

FY2019 REVIEW

14.2.2020



AGENDA

- 1 Year in review
- 2 Financial results
- 3 Summary & outlook



Tero Virtala
CEO



Terhi Kauppi
CFO

The background image is a complex, symmetrical architectural scene. It features dark blue, blocky structures that resemble a modern, perhaps futuristic, cityscape or a large-scale sculpture. A bright red glow emanates from the center, creating a strong contrast with the dark blue. The glow illuminates a central path or courtyard area, which is also bathed in red light. The overall composition is highly geometric and layered, with many overlapping planes and surfaces. The text 'YEAR IN REVIEW' is centered in the middle of the image, in a bold, white, sans-serif font.

YEAR IN REVIEW

FY2019 HIGHLIGHTS 1/2

- Revenue **31.6** (20.1) M€, **+57%**.
- Operating profit **6.5** (0.6) M€, **21%** of revenue.
- Board of Directors proposes a dividend of **0.11 €** per share.
- First phase of the growth strategy successfully completed.



FY2019 HIGHLIGHTS 2/2

- **Control** released on PlayStation 4, Xbox One and PC in August and selected as **Game of the Year** by over 20 major gaming media outlets.
- Remedy was part of the **Crossfire** presentation at **X019**, a major Xbox consumer event.
- Single player campaign developed by Remedy will be part of **CrossfireX**, launching on Xbox One in 2020.
- 3rd unannounced project and Vanguard proceeding to pre-production.



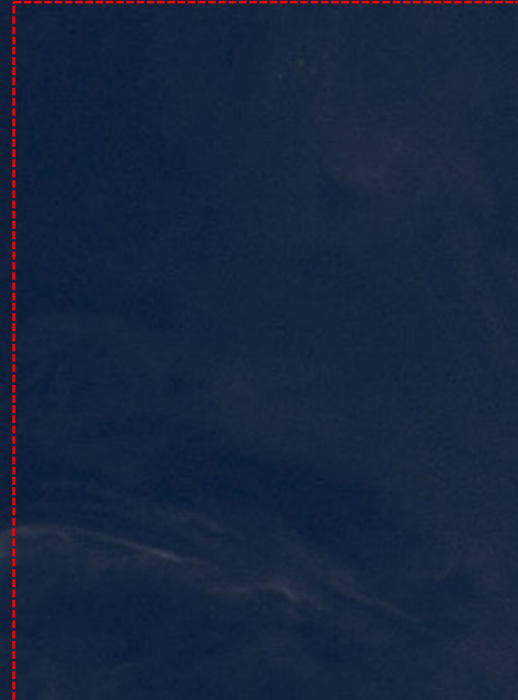
REMEDY NOW



CONTROL



CROSSFIRE



(Unannounced)



VANGUARD

CONTROL



THE
GAME
AWARDS



- Supernatural 3rd-person action-adventure game.
- Released in August 2019 on **PlayStation 4, Xbox One & PC**.
- Game **IP created** and **owned** by Remedy.
- Published by 505 Games.
- Revenues based on **development payments** from the publisher and share of game sales **net revenue**.
- Average review Metascore **84/100**.
- **Game of the Year** awards from a number of gaming media.
- Developed in 3 years with less than €30 million.
- Free Photo Mode and Expeditions updates released in October and December 2019.
- **Two paid expansions** to be released in 2020.
- Steady sales continue with a relatively high average sales price.
- PR, marketing and sales activities continue.

CROSSFIRE

- Crossfire is one of the world's most popular online first-person shooters (FPS): over **650M** registered and **8.5M** simultaneous players in **80 countries**.
- Created and owned by **Smilegate**.
- Remedy creates **single-player** experiences for Crossfire.
- Remedy revenues based on development payments from the publisher and potential royalties.
- Operation Frost single player campaign has been completed – Remedy's first FPS game.
- Remedy is working on a second Crossfire project with Smilegate.
- Microsoft and Smilegate announced at E3 2019 that **CrossfireX** will launch on Xbox One during 2020.
- Crossfire X also includes Remedy's single player campaign.

UNANNOUNCED 3RD PROJECT & VANGUARD

- Unannounced third project is **proceeding well** with a team of 20 people.
- Vanguard, the fourth project, has a team of 15 people.
- The objective of Vanguard is to create a **long-lasting service-based multiplayer** game combined with **selected Remedy features**. We now have an internally playable first development version of the game.
- Both projects have focused on concepting, market research, designing, building the technical foundation, prototyping, iterating and assessing the biggest risks to have the design and related production plans clear.
- Both projects are proceeding to pre-production.

ADAPTABLE GAME ENGINE

- Core engine
- Graphics engine
- Game tech-modules

EXPERT TEAM

- 40 specialist people
- Support & development power also to game teams.

SPECIALIZED DEVELOPMENT TOOLS

- World creation tools
- Content creation tools
- Storytelling tools
- Gameplay tools
- Selected 3rd party tools

TAILORED PIPELINES & WORKFLOWS

- Data pipelines & management
- Tool & engine workflows
- E.g. digital double character & animation systems, asset library, global illumination

KEY BENEFITS OF NORTHLIGHT

- Tech & tools tailored to **exact needs** of our games.
- **Industry-leading** graphics engine.
- Focused developments that enable **innovative gameplay**.
- World-class games done with **small gameplay programmer** teams.
- Game teams get strong specialized support by discipline experts.
- Additional way to **attract** world-class programmers to Remedy.

TALENTED AND MOTIVATED PERSONNEL

248

full-time employees 31.12.2019

50%

Finnish employees

24%

year-on-year growth

50%

26 nationalities

258

headcount 14.2.2020

2019: FIRST PHASE OF THE GROWTH STRATEGY SUCCESSFULLY COMPLETED

STRATEGIC PILLARS 2017–2018:

- 1 Games that stand out in the market and expand into long-term franchises
- 2 Operating on a multi-project model
- 3 Stronger position in the value chain



BY THE END OF 2019 WE HAVE:

4 games in development, advancing well.

Grown to 250 people + outsourcing + support functions

Developed and released Control in 3 years.

Finalized one Crossfire project, working on second.

Invested into own IPs, technology and ways of working.

Shown the first step of the aimed growth, profitably...

...and maintained a good work atmosphere!

STRATEGIC PILLARS SET IN 2019

...that guide us for the next 2-3 years.

1

Longer-lasting games
in engaging worlds.

2

Strong business
ownership
of our games.

3

Professionally
managed
game development.

4

Empowered
teams and people.

EXECUTIVE TEAM, EXPANDED IN 2019



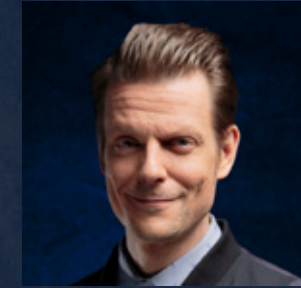
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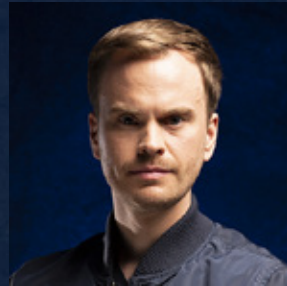
Markus Mäki
CTO, Chairman of Board



Sami Järvi
CREATIVE DIRECTOR



Mikaela Öberg-Mattila
HR DIRECTOR



Johannes Paloheimo
CHIEF COMMERCIAL OFFICER



Christopher Schmitz
CHIEF OPERATING OFFICER



FINANCIAL RESULTS

KEY FIGURES

FAS, unaudited	H2-2019	H2-2018	FY-2019*	FY-2018*
Revenue, 1 000 €	17 846	10 922	31 645	20 146
Revenue growth, %	63.4%	23.3%	57.1%	17.3%
EBIT, 1 000 €	5 073	997	6 534	609
% of revenue	28.4%	9.1%	20.6%	3.0%
Result for review period, 1 000 €	4 068	880	5 238	532
% of revenue	22.8%	8.1%	16.6%	2.6%
Average headcount during review period	243	179	228	169
Result per share, €	0.337	0.073	0.434	0.044
Balance sheet total, 1 000 €			35 896	28 261
Net cash, 1 000 €			15 876	20 089
Cash position, 1 000 €			19 550	23 028
Net gearing, %			-60.2%	-89.9%
Equity ratio, %			73.5%	79.1%
Dividend proposal per share, €			0.11	0.10

* AUDITED

Revenue M€

31.6

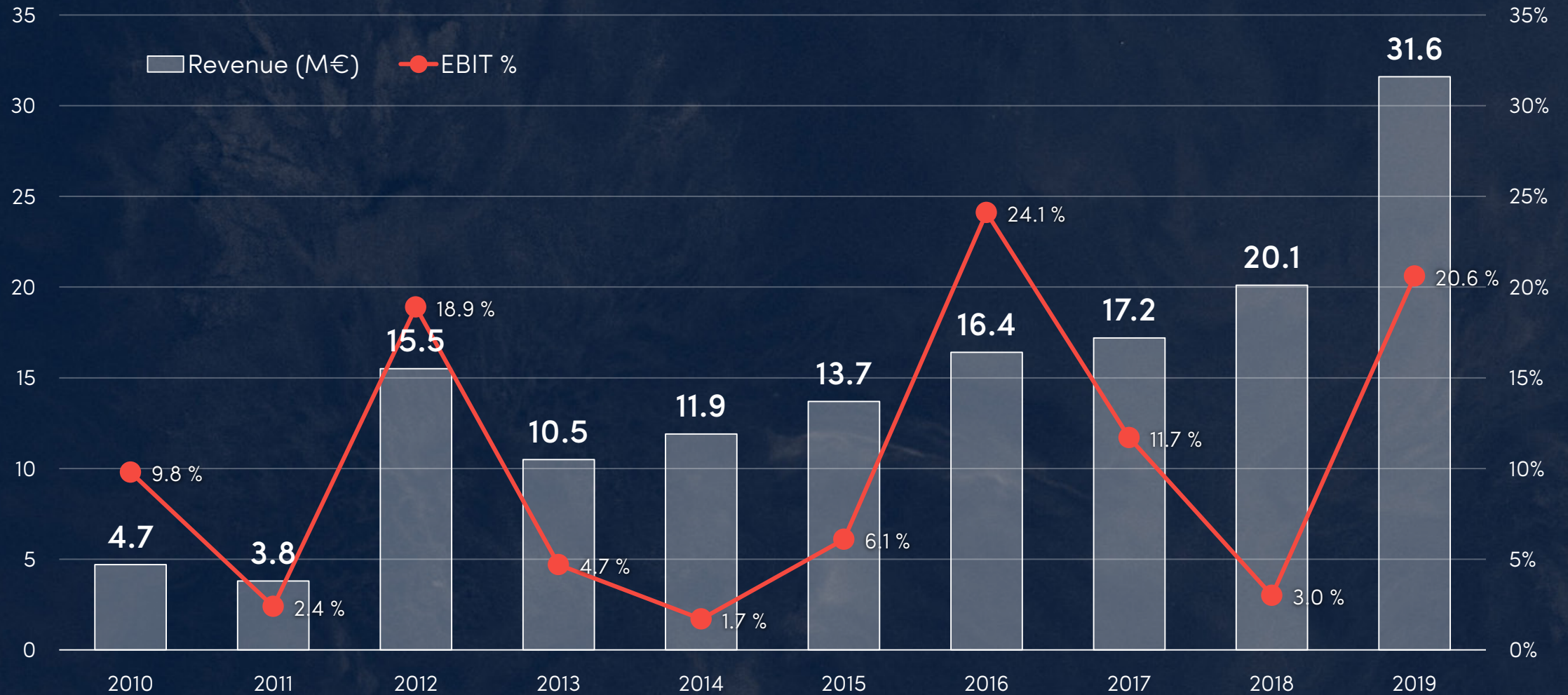
57%
growth

EBIT M€

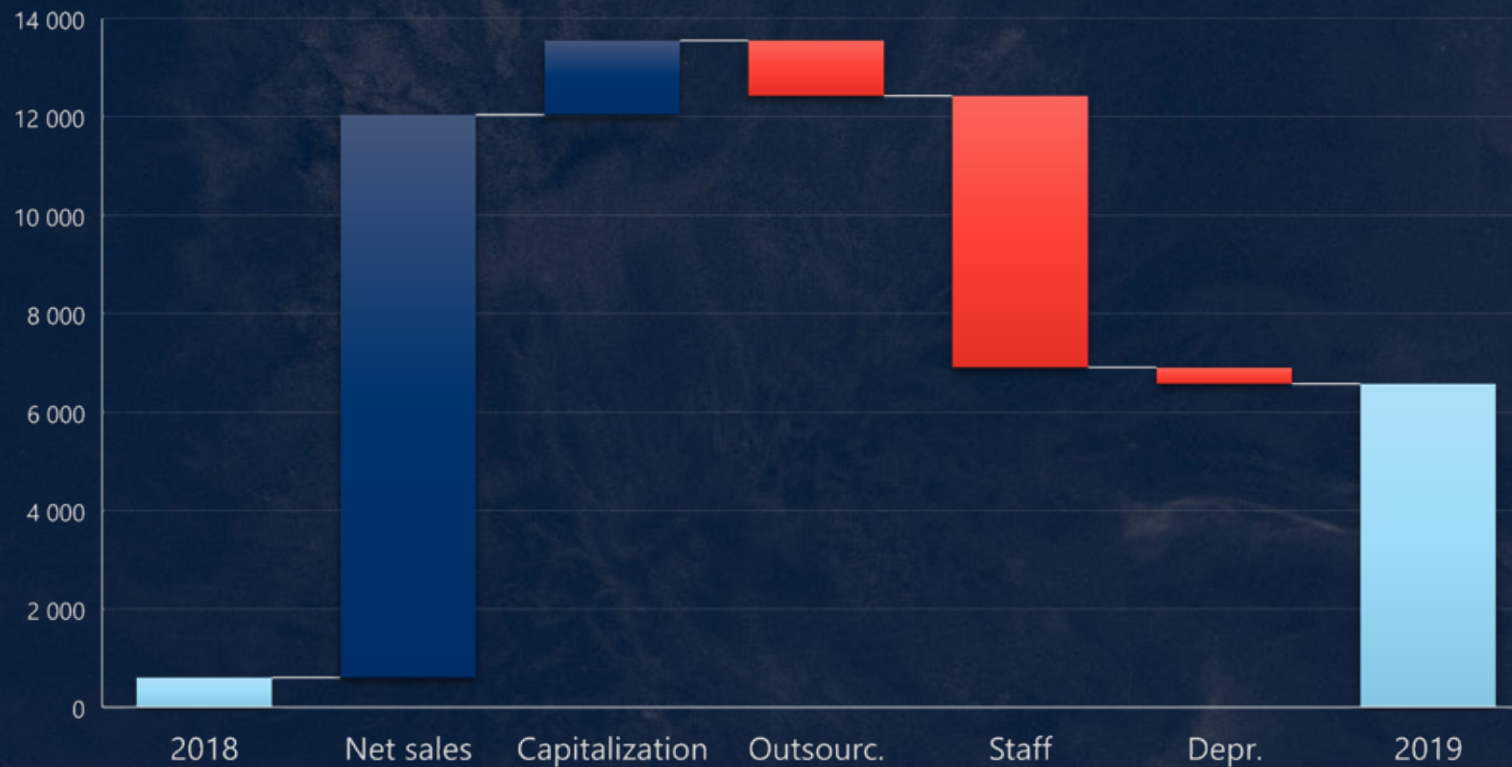
6.5

21% of
revenue

FINANCIAL DEVELOPMENT



EBIT ANALYSIS



- Revenue increased due to Control launch and two production phase projects.
- Capitalization of product development expenses impacted EBIT positively.
- Flexible production models increase outsourcing expenses.
- Staff expenses increased due to growth of personnel.
- Depreciations grew due to past investments to office and equipment.

CASH FLOW ANALYSIS



- Cash position decreased by 3.5 M€.
- Revenue recognition rules and actual payments' timetable can differ, especially for royalties.
- Capitalized development expenses are affecting cash flow.
- Other investments to IT equipment.
- Financing cash flow includes dividend payment of 1.2 M€.

A person in silhouette stands in the foreground, looking towards a bright, hazy yellow light source in the distance of a large industrial facility. The facility has multiple levels with railings and complex piping on the ceiling. The overall atmosphere is industrial and mysterious.

SUMMARY & OUTLOOK

FY2019 SUMMARY & OUTLOOK FOR 2020

- First phase of the growth strategy successfully completed.
- Control launched to a great reception, winning multiple awards. Post-launch sales have settled on a good level. Two paid expansions to be released in 2020.
- Remedy's single player campaign to be released as part of CrossfireX in 2020.
- 3rd unannounced project and Vanguard are both preparing for pre-production.
- We expect our revenue and EBIT to grow during 2020.
- Majority of revenue and EBIT growth is estimated to materialize during H2-2020.
- We continue according to our long-term growth plans.
- Our goal is to have consistent game releases, with an aim to launch at least one game or game expansion annually.
- Even though the launch of our next new game brand will go beyond 2020, we expect 2020 to be a financially good year.



THANK
YOU!

