

REMEDY ENTERTAINMENT OYJ



REMEDY[®]

Review of H1-2018

14.8.2018

AGENDA

1. CEO Tero Virtala's Review
2. Financial Results H1-2018
3. Questions & Answers





H1-2018 REVIEW

Tero Virtala

CHIEF EXECUTIVE OFFICER

REMEDY[®]

H1-2018 SUMMARY | 1/3

- Revenue 9,2 million euros (+11.1%).
- EBIT -0,4 million euros (-162.9%).
- EBIT affected by investments to own IP (intellectual property), growing the size of the game development teams and moving to a new, custom built office.
- Company does not activate product development costs.



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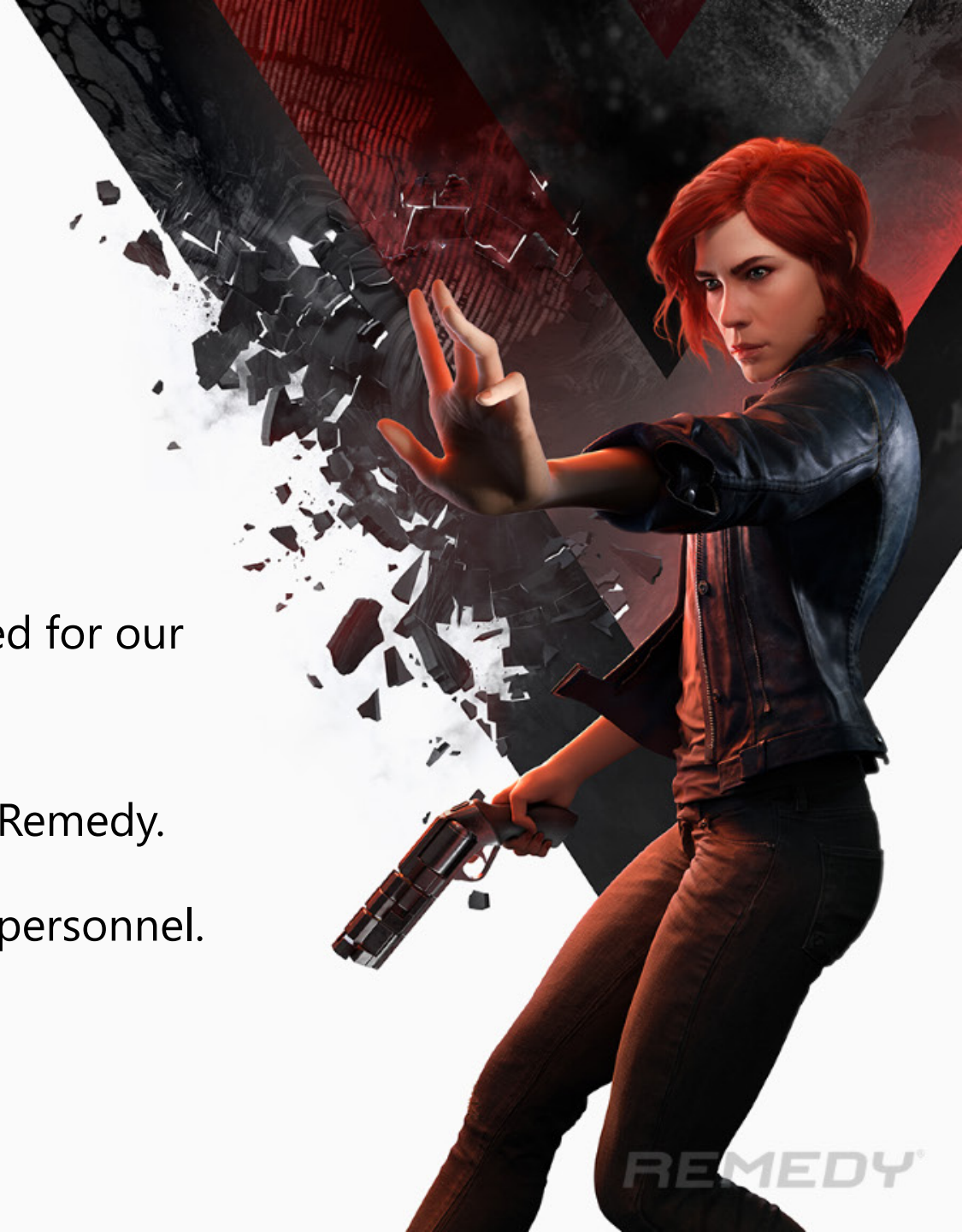
H1-2018 SUMMARY | 2/3

- Game projects have proceeded on planned schedules.
- Remedy's single player campaign for *CrossFire 2* currently in the polishing stage of development.
- *Control* (earlier known as codename P7) was announced at the notable game industry event E3 in Los Angeles and garnered notable positive attention from the media.
- Third game project is in early stages of planning and negotiations with potential partners.



H1-2018 SUMMARY | 3/3

- Early research work on Northlight related to NVIDIA's ray tracing technology was announced.
- We moved to freshly renovated premises in Espoo, suited for our increasing headcount.
- Newly appointed CFO **Terhi Kauppi** started working at Remedy.
- Board decided on new option program targeted to key personnel.





WE ARE REMEDY

REMEDY IN A NUTSHELL

- Video game company from Finland, founded in 1995.
- AAA console and PC games that expand into long-lasting franchises.
- Memorable characters and immersive stories with cinematic flavour.
- Focused, highly polished action gameplay.
- 185 professionals, 24 nationalities, 1 studio.



REMEDY GAMES



Death Rally
1996



Max Payne
2001



Max Payne 2
2003



Alan Wake
2010



Alan Wake's American
Nightmare
2012



Quantum Break
2016

OVER 200 INDUSTRY AWARDS AND ACCOLADES

TIME



BRITISH ACADEMY
GAMES AWARDS



GAME OF
THE YEAR



CURRENT PROJECTS

CONTROL



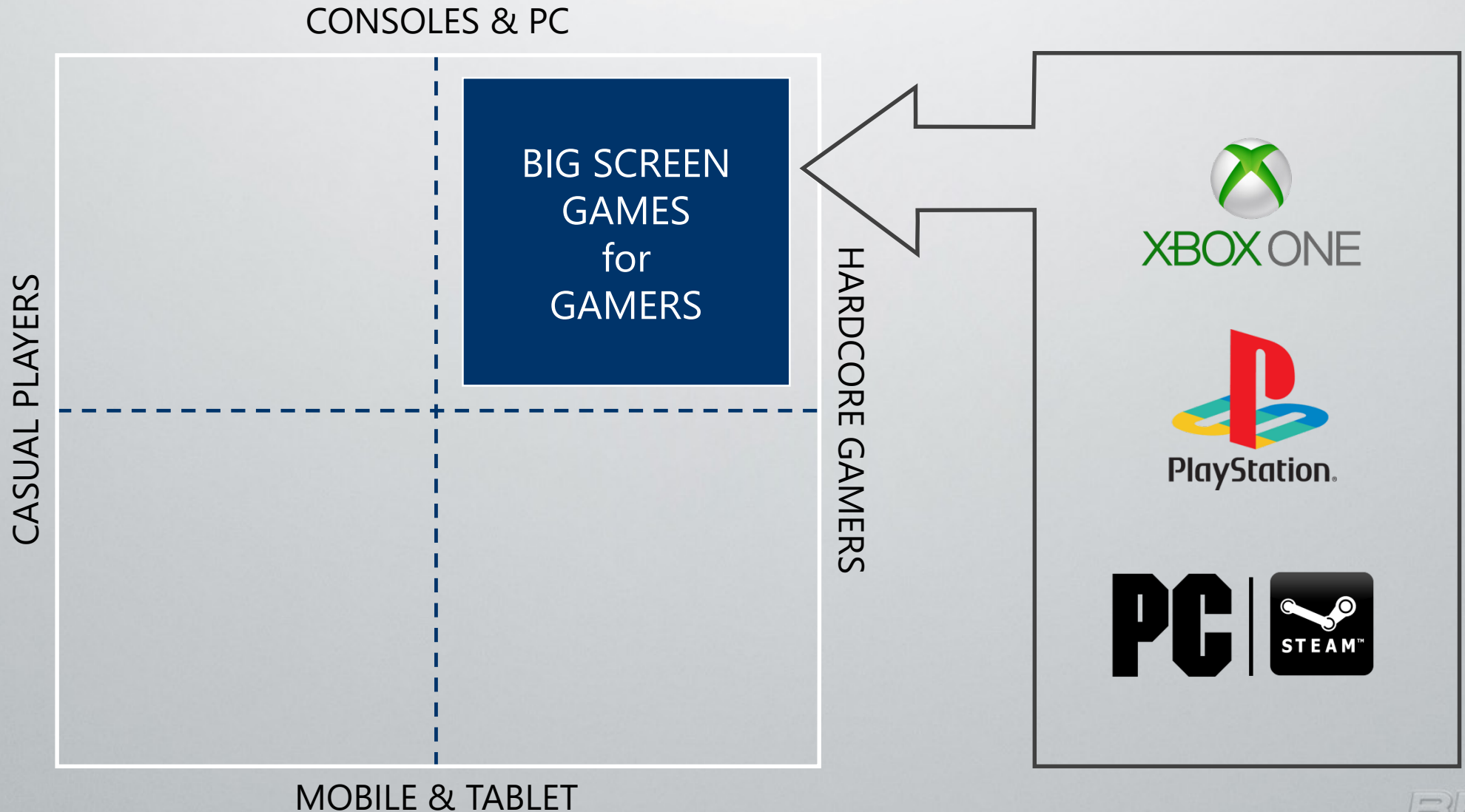
CrossFire 2

REMEDY



GAMES MARKET

REMEDY'S BROAD MARKET FOCUS

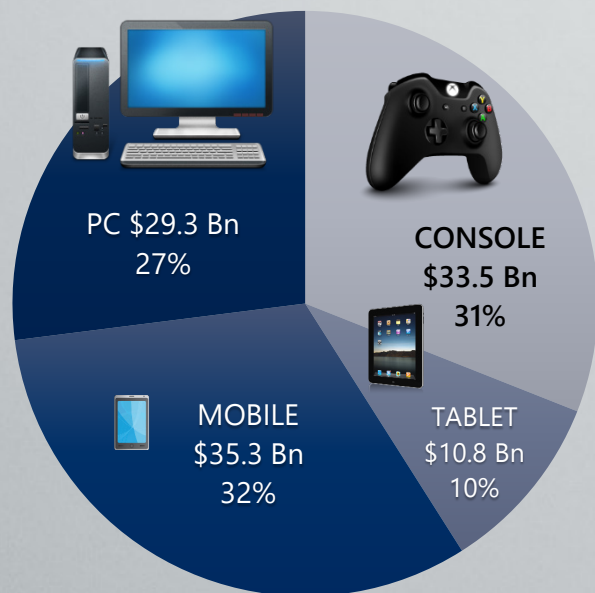


2017* | GLOBAL GAMES MARKET EXCEEDED EXPECTATIONS

Total market

\$108.9Bn

+7.8 % year-on-year growth



North America
\$27.0Bn

+4.0 % YoY

EMEA

\$26.2Bn

+8.0 % YoY

Latin
America
\$4.4Bn

+13.9 % YoY

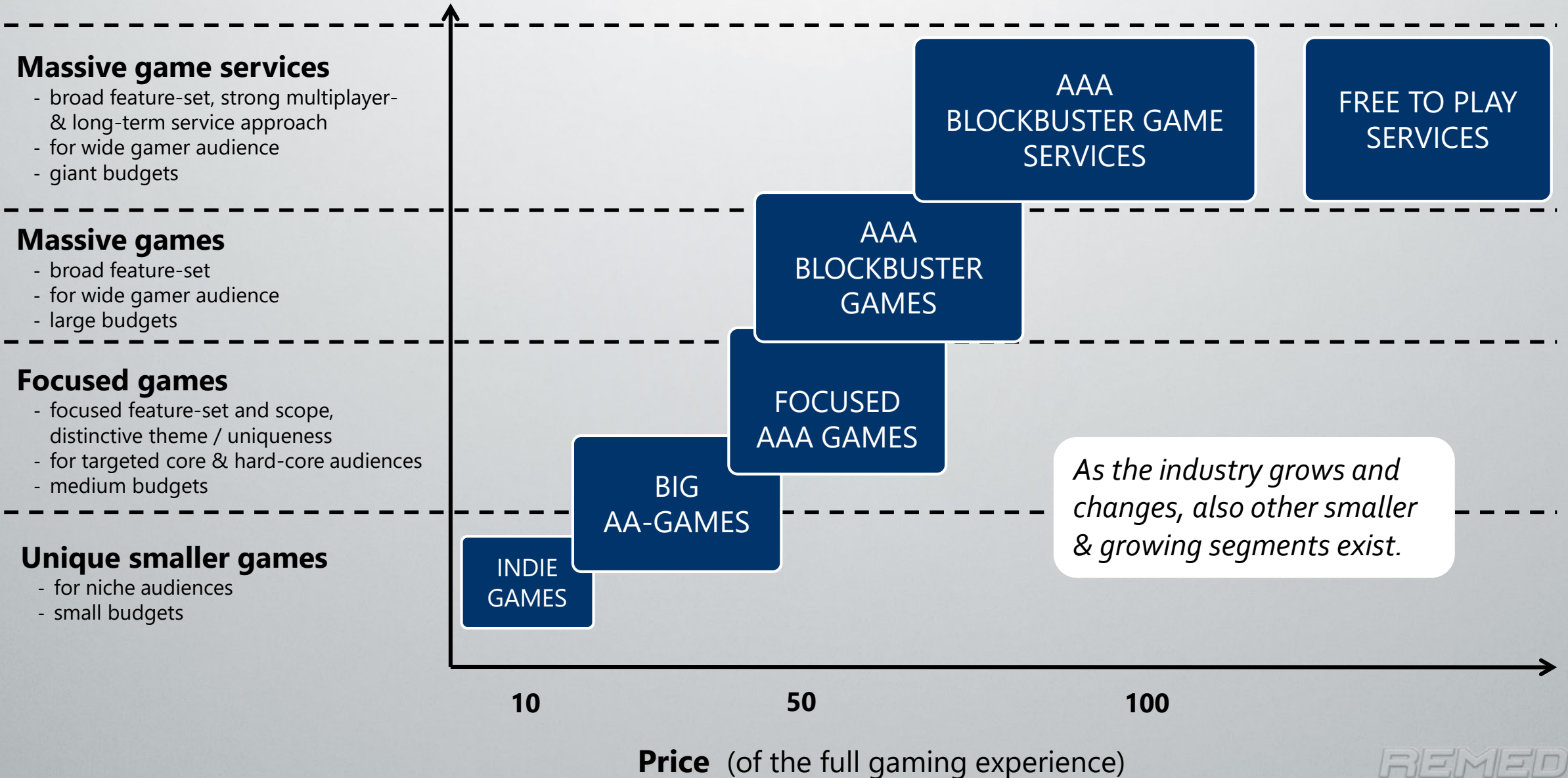
APAC
\$51.2Bn

+9.2 % YoY

2020 market estimated at **\$128.5Bn**

* Year-on-Year numbers are estimates. Source: Newzoo, 2017 Global Games Market Report, June 2017

THERE ARE DIFFERENT SEGMENTS TO CONSIDER





STRATEGY

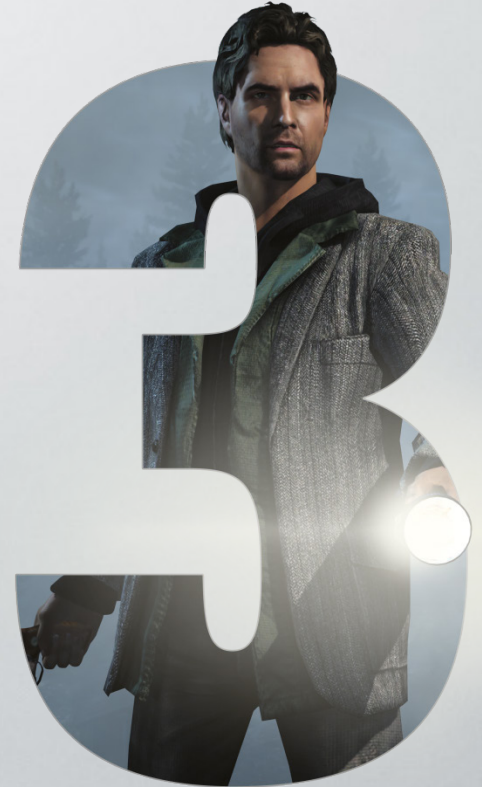
STRATEGIC FOCUS



Games that stand out in the market and expand into long-term franchises



Multi-project model



Stronger position in the value chain

GAMES THAT STAND OUT AND EXPAND INTO FRANCHISES

- Memorable characters and immersive stories.
- High quality, polished action gameplay.
- Towards longer, unique games with longer-lasting gameplay mechanics and new storytelling techniques.
- Games that always build basis for long-term franchises.

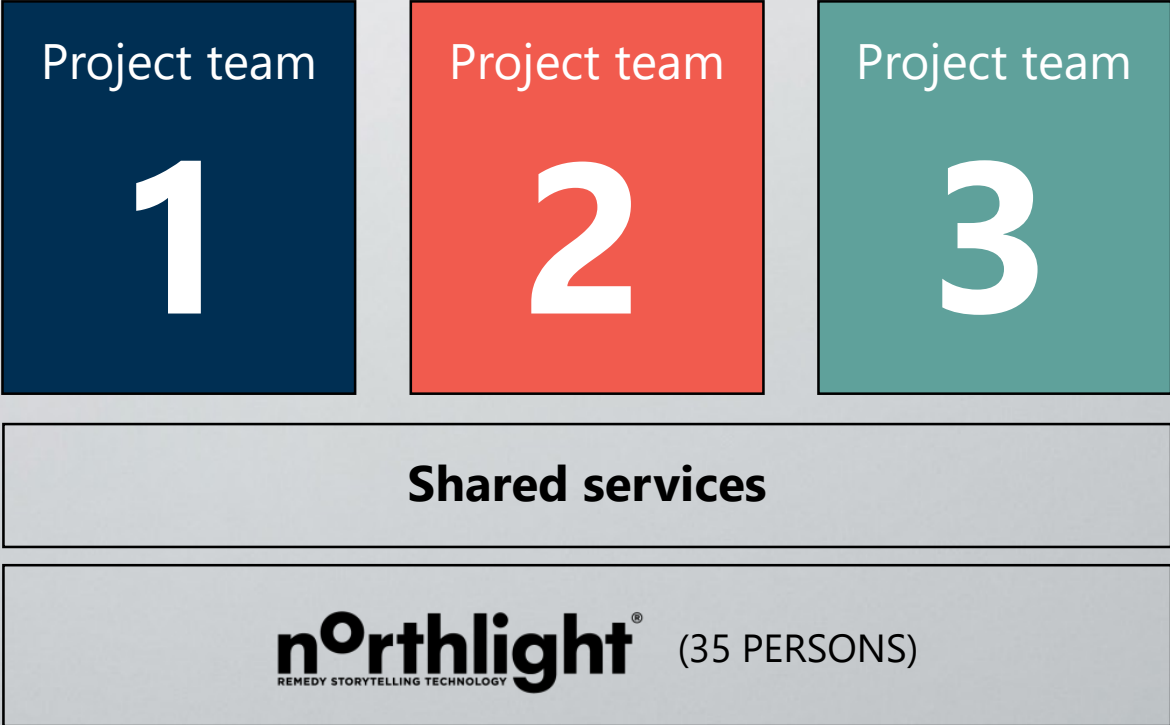


SCALABILITY VIA MULTI-PROJECT MODEL

SINGLE PROJECT MODEL




MULTI-PROJECT MODEL



STRONGER POSITION IN THE VALUE CHAIN


CrossFire 2



 Remedy  Publisher  Distributor  Retailer

PROJECTS

CONTROL



CrossFire 2



Description

- New IP created and owned by Remedy. Gameplay-driven, supernatural third-person action-adventure. Coming 2019.

- Single-player campaign for the sequel of the hit game from the Korean developer & publisher Smilegate Entertainment Ltd.

- A proprietary set of tools and technologies developed by Remedy for our games.

Revenue model

- Development payments from the publisher 505 Games.
- 45% share of the net revenue.

- Development payments from the the publisher.
- Royalties.

- No direct income.
- Less need to license external game technologies & engines.

Strategic benefits

- Owning the game IP
- Multi-platform release
- Longer-lasting gameplay mechanics and new storytelling techniques.

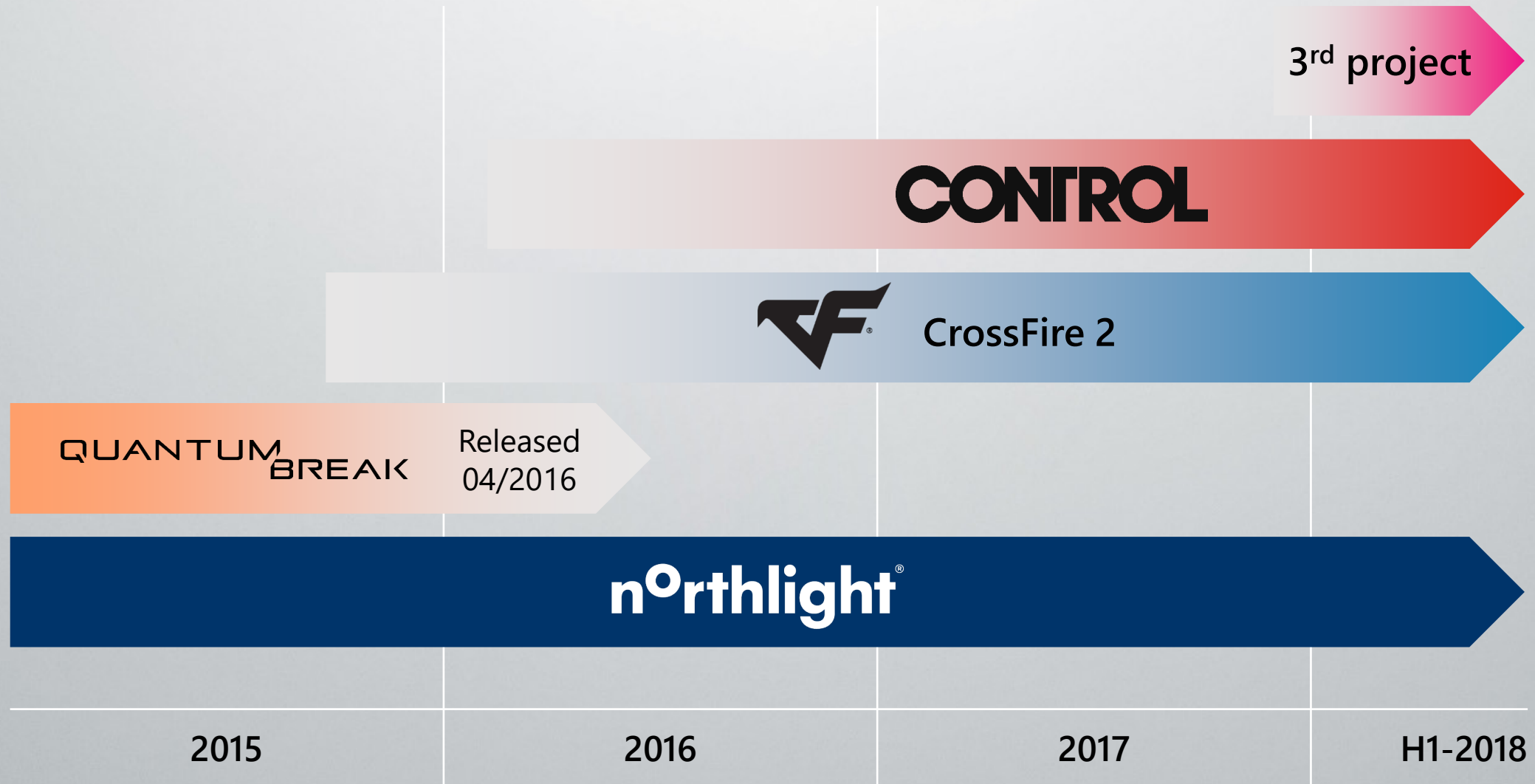
- Introduction to the free-to-play PC games market
- The Asian game market
- First-person shooter

- Customized for our games.
- Partnership opportunities
- Less dependency on external technologies.
- Technology capital.



OUR CURRENT STATUS

CURRENT STATE OF OUR STRATEGY



CROSSFIRE®

- *CrossFire*, created and owned by Smilegate, is one of the world's most popular first-person shooters. It has over 650 million registered players in 80 countries and over 8 million simultaneous players.
- *CrossFire* generates over billion dollars in revenue yearly.
- Remedy is developing a single player campaign for *CrossFire 2*. Majority of our development work has been finished. Currently in the polishing stage of development.
- Distribution, marketing and communications for the game are all handled by Smilegate.
- Cooperation with Smilegate continues.



CONTROL

- Master supernatural abilities in a deep and unpredictable world as you struggle to regain *Control* in this challenging 3rd-person action-adventure game.
- Currently in full production mode, to be released by publisher 505 Games in 2019.
- Game announcement part of Sony's PlayStation media briefing at E3 2018 in Los Angeles.
- Behind-closed-doors demo at the expo with over 500 appointments with media and influencers.
- 25 awards and nominations, including "Best of E3" from Gamespot.



THIRD GAME PROJECT

- Based on our strategy of developing longer-lasting games and game brands with the multi-project model.
- Currently in the early stages of planning. Negotiations ongoing with potential partners.

TALENTED AND MOTIVATED PERSONNEL



57 %

Finns

164

30.6.2018 (+18,0 %)

173 7.8.2018

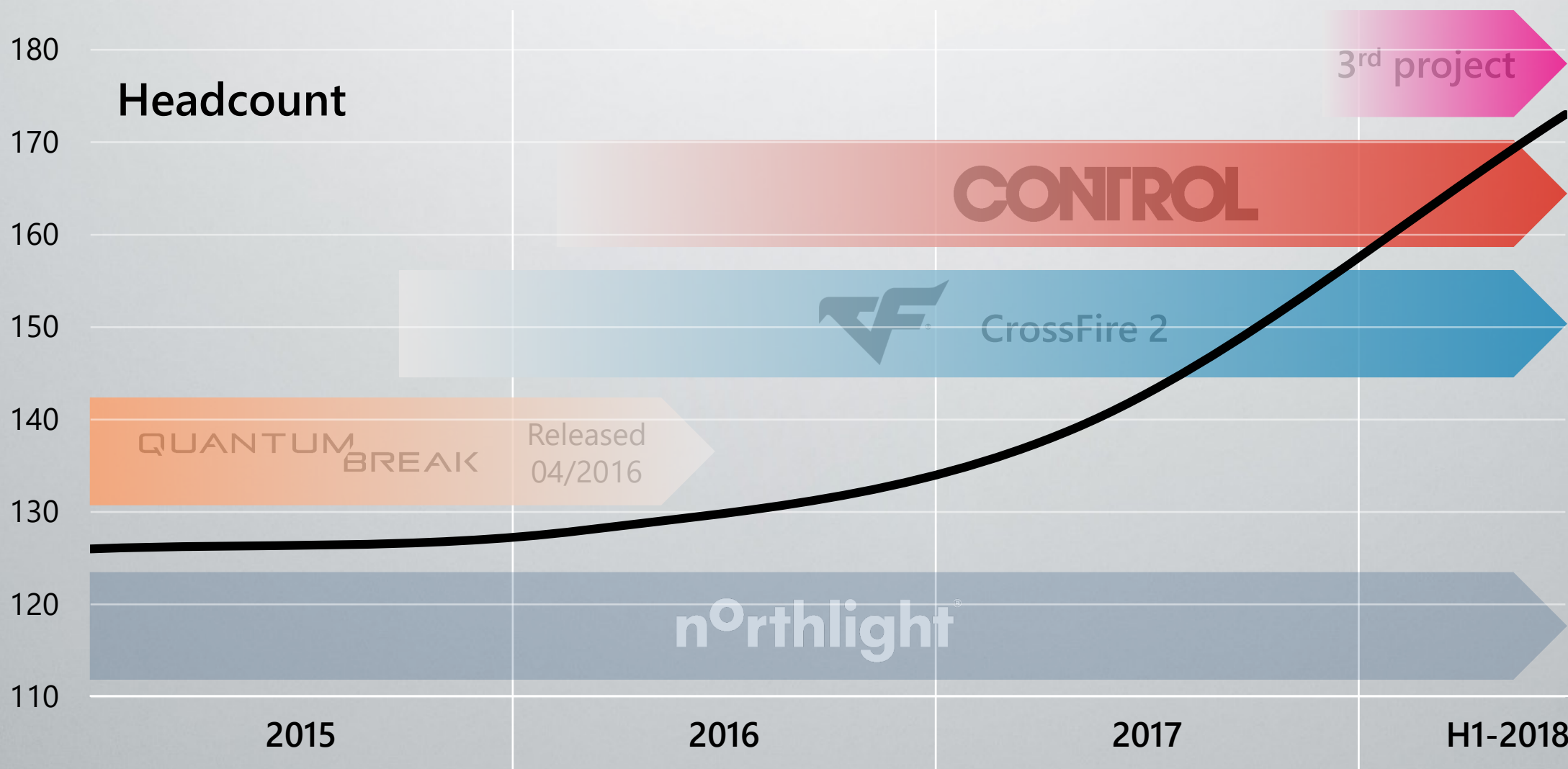


43 %

20+ nationalities

- Valued employer with a solid reputation
- Over 1 300 applications received during H1-2018
- Career paths, personal development and balanced work-life
- Working methods and environment, leadership

2016–2018 INVESTMENTS FOR THE FUTURE





FINANCIAL REVIEW

KEY FIGURES

F A S (HALF-YEAR NUMBERS UNAUDITED)	H 1 - 2 0 1 8	H 1 - 2 0 1 7	F Y - 2 0 1 7
Revenue, 1 000 €	9 224	8 306	17 168
Revenue growth, %	11.1%	7.6%	4.6%
EBIT, 1 000 €	-388	617	2 006
% of Revenue	-4.2%	7.4%	11.7%
Result for interim period, 1 000 €	-348	527	1 469
% of Revenue	-3.8%	6.3%	8.6%
Balance total, 1 000 €	27 330	23 673	26 652
Net cash, 1 000 €	14 231	22 226	20 694
Gearing, %	-66.3%	-106.5%	-94.8%
Equity ratio, %	78.6%	88.2%	81.9%
Headcount in average during interim period	158	136	139
Result per share, €	-0.029	0.048	0.122
Result per share, € (diluted)	-0.028	0.048	0.122
Number of the shares at the end of interim period	12 072 150	11 018 000	12 072 150

Revenue

9,2

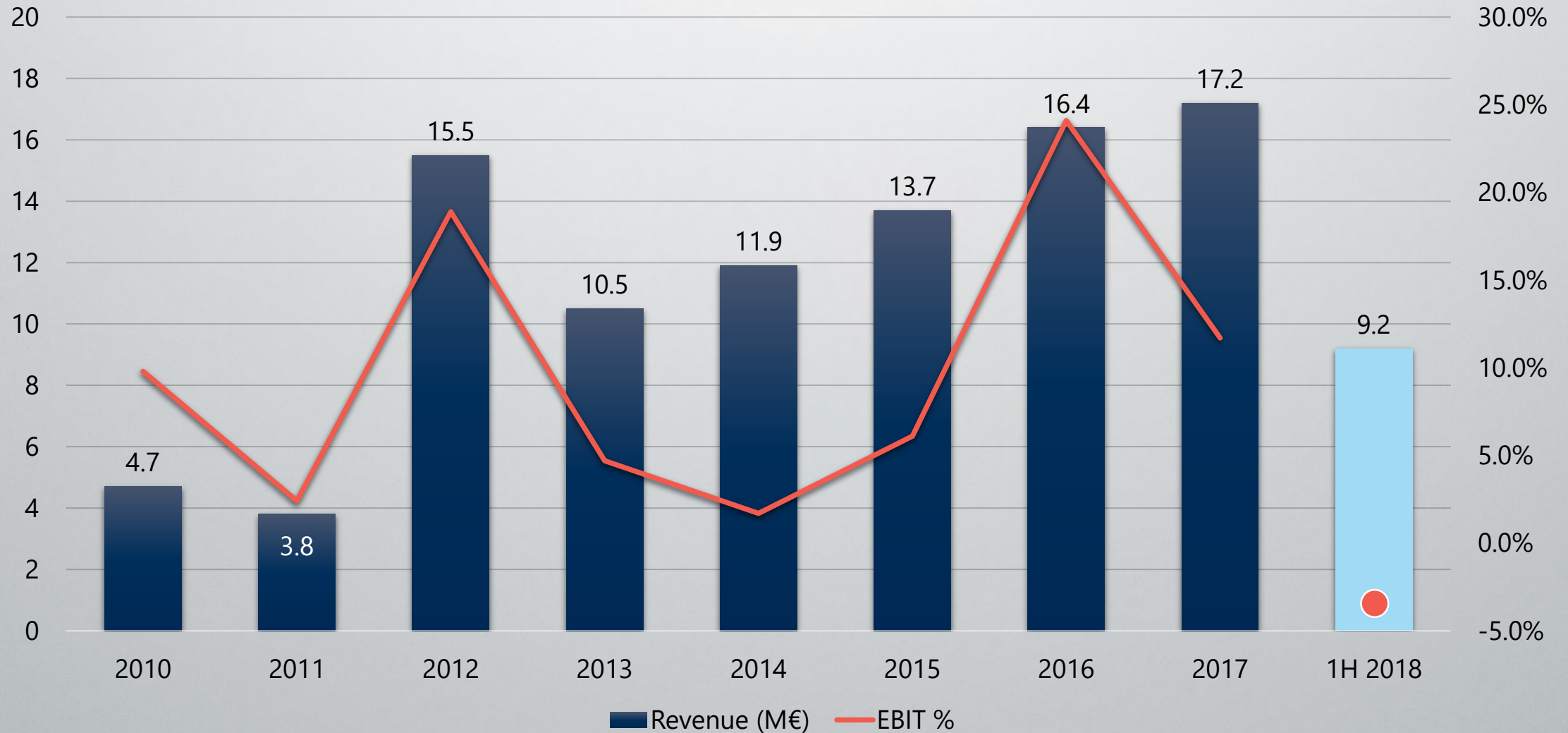
+11.1%

EBIT

-0,4

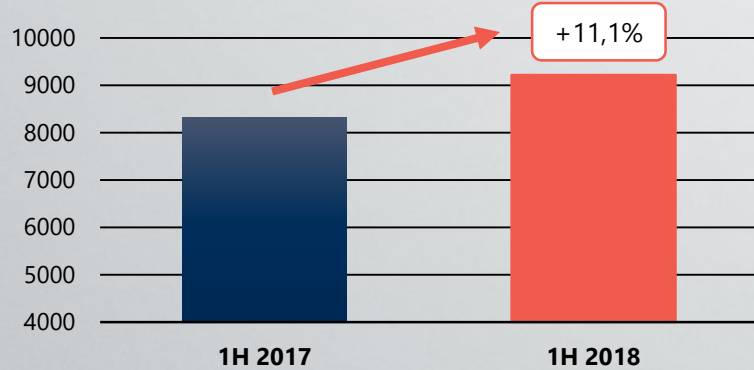
-162,9%

FINANCIAL DEVELOPMENT

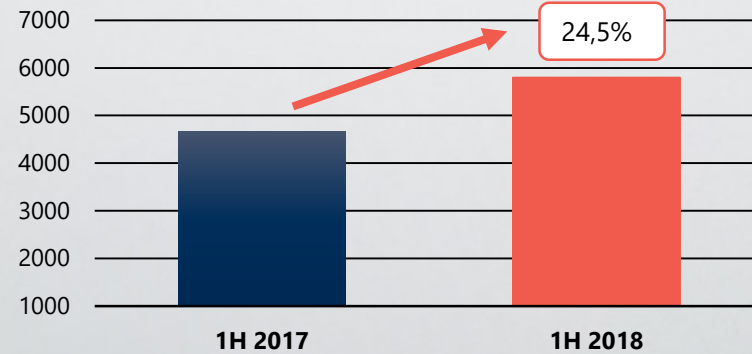


EBIT ANALYSIS

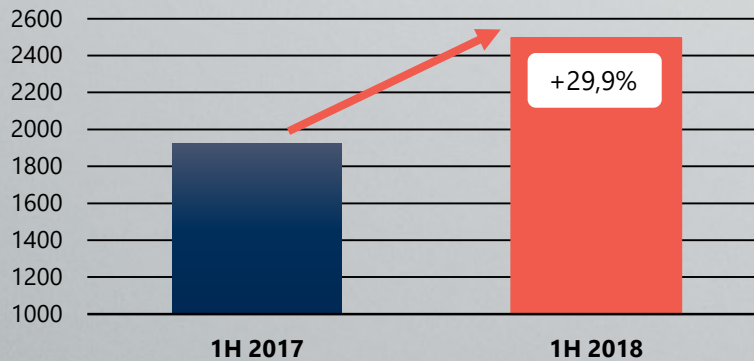
Net sales



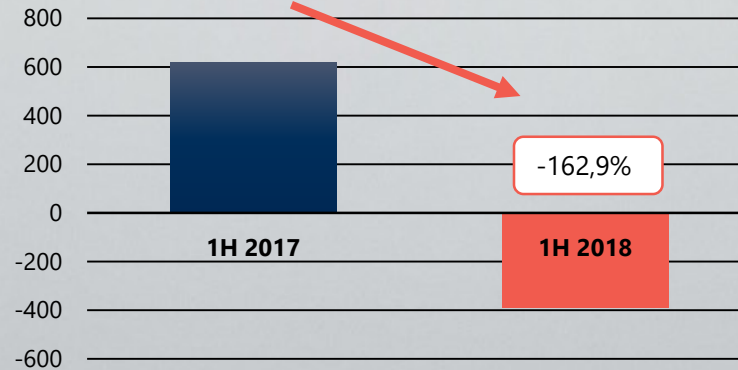
Staff expenses



Other operating costs



EBIT



- Revenue from two simultaneous game projects.
- Staff expenses impacted by increasing project headcount.
- Other operating expenses included one-off type expenses related to office move and investments in recruiting.
- Company does not activate product development costs which represent significant share of total expenses.

SUMMARY

- We've reached important milestones in 2018.
- Single player campaign for *CrossFire 2* has reached polishing stage and collaboration with Smilegate continues.
- *Control* was successfully announced at E3 in Los Angeles with notable positive media and gamer attention. *Control* will launch in 2019.
- Third game project is in the early stages of planning and negotiations with potential partners.
- Investments in growth will continue.



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THANK YOU!

Questions?

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