

## Ready for growth investments with financing secured

Strong operating cash flow and 41.5 million euros capital increase enable to expand capabilities and move towards self-financing and self-publishing

### Q1/2021 HIGHLIGHTS

- Revenue **8.1** (7.8) million euros, change **+3.4%**.
- Operating profit **0.9** (1.1) million euros, **10.5%** (13.7%) of revenue.
- *Control Ultimate Edition* was released on PlayStation 5 and Xbox Series X|S on 2 February.
- Remedy raised 41.5 million euros with a directed offering of new shares to a limited number of domestic and international institutional investors in an accelerated book-building process.

1 000 € (FAS, unaudited)	Q1 2021	Q1 2020	FY 2020
<b>Revenue</b>	8 116	7 846	41 086
<b>EBITDA</b>	1 128	1 320	14 313
<b>Operating profit (EBIT)</b>	851	1 075	13 245
<b>Cash flow from Operations</b>	3 997	-408	11 806
<b>Net cash</b>	62 415	13 954	20 016
<b>Capital expenditures</b>	2 053	1 515	6 346
<b>Average number of personnel (FTE)</b>	274	258	265
<b>Headcount at the end of period</b>	281	266	275

### Calculation formulas used for the alternative performance measures

EBITDA = operating profit (EBIT) + depreciation and amortization

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

### COMMENTS BY CEO TERO VIRTALA

During January–March 2021, revenue was €8.1M (7.8) and operating profit was €0.9M (1.1). Both *Control's* royalty revenues and the development payments from our partners were slightly higher than in Q1 2020. Cash flow from operations was strong at €4.0M. Game development projects continued to reach milestones and the timing of revenue payments affected cash flow more positively than in the comparison period. The cash balance reached €62.4M due to good operating cash flow and the directed share issue completed during late February.

In the bigger context of our fast-growing global market, we have proven our ability to create category-defining brands and games. During the past years, we have built an organization that can create multiple high-quality games in parallel. In line with our updated strategy for 2021–2025, to capture more of the future value these games generate, we are now expanding also to self-financing and self-publishing. This requires new skills, the right partners, and also time and investments. To support our ambitions, we successfully raised €41.5M in February 2021. The capital inflow gives us stronger means to execute on our strategy and reach our ambitious long-term growth plans.

The Ultimate Edition of *Control* was released on next generation consoles PlayStation 5 and Xbox Series X|S digitally in February and as a physical release in March 2021. The next generation version of *Control* has a strong Metacritic score of 85/100 on PlayStation 5 and 87/100 on Xbox Series X|S, and with Remedy's Northlight technology at its core, it is considered a benchmark for next generation console ray tracing implementation. *Control* is well set for the future, since quality games sell for many years in digital channels, and the install base of next generation consoles has only started to build. The game was also made available on PlayStation Plus and Xbox Game Pass subscription services as well as included in the Humble Choice campaign on PC. Overall, *Control*'s brand awareness has continued to grow as the game has reached new audiences via subscription and streaming services. There are still some platforms and storefronts to be explored. Almost all of our internal *Control* developers have now moved on to work on other Remedy projects, including a new, exciting early-phase project.

The *Crossfire* team is finalizing the single-player operations for Smilegate's *CrossfireX* and *Crossfire HD*. With both of these games launching in 2021, this is a significant year for Crossfire. Remedy's AAA game project with Epic Games is soon moving into full production, and the second, smaller-scale game continues in full production mode. With Vanguard, our free-to-play co-op game project, we have now defined many of the core elements of the game. Development progresses at a good pace, internal playtesting continues, and we are starting the next phase of closed external gameplay testing.

Our headcount grew to 281 by the end of March 2021. We have continued to advance across many dimensions: production capabilities, Northlight technology, people, teams, and ways of working. We have also been piloting and evaluating new ways to attract and recruit talent. We continue to advance our commercial skills and, together with our publishing partners, are preparing the 2021 game launches.

Remedy Entertainment as a company, and our games specifically, are progressing according to our plans. We have a strong cash position, and our global market continues its rapid growth. Supported by all this, we have now started to implement the next phase of our strategy to reach ambitious long-term growth objectives.

## **FUTURE OUTLOOK**

The future outlook remains unchanged. Remedy expects its revenue and operating profit to increase during 2021. The majority of the revenue and operating profit growth is expected to materialize during the second half-year period.

## **EVENTS AFTER THE REVIEW PERIOD**

Remedy Entertainment Plc's Annual General Meeting was held in Espoo on 14 April 2021. The meeting approved the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period 1 January–31 December 2020.

The Annual General Meeting decided a dividend of EUR 0.15 per share, i.e. EUR 1,960,822.50 in the aggregate, to be paid from the financial period that ended on 31 December 2020. The Annual General Meeting confirmed that the number of Board members is five. Markus Mäki, Christian Fredrikson, Jussi Laakkonen, Ossi Pohjola and Henri Österlund will continue as members of the Board of Directors.

The Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of a maximum of 500,000 of the company's own shares in one or more instalments by using

company's unrestricted equity. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than 14 October 2022 and it replaces the previous authorizations.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares against payment or issuances of option rights or special rights so that the number of shares to be issued can be at maximum 1,500,000. The issued shares can be new or treasury shares held by the company. Shares can be issued also in deviation from the shareholders' pre-emptive rights. The authorization is valid for five years from the date of the Annual General Meeting and it replaces the previous authorizations.

## **BRIEFING INVITATION**

Remedy will host a Q1 2021 business review webcast today 12 May 2021 at 10:00 am CET / 11:00 am EEST. CEO Tero Virtala and CFO Terhi Kauppi will present the Q1 2021 business review and highlights, as well as give an overview of current company operations.

The webcast can be watched live at [investors.remedygames.com](https://investors.remedygames.com) and as a recording later the same day.

## **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. [www.remedygames.com](https://www.remedygames.com)