

PROFITABLE GROWTH COMPANY WITH MANAGED RISKS

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VIEWPOINTS ON OUR CURRENT BUSINESS

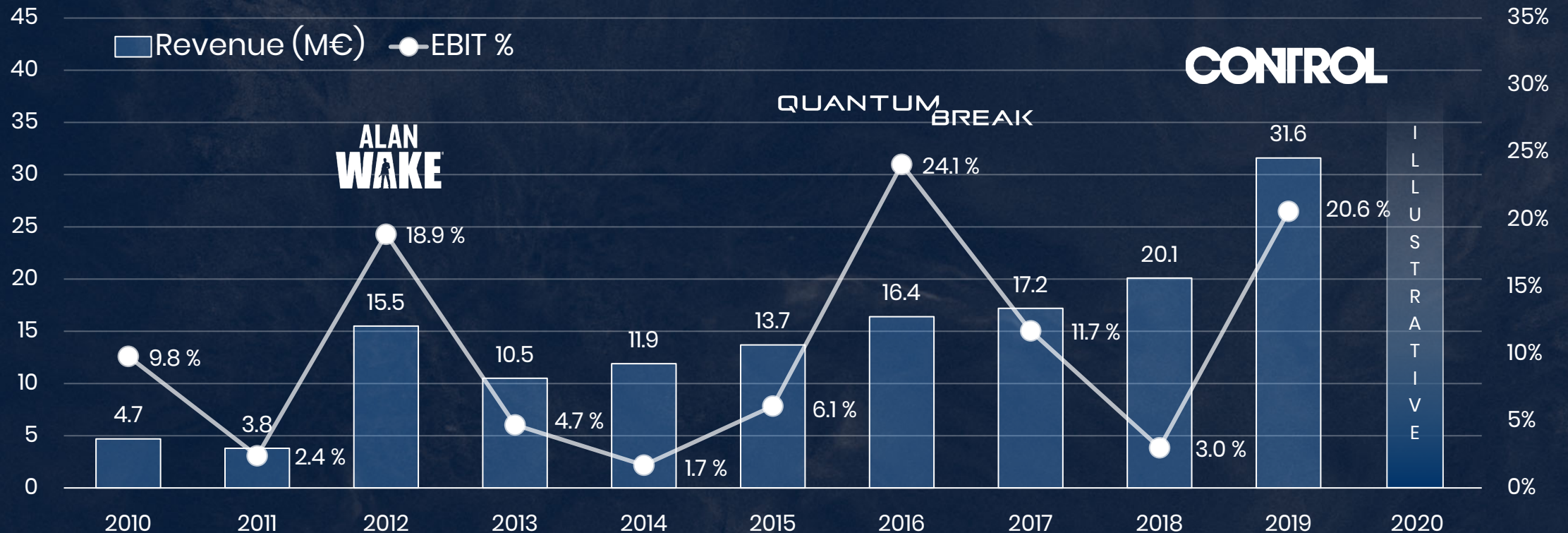


GROWTH & PROFITABILITY

Remedy expects its revenue and operating profit to increase during 2020, especially during the second half-year period

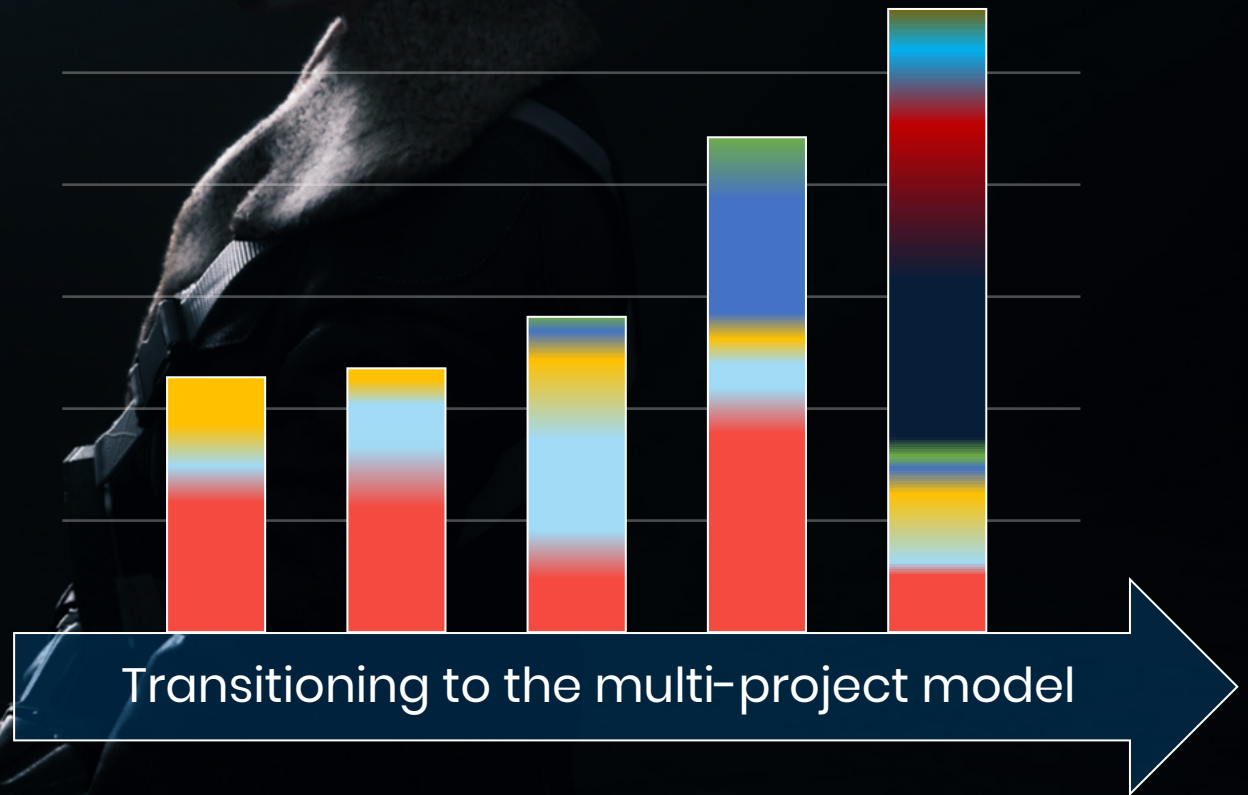
ANALYST ESTIMATES 2020

	Revenue M€	EBIT %
Inderes	41	30.5
Redeye	40	27.0
SEB	39	28.8



MULTI-PROJECT MODEL HAS IMPACTED REVENUE STREAMS

- While the revenue has grown, also the number of streams has multiplied
- This has a risk-balancing effect



MULTIPLE REVENUE GENERATION PROCESSES

Subcontracting Work

Development fees

Development fees

ROYALTIES

Own IP with Publishing Partner

Development fees

ROYALTIES

Development fees

ROYALTIES

Self-published

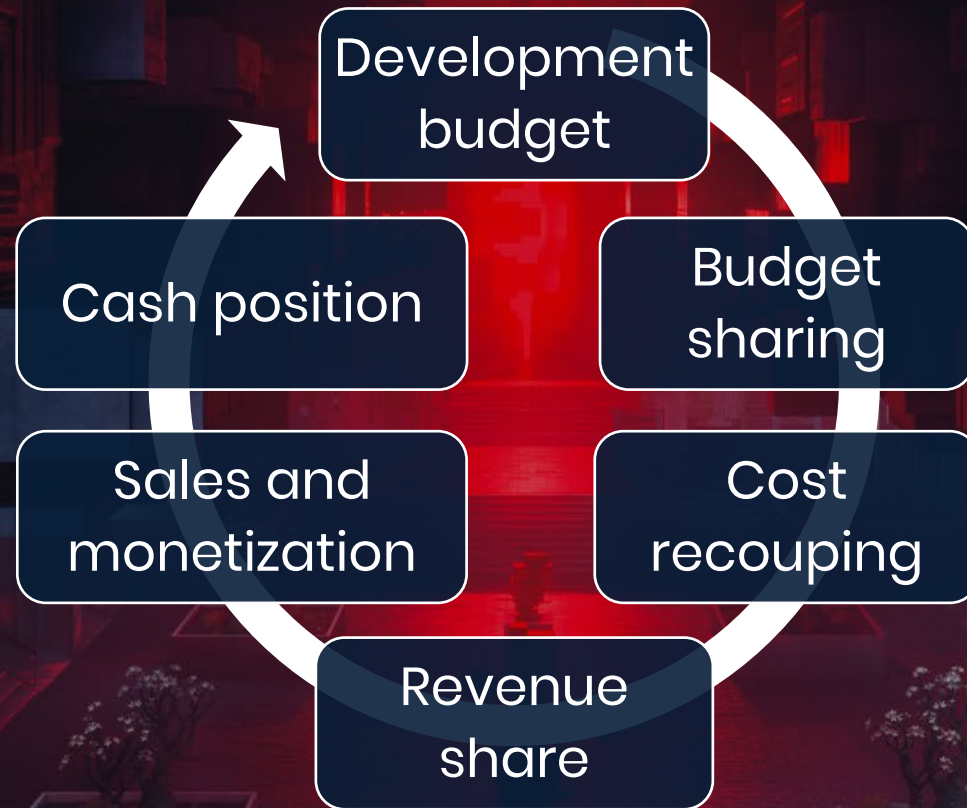
ROYALTIES

FROM CONSUMER SALES PRICE TO REMEDY REVENUE RECOGNITION

Example based on illustrative level on Control

Player pays	~ 20–70 €	Varies, average sales price is highly affected by discount campaigns, bundling and geography
VAT	~ 0–27%	Varies, per country
Commission	~ 12–35%	Varies, per platform / retail chain
QA, Localization, Distribution	~ 1–8%	Varies, distribution only for retail
Marketing	~ 1–20%	Varies, front loaded
Royalty from net revenue	e.g. 45%	Varies, as agreed per contract
Remedy receives	~ 3–27 €	

GOOD TERMS IN CONTRACTS ARE IN THE CORE OF PROFITABILITY



PROJECT BUSINESS CASE: CASH FLOW VS. ACCOUNTING

ILLUSTRATIVE ONLY

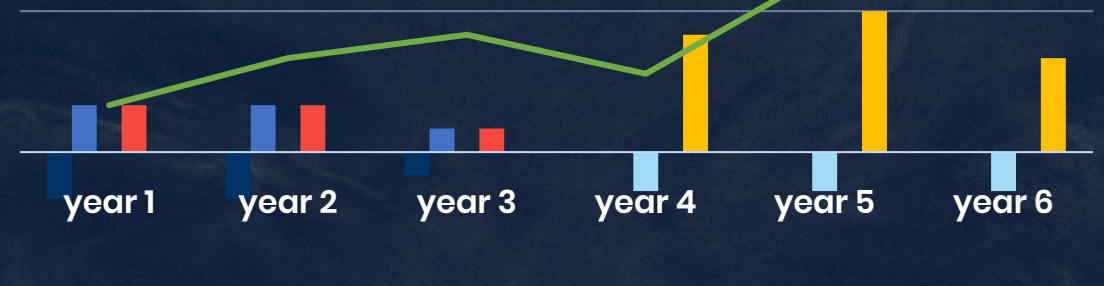
Illustrating the difference between the two, the cumulative result is the same

CASH FLOW



Investment Development fees
Royalties (after recoup) Cumulative cash flow

ACCOUNTING

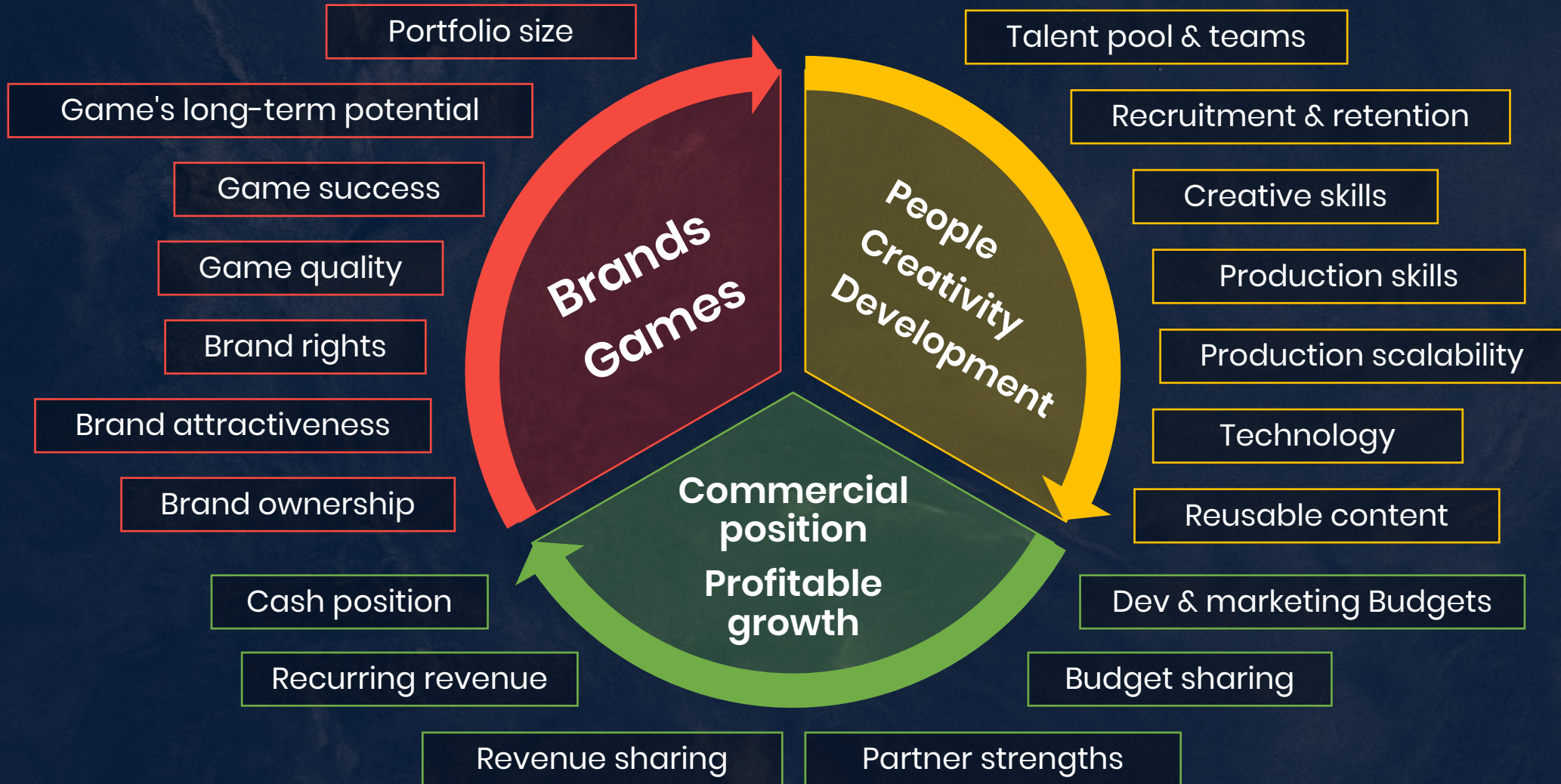


Expenses Capitalization Depreciation
Development fees Royalties Cumulative profit

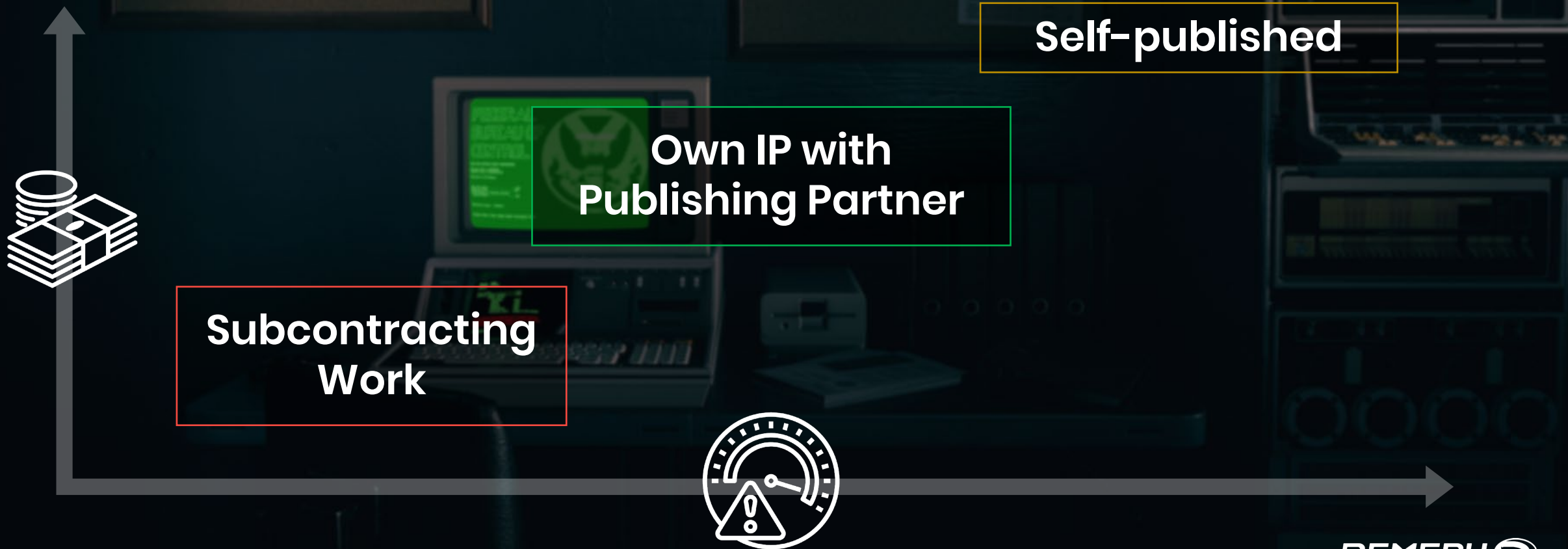
VALUE GENERATION LOGIC FOR A CREATIVE SUPER-DEVELOPER



LONG-TERM VALUE DRIVER CYCLE



MULTI-PROJECT FUTURE WITH MORE GAMES: BALANCING RISK AND REWARD

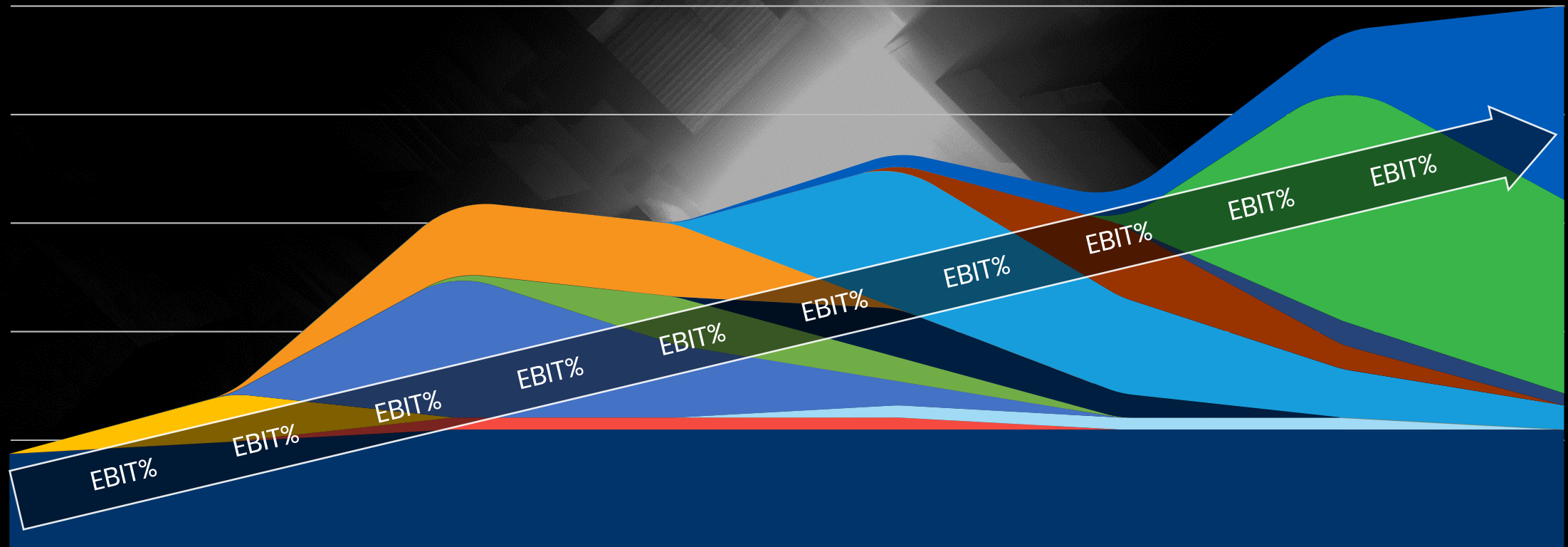
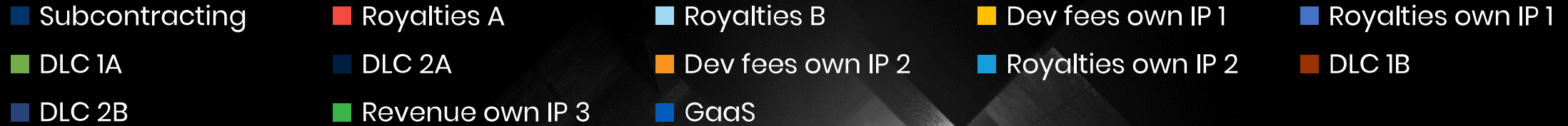


ILLUSTRATIVE MAIN REVENUE MODELS



REVENUE POTENTIAL FOR REMEDY

ILLUSTRATIVE ONLY



VALUE GENERATION LOGIC FOR A CREATIVE SUPER-DEVELOPER

- Each game has good **long-term** potential
- Each brand and game also builds an **even stronger basis** for next games to succeed
- We strengthen **capabilities to self finance and self-publish** some games – and capture higher value with them
- Projects together as **portfolio** must show **long-term** value for the company

ONE MORE THING...

Remedy will begin releasing **business reviews** for Q1 and Q3 starting 2021

Exact release dates to be announced

QUESTIONS & ANSWERS