



HI-2020 REVIEW

14.8.2020



REMEDY

AGENDA

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



Tero Virtala
CEO



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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.

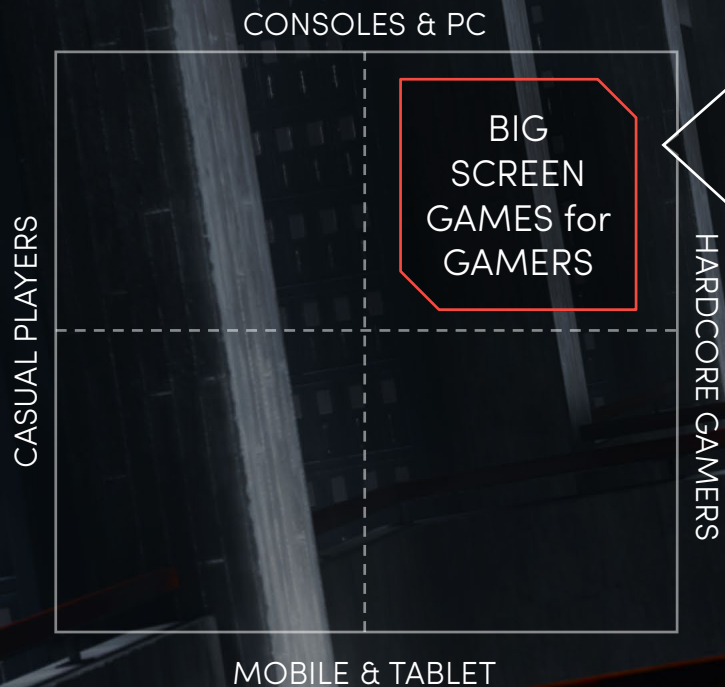


MARKET HAS DEVELOPED FAVORABLY FOR US

GLOBAL GAMES MARKET 2020

\$159.3Bn

+9.3% YoY growth



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



THE
GAME
AWARDS



- 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.
- Second expansion "AWE" for original platforms and Ultimate Edition for Steam coming August 27th 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™


XBOX ONE


STORE


PlayStation™
Now

 PS5


STEAM™


XBOX
SERIES X

...and more
to come...

REMEDY 

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.

~~CROSSFIRE~~

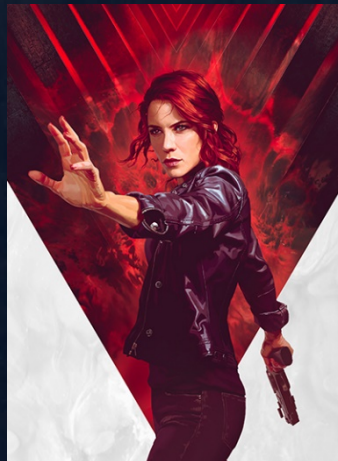


WITH



Smilegate
Entertainment

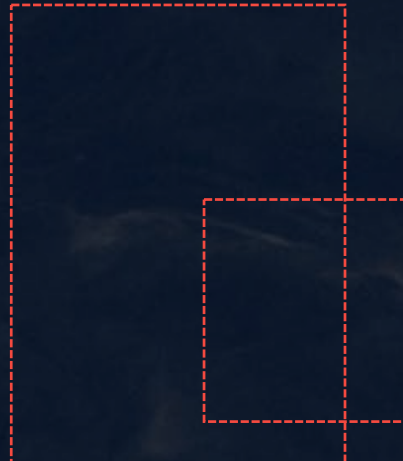
CONTROL



WITH

505
GAMES

(Unannounced)



WITH



VANGUARD





TALENTED AND MOTIVATED PERSONNEL

266

full-time employees 30.6.2020

52%

28 nationalities

21%

year-on-year growth

48%

Finnish employees

69%

recruited from outside of Finland



FINANCIAL RESULTS

KEY FIGURES



Revenue M€

17.0 (13.8)

23.0% growth

EBIT M€

3.2 (1.5)

18.6% of revenue

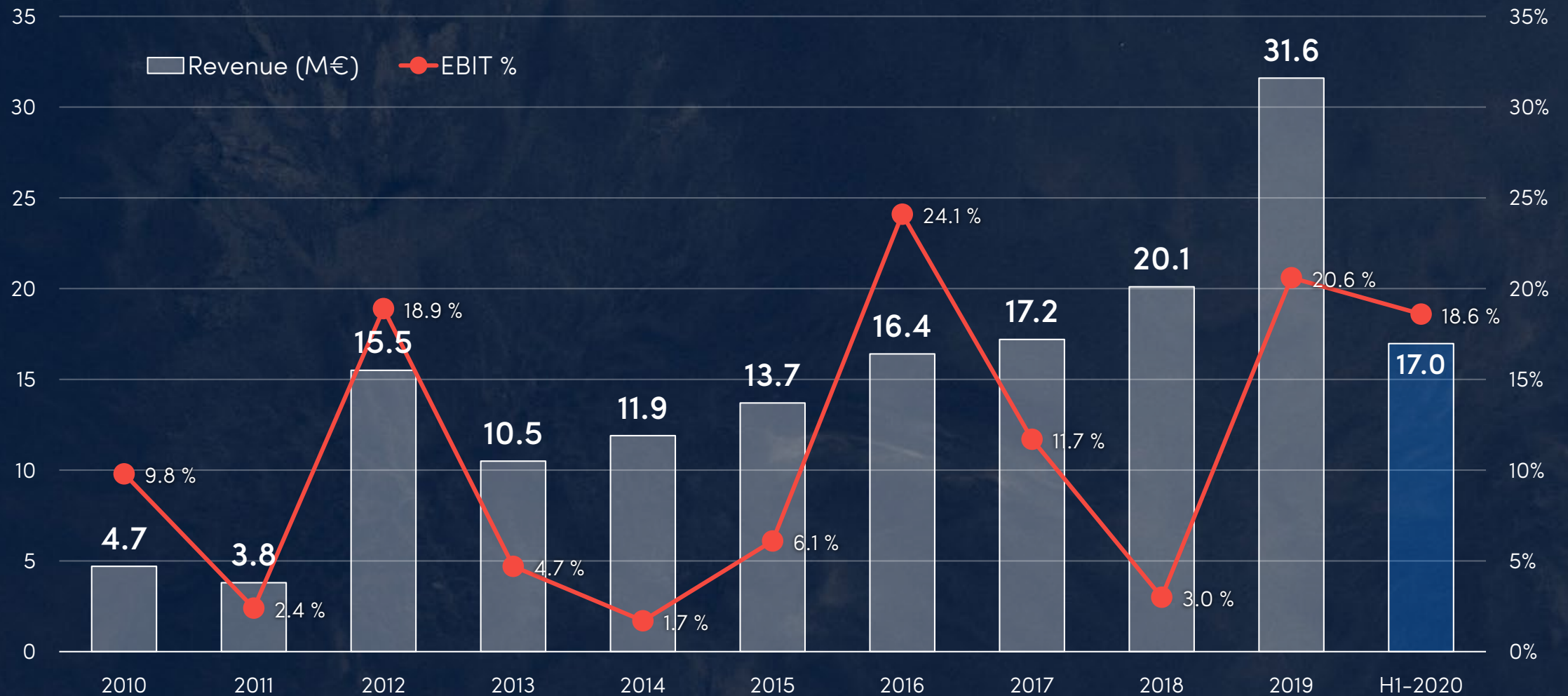
Operating
cash flow M€

1.2

Cash position M€

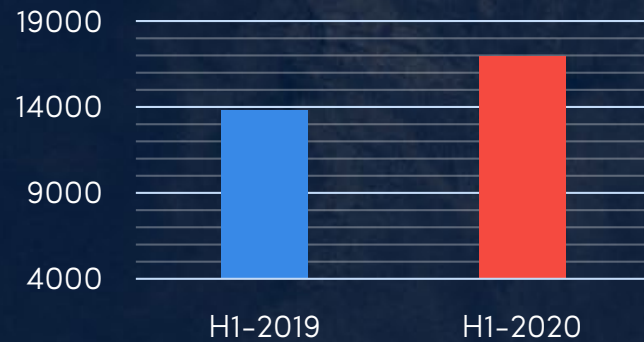
16.8

FINANCIAL DEVELOPMENT

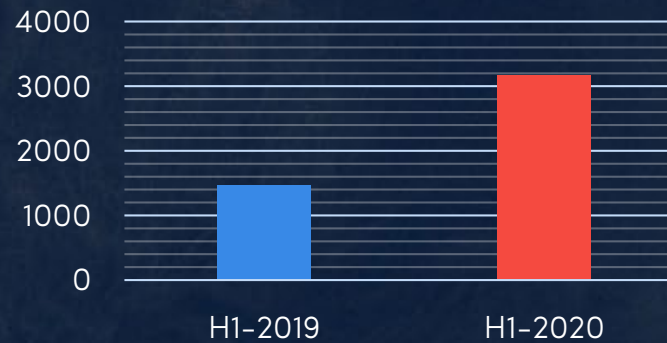


GROWTH ANALYSIS

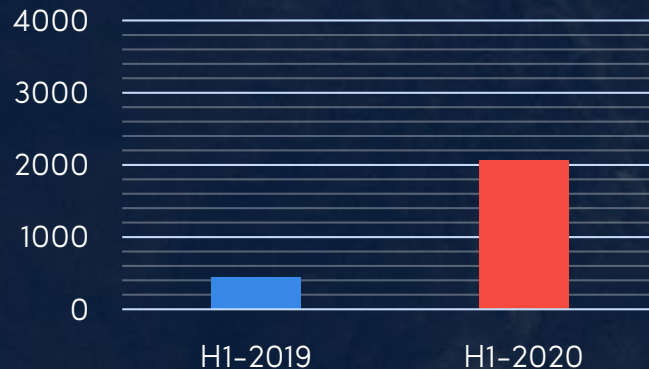
Net sales



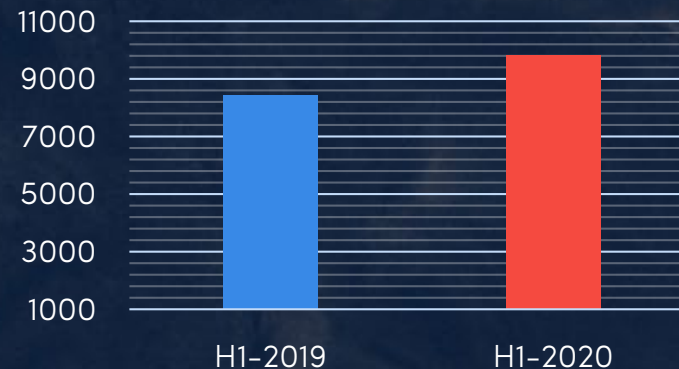
EBIT



Capitalization



Staff expenses



- 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

~~CROSSFIRE~~



WITH  Smilegate
Entertainment

CONTROL



WITH  505
GAMES

100% capitalized

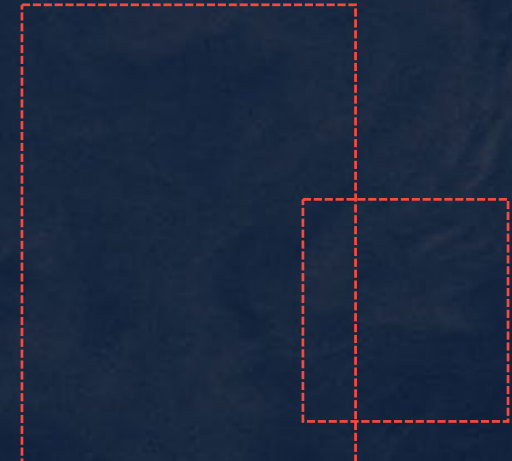
VANGUARD



SELF-FUNDED

Capitalized based on
future return expectations

2 unannounced projects



WITH  EPIC
GAMES

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!

