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FINANCIAL STATEMENTS RELEASE 1 January–31 December 2017 (Audited)

2017 a year of growth investments, game projects proceeding as planned

Highlights from July–December 2017:

- Revenue €8,862 (8,694) thousand, change 1.9%.
- Operating profit (EBIT) €1,389 (2,338) thousand, change -40.6%.
- Cash flow from business operations €-1,532 (1,431) thousand, change -207.1%.
- Net cash €20,694 (10,348) thousand, change 100.0%.
- Earnings per share €0.078 (0.150), change -48.0%.
- Number of personnel at the end of the period under review 149 (135).
- Two game projects underway, both are proceeding according to the planned schedules.
- Remedy announced in November that CFO Mika Reini will leave his position and began the search for a new CFO.

Highlights from January–December 2017

- Revenue €17,168 (16,414) thousand, change +4.6%.
- Operating profit (EBIT) €2,006 (3,946) thousand, change -49.2%.
- Cash flow from business operations €-2,221 (6,133) thousand, change -136.2%.
- Net cash €20,694 (10,348) thousand, change 100.0%.
- Earnings per share €0.122 (0.287), change -57.5%.
- Number of personnel on average during the period under review 139 (128).
- Remedy listed on the First North Finland market and organised an initial public offering. Trading in the company's shares commenced on 29 May 2017.
- In conjunction with the *CrossFire 2* game, the company signed an agreement on expanding the development project in February.
- With regard to the game with the codename P7, the company concluded an agreement in May on publishing the game on console and computer gaming platforms.
- The Board of Directors proposes that no dividend be paid for the accounting period 2017.

Key figures

FAS (AUDITED)	7-12/2017*	7-12/2016*	1-12/2017	1-12/2016
Revenue, €1,000	8,862	8,694	17,168	16,414
Growth in revenue, %	1.9%	3.3%	4.6%	19.4%
Operating profit (EBIT), €1,000	1,389	2,338	2,006	3,946
Operating profit, % of revenue	15.7%	26.9%	11.7%	24.0%
Result for the period under review, €1,000	943	1,657	1,469	3,166
Result for the period under review, % of revenue	10.6%	19.1%	8.6%	19.3%
Balance sheet total, €1,000	26,652	11,190	26,652	11,190
Net cash, €1,000	20,694	10,348	20,694	10,348
Net gearing, %	-94.8%	-137.3%	-94.8%	-137.3%
Equity ratio, %	81.9%	74.1%	81.9%	74.1%
Number of personnel on average during the period under review	145	122	139	123**
Earnings per share, €	0.078	0.150	0.122	0.287
Earnings per share, € (diluted)	0.078	0.150	0.122	0.287
Number of shares at the end of the period	12,072,150	11,018,000***	12,072,150	11,018,000***

* Unaudited.

** The method for calculating the average number of personnel has changed since the 2016 financial year, and the comparable figure is 128.

*** Taking into account the 1:9 share split based on the resolution of the Annual General Meeting on 4 April 2017.

CALCULATION FORMULAS USED FOR THE INDICATORS

Net cash = Cash in hand and at banks + liquid investments – interest-bearing liabilities

Net gearing = (Interest-bearing liabilities – cash in hand and at banks – liquid investments) / Shareholders' equity

Equity ratio = Shareholders' equity / (balance sheet total – advances received)

Comments by CEO Tero Virtala

“Our revenue increased by 1.9% year-on-year in July–December. Our full-year revenue increased by 4.6% to €17.2 million. Our revenue was mainly comprised of development fees from game publishers associated with our two game projects, and to a lesser extent, sales and royalty revenues from our previously developed Alan Wake and Quantum Break games.

Our operating profit decreased by 40.6% year-on-year in July–December, amounting to 15.7% of revenue. The full-year operating profit margin was 11.7% of revenue. Our result was burdened by building the development team of the other, partly self-financed game with the working title P7. Also, the development team of our Northlight technology has been strengthened, which can be seen as an increase in expenses.

Our net cash is strong, amounting to €20.7 million at the turn of the year. This has provided us with a good foundation for the investments described above. The revenue and operating profit for the past six-month period were at a good level, considering the development phases of our game projects and the investments we made.

Both of our game projects have progressed well, and their development work will continue according to the agreed schedules. We have delivered the agreed milestones of the single-player campaign of the *CrossFire 2* game for Smilegate Entertainment Ltd., and have correspondingly received the payments tied to the milestones on time. The development of the single-player campaign will continue in 2018. The campaign we are developing is part of the more extensive *CrossFire 2* game under development, with Smilegate responsible for its development plans and commercialisation.

Our other game project, project P7 that is being done with 505 Games S.p.A., proceeded from the pre-production phase to the production phase at the beginning of the period under review. The development of the game has progressed according to our plans. P7 is expected to be released during 2019.

In addition to our two game projects underway, we launched the preliminary preparations for a new game project at the end of 2017.

We have developed further the Northlight technology that serves our games, and also strengthened further the team developing it. In particular, multiplayer, artificial intelligence and animation technologies as well as our game development tools have taken significant steps forward.

Our skilled and motivated employees are the most significant reason for our good development. The number of personnel at the end of 2017 increased to 149 from 135 in the previous year. Our new employees mainly strengthen our game and technology teams. At the end of 2017, 61% of our employees were Finnish and 39% were game industry professionals who had moved from abroad to Finland. These specialists represent 20 different nationalities, and they are a valuable addition

when we are making games for the global market. Our recruitment has worked well, which is also important for our future growth investments. With the growth in the number of personnel, our current office is becoming too small for us, and therefore we signed an agreement on leasing a new office at the end of 2017. We will be moving to an office renovated to meet our needs in Olarinluoma, Espoo, during 2018.

We took significant development steps in 2017. We adopted a multi-project model and have two game projects in the production phase. Our cooperation with Smilegate on the single-player campaign for *CrossFire 2* has continued, and we signed a publication agreement on the game codenamed P7, the brand and intellectual property rights of which we own, with 505 Games. The single-player campaign for *CrossFire 2* is our first FPS game, which will expand the game mechanics used by us. P7, on the other hand, will create game mechanics and storytelling techniques for us with which we can offer gamers longer-lasting game experiences.

Our growth investments will also continue in 2018. We will develop the expertise and operating methods supporting our games and recruit, support and further develop our personnel and teams. We will also build our commercial activities and partnerships further and, above all, develop our games. We will be proud to provide more information about our games when the moment is right to both us and our partners.”

Future outlook

Due to the development phases of individual game projects and uncertainties associated with publishing agreements and their timing, the company does not consider it appropriate to provide an estimate of the development of revenue and operating result in 2018. Fluctuations between half-yearly results and even between financial years may be significant, depending on the agreements made with publishers.

Financial targets

In the long term, the company’s aim is to create profitable growth by expanding the product portfolio and entering into new partnerships with its customers. The aim is for the growth to mainly take place organically. In terms of finances, the company is on a stable foundation.

The construction phase of the new strategy will still continue in 2018 and the investments made according to it will burden the financial result. During 2018, the company will have two game projects in the production phase, in which both the personnel expenses caused by them and purchases of external services are at their highest. One of the projects is the company’s own game brand codenamed P7, in which the company’s own financing plays a significant role. At the same time, the company will launch a third game project, continuing recruitment and other investments supporting the growth strategy. All of these will burden the company’s financial result during 2018.

The amount of development fees received from publisher partners depends on future game projects and other terms and conditions of the cooperation.

Financial review 1 January–31 December 2017

RESULT FROM BUSINESS OPERATIONS

Remedy's revenue for the period under review was €17,168 thousand (January–December 2016: €16,414 thousand), a change of 4.6% year-on-year. The most significant factors contributing to the growth in revenue were the development of two simultaneous game projects and development fees received from the publishers for both of them. In addition, the *Alan Wake* and *Alan Wake's American Nightmare* computer games published in 2012 generated more revenue during the period under review than the previous year. No new Remedy games were published during the period under review, unlike 2016, when *Quantum Break* was published on PC and Xbox One platforms.

Other operating income for the period under review amounted to €1,075 (247) thousand. Other operating income for 2017 was comprised of Tekes subsidies and invoicing from partners. Other income for the comparison period was comprised of invoicing from a partner.

Operating profit (EBIT) amounted to €2,006 (3,946) thousand, change -49.2%. Among other things, the decrease in operating profit was due to increase in personnel expenses (increase of approx. €1,349 thousand) and purchases of external services (increase of approx. €1,244 thousand).

The expenses relating to the First North listing during the period under review were €577 thousand, and they have been recognised under other operating expenses.

The result for the period under review for January–December 2017 amounted to €1,469 (3,166) thousand, change -53.6%.

FINANCIAL POSITION

Remedy's balance sheet total on 31 December 2017 was €26,652 (11,190) thousand.

The company's equity ratio on 31 December 2017 was 81.9% (67.3%) and net gearing -94.8% (-137.3%). The company did not have any goodwill on its balance sheet.

During the period under review, the company recognised approx. €1.87 million in total of research and development expenses. The expenses have been recognised as annual expenses, and they have not been capitalized on the balance sheet.

Non-current assets

The non-current assets on the company's balance sheet on 31 December 2017 were €452 (375) thousand. The change is due to depreciation on the one hand and new technology acquisitions on the other.

Current assets

The current assets on the company's balance sheet on 31 December 2017 were €26,200 (10,815) thousand. Current assets were mainly comprised of cash in hand and at banks, totalling €22,559

(10,348) thousand, and short-term receivables totalling €3,099 (218) thousand. The change is due to new capital raised in the IPO and, with regard to receivables, income from projects based on commercial terms.

Cash flow from business operations after interest paid and direct taxes for January–December amounted to €-2,221 (6,134) thousand. The change is due to significant project business payments during the comparison period.

Shareholders' equity

The company's shareholders' equity on 31 December 2017 was €21,820 (7,536) thousand. The change in shareholders' equity was due to the IPO, payment of dividends and profit for the financial period.

Remedy's shares were admitted to multilateral trading on the First North Finland market on 29 May 2017. A total of €12,995,000 of new capital was raised for Remedy in the IPO in conjunction with the listing. In addition, 798,950 new shares were subscribed for under Remedy's option programme 2014, and they were admitted to trading on First North Finland on 6 June 2017. Based on these share subscriptions, €399,475 of new equity was recognised. An additional 19,100 new shares were subscribed for after the listing in 2017 based on the option programme. They were admitted to trading on First North Finland on 19 September 2017, and the company recognised €9,550 of new capital from them. The share subscription period using the option rights of the 2014 option programme expired on 31 December 2017.

Liabilities

The company's liabilities on 31 December 2017 amounted to €4,832 (3,654) thousand. The change is primarily due to the TEKES product development loan of €1,895 thousand withdrawn by the company, recognised in non-current liabilities, and change in advances received as project income, change in deferred tax liabilities and change in employer contribution liabilities.

At the end of the financial period, the company's liquid assets amounted to €22.6 million.

Personnel, management and governance

The number of Remedy's personnel was 149 (135) at the end of the period under review, up +10.4%. The majority of the new employees focus on our game projects and the development of our Northlight technology.

During the period under review, Remedy's management team included CEO Tero Virtala, CFO Mika Reini, Production Director Markus Mäki and Creative Director Sami Järvi.

Remedy's Annual General Meeting, convening on 4 April 2017, elected Jussi Laakkonen and Henri Österlund as new members of Remedy's Board of Directors. In addition to the new members of the Board of Directors mentioned above, the members of the company's Board of Directors included Markus Mäki (Chair), Ossi Pohjola and Christian Fredrikson.

Annual General Meeting 2017

The Annual General Meeting was held on 4 April 2017 in Espoo. The Annual General Meeting decided on the matters belonging to the General Meeting, and

- adopted the income statement and balance sheet for the financial period ended 31 December 2016,
- decided on distributing a total of €599,924.70 in dividends for the financial year ended 31 December 2016 to outstanding shares, or €0.067 per share (taking into account the 1:9 share split based on the resolution of the Annual General Meeting on 4 April 2017)

In addition, the Annual General Meeting resolved to amend the Articles of Association and authorise the Board of Directors to decide on

- Applying for the admission of Remedy's shares to trading on the First North Finland market and related matters;
- Issuing shares or option rights or other special rights so that the maximum number of shares to be issued is 3,500,000 (taking into account the 1:9 share split based on the resolution of the Annual General Meeting on 4 April 2017); and
- Directed repurchase of the company's shares so that the maximum number of shares to be repurchased is 500,000 (taking into account the 1:9 share split based on the resolution of the Annual General Meeting on 4 April 2017).

Moreover, the Annual General Meeting decided to increase the share capital to €80,000 through a fund increase when the company was changed into a public limited liability company.

Shares, shareholders and share-based incentive schemes

Trading in Remedy Entertainment Plc shares on the First North market maintained by Nasdaq Helsinki Ltd began on 29 May 2017 with the trading code REMEDY. The subscription price of the share in the IPO was €5.65.

January–December 2017	Highest share price, €	Lowest share price, €	Closing share price, €
REMEDY	7.18	5.95	6.44

	31 December 2017	31 December 2016 *
Market capitalisation, €	77,744,646	N/A
Shareholders	4,184	N/A

* Figures for the comparison period are not available, trading in the company's shares commenced on 29 May 2017.

The company has one series of shares. The shares were included in the book-entry system as of 5 May 2017 (ISIN: FI4000251897). The company has no treasury shares. The number of shares in the

company was 12,072,150 on 31 December 2017. With its resolution on 4 April 2017, the Annual General Meeting authorised the Board of Directors to decide on a share issue and issue of special rights entitling to shares. Under the authorisation, a maximum of 3,500,000 shares may be issued. Based on the authorisation of the Annual General Meeting, the company's Board of Directors decided to issue a maximum of 2,300,000 new shares in the IPO organised in May 2017. The unused authorisation allows the Board of Directors to issue 1,200,000 new shares.

The company had a share-based incentive scheme for the company's key employees realised through option rights approved in 2014. A total of 852,300 option rights entitling to new shares or shares held by the company were issued to designated key employees. The subscription period for shares subscribed for using the option rights was 1 June 2014–31 December 2017, and the subscription price per share was €0.50. Any distribution of dividend did not have an effect on the subscription price. During the period under review, a total of 818,050 new shares in the company were subscribed for using the option rights, after which 800 option rights held by the key employees remained unused. An application was made to admit the new shares to trading on the Nasdaq First North market maintained by Nasdaq Helsinki Ltd. The option programme ended on 31 December 2017, after which option rights issued under it can no longer be used for subscribing for shares.

Risks and uncertainties

The risks and uncertainties associated with Remedy's business operations are presented extensively in the prospectus approved by the Financial Supervisory Authority published on 11 May 2017. The prospectus is available at www.remedygames.com/esite. No material changes have taken place with regard to risks and uncertainties after the publication of the prospectus.

The most substantial short-term risks and uncertainties are:

- The company's in-house game development may fail, and the company might not necessarily be able to realise the games it has planned with the sufficient quality, schedule or budget.
- There is no certainty of the continuity of the company's major publisher partnerships and the company's publisher partners may present claims towards the company.
- The company might not be able to recruit or retain key employees and professionally skilled employees.
- Changes in foreign exchange rates may have a negative impact on the company's foreign currency-denominated receivables from its customers.

The above-mentioned risks might, if they materialise, have a significant negative impact on the company's business operations, result, financial position, outlook and share price.

Dividend proposal

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2017.

Profit for the financial year is €1,469,339.30. The Board of Directors has defined a profit distribution policy whereby the company aims to maximise shareholder value with efficient capital allocation.

Potential dividend payment is affected by investment requirements in business operations and expected returns from investments, as well as securing liquidity.

Annual General Meeting

The Board of Directors decided to call for the Annual General Meeting on 26 March 2018. The company will give notice of the Annual General Meeting at a later date within the time limit set by the Articles of Association.

Events after the end of the financial year

CFO Mika Reini's employment terminated on 19 January 2018 as announced in November 2017.

The company appointed Terhi Kauppi, M.Sc. (Econ.) (b. 1971) as the new CFO. Kauppi will join Remedy on 14 May 2018. Until then, the company's interim CFO will be Senior Financial Controller Niko Stark.

Accounting principles applied in the financial statements release

The financial statements release has been prepared in accordance with good accounting practice and Finnish legislation. The information has been presented to the extent required by item 4.6 (e) of the First North rules. The disclosed figures have been rounded up from the accurate figures.

The full-year figures disclosed in the financial statements release are audited figures.

Financial disclosures in 2018

5 March 2018	Annual report 2017 in electronic format on the company's website at www.remedygames.com/sijoittajille
26 March 2018	Annual General Meeting
16 August 2018	Half-yearly review for 1 January–30 June 2018

Income statement (FAS)

	1.7.2017– 31.12.2017	1.7.2016– 31.12.2016	1.1.2017– 31.12.2017	1.1.2016– 31.12.2016
Income statement				
REVENUE	8 861 649	8 694 248	17 167 957	16 414 000
Other operating income	733 175	214 046	1 074 816	246 905
Materials and services	-1 308 774	-875 114	-2 668 725	-1 457 488
GROSS PROFIT	8 286 050	8 033 180	15 574 048	15 203 417
Personnel expenses	-5 139 355	-4 336 380	-9 797 092	-8 447 657
Wages and salaries	-4 242 862	-3 461 444	-8 059 184	-6 846 420
Social security expenses	-896 493	-874 935	-1 737 908	-1 601 237
Depreciation and impairment	-109 087	-95 118	-201 846	-170 034
Depreciation according to plan	-109 087	-95 118	-201 846	-170 034
Other operating expenses	-1 648 423	-1 264 169	-3 569 071	-2 639 832
OPERATING PROFIT (LOSS)	1 389 186	2 337 513	2 006 039	3 945 894
Financial income and expenses	-154 516	-107 974	-168 730	-207 445
Other interest income and other financial income	-27 754	72 758	25 120	151 904
Interest and other financial expenses	-126 762	-180 732	-193 850	-359 349
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	1 234 670	2 229 539	1 837 309	3 738 448
Income taxes	-291 949	-572 473	-367 970	-572 473
Taxes for the financial year and previous financial years	-291 949	-572 473	-367 970	-572 473
PROFIT (LOSS) FOR THE FINANCIAL YEAR	942 721	1 657 066	1 469 339	3 165 975

Balance sheet (FAS)

BALANCE SHEET	31.12.2017	31.12.2016
NON-CURRENT ASSETS	451 664	374 601
Intangible assets	0	77 944
Tangible assets	451 664	296 657
CURRENT ASSETS	26 200 441	10 815 476
Non-current receivables	512 527	249 163
Loans receivable	12 393	43 074
Other debtors	500 134	206 089
Current receivables	3 099 265	217 965
Trade receivables	2 465 637	57 488
Other receivables	192 776	49 227
Prepayments and accrued income	440 852	111 249
Cash in hand and at banks	22 588 649	10 348 348
TOTAL ASSETS	26 652 105	11 190 077
SHAREHOLDERS' EQUITY	21 819 981	7 535 608
Share capital	80 000	8 220
Share premium account	38 005	38 005
Other reserves (Itd)	13 747 629	373 453
Retained earnings (losses)	6 485 007	3 949 956
Profit (loss) for the financial year	1 469 339	3 165 975
LIABILITIES	4 832 124	3 654 468
Non-current liabilities	1 894 579	0
Loans from financial institutions	1 894 579	0
Current liabilities	2 937 545	3 654 468
Advances received	0	1 022 317
Trade liabilities	431 286	281 344
Other liabilities	228 102	182 268
Accruals and deferred income	2 278 157	2 168 539
TOTAL EQUITY AND LIABILITIES	26 652 105	11 190 077

Cash flow statement (FAS)

CASH FLOW STATEMENT	1.7.2017– 31.12.2017	1.7.2016– 31.12.2016	1.1.2017– 31.12.2017	1.1.2016– 31.12.2016
Cash flow from business operations	-1 532 224	1 431 066	-2 221 083	6 133 622
Cash flow from investment	-40 276	-46 679	-278 910	-54 771
Cash flow from financing	1 935 583 0	-773 386 0	14 740 293	-1 157 692
Liquid assets – opening balance	22 225 565	9 737 347	10 348 348	5 427 189
Change in liquid assets	363 083	611 001	12 240 300	4 921 159
Liquid assets – closing balance	22 588 649	10 348 348	22 588 649	10 348 348

Statement of changes in shareholders' equity (FAS)

Changes in shareholders' equity 1 July 2017–31 December 2017		Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	SHAREHOLDERS' EQUITY TOTAL
Share capital						
Opening balance 1 July 2017	80 000	38 005	13 738 079	7 011 626	0	20 867 710
Increase in share capital						
Share issue and other share subscriptions			9 550			
Dividend						
Amount paid for own shares						
Profit/loss for the period under review					942 721	
SHAREHOLDERS' EQUITY 31 DECEMBER 2017	80 000	38 005	13 747 629	7 011 626	942 721	21 819 981

Changes in shareholders' equity 1 July 2016–31 December 2016		Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	SHAREHOLDERS' EQUITY TOTAL
Share capital						
Opening balance 1 July 2016	8 220	38 005	273 930	6 378 965	0	6 699 120
Share issue and other share subscriptions			99 523			
Dividend				-232 760		
Amount paid for own shares				-687 341		

Profit/loss for the period under review					1 657 066	
SHAREHOLDERS' EQUITY 31						
DECEMBER 2016	8 220	38 005	373 453	5 458 865	1 657 066	7 535 608

Changes in shareholders' equity 1 January 2017–31

	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	SHAREHOLDERS' EQUITY TOTAL
December 2017						
Opening balance 1 January 2017	8 220	38 005	373 453	7 115 931	0	7 535 608
Increase in share capital	71 780					
Share issue and other share subscriptions			13 374 177			
Dividend				-599 925		
Amount paid for own shares				-30 999		
Profit/loss for the period under review					1 469 339	
SHAREHOLDERS' EQUITY 31						
DECEMBER 2017	80 000	38 005	13 747 629	6 485 007	1 469 339	21 819 981

Changes in shareholders' equity 1 January 2016–31

	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	SHAREHOLDERS' EQUITY TOTAL
December 2016						
Opening balance 1 January 2016	8 220	38 005	273 930	5 070 852	0	5 391 007
Share issue and other share subscriptions			99 523			
Dividend				-433 556		
Amount paid for own shares				-687 341		
Profit/loss for the period under review					3 165 975	
SHAREHOLDERS' EQUITY 31						
DECEMBER 2016	8 220	38 005	373 453	3 949 956	3 165 975	7 535 608

Major shareholders 31 December 2017

NAME	NUMBER OF SHARES	HOLDING
Mäki Markus Heimo Tapio	3 447 000	28.6%
Nordea Bank Ab (Publ), Finnish Branch	2 137 239	17.7%
Järvi Sami Antero	860 000	7.1%
Reini Mika Olavi	567 800	4.7%
Virtala Tero Tapani	370 000	3.1%
Lehtinen Saku Hermann	307 600	2.5%
Sijoitusrahasto Taaleritehdas Mikro Markka	266 075	2.2%
Hyytiäinen Anssi Kalervo	218 306	1.8%
Tolsa Tero Sakari Anttoni	212 000	1.8%
Blåfield Henri Erik	131 950	1.1%

Espoo, February 16, 2018

Remedy Entertainment Oyj

Board of Directors

FURTHER INFORMATION:

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Lauri Haavisto, Senior Manager, Investor & Talent Relations

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REMEDY IN BRIEF

Remedy Entertainment Plc. is a globally successful game company founded in 1995 and based in Espoo, Finland. Remedy creates story-driven console and computer games released by renowned partners such as Microsoft, Rockstar Games and Smilegate. Remedy's games include Death Rally (1996), Max Payne (2001), Max Payne 2: The Fall of Max Payne (2003), Alan Wake (2010), Alan Wake's American Nightmare (2012) and Quantum Break (2016). www.remedygames.com