



## Strong partnerships and game sales fuel a record year

*Control* exceeds two million copies sold

Growth-oriented targets reached and new strategy launched

### JULY–DECEMBER 2020 IN BRIEF

- Revenue **24.1** (17.8) million euros, change **+35.1%**.
- Operating profit **10.1** (5.1) million euros, **41.8%** of revenue.
- *Control* team launched second paid expansion *AWE*, PC version on Steam and a cloud gaming version on Amazon Luna and Nintendo Switch during fall 2020. The game was also added to Xbox Game Pass. Preparing to launch the game on next generation consoles in early 2021.
- *Crossfire* team realigned with the publisher's decision to move the release of *CrossfireX* to 2021.
- Remedy's new strategy and objectives for 2021–2025 presented in December 2020.

### JANUARY–DECEMBER 2020 IN BRIEF

- Revenue **41.1** (31.6) million euros, change **+29.8%**.
- Operating profit **13.2** (6.5) million euros, **32.2%** of revenue.
- Remedy signed publishing deals with Epic Games for two new multi-platform games based on IP created and owned by Remedy. Epic funds development costs, Remedy will receive 50% of game sales net revenue and retains IP ownership.
- *Control* team launched two paid expansions, expanded the audience reach by bringing the game to numerous new stores, platforms as well as subscription and streaming services, and prepared for the launch on next generation consoles.
- Board of Directors proposes a dividend of **0.15** (0.11) euros per share.

### KEY FIGURES

FAS, audited	7–12/2020*	7–12/2019*	1–12/2020	1–12/2019
Revenue, 1 000 €	24 115	17 846	41 086	31 645
Growth in revenue, %	35.1%	63.4%	29.8%	57.1%
Operating profit (EBIT), 1 000 €	10 084	5 073	13 245	6 534
Operating profit, % of revenue	41.8%	28.4%	32.2%	20.6%
Result for review period, 1 000 €	7 837	4 068	10 337	5 238
Result for review period, % of revenue	32.5%	22.8%	25.2%	16.6%
Balance sheet total, 1 000 €			48 355	35 896
Net cash, 1 000 €			20 016	15 876
Cash position, 1 000 €			23 690	19 550
Net gearing, %			-56.6%	-60.2%
Equity ratio, %			73.2%	73.5%
Average number of personnel	268	243	265	228
Earnings per share, €	0.649	0.337	0.856	0.434
Earnings per share, € (diluted)	0.604	0.318	0.797	0.410
Number of shares at the end of period	12 072 150	12 072 150	12 072 150	12 072 150

\* Figures for periods 7–12/2020 and 7–12/2019 are unaudited.

The Board of Directors decided to start capitalizing product development costs related to new Remedy-owned game brand projects, effective from 1 January 2019. Positive effect of 3 054 thousand euros on operating profit for the second half-year of 2020 and 5 111 thousand euros for the full year 2020.

### Calculation formulas used for the indicators

Net cash = cash in hand and at banks + liquid investments - interest-bearing liabilities

Net gearing = (interest-bearing liabilities - cash in hand and at banks - liquid investments) / shareholders' equity

Equity ratio = shareholders' equity / (balance sheet total - advances received)

## COMMENTS BY CEO TERO VIRTALA

“2020 was a record year for Remedy’s financial performance, as revenue increased 30% to €41.1M and operating profit increased 103% to €13.2M – all this despite the absence of a major new game launch. This proves that we have developed the business well on many fronts and built a strong foundation for long-term growth. By the beginning of the year, we had reached several targets introduced in the 2017 growth strategy.

*Control* has been a critical and commercial success. In 2020, we launched two paid expansions to the game and an “Ultimate Edition” version, which includes the main game and both expansions. We have been running targeted marketing campaigns and have leveraged commercial partnerships to maximize *Control*’s visibility in the game’s original sales channels. *Control* has also been selling well through new stores, platforms and subscription and streaming services. The next generation console versions of the game were developed during 2020 and released in early 2021 on PlayStation 5 and Xbox Series X|S.

While increasing the sales and steadily growing the awareness of the game, post-launch activities have also supported the longer-term opportunities for *Control*. By the end of 2020, the game had sold over two million copies and continues to sell well in early 2021. In an increasingly digital market, great games have long life cycles: 15 months after *Control*’s original release, November 2020 was a record month for digital game copies sold. *Control* is a high-quality game that provides a deep, immersive world and gaming-experience, and long-term business potential for years to come. While we continue to support and take *Control* further, its development team is gradually shifting to work on a new Remedy game.

We have continued our productive collaboration with Smilegate on *Crossfire*. By the end of 2020, we had completed the majority of the work on our second single player campaign for the *Crossfire* franchise, with some development remaining on the Xbox Series X|S versions. 2021 is shaping up to be an exciting year for the franchise: *Crossfire HD* on PC is expected to be released in China by Smilegate and Tencent, and *CrossfireX* on Xbox in the western markets by Smilegate and Microsoft. Both games feature Remedy’s single player campaigns and provide a royalty opportunity for us based on the existing agreements. Our partnership with Smilegate is strong and our development collaboration continues.

In March 2020, Remedy signed publishing agreements with Epic Games for an AAA game project and a smaller-scale game project, which we are developing for console and PC platforms. Both projects are based on Remedy’s own game IP, and we retain the IP ownership. Epic fully funds the development and has committed to significant marketing investment. After the development and publishing costs have been recouped from game sales, the net revenues will be shared 50/50 between Epic and Remedy. The projects progressed well during 2020 and we now have close to 100 people working on them. The smaller-scale game is already in production, and the AAA game will be entering full production in spring 2021.

Our Vanguard team is building a service-based multiplayer game that combines selected world-building and narrative strengths of Remedy. We are creating a free-to-play co-op game, which is new to us. The team has been iteratively developing the first playable version, continuously evaluating and learning, based on which there have been adjustments and changes both to the game and the team itself. The development is still in

its early stages, but the pace of development and our first external tests and research show promise. The publishing model for Vanguard is yet to be decided.

Remedy's HR function continued to support and develop our teams and talent, with a focus on Covid-19 precautions as well as employees' wellbeing and safety. Our people have stayed healthy and productive both from home and the studio. Our recruitment pace has continued: Remedy's headcount grew by 11% during 2020 and reached 275 employees. We have steadily had 20–30 open positions and will continue to grow our headcount selectively while we also increase our external development capabilities.

We have strengthened our production capabilities and capacity, working on five main games in parallel during 2020. These efforts comprised 15 distinct projects over 10 different platforms. External development has been one of our key focus areas, with 31 external development partners encompassing 370 external talent working with us during 2020. We have improved many aspects of our work approach, aiming for well-designed, planned, led, and resourced projects in our multi-project environment. Our Northlight game engine and tools team continued their work on bringing Remedy's technology to next generation consoles and began planning the next generation of our tools. Northlight also implemented a new game build pipeline and improvements to DevOps, which are essential as we are more often releasing new games and game versions to the players.

Remedy's commercial operations continued with a focus on forming long-term business partnerships, building competences to support our games to succeed and fulfil their business potential, as well as aligning our games with market and player needs to reach wider audiences. In addition to ongoing game marketing activities, Remedy's games were featured in three major industry events in 2020, including Xbox Showcase, PlayStation's State of Play, and Nintendo Direct. Our publishing unit also supported the community and several releases of *Control*, and planned exciting activities for 2021.

We introduced Remedy's strategy and objectives for 2021–2025 during our first capital markets day in December, which was well attended and showcased some of our unique capabilities. As we look ahead into 2021 and beyond, we see that Remedy has high-potential brands, good partners, a professional organization and the world-class talent needed to achieve our ambitious goals. With 25 years under our belt, the next five will be the most exciting ones yet.”

## **STRATEGY 2021–2025**

Remedy has evolved into a category-defining, creative super-developer in the fast-growing global gaming industry. The company is in a strong position to start its next growth phase and aims to reach the following objectives by 2025:

- Remedy creates several successful games and at least one major hit game.
- Remedy owns at least three successful, growing game brands, all with long-term hit potential.
- Remedy captures more value and builds capabilities to select the right commercial model for each game, including self-financing, self-publishing and working with strong publishing partners.
- Remedy becomes the most attractive gaming industry employer in Europe.
- While achieving all the above, Remedy runs a profitable and growing business, with well-managed risks.

## **IMPACT OF THE COVID-19 PANDEMIC**

The gaming industry has generally seen a boost in game sales during the pandemic and its negative effects have been minimal on our business during the reporting period.

Remedy's game development and operations have continued according to plans and Covid-19 has not caused any significant changes to our project schedules during the reporting period. Majority of our

employees have been able to work well from home. An extra effort has been put into internal communications, work equipment and infrastructure, but also finding solutions to support using our tools externally. Additionally, we have adapted our performance capture process, as Remedy's studio facilities are in Finland and travel restrictions affect the availability of on-site actors.

The company has evaluated its assets and liabilities concluding that the pandemic has not had an impact on their valuation.

## **FUTURE OUTLOOK**

Remedy expects its revenue and operating profit to increase during 2021. Majority of the revenue and operating profit growth is expected to materialize during the second half-year period.

## **FINANCIAL TARGETS**

Remedy aims to create long-term profitable growth, primarily organically, by expanding the product portfolio and entering into new partnerships.

Royalties and development fees received from publisher partners depend on future game projects, game release schedules and other terms and conditions of each cooperation. Fluctuations between quarterly results and even between fiscal years may be significant, depending on the amount and timing of received development fees as well as game release schedules.

## **Financial review 1 January – 31 December 2020**

### **RESULT FROM BUSINESS OPERATIONS**

Remedy's revenue for the period under review was 41 086 (31 645) thousand euros, an increase of 29.8% year-on-year. Main factors contributing to the growth in revenue were royalty income recognized from the game *Control* and development fees received from Epic Games. For *Control*, Remedy receives 45% of digital game sales net revenue. The revenue share for Remedy is calculated from net sales, which takes into account deductions from gross sales, such as distribution and marketing costs of the game.

The company capitalized 5 111 (1 510) thousand euros of product development expenses from four projects during the reporting period. The capitalized expenses were related to Vanguard, one unannounced project and the two unannounced projects, which the company signed with Epic Games on 26 March 2020. Based on the publishing agreement, Epic funds development costs for the two projects. After the development and marketing costs are recouped, Remedy is entitled to a 50% share of the games' net sales revenue. Capitalizations for the two unannounced projects for Epic Games have been made based on future return expectations. The amount of capitalization is calculated from the total project cost, taking into account the percentage which corresponds to the share of return after the games' launch compared to the total expected return. Vanguard's product development expenses were fully capitalized as it is fully funded by the company itself. The company has from 1 January 2019 onwards capitalized product development expenses for all new own game brand product development projects, subject to FAS product capitalization rules.

Other operating income for the period under review amounted to 1 (181) thousand euros. During the comparison period, other operating income consisted of cost reimbursements received from a partner.

Operating profit (EBIT) amounted to 13 245 (6 534) thousand euros, being 32.2% (20.6%) of revenue. Main factors contributing to the increase in operating profit were growth both in revenue and in capitalized product development expenses. Personnel expenses increased by 20.7% during the reporting period due to the increased number of personnel and – as a result of higher profit level than in comparison period – higher amount of bonus accrual than during the comparison period. Materials and services expenses increased by

79.1%, mainly due to the strategic intent to increase in the share of outsourced work. Other operating expenses decreased by 11.1%, mainly due to COVID-19 limiting traveling and events. Effect on operating profit from product development expense capitalization was 5 111 (1 510) thousand euros. In the financial tables section is a comparison table eliminating items affecting the comparability of operating profit for the reporting period and comparison period.

The net result for the period under review amounted to 10 337 (5 238) thousand euros, being 25.2% (16.6%) of revenue.

## **FINANCIAL POSITION**

The company's balance sheet total on 31 December 2020 was 48 355 (35 896) thousand euros.

The company's equity ratio on 31 December 2020 was 73.2% (73.5%) and net gearing -56.6% (-60.2%). The company does not have any goodwill on its balance sheet.

### **Non-current assets**

The non-current assets on the company's balance sheet on 31 December 2020 were 9 891 (4 614) thousand euros. The increase in non-current assets is largely due to product development expenses capitalization.

### **Current assets**

The current assets on the company's balance sheet on 31 December 2020 were 38 463 (31 282) thousand euros. Current assets were mainly comprised of cash in hand and on bank accounts, totaling to 23 690 (19 550) thousand euros, and short-term receivables totaling to 14 221 (11 211) thousand euros. The amount of current receivables varies between periods due to the timing of the income payments based on agreed commercial terms.

### **Shareholders' equity**

The company's shareholders' equity on 31 December 2020 was 35 391 (26 383) thousand euros. The shareholders' equity was affected by 1 328 thousand euros dividend payment and by 10 337 thousand euros net profit for the financial period.

### **Liabilities**

The company's liabilities on 31 December 2020 amounted to 12 963 (9 514) thousand euros. The change in liabilities is primarily due to an increase in accruals. Higher bonus accrual than during the comparison period was the main reason for accrual increase. Business Finland research and development loan of 3 674 (3 674) thousand euros is recorded both in short term liabilities for 919 thousand euros and in long-term liabilities for 2 756 thousand euros.

## **CASH FLOW**

Cash flow from business operations after interest paid and direct taxes for the reporting period amounted to 11 806 (-492) thousand euros. Royalty revenue cash flow is based on agreed payment terms with partners and can differ at certain periods quite much from accrual basis revenue recognized within the period. Cash flow for business operations is also affected by the timing of significant project business payments, which vary according to invoicing milestones.

Cash flow from investing activities during the reporting period amounted to -6 346 (-2 467) thousand euros. The capitalized product development expenses included in the investing activities' cash flow amounted to 5 111 (1 510) thousand euros during the reporting period.

Financing cash flow amounted to -1 321 (-518) thousand euros. Financing cash flow during the reporting period consisted mainly of 1 328 thousand euros dividend payment.

## Personnel, management, and governance

The number of the company's personnel was 271 (248) at the end of the period under review, with a growth of 9% despite the pandemic. 52% of the personnel represent 29 different nationalities, the rest 48% being Finns. During the springtime, the company was able to quickly adopt new ways of working to enable efficient remote work.

During the period under review, the company's Executive Team included CEO Tero Virtala, CFO Terhi Kauppi, CTO Markus Mäki, Creative Director Sami Järvi, HR Director Mikaela Öberg-Mattila, Chief Commercial Officer Johannes Paloheimo and Chief Operating Officer Christopher Schmitz.

The company's Annual General Meeting, convening on 6 April 2020, re-elected Markus Mäki (Chair), Christian Fredrikson, Jussi Laakkonen, Ossi Pohjola and Henri Österlund as members of the company's Board of Directors for the term lasting until the 2021 Annual General Meeting.

## Annual General Meeting 2020

The Annual General Meeting was held on 6 April 2020 in Espoo. The Annual General Meeting decided on the matters belonging to the Annual General Meeting, and

- adopted the income statement and balance sheet for the financial period ended 31 December 2019, and
- decided based on the Board of Directors' proposal dividend distribution of 1 328 thousand euros from the profit and retained earnings of the financial year 2019, and
- re-elected KPMG Oy Ab as the auditor of the company, with APA Petri Sammalisto acting as the auditor with the principal responsibility.

In addition, the Annual General Meeting resolved to authorize the Board of Directors to decide on

- issuing shares or option rights or other special rights so that the maximum number of shares to be issued is 2 000 000 new or existing company shares for a fee, corresponding to 16.57% of all company shares; and
- directed repurchase of the company's shares so that the maximum number of shares to be repurchased is 500 000.

The authorization to decide on share issues or issuance of option rights or other special rights is valid for five years from the date of the Annual General Meeting and it replaces the previous authorizations. The authorization for the directed repurchase of own shares is valid until the closing of the next Annual General Meeting, however, no longer than 6 October 2021 and it replaces the previous authorizations.

At its organizing meeting held after the Annual General Meeting, the Board of Directors elected Markus Mäki to continue as the Chairman of the Board of Directors.

## Shares, shareholders, and share-based incentive schemes

Remedy Entertainment Plc shares are traded on the First North Growth Market Finland maintained by Nasdaq Helsinki Ltd with the trading code REMEDY. The closing price on the last trading day of the review period was 39.00 €.

January–December 2020	Highest share price, €	Lowest share price, €	Closing share price, €
REMEDY	40.30	10.00	39.00



	<b>31.12.2020</b>	<b>31.12.2019</b>
Market capitalization, €	470 813 850	138 226 118
Number of shareholders	7 998	5 529
Number of shares at the end of period	12 072 150	12 072 150
Number of shares at the end of period, diluted	12 974 400	12 778 400
Average number of shares within period	12 072 150	12 072 150
Average number of shares within period, diluted	12 822 442	12 520 733

The Company has one series of shares (ISIN: FI4000251897). The company has no treasury shares. The number of shares in the company was 12 072 150 on 31 December 2020. With its resolution on 6 April 2020, the Annual General Meeting authorized the Board of Directors to decide on a share issue and issue of special rights entitling to shares. Under the authorization, a maximum of 2 000 000 shares may be issued. On 31 December 2020, the unused authorization allowed the Board of Directors to issue 1 600 000 new shares.

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on 26 March 2018, decided at its meeting held on 8 June 2018 to adopt an option plan “Option Plan 2018” directed to the key persons as decided separately by the Board of Directors. The maximum total number of option rights issued is 400 000, entitling their holders to subscribe for a maximum of 400 000 new shares of the company or existing shares held by the company, corresponding to 3.21% of all company shares and votes after a potential subscription if executed with only new shares. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on 1 June 2021 and ends on 31 May 2024. The share subscription price is 7.02 euros, which is the trade volume-weighted average price of the company’s share on the First North Growth Market Finland marketplace during 1 March – 31 May 2018 with an addition of 10%. The Board of Directors have allocated 315 250 option rights until the end of the period under review, and 84 750 option rights remain for the company to allocate at a later time to key persons decided by the Board of Directors.

The theoretical market value of one option from the “Option Plan 2018” was approximately 2.62 euros when the option plan was adopted. The theoretical market value of the options under the “Option Plan 2018” in total is approximately 1 049 949 euros. The theoretical market value of one option has been calculated based on the closing price on 8 June 2018 and by applying the Black & Scholes model used for pricing options with the following criteria: share price 8.30 euros, strike price 7.02 euros, risk-free interest rate 0%, validity period of the option rights 6 years, and volatility 27%.

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on 8 April 2019, decided at its meeting held on 11 July 2019 to adopt an option plan “Option Plan 2019” directed to the key persons as decided separately by the Board of Directors. The maximum total number of option rights issued is 400 000, entitling their holders to subscribe for a maximum of 400 000 new shares of the company or existing shares held by the company, corresponding to 3.21% of all company shares and votes after a potential subscription if executed with only new shares. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on 1 June 2022 and ends on 31 May 2025. The share subscription price is 9.23 euros, which is the trade volume-weighted average price of the company’s share on First North Growth Market Finland marketplace during 1 April – 30 June 2019 with an addition of 10%. The Board of Directors have allocated 387 000 option rights until the end of the period under review, and 13 000 option rights remain for the company to allocate at a later time to key persons decided by the Board of Directors.

The theoretical market value of one option from the “Option Plan 2019” was approximately 3.02 euros when the option plan was adopted. The theoretical market value of the options under the “Option Plan 2019” in total is approximately 1 209 929 euros. The theoretical market value of one option has been calculated based on the closing price on 11 July 2019 and by applying the Black & Scholes model used for pricing options with the following criteria: share price 9.74 euros, strike price 9.23 euros, risk-free interest rate 0%, validity period of the option rights 5.9 years, and volatility 32%.

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on 6 April 2020, decided at its meeting held on 2 July 2020 to adopt an option plan “Option Plan 2020” directed to the key persons as decided separately by the Board of Directors. The maximum total number of option rights issued is 400 000, entitling their holders to subscribe for a maximum of 400 000 new shares of the company or existing shares held by the company, corresponding to 3.21% of all company shares and votes after a potential subscription if executed with only new shares. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on 1 June 2023 and ends on 31 May 2026. The share subscription price is 22.21 euros, which is the trade volume-weighted average price of the company’s share on First North Growth Market Finland marketplace during 1 April–30 June 2020 with an addition of 10%. The Board of Directors have allocated 200 000 option rights until the end of the period under review, and 200 000 option rights remain for the company to allocate at a later time to key persons decided by the Board of Directors.

The theoretical market value of one option from the “Option Plan 2020” was approximately 10.40 euros when the option plan was adopted. The theoretical market value of the options under the “Option Plan 2020” in total is approximately 4 160 560 euros. The theoretical market value of one option has been calculated based on the closing price on 2 July 2020 and by applying the Black & Scholes model used for pricing options with the following criteria: share price 21.80 euros, strike price 22.21 euros, risk-free interest rate 0%, validity period of the option rights 5.9 years, and volatility 54%.

The option plans are part of the Board of Directors’ longer-term plan to introduce a long-term share-based incentive program to the company’s key persons during 2018–2020, corresponding to a total of 10% of all company shares and votes after a potential subscription.

A possible new long-term share-based incentive program will be decided separately.

## Dividend proposal

Remedy Entertainment Plc had non-restricted equity of 28 652 598.85 euros on 31 December 2020, and profit for the financial year was 10 336 676.75 euros. The Board of Directors proposes to the Annual General Meeting on 14 April 2021 a dividend distribution of 0.15 euros per share, resulting in a total amount of 1 810 822.50 euros in the following way:

	Euros/share	Euros
Dividend distribution from the profit and retained earnings of the financial year	0.15	1 810 822.50
Remaining in non-restricted equity		26 841 776.35
<b>Total</b>		<b>28 652 598.85</b>

The ex-dividend date shall be on 15 April 2021. The dividend shall be paid to a shareholder who is registered in the shareholders’ register of the company maintained by Euroclear Finland Ltd on the dividend record date 16 April 2021. The payment date proposed by the Board of Directors for the dividend is 26 April 2021.



The company's Board of Directors has established a dividend policy aimed at maximizing ownership value through efficient allocation of capital. The payment of any dividend is influenced by business investment needs, expected return on investments and ensuring liquidity. In the event that dividend is paid, all shares of the company are entitled to equal dividend.

## Annual General Meeting 2021

The Board of Directors decided to call for the Annual General Meeting on 14 April 2021. The company will give notice of the Annual General Meeting at a later date within the time limit set by the Articles of Association.

## Risks and uncertainties

The most substantial short-term risks and uncertainties are:

- The company's in-house game development may fail, and the company might not necessarily be able to realize the games it has planned with sufficient quality, schedule or budget or the publication of the games developed by the company may be delayed due to the company or third-parties.
- Games developed by the company may fail commercially after their release.
- There is no certainty of the continuity of the company's major publisher partnerships and the company's publisher partners may present claims towards the company.
- The company might not be able to recruit or retain key employees and professionally skilled employees.
- Changes in foreign exchange rates may have a negative impact on the company's foreign currency-denominated receivables from its customers and payables for its vendors.

The above-mentioned risks might, if they materialize, have a significant negative impact on the company's business operations, result, financial position, outlook and share price.

## Events after the end of the reporting period

*Control Ultimate Edition* was released on PlayStation 5 and Xbox Series X|S on 2 February 2021.

## Accounting principles applied in the financial statements release

The financial statements release has been prepared in accordance with good accounting practice and Finnish legislation. The information has been presented to the extent required by item 4.4 (e) of the Nasdaq First North Growth Market rulebook. The disclosed figures have been rounded up from the accurate figures.

The half-year figures disclosed in the financial statements release are unaudited. The full-year figures disclosed in the financial statements release are audited.

## Financial disclosures in 2021

<b>12 February 2021</b>	Financial statements 1–12/2020
<b>14 April 2021</b>	Annual General Meeting 2021
<b>12 May 2021</b>	Business review 1–3/2021
<b>13 August 2021</b>	Half-year review 1–6/2021
<b>12 November 2021</b>	Business review 1–9/2021

Annual report, financial statements and Board of Directors' report for 2020 will be published during week 13/2021 as a company announcement and on Remedy's investor website at

<https://investors.remedygames.com/financial-reports>

## Income statement (FAS)

Income statement	1.7.-31.12.2020	1.7.-31.12.2019	1.1.-31.12.2020	1.1.-31.12.2019
<b>REVENUE</b>	<b>24 115 371</b>	<b>17 846 118</b>	<b>41 085 822</b>	<b>31 645 315</b>
Production for own use / Capitalization	3 053 604	1 064 229	5 111 007	1 509 678
Other operating income	593	300	593	180 634
Materials and services	-3 461 723	-1 936 209	-6 595 596	-3 683 470
<b>GROSS PROFIT</b>	<b>23 707 845</b>	<b>16 974 437</b>	<b>39 601 826</b>	<b>29 652 157</b>
<b>Personnel expenses</b>	<b>-10 959 336</b>	<b>-8 765 185</b>	<b>-20 758 479</b>	<b>-17 200 955</b>
Wages and salaries	-9 299 542	-7 404 195	-17 477 029	-14 296 191
Social security expenses	-1 659 794	-1 360 990	-3 281 450	-2 904 765
<b>Depreciation and impairment</b>	<b>-569 225</b>	<b>-428 846</b>	<b>-1 068 377</b>	<b>-821 911</b>
Depreciation according to plan	-569 225	-428 846	-1 068 377	-821 911
<b>Other operating expenses</b>	<b>-2 095 607</b>	<b>-2 707 060</b>	<b>-4 530 456</b>	<b>-5 094 797</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>10 083 678</b>	<b>5 073 346</b>	<b>13 244 514</b>	<b>6 534 493</b>
<b>Financial income and expenses</b>	<b>-288 290</b>	<b>19 696</b>	<b>-323 309</b>	<b>24 321</b>
Other interest income and other financial income	70 111	171 341	154 240	207 862
Interest and other financial expenses	-358 401	-151 644	-477 549	-183 541
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>9 795 388</b>	<b>5 093 042</b>	<b>12 921 206</b>	<b>6 558 814</b>
<b>Income taxes</b>	<b>-1 958 825</b>	<b>-1 025 069</b>	<b>-2 584 529</b>	<b>-1 321 201</b>
Taxes for the financial year and previous financial years	-1 958 825	-1 025 069	-2 584 529	-1 321 201
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>7 836 564</b>	<b>4 067 973</b>	<b>10 336 677</b>	<b>5 237 613</b>

## Balance sheet (FAS)

Balance sheet	31.12.2020	31.12.2019
<b>NON-CURRENT ASSETS</b>	<b>9 891 251</b>	<b>4 613 944</b>
Product development expenses	6 620 684	1 509 678
Other intangible assets	1 052 371	1 333 403
Tangible assets	2 218 196	1 770 863
<b>CURRENT ASSETS</b>	<b>38 463 273</b>	<b>31 282 451</b>
<b>Non-current receivables</b>	<b>552 575</b>	<b>520 813</b>
Loans receivable	45 114	51 962
Other debtors	507 461	468 852
<b>Current receivables</b>	<b>14 220 733</b>	<b>11 211 332</b>
Trade receivables	2 817 884	788 161
Other receivables	522 002	295 521
Prepayments and accrued income	10 880 847	10 127 651
<b>Cash in hand and at banks</b>	<b>23 689 965</b>	<b>19 550 306</b>
<b>TOTAL ASSETS</b>	<b>48 354 524</b>	<b>35 896 395</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>35 391 288</b>	<b>26 382 548</b>
Share capital	80 000	80 000
Share premium account	38 005	38 005
Other reserves (ltd)	13 747 629	13 747 629
Retained earnings (losses)	11 188 977	7 279 300
Profit (loss) for the financial year	10 336 677	5 237 613
<b>LIABILITIES</b>	<b>12 963 236</b>	<b>9 513 847</b>
<b>Non-current liabilities</b>	<b>2 755 500</b>	<b>3 674 000</b>
Loans from financial institutions	2 755 500	3 674 000
<b>Current liabilities</b>	<b>10 207 737</b>	<b>5 839 848</b>
Loans from financial institutions	918 500	
Trade liabilities	1 114 552	845 137
Other liabilities	365 878	275 305
Accruals	7 808 806	4 719 406
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48 354 524</b>	<b>35 896 395</b>

## Cash flow statement (FAS)

CASH FLOW STATEMENT	1.7.-31.12.2020	1.7.-31.12.2019	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow from business operations	10 643 347	-480 455	11 806 432	-492 390
Cash flow from investments	-3 711 730	-1 615 663	-6 345 684	-2 467 321
Cash flow from financing	3 259	689 278	-1 321 089	-518 030
<b>Liquid assets – opening balance</b>	<b>16 755 089</b>	<b>20 957 147</b>	<b>19 550 306</b>	<b>23 028 047</b>
Change in liquid assets	6 934 875	-1 406 841	4 139 659	-3 477 741
<b>Liquid assets – closing balance</b>	<b>23 689 965</b>	<b>19 550 306</b>	<b>23 689 965</b>	<b>19 550 306</b>

## Statement of changes in shareholders' equity (FAS)

<b>Changes in shareholders' equity 1.7.-31.12.2020</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
Opening balance 1.7.2020	80 000	38 005	13 747 629	11 188 977	2 500 113	27 554 724
Increase in share capital						
Share issue and other share subscriptions						
Dividend						
Amount paid for own shares						
Profit/loss for the period under review					7 836 564	
<b>SHAREHOLDERS' EQUITY 31.12.2020</b>	80 000	38 005	13 747 629	11 188 977	10 336 677	35 391 288
<b>Changes in shareholders' equity 1.7.-31.12.2019</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
Opening balance 1.7.2019	80 000	38 005	13 747 629	7 279 300	1 169 640	22 314 575
Increase in share capital						
Share issue and other share subscriptions						
Dividend						
Amount paid for own shares						
Profit/loss for the period under review					4 067 973	
<b>SHAREHOLDERS' EQUITY 31.12.2019</b>	80 000	38 005	13 747 629	7 279 301	5 237 613	26 382 548
<b>Changes in shareholders' equity 1.1.-31.12.2020</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
Opening balance 1.1.2020	80 000	38 005	13 747 629	12 516 914	0	26 382 548
Increase in share capital						
Share issue and other share subscriptions						
Dividend				-1 327 937		
Amount paid for own shares						
Profit/loss for the period under review					10 336 677	
<b>SHAREHOLDERS' EQUITY 31.12.2020</b>	80 000	38 005	13 747 629	11 188 977	10 336 677	35 391 288
<b>Changes in shareholders' equity 1.1.-31.12.2019</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
Opening balance 1.1.2019	80 000	38 005	13 747 629	8 486 516	0	22 352 150

Increase in share capital						
Share issue and other share subscriptions						
Dividend				-1 207 215		
Amount paid for own shares						
Profit/loss for the period under review					5 237 613	
<b>SHAREHOLDERS' EQUITY 31.12.2019</b>	80 000	38 005	13 747 629	7 279 300	5 237 613	26 382 548

## Items affecting comparability of EBIT

	1.7.-31.12.2020	1.7.-31.12.2019	1.1.-31.12.2020	1.1.-31.12.2019
<b>EBIT for the reporting period</b>	<b>10 083 678</b>	<b>5 073 346</b>	<b>13 244 514</b>	<b>6 534 493</b>
Product development capitalization effect	3 053 604	1 064 229	5 111 007	1 509 678
Effect of one-time retroactive royalty income	0	2 470 626	0	2 470 626
<b>Comparable EBIT</b>	<b>7 030 074</b>	<b>1 538 490</b>	<b>8 133 508</b>	<b>2 554 189</b>

## Major shareholders 31 December 2020

NAME	SHARES	PERCENTAGE
1. Mäki Markus	3 297 000	27.3
2. Järvi Sami Antero	610 000	5.1
3. Virtala Tero Tapani	350 000	2.9
4. Taaleri Micro Markka Equity A	266 042	2.2
5. Lehtinen Saku	250 000	2.1
6. Tolsa Tero Sakari Anttoni	170 000	1.4
7. FIM Fenno Sijoitusrahasto	137 387	1.1
8. Hyytiäinen Anssi Kalervo	129 348	1.1
9. Reini Mika Olavi	121 948	1.0
10. Paloheimo Johannes Alfred Gustaf	103 000	0.9
10 largest shareholders total	5 434 725	17.7
Accendo Capital SICAV, SIF (nominee registered)	2 329 987	19.3
Other nominee registered	1 336 094	11.1
Other shares	2 971 344	24.6
<b>Total</b>	<b>12 072 150</b>	<b>100.0%</b>

Espoo, 12 February 2021  
Remedy Entertainment Plc  
Board of Directors

### MORE INFORMATION

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## **REMEDY IN BRIEF**

Remedy Entertainment Plc is a globally successful video game company known for story-driven and visually stunning console and computer games such as *Control*, *Alan Wake* and *Max Payne*. Remedy also develops its own Northlight game engine and game development tools.

Founded in 1995 and based in Finland, the company employs over 280 game industry professionals from 30 different countries. Remedy is listed on the Nasdaq First North Growth Market Finland marketplace.

## **DISTRIBUTION**

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