HI-2020 REVIEW
14.8.2020
AGENDA

1. Half-year in review
2. Financial results
3. Summary & outlook

Tero Virtala
CEO

Terhi Kauppi
CFO
HALF-YEAR IN REVIEW
HI-2020 HIGHLIGHTS

- Revenue **17.0** (13.8) M€, **+23%**.
- Operating profit **3.2** (1.5) M€, **18.6%** of revenue.
- Remedy signed **Epic Games** as the publisher for two unannounced games.
- **Control** team released first DLC “The Foundation”, working on “AWE” DLC as well as Steam and next gen versions.
- **Crossfire** team preparing for single-player campaign launch in 2020.
- Pandemic had no significant impact on Remedy, strike team set up to mitigate.
Market has developed favorably for us

**GLOBAL GAMES MARKET 2020**

- **$159.3Bn**
  +9.3% YoY growth

**CONSOLES & PC**

- **PlayStation 4**
  112 million units
- **Xbox One**
  48 million units
- **Nintendo Switch**
  62 million units
- **PC**
  - Epic Games Store
  - Steam
  - GOG

**MOBILE & TABLET**

- **Casual Players**
- **Big Screen Games for Gamers**

**HARDCORE GAMERS**

Demand grows for good games and studios.

With the ongoing industry consolidation, there are fewer independent AAA studios.

Remedy has developed well to take advantage of the growing and changing market.
**CONTROL**

- Award-winning supernatural 3rd-person action-adventure game.
- Originally released in August 2019 on PlayStation 4, Xbox One & PC.
- Published by 505 Games.
- Game IP created and owned by Remedy.
- Revenues based on development payments from the publisher and share of game sales net revenue.
- Developed in 3 years with a budget of less than €30 million.

- Control added to PlayStation Now subscription service and first expansion “The Foundation” launched in March 2020.
- Control is also being developed for new platforms and services, including the next generation consoles PlayStation 5 and Xbox Series X.
- Game sales continue on a good level with PR and marketing activities.
CONTROL ROADMAP

2019

CONTROL

DELUXE
SEASON PASS

2020

DLC 1
DLC 2

ULTIMATE EDITION

2021

PS4
PlayStation. Now

PS5

XBOX ONE
EPIC GAMES STORE

STEAM

XBOX SERIES X

...and more to come...
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.

Smilegate and Microsoft are bringing the game to the western audience as Crossfire X on Xbox platforms.
• Includes Remedy’s campaign, which is split into operations, the first one to be released is titled “Operation Spectre”.
• Crossfire is Remedy’s debut in the first-person shooter genre.
VANGUARD

• 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.

• The team has taken the first playable development version further, continuously evaluating, learning and adjusting the development.

• Some parts of the game show very good promise, some parts have been redesigned.

• The early phase work on Vanguard continues with a small team.
UNANNOUNCED PROJECTS

• We have signed publishing agreements on the 3rd unannounced AAA project and a smaller project with Epic Games.
• For multiple gaming platforms.
• Epic will fully fund the development.
• Net revenues shared 50/50.
• Remedy to retain IP ownership.
• We had multiple concrete partnership options. Believe that Epic Games was the best for the games and Remedy.
• Epic is strong in digital, and already has a global presence.
• Aims to shake the publishing business. Has shown they can very successfully build new business areas.
• We are a key partner for them.
FINANCIALLY, WE GOT A THIRD STRONG PILLAR

2020 Crossfire and Control revenues continue well. We added a third major pillar – and fourth smaller one.
TALENTED AND MOTIVATED PERSONNEL

266 full-time employees 30.6.2020
21% year-on-year growth
69% recruited from outside of Finland
52% 28 nationalities
48% Finnish employees
FINANCIAL RESULTS
**KEY FIGURES**

- **Revenue M€**: 17.0 (13.8)
  - 23.0% growth

- **EBIT M€**: 3.2 (1.5)
  - 18.6% of revenue

- **Operating cash flow M€**: 1.2

- **Cash position M€**: 16.8
GROWTH ANALYSIS

- Net sales growth driven by Control revenue share and Epic publishing deals.
- EBIT growth affected by revenue growth, capitalization and stable other opex.
- Capitalizations increased due to 3 different projects subject to capitalization.
- Staff expenses higher as number of personnel increased by 21% and due to higher bonus accrual.
CAPITALIZATION LOGIC

Not capitalized

100% capitalized

Capitalized based on future return expectations

2 unannounced projects

WITH Crossfire

WITH Control

WITH Vanguard

SELF-FUNDED

WITH Smilegate Entertainment

WITH 505 Games

WITH Epic Games

WITH Remedy
SUMMARY & OUTLOOK
HI-2020 SUMMARY & OUTLOOK FOR H2-2020

• We are developing four game franchises and five game projects under them.

• Control’s second expansion “AWE” and Ultimate Edition on Steam to be released on August 27th 2020.

• Control is being developed for new platforms and services, including next generation consoles.

• Crossfire X coming to Xbox One and Xbox Series X.

• Projects with Epic Games and Vanguard continue their early development phases.

• 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.

• We expect 2020 to be a good year.
THANK YOU!