (18.7%) of revenues. Games EBITDA margin was lower compared to last year due to higher user acquisition investments in the reporting period: EUR 23.7 million (14.6) or 35.8% of revenues (25.7%). The increase in user acquisition investments were mainly targeted to drive growth in the new game Angry Birds Dream Blast.

The Brand Licensing segment's adjusted EBITDA was EUR 2.5 million (6.6) and adjusted EBITDA margin was 54.1% (74.2). The decline in EBITDA from last year was due to lower revenues.

The Group's profit before taxes was EUR 7.5 million (9.0) and earnings per share EUR 0.08 (0.09).

Financing and investments

Rovio's capital expenditure was EUR 0.7 million (0.3) in the first quarter of 2019. 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 0.1 million (0.3) in the first quarter. The decrease was mainly due to the amount of external development projects. The Other-segment's investments were EUR 0.5 million (0.0) for the quarter and related mainly to machinery and equipment.

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. The first instalment of USD 0.9 million (EUR 0.8 million) was invested during the reporting period.

Cash flow from financing amounted to EUR 3.0 million (0.7) in the first quarter and consisted of EUR 0.7 million of share subscriptions with stock options as well as a convertible note of EUR 3.0 million from NTT DoCoMo Ventures to Hatch Entertainment. These were partially offset by lease repayments of EUR 0.7 million, mostly reclassified from operating cash flows as required by the IFRS 16-standard.

At the end of the first quarter, Rovio's total interest-bearing loans amounted to EUR 16.4 million (2.5) consisting of EUR 3.6 million product development loans from Tekes (the Finnish Funding Agency for Innovation), EUR 3.0 million convertible note from NTT DoCoMo Ventures as well as EUR 9.9 million leasing liabilities recognized on the balance sheet as required by the IFRS 16 -standard.

Rovio's cash and cash equivalents at the end of the review period amounted to EUR 128.8 million (101.5). In addition, the company has a revolving credit facility with an undrawn balance of EUR 20.0 million.

Development per business segment

Games

January-March 2019

The Games segment's revenue in the reporting period grew to a new all-time high and amounted to EUR 66.3 million (56.8), which corresponds to a year-on-year growth of 16.6%. The USD to EUR exchange rate impacted the reporting period's revenue positively, and the year-on-year growth in comparable currency rates was approximately 11%.

The record revenue was driven by the launch of Angry Birds Dream Blast at the end of January, and continued year-on-year growth of Angry Birds 2. Rovio's top five games in the reporting period were Angry Birds 2, Angry Birds Friends, Angry Birds Dream Blast, Angry Birds Match, and Angry Birds Pop.

The Games segment's EBITDA was EUR 11.2 million (10.3) which represents an increase of 8.1% year-on-year. The increase is due to revenue growth and lower operating expenses in the reporting period compared to the previous year.

The user acquisition investments increased to EUR 23.7 million (14.6), or 35.8% (25.7%) of the Games segment's revenue in the reporting period. The increase was fueled by investments into the growth of Angry Birds Dream Blast. Towards the end of the reporting period, user acquisition investment focus shifted from Angry Birds 2 to Dream Blast. We expect the user acquisition investments in the second quarter of 2019 to be at similar or slightly higher level than in the first quarter.

The Games segment's capital expenditure amounted to EUR 0.1 million (0.3) and were 52.7% lower than in the corresponding period a year earlier.

EUR million	1–3/ 2019	1–3/ 2018	Change, %	1–12/ 2018
Gross bookings	65.8	58.6	12.3%	253.3
Revenue	66.3	56.8	16.6%	250.4
Adjusted EBITDA	11.2	10.6	4.8%	40.8
Adjusted EBITDA margin, %	16.8%	18.7%		16.3%
EBITDA	11.2	10.3	8.1%	40.5
EBITDA margin, %	16.8%	18.2%		16.2%
User acquisition cost	23.7	14.6	62.7%	78.6
User acquisition share of revenue, %	35.8%	25.7%		31.4%
Capital expenditure	0.1	0.3	-52.7%	0.3

Key performance indicators of the Games segment

The key performance indicators of the Games segment's 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.

In the first quarter, the Games segment's operative focus was in the global launch of Angry Birds Dream Blast, further improvement of existing key live games, namely Angry Birds 2, Angry Birds Friends and Angry Birds Match, as well as optimization of user acquisition investments.

The launch of Angry Birds Dream Blast enabled the amount of daily active users to stay on the same level as the seasonally stronger last quarter in 2018.

Both average revenue per daily active user (ARPDAU) and monthly average revenue per unique paying user (MARPPU) remained on all-time high level. For top 5 games, ARPDAU remained flat at EUR 0.18 while MARPPU grew 1% from EUR 38.7 to EUR 39.0.

EUR million	1–3/2019	10–12/2018	7–9/2018	4–6/2018	1–3/2018	10–12/2017
Gross bookings top 5	56.1	57.7	54.3	54.8	46.5	51.8
Gross bookings total	65.8	66.7	63.2	64.8	58.6	66.1

million	1–3/2019	10–12/2018	7–9/2018	4–6/2018	1–3/2018	10–12/2017
DAU top 5	3.5	3.5	3.8	4.0	3.6	4.0
DAU all	7.0	7.0	8.0	8.8	8.7	9.2
MAU top 5	17.1	18.0	20.2	22.2	18.1	20.3
MAU all	49.3	50.1	59.6	64.2	61.7	64.8

thousand	1–3/2019	10–12/2018	7–9/2018	4–6/2018	1–3/2018	10–12/2017
MUP top 5	422	444	451	497	407	447
MUP all	495	504	517	581	507	555

EUR	1–3/2019	10–12/2018	7–9/2018	4–6/2018	1–3/2018	10–12/2017
ARPDAU top 5	0.18	0.18	0.16	0.15	0.14	0.14
ARPDAU all	0.10	0.10	0.09	0.08	0.08	0.08
MARPPU top 5	39.0	38.7	36.0	33.5	35.6	35.6
MARPPU all	38.5	38.9	35.9	33.0	35.0	35.2

Game-specific performance in the Games segment

The Games gross bookings amounted to EUR 65.8 million (58.6), which is a growth of 12.3% year-on-year. In comparable currencies, the growth was approximately 7%.

Angry Birds 2, released in July 2015, grew 48% year-on-year and continued to be the largest game in Rovio's portfolio. The gross bookings of Angry Birds 2 amounted to EUR 32.0 million (21.6), and since its release the game has already generated gross bookings of EUR 285 million.

Angry Birds Friends that was released in 2012 continued to be Rovio's second biggest game in the reporting period. The gross bookings of Angry Birds Friends were EUR 7.2 million (7.2).

Rovio's third biggest game in the reporting period, Angry Birds Dream Blast that was released January 24th, 2019, reached gross bookings of EUR 6.9 million in a little more than two months. In March, the quarterly run-rate of Angry Birds Dream Blast already exceeded EUR 11 million.

Rovio's fourth biggest game in the reporting period was Angry Birds Match, a match-3 game released in August 2017. Angry Birds Match grew 8% year-on-year to EUR 6.8 million.

Angry Birds Pop, released in March 2015, passed Angry Birds Blast as Rovio's fifth biggest game in the reporting period. The gross bookings of Angry Birds Pop were EUR 3.3 million (4.1).

The other games, that include less actively maintained titles of Rovio's game portfolio, generated combined gross bookings of EUR 9.7 million (19.5) and declined 50.2% year-on-year. We include Angry Birds Evolution, Angry Birds Blast and Battle Bay now in the other games category.

Gross bookings, EUR million	**1–3/2019**	**10–12/2018**	**7–9/2018**	**4–6/2018**	**1–3/2018**	**10–12/2017**
AB 2	32.0	35.2	30.8	29.7	21.6	19.9
AB Friends	7.2	7.9	8.2	8.0	7.2	7.9
AB Dream Blast	6.9	0.5				
AB Match	6.8	6.7	6.5	6.8	6.2	7.4
AB Pop	3.3	3.8	3.6	3.8	4.1	4.5
Other games	9.7	12.7	14.1	16.4	19.5	26.4
Total	**65.8**	**66.7**	**63.2**	**64.8**	**58.6**	**66.1**

Brand Licensing

January-March 2019

The revenue of the Brand Licensing segment in the reporting period was EUR 4.6 million (8.9) and declined 48.2% year-on-year, as expected. The revenue consisted of EUR 3.2 million (7.1) from Content Licensing, the majority of which was income from the first Angry Birds Movie, released in 2016, and EUR 1.4 million (1.7) from Consumer Products. The lower content licensing revenues was due to decline of the first Angry Birds movie revenues are expected based on the typical revenue flow of movies. The slow start of the year for consumer products was expected as revenue streams from old license contracts are declining and new contracts wait for the 2019 Angry Birds Movie 2 launch in August 2019.

The Brand Licensing segment's adjusted EBITDA was 2.5 million (6.6) and EBITDA margin was 54.1% of revenues (74.2%). The lower EBITDA margin was due to lower movie revenues compared to last year.

During the reporting period, Brand Licensing Unit continued to build the licensing program for The Angry Birds Movie sequel scheduled for release in 2019, and developing other projects in content roadmap, such as TV animation and touring live shows.

EUR million	1–3/ 2019	1–3/ 2018	Change, %	1–12/ 2018
Revenue	4.6	8.9	-48.2%	30.8
Consumer products	1.4	1.7	-21.4%	8.6
Content licensing	3.2	7.1	-54.7%	22.2
Adjusted EBITDA	2.5	6.6	-62.2%	20.8
Adjusted EBITDA margin, %	54.1%	74.2%		67.5%
EBITDA	2.5	6.6	-62.2%	20.8
EBITDA margin, %	54.1%	74.2%		67.5%
Capital expenditure	0.0	0.0	-	0.2
Amortization	1.9	4.4	-57.9%	13.7

Other segment

Hatch Entertainment

Hatch Entertainment Ltd, a subsidiary in which Rovio holds an 80 percent stake, is developing a cloud-based game streaming service for mobiles and TVs. Today more than 100 titles are currently live in the service, with a new game scheduled to go live each week. More than 150 developers and publishers have signed up to bring more than 400 premium games to Hatch, which is now available on the Samsung Galaxy Store in Korea and on Google Play in Japan, the Nordic countries, UK and Ireland. Hatch Premium, a paid subscription that removes ads and offers additional content and features such as TV support, is also now available in Japan and Korea, with more markets to follow.

In February 2019, Hatch announced a strategic partnership with Japan's largest teleoperator NTT DOCOMO that sees Hatch pre-installed on NTT DOCOMO customers' compatible TVs and set-top boxes. Also in February, Hatch announced collaboration with US mobile operator Sprint, which will offer Hatch Premium as part of its 5G rollout in the United States later this spring.

Hatch operating expenses during the reporting period were EUR 1.8 million. During 2019, Rovio is exploring alternative financial structures and partnerships to accelerate Hatch's growth and is prepared to reduce its ownership below 50 percent.

Consolidated statement of financial position

Consolidated statement of financial position. EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current assets	52.9	53.1	45.4
Current receivables	43.8	40.2	34.2
Cash and cash equivalents	128.8	101.5	123.6
Total assets	**225.6**	**194.7**	**203.2**
Equity	166.9	149.0	159.4
Financial liabilities	16.4	2.5	3.6
Advances received and deferred income	12.6	11.9	12.7
Other payables	29.7	31.3	27.4
Total equity and liabilities	**225.6**	**194.7**	**203.2**

Rovio's consolidated statement of financial position amounted to EUR 225.6 million on March 31, 2019 (194.7), with equity representing EUR 166.9 million (149.0) of the total. Cash and cash equivalents amounted to EUR 128.8 million (101.5). The increase in cash and cash equivalents during the quarter was mainly driven by EBITDA and the NTT DoCoMo convertible note, partially offset by increase in working capital and taxes paid.

Total advances received, and deferred income increased to EUR 12.6 million (11.9). mainly due to changes in Games deferred revenue partially offset by decreased advances received.

On March 31, 2019 Rovio's non-current assets were EUR 52.9 million (53.1) up from EUR 45.4 million on December 31, 2018. The change was primarily due to the right-of-use assets (office and equipment leases) recognized due to adopting the IFRS 16 -standard, partially offset with the decrease in intangible assets. The intangible asset decrease is due to amortization, mainly of development expenses of the first Angry Birds Movie. Rovio recognizes amortization on the movie in each reporting period in an amount that corresponds to 55% of the Angry Birds Movie's revenue for the period.

Rovio's net debt on March 31, 2019 amounted to negative EUR 112.5 million. Rovio's debt consisted of loans from Tekes (the Finnish Funding Agency for Innovation) of EUR 3.6 million, NTT DoCoMo of EUR 3.0 million, as well as EUR 9.9 million in leasing debt.

Cash flow and financing

Consolidated statement of cash flows, EUR million	**1–3/2019**	**1-3/2018**	**1–12/2018**
Cash flow from operating activities	3.3	10.5	42.6
Cash flow from investing activities	-1.4	-0.3	-1.2
Cash flow from financing activities	3.0	0.7	-9.4
Change in cash and cash equivalents	**4.8**	**10.8**	**32.0**
Net foreign exchange difference	0.4	-0.2	0.8
Cash and cash equivalents at the beginning of the period	123.6	90.8	90.8
Cash and cash equivalents at the end of the period	**128.8**	**101.5**	**123.6**

Rovio's net cash flow from operating activities amounted to EUR 3.3 million (10.5) in the first quarter. The decrease quarter on quarter was due to EBITDA and working capital change, partially offset by a decrease in taxes paid.

Cash flows used in investing activities amounted to EUR -1.4 million (-0.3) in the first quarter. The increase in investments is mostly attributable to the Play Ventures investment of EUR 0.8 million as well as investments in machinery and equipment.

Cash flows used in financing activities amounted to EUR 3.0 million (0.7) in the first quarter. The increase was driven by the NTT DoCoMo convertible note of EUR 3.0 million partially offset by EUR 0.7 million of lease repayments, that since the beginning of 2019 are shown in financing cash flows as opposed to the earlier presentation in operating cash flows due to the IFRS 16 -standard.

Personnel

From January to March 2019, Rovio's average number of employees was 422 (385). The Games business unit employed 324 people (298), the Brand Licensing business unit 31 people (35), and other operations, including Hatch Entertainment and administrative functions employed 67 people (52).

The average number of employees increased due to the acquisition of Playraven Oy at the end of 2018 as well as the organic growth of Hatch Entertainment.

	1–3/ 2019	**1–3/ 2018**	**Change, %**	**1–12/ 2018**
Employees (average for the Period)	422	385	9.6%	388
Employees (end of period)	426	377	13.0%	418

Shares and shareholders

On March 31, 2019, Rovio's share capital amounted to EUR 0.7 million and the number of shares was 79,464,742.

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 March 31, 2019 Rovio Entertainment Corporation held 595,237 of its own shares.

Shareholder	Number of Shares	Percentage of shares and votes
Ilmarinen Mutual Pension Insurance Company	2,067,500	2.60%
Hed Niklas Peter	1,996,746	2.51%
Vesterbacka Jan-Peter Edvin	1,456,229	1.83%
Elo Pension Company	1,200,000	1.51%
The State Pension Fund	1,000,000	1.26%
Sijoitusrahasto Aktia Capital	875,074	1.10%
Varma Mutual Pension Insurance Company	677,471	0.85%
Danske Invest Finnish Institutional Equity Fund	660,000	0.83%
Rovio Entertainment Oyj	595,237	0.75%
Sijoitusrahasto Aktia Nordic Small Cap	514,196	0.65%
Total	**11,042,453**	**13.90%**
Other shareholders	68,422,289	86.10%
Number of shares total	**79,464,742**	**100.00%**

A monthly updated table of Rovio's shareholders is available online at https://www.rovio.com/investors/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 2 -31. May 2018, and, for the 2019 options, the trading volume-weighted average quotation of the shares on Nasdaq Helsinki during 2 -31. May 2019.

A total of 985,150 options were allocated under the 2017 option program as of March 31, 2019 and a total of 1,168,500 options were allocated under the 2018 option program as of March 31, 2019

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 607,140 rights entitling to shares had been allocated under the restricted share plan as of March 31, 2019.

Changes in Management

Alexandre Pelletier-Normand started on January 2, 2019 as the Executive Vice President of Rovio's Games Business Unit and is a member of Rovio's Leadership Team. Alexandre is a seasoned games executive with a remarkable career in the industry.

On 1st February, 2019 Heini Kaihu, previously head of Rovio Games Puzzle studio, was appointed as head of Human Resources and is a member of Rovio's Leadership Team.

Risks

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 Rovio.com and in the most recent published financial statements.

Outlook for 2019 (unchanged)

In 2019, Rovio expects group revenues to grow to EUR 300 – 330 million and adjusted operating profit margin between 9 and 11 per cent.

Basis for outlook

In 2019, Rovio Games business continues developing its live game portfolio according to the Games as a Service strategy, profitable user acquisition and development of new games. Target is to launch at least two new games in 2019 (the first one, Angry Birds Dream Blast, was launched on January 24th). The expected timing of the second launch is during the second half of the year.

The user acquisition investments are expected to be around 30 percent of Games revenues for the full year with payback target of 12 months. The amount of user acquisition may vary depending on development of the games' monetization, timing of new game launches and the level of competition in the market.

The brand Licensing segment revenues are expected grow in 2019 with focus on the second half of the year when the Angry Birds movie sequel is scheduled for release.

The first half of 2019 is expected to have revenues at a similar level or slightly better than the last half of 2018 while the profit is less than the average for the whole year of 2019. Overall, the largest revenue growth and profit contribution is expected from the second half of 2019. The profit margin excluding Hatch Entertainment is expected to be between 12 and 14 per cent.

Events after the review period

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

The Annual General Meeting of Rovio was held on April 9, 2019. The Annual General Meeting approved the financial statements for the financial year 2018 and discharged the members of the Board of Directors and the CEO from liability for the 2018 financial year. 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. The record date of the dividend distribution was April 11, 2019 and the dividend was paid on April 18, 2019.

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. Mika Ihamuotila, Mr. Fredrik Löving, Mr. Jeferson Valadares and Ms. Jenny Wolfram were elected members of the Board of Directors for a term of office expiring at the end of the Annual General Meeting in 2020. Mr. Mika Ihamuotila was elected as the Chairman and Mr. Kaj Hed was elected as the Vice Chairman of the Board of Directors.

The Annual General Meeting decided that the members of the Board of Directors will be paid monthly remuneration as follows: Chairman EUR 9,500; Vice Chairman EUR 7,500; other members EUR 5,000 each and EUR 2,500 as additional monthly compensation to the chairman of the Audit Committee. If the chairman of the Audit Committee is the Chairman or Vice Chairman of the Board of Directors, no additional compensation will be paid. Reasonable travel expenses of the Board members and committee members arising from Board or committee work will be compensated.

Ernst & Young Oy, authorized public accountants, was re-elected as the 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 7 946 474 shares (approximately 10 % of all the current shares in 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 7 946 474 shares (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 7,946,474 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, 2020.

In the organizing meeting of the Board of Directors held after the Annual General Meeting, the Board of Directors elected from amongst its members Mr. Kim Ignatius (Chair), Mr. Mika Ihamuotila and Ms. Jenny Wolfram as members of the Audit Committee, and Mr. Kim Ignatius (Chair), Ms. Camilla Hed-Wilson, Mr. Mika Ihamuotila and Ms. Jenny Wolfram as members of the Remuneration Committee.

Share subscriptions with stock options

After the review period a total of 212,900 Rovio Entertainment Corporation's new shares were subscribed for with stock options. The entire subscription price of EUR 610,260.00 was recorded into the invested unrestricted equity reserve.

As a result of the share subscriptions, the number of Rovio Entertainment Corporation's shares increased to 79,677,642 shares. The shares subscribed for under the stock options were registered in the Trade Register on 8 April 2019, as of which date the new shares established shareholder rights.

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 7,117,416.45 in total. The record date of the dividend distribution was April 11, 2019 and the dividend was paid on April 18, 2019.

ROVIO ENTERTAINMENT CORPORATION

Board of Directors

Performance measures

EUR million	1-3/ 2019	1-3/ 2018	Change, (%)	1–12/ 2018
Revenue	70.9	65.7	7.8%	281.2
EBITDA*	10.5	14.3	-26.7%	47.8
EBITDA margin*	14.8%	21.8%	-	17.0%
Adjusted EBITDA*	10.5	14.6	-28.3%	47.5
Adjusted EBITDA margin, %*	14.8%	22.2%	-	16.9%
Operating profit*	7.5	9.2	-19.2%	31.5
Operating profit margin, %*	10.5%	14.1%	-	11.2%
Adjusted operating profit*	7.5	9.6	-22.1%	31.2
Adjusted operating profit margin, %*	10.5%	14.6%	-	11.1%
Profit before tax	7.5	9.0	-16.0%	32.2
Capital expenditure	0.7	0.3	105.1%	1.3
User acquisition cost	23.7	14.6	62.7%	78.6
Return on equity (ROE), %	19.5%	25.7%	-	21.5%
Net gearing ratio, %*	-67.4%	-66.4%	-	-75.3%
Equity ratio, %*	78.4%	81.5%	-	83.7%
Earnings per share, EUR	0.08	0.09	-15.2%	0.31
Earnings per share, diluted EUR	0.07	0.09	-15.0%	0.31
Net cash flows from operating activities*	3.3	10.5	-68.9%	42.6
Employees (average for the period)	422	385	9.6%	388

*Not fully comparable due to IFRS 16 adoption in 2019. See Note 1 for details.

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	1-3/2019	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	**70.9**		**70.9**
Other operating income	0.0		0.0
Materials and services	-19.7		-19.7
Employee benefits expense	-9.4		-9.4
Depreciation and amortization	-3.0		-3.0
Other operating expenses	-31.2		-31.2
Operating profit	**7.5**		**7.5**

EUR million	1–3/2018	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	**65.7**		**65.7**
Other operating income	0.0		0.0
Materials and services	-18.5		-18.5
Employee benefits expense	-11.1	0.3	-10.8
Depreciation and amortization	-5.1	0.0	-5.0
Other operating expenses	-21.9	0.1	-21.8
Operating profit	**9.2**	**0.3**	**9.6**

EUR million	1–12/2018	Items affecting comparability	Income statement excluding items affecting comparability
Revenue	**281.2**		**281.2**
Other operating income	1.1	-0.7	0.4
Materials and services	-79.8		-79.8
Employee benefits expense	-42.6	0.3	-42.4
Depreciation and amortization	-16.3	0.0	-16.3
Other operating expenses	-111.9	0.1	-111.9
Operating profit	**31.5**	**-0.3**	**31.2**

Reconciliation of adjusted operating profit

EUR million	1–3/2019	1–3/2018	1–12/2018
Operating profit	**7.5**	**9.2**	**31.5**
Income from Bargain Purchase			-0.7
Restructuring costs arising from employee benefits expenses		0.3	0.3
Restructuring costs in Other operating expenses		0.1	0.1
Restructuring costs in Depreciation and amortization		0.0	0.0
Listing-related expenses			
Adjusted operating profit	**7.5**	**9.6**	**31.2**

Reconciliation of EBITDA and Adjusted EBITDA

EUR million	1–3/2019	1–3/2018	1–12/2018
Operating profit	**7.5**	**9.2**	**31.5**
Depreciation and amortization	3.0	5.1	16.3
EBITDA	**10.5**	**14.3**	**47.8**
Income from Bargain Purchase			-0.7
Restructuring costs arising from employee benefits expenses		0.3	0.3
Restructuring costs in Other operating expenses		0.1	0.1
Listing-related expenses			
Adjusted EBITDA	**10.5**	**14.6**	**47.5**

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

EUR million	1–3/2019	1–3/2018	1–12/2018
Equity ratio, %	**78.4%**	**81.5%**	**83.7%**
Equity	166.9	149.0	159.4
Advances received	6.4	8.3	6.5
Deferred revenue	6.2	3.6	6.2
Total assets	225.6	194.7	203.2
Return on equity, %	**19.5%**	**25.7%**	**21.5%**
Profit/loss before tax	30.8	30.8	32.2
Shareholder's equity beginning of period	149.0	90.8	140.4
Shareholder's equity end of period	166.9	149.0	159.4
Net gearing ratio, %	**-67.4%**	**-66.4%**	**-75.3%**
Total interest-bearing debt	16.4	2.5	3.6
Cash and short-term deposits	128.8	101.5	123.6
Equity	166.9	149.0	159.4
Non-current interest-bearing loans and borrowings	10.8	2.5	3.4
Current interest-bearing loans and borrowings	5.6	0.0	0.1
Cash and short-term deposits	128.8	101.5	123.6
Net debt	**-112.5**	**-99.0**	**-120.0**

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	1–3/2019	1–3/2018	1–12/2018
Gross bookings	65.8	58.6	253.3
Change in deferred revenue	0.0	-1.7	-4.7
Custom contracts	0.2	0.4	1.5
Other adjustments	0.3	-0.5	0.3
Revenue	**66.3**	**56.8**	**250.4**

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

User acquisition costs 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 own 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 short-term deposits 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.

DAU (Daily Active Users), which is defined as the number of devices that played one of our games during a particular day. Under this metric, a device 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 devices that played one of our games in the during a particular calendar month. Under this metric, a device 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 devices 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.

ARPDAU (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.

Interim Report January 1–March 31, 2019 - Tables

The figures in the Interim report are unaudited

Statement of consolidated profit or loss and other comprehensive income

EUR million	1–3/ 2019	1–3/ 2018	1–12/ 2018
Revenue	**70.9**	**65.7**	**281.2**
Other operating income	0.0	0.0	1.1
Materials and services	19.7	18.4	79.8
Employee benefits expense	9.4	11.1	42.6
Depreciation and amortization	3.0	5.1	16.3
Other operating expenses	31.2	21.9	111.9
Operating profit	**7.5**	**9.2**	**31.5**
Finance income and expenses	0.1	-0.3	0.7
Share of profit of associates	0.0	0.0	0.0
Profit (loss) before tax	**7.5**	**9.0**	**32.2**
Income tax expense	1.6	1.8	7.7
Profit for the period	**6.0**	**7.1**	**24.6**
Attributable to: Non-controlling interests	0.0	0.0	0.0
Equity holders of the parent company	6.0	7.1	24.6
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	0.0
Total comprehensive income for the period. net of tax	**6.0**	**7.1**	**24.6**
Attributable to: Non-controlling interests	0.0	0.0	0.0
Equity holders of the parent company	**6.0**	**7.1**	**24.6**
Earnings per share for net result attributable to owners of the parent:			
Earnings per share, EUR	0.08	0.09	0.31
Earnings per share, diluted EUR	0.07	0.09	0.31

Consolidated statement of financial position

EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Non-current assets	**52.9**	**53.1**	**45.4**
Property, plant and equipment	10.2	0.5	0.6
Intangible assets	36.3	48.4	39.0
Investments	0.8	0.0	0.0
Non-current receivables	0.8	0.8	0.8
Deferred tax assets	4.8	3.3	4.9
Current assets	**172.7**	**141.7**	**157.8**
Trade receivables	30.3	28.1	23.0
Prepayments and accrued income	11.7	10.5	10.1
Other current financial assets	1.8	1.7	1.1
Cash and short-term deposits	128.8	101.5	123.6
Total assets	**225.6**	**194.7**	**203.2**
EQUITY AND LIABILITIES			
Equity			
Issued capital	0.7	0.7	0.7
Reserves	37.4	36.5	36.7
Translation differences	-0.4	-0.6	-0.5
Treasury shares	-2.7	0.0	-2.7
Retained earnings	126.0	105.3	100.7
Profit for the period	6.0	7.1	24.6
Equity holders of the parent company	**166.9**	**149.0**	**159.4**
Non-controlling interests	0.0	0.0	0.0
Total equity	**166.9**	**149.0**	**159.4**
Liabilities			
Non-current liabilities	**10.8**	**2.7**	**3.6**
Interest-bearing loans and borrowings	3.5	2.5	3.4
Other non-current financial liabilities	7.2	0.2	0.1
Deferred tax liabilities	0.0	0.1	0.1
Current liabilities	**47.9**	**43.0**	**40.1**
Trade and other payables	16.5	12.7	10.9
Interest-bearing loans and borrowings	3.1	0.0	0.1
Other current financial liabilities	3.3	4.2	0.3
Advances received	6.4	8.3	6.5
Deferred revenue	6.2	3.6	6.2
Income tax payable	0.2	0.1	1.2
Provisions	0.0	0.6	0.6
Accrued liabilities	12.1	13.6	14.3
Total liabilities	**58.7**	**45.7**	**43.7**
Total equity and liabilities	**225.6**	**194.7**	**203.2**

Consolidated statement of changes in equity

Attributable to the equity holders of the parent on March 31, 2018

EUR million	Issued capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
December 31, 2017	**0.7**	**35.8**	**0.0**	**104.3**	**-0.5**	**140.4**	**0.0**	**140.4**
Adjustments to opening balance								
IFRS 2 amendment				0.2		0.2		0.2
Balance at Jan 1, 2018	**0.7**	**35.8**	**0.0**	**104.6**	**-0.5**	**140.5**	**0.0**	**140.6**
Profit for the period				7.1		7.1		7.1
Option subscriptions		0.7				0.7		0.7
Other comprehensive income					-0.1	-0.1		-0.1
Share-based payments				0.7		0.7		0.7
March 31, 2018	**0.7**	**36.5**	**0.0**	**112.4**	**-0.6**	**149.0**	**0.0**	**149.0**

Attributable to the equity holders of the parent on March 31, 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				6.0		6.0		6.0
Option subscriptions		0.7				0.7		0.7
Other comprehensive income					0.1	0.1		0.1
Share-based payments				0.8		0.8		0.8
March 31, 2019	**0.7**	**37.4**	**-2.7**	**132.0**	**-0.4**	**166.9**	**0.0**	**166.9**

Consolidated statement of cash flows

EUR million	1–3/ 2019	1–3/ 2018	1–12/ 2018
Operating activities			
Profit (loss) before tax	7.5	9.0	32.2
Adjustments:			
Depreciation and amortization on tangible and intangible assets	3.0	5.0	15.7
Net foreign exchange differences	-0.4	0.1	-0.8
Gain on disposal of property, plant and equipment	0.0	0.0	-0.0
Finance costs	0.3	0.1	0.1
Share of profit of an associate and a joint venture	0.0	0.0	0.0
Other adjustments	0.0	0.0	-0.1
Other non-cash items	0.8	0.7	3.0
Change in working capital:			
Change in trade and other receivables and prepayments	-8.6	2.9	7.6
Change in trade and other payables	4.9	0.2	-4.3
Interest received	0.0	0.0	0.3
Interest paid	-0.3	-0.1	-0.3
Income tax paid (received)	-4.0	-7.4	-10.9
Net cash flows from operating activities	**3.3**	**10.5**	**42.6**
Investing activities			
Purchase of tangible and intangible assets	-0.7	-0.3	-1.3
Other investments	-0.8	0.0	0.0
Proceeds from sales of tangible and intangible assets	0.0	0.0	0.0
Proceeds from sale of investments	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	0.0	0.0	0.0
Proceeds from sale of investments in associates and joint ventures	0.0	0.0	0.0
Net cash flows used in investing activities	**-1.4**	**-0.3**	**-1.2**
Financing activities			
Acquisition of non-controlling interests	0.0	0.0	0.0
Finance lease repayments	-0.6	0.0	-0.2
Proceeds from and repayments of borrowings	3.0	0.0	-0.2
Share subscriptions based on option rights	0.7	0.7	0.9
Acquisition of treasury shares	0.0	0.0	-3.0
Share-based payments	0.0	0.0	0.3
Proceeds of share issue	0.0	0.0	0.0
Share issue transaction costs	0.0	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	-7.1
Net cash flows from/(used in) financing activities	**3.0**	**0.7**	**-9.4**
Change in cash and cash equivalents	**4.8**	**10.8**	**32.0**
Net foreign exchange difference	0.4	-0.2	0.8
Cash and cash equivalents at beginning of period	123.6	90.8	90.8
Cash and cash equivalents at the end of the period	**128.8**	**101.5**	**123.6**

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 interim financial statements are not presented in accordance with IAS 34 standard, as Rovio applies the statutes of the Finnish Securities Markets Act (1278/2015) regarding the regular disclosure requirements. 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 2018, except for the impact of adopting the IFRS 16 standard, which is presented below.

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, 2018.

The figures in this report are unaudited.

1.1 Changes in key accounting principles

Rovio adopted the IFRS 16 Leases-standard as it became effective, on January 1, 2019 using the modified retrospective approach, which means that the comparative figures will not be adjusted for the period ending 31 December 2018. Rovio has used the short-term exemption and the low-value exemption. The adoption of the standard has required significant management judgment. Critical management judgements and material estimates at the time of adoption of the standard are mainly related to the length of the lease term as well as discount rate determination.

Rovio has several lease agreements for both office space as well as machinery and equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which leased asset is available for use by the Company. The lease liabilities are recorded at a present value of future lease payments. Lease payments are discounted using interest rate implicit in the lease, if that rate can be determined, or using incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Rovio's right-of-use assets are amortized over a 1-5-year period, depending on the lease agreement. The short-term exemption is used on leases shorter than 12 months, which are recorded as expenses in equal monthly instalments. During the interim period EUR 0,0 million was recorded as lease expense.

IFRS 16 related lease payments and interest payments are presented as part of financing cash flow in the Company's cash flow statement.

The IFRS 16 -standard was adopted as of 1 January 2019 and resulted in an increase in right of use assets of approximately EUR 5.6 million and an increase in financial liabilities of approximately EUR 6.0 million in Rovio's opening balance of 2019. In addition, approximately EUR 4.2 million were recognized based on lease agreements that commenced in the first quarter of 2019.

The impact of the adoption in the opening 2019 balance has been presented in the table below.

Consolidated statement of financial position, EUR million	**Closing balance 31 Dec 2018**	**Impact of IFRS 16 implementation**	**Opening balance 1 Jan 2019**
Non-current assets	45.4	5.6	51.0
Current receivables	34.2		34.2
Cash and cash equivalents	123.6		123.6
Total assets	**203.2**	**5.6**	**208.8**
Equity	159.4		159.4
Financial liabilities	3.6	6.0	9.7
Advances received and deferred income	12.7		12.7
Other payables	27.4	-0.4	27.0
Total equity and liabilities	**203.2**	**5.6**	**208.8**

The impact of the adoption in the first quarter Profit and Loss Statement has been presented in the table below.

EUR million	**Reported 1-3/2019**	**IFRS 16 Impact**	**Adjusted with IFRS 16 impact 1-3/2019**
Revenue	**70.9**		**70.9**
Other operating income	0.0		0.0
Materials and services	19.7		19.7
Employee benefits expense	9.4		9.4
Depreciation and amortization	3.0	-0.6	2.4
Other operating expenses	31.2	0.6	31.8
Operating profit	**7.5**	**0.0**	**7.4**
Finance income and expenses	0.1	0.0	0.1
Profit (loss) before tax	**7.5**	**0.0**	**7.5**

1.2 IFRS 16 adoption impact in key figures

The IFRS 16 -standard impact in Key Figures is presented in the table below.

EUR million	**Reported 1-3/2019**	**IFRS 16 Impact**	**Adjusted with IFRS 16 impact 1-3/2019**
Revenue	70.9	-	70.9
EBITDA	10.5	-0.6	9.9
EBITDA margin	14.8%		14.0%
Adjusted EBITDA	10.5	-0.6	9.9
Adjusted EBITDA margin, %	14.8%		14.0%
Operating profit	7.5	0.0	7.4
Operating profit margin, %	10.5%		10.5%
Adjusted operating profit	7.5	0.0	7.4
Adjusted operating profit margin, %	10.5%		10.5%
Net gearing ratio, %	-67.4%		-73.1%
Equity ratio, %	78.4%		82.0%
Net cash flows from operating activities	3.3	-0.6	2.6

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 1–3/2019

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	**66.3**	**4.6**	**0.0**		**70.9**
Other operating income	0.0	0.0	0.0		0.0
Materials and services	19.5	0.2	0.0		19.7
Employee benefits expense	6.2	1.0	1.6	0.7	9.4
User acquisition	23.7	0.0	0.0		23.7
Other operating expenses	4.6	0.6	1.2	0.9	7.5
Allocations	1.0	0.3	0.3	-1.6	0.0
EBITDA	**11.2**	**2.5**	**-3.2**	**0.0**	**10.5**
Depreciation and amortization	1.0	1.9	0.1		3.0
Operating profit	**10.1**	**0.6**	**-3.3**		**7.5**
EBITDA	**11.2**	**2.5**	**-3.2**		**10.5**
Adjustments	0.0	0.0	0.0		0.0
Adjusted EBITDA	**11.2**	**2.5**	**-3.2**		**10.5**
Operating profit	**10.1**	**0.6**	**-3.3**		**7.5**
Adjustments	0.0	0.0	0.0		0.0
Adjusted operating profit	**10.1**	**0.6**	**-3.3**		**7.5**

Segment Capital expenditure 1–3/2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.1	0.0	0.5	0.7

Segment assets March 31, 2019

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.5	27.9	17.5	52.9

Segment profit and loss 1–3/2018

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	**56.8**	**8.9**	**0.0**		**65.7**
Other operating income	0.0	0.0	0.0		0.0
Materials and services	18.1	0.4	0.0		18.5
Employee benefits expense	8.1	1.0	1.3	0.7	11.1
User acquisition	14.6	0.0	0.0		14.6
Other operating expenses	4.5	0.6	0.9	1.3	7.3
Allocations	1.3	0.3	0.4	-2.0	0.0
EBITDA	**10.3**	**6.6**	**-2.6**	**0.0**	**14.3**
Depreciation and amortization	0.6	4.4	0.1		5.1
Operating profit	**9.8**	**2.2**	**-2.7**		**9.2**
EBITDA	**10.3**	**6.6**	**-2.6**		**14.3**
Adjustments	0.3	0.0	0.0		0.3
Adjusted EBITDA	**10.6**	**6.6**	**-2.6**		**14.6**
Operating profit	**9.8**	**2.2**	**-2.7**		**9.2**
Adjustments	0.3	0.0	0.0		0.3
Adjusted operating profit	**10.1**	**2.2**	**-2.7**		**9.6**

Segment Capital expenditure 1–3/2018

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.3	0.0	0.1	0.3

Segment assets March 31, 2018

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	8.5	38.8	5.8	53.1

Segment profit and loss 1–12/2018

EUR million	Games	Brand Licensing	Other	Allocation	Total IFRS segments
Revenue	**250.4**	**30.8**	**0.0**		**281.2**
Other operating income	0.3	0.0	0.8		1.1
Materials and services	78.0	1.8	0.0		79.8
Employee benefits expense	29.7	3.7	6.6	2.7	42.6
User acquisition	78.6	0.0	0.0		78.6
Other operating expenses	18.5	3.3	5.9	5.6	33.3
Allocations	5.4	1.2	1.7	-8.3	0.0
EBITDA	**40.5**	**20.8**	**-13.4**	**0.0**	**47.8**
Depreciation and amortization	2.2	13.7	0.4		16.3
Operating profit	**38.3**	**7.0**	**-13.8**		**31.5**
EBITDA	**40.5**	**20.8**	**-13.4**		**47.8**
Adjustments	0.3	0.0	-0.7		-0.3
Adjusted EBITDA	**40.8**	**20.8**	**-14.1**		**47.5**
Operating profit	**38.3**	**7.0**	**-13.8**		**31.5**
Adjustments	0.3	0.0	-0.7		-0.3
Adjusted operating profit	**38.6**	**7.0**	**-14.5**		**31.2**

Segment Capital expenditure 1–12/2018

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Capital expenditure	0.3	0.2	0.9	1.3

Segment assets December 31, 2018

EUR million	Games	Brand Licensing	Other	Total IFRS segments
Non-current assets	7.9	29.7	7.8	45.4

3. Changes in contingent liabilities or contingent assets

Future minimum rentals payable under non-cancelable operating leases and other commitments are as follows. The change compared to the ending balance of 2018 is due to the change in the presentation of lease liabilities on the balance sheet as required by IFRS 16-standard.

EUR million	At March 31, 2019	At March 31, 2018	At December 31, 2018
Equipment lease commitments			
Due within one year	0.0	0.1	0.3
Due in subsequent years	0.0	0.2	0.5
Total	**0.0**	**0.3**	**0.8**
Office rental commitments			
Due within one year	0.0	2.1	2.6
Due in subsequent years	0.0	2.6	4.8
Total	**0.0**	**4.7**	**7.5**
Other commitments			
Enterprise mortgages	0.0	30.0	0.0
Venture Capital investment commitment	1.9	0.0	0.0
Total	**1.9**	**30.0**	**0.0**

4. 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 2019, EUR 2.9 million was paid out as dividend between the Rovio Group and Oivor.

5. Calculation of earnings per share

	1–3/ 2019	1–3/ 2018	1–12/ 2018
Earnings per share, EUR	0.08	0.09	0.31
Earnings per share, diluted, EUR	0.07	0.09	0.31
Shares outstanding at the end of the period (thousands)	78,870	79,386	78,852
Weighted average adjusted number of shares during the financial period, basic (thousands)	78,864	79,262	79,282
Weighted average adjusted number of shares during the financial period, diluted (thousands)	79,779	80,356	80,161