



## Strong year with new partnerships and game launches

Excellent visibility to games roadmap

### HIGHLIGHTS FROM OCTOBER–DECEMBER 2021

- Revenue was 19 796 (14 201) thousand euros and increased +39.4 % year on year.
- Operating profit (EBIT) was 11 262 (6 640) thousand euros. Operating profit margin was 56.9 % (46.8 %).
- Alan Wake Remastered was launched.
- Crossfire HD single-player story mode launched in China.
- Alan Wake 2 was announced and will be published by Epic Games Publishing in 2023.
- Remedy Entertainment signed a global development, license and distribution agreement with Tencent for the co-operative multiplayer game codenamed Vanguard.

### HIGHLIGHTS FROM JANUARY–DECEMBER 2021

- Revenue was 44 726 (41 086) thousand euros and increased +8.9 % year on year.
- Operating profit (EBIT) 14 708 (13 245) thousand euros. Operating profit margin was 32.9 % (32.2 %).
- In February, Remedy raised 41 500 thousand euros through a directed offering of new shares to a limited number of domestic and international institutional investors in an accelerated book-building process.
- In February, Control Ultimate Edition was released on PlayStation 5 and Xbox Series X|S.
- In June, Remedy signed a co-publishing and development agreement with 505 Games for a multiplayer spin-off game of the award-winning Control. Collaboration terms for a future, bigger-budget Control-game (codename Heron) were also agreed.
- In October, Alan Wake Remastered was launched.
- In November, the Crossfire HD single-player story mode launched in China.
- In December Alan Wake 2 was announced and will be published by Epic Games Publishing in 2023.
- In December Remedy Entertainment signed a global development, license and distribution agreement with Tencent for the co-operative multiplayer game codenamed Vanguard.
- Increasing presence in Stockholm with the plan to establish a new studio in the city in 2022.
- Board of Directors proposes a dividend of 0.17 (0.15) euros per share.

## KEY FIGURES

FAS, audited EUR thousand	10-12/2021	10-12/2020	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Revenue	19 796	14 201	27 193	24 115	44 726	41 086
Growth in revenue, %	39.4 %	4.1 %	12.8 %	35.1 %	8.9 %	29.8 %
EBITDA	11 589	6 958	12 186	10 653	15 913	14 313
Operating profit (EBIT)	11 262	6 640	11 552	10 084	14 708	13 245
Operating profit, % of revenue	56.9 %	46.8 %	42.5 %	41.8 %	32.9 %	32.2 %
Result for review period	8 989	5 210	9 130	7 837	10 777	10 337
Result for review period, % of revenue	45.4 %	36.7 %	33.6 %	32.5 %	24.1 %	25.2 %
Balance sheet total	99 901	48 355	99 901	48 355	99 901	48 355
Cash flow from operations	-2 394	3 004	2 157	10 643	5 182	11 806
Net cash	48 629	20 016	48 629	20 016	48 629	20 016
Cash position	51 384	23 690	51 384	23 690	51 384	23 690
Net gearing, %	-55.7 %	-56.6 %	-55.7 %	-56.6 %	-55.7 %	-56.6 %
Equity ratio, %	87.4 %	73.2 %	87.4 %	73.2 %	87.4 %	73.2 %
Capital expenditures	2 296	2 346	5 018	3 712	9 602	6 346
Average number of personnel during review period (FTE)	282	271	284	268	280	265
Personnel (headcount) at the end of the period	294	275	294	275	294	275
Earnings per share, €	0.676	0.432	0.687	0.649	0.810	0.856
Earnings per share, € (diluted)	0.630	0.402	0.640	0.604	0.756	0.797
Number of shares at the end of period	13 298 450	12 072 150	13 298 450	12 072 150	13 298 450	12 072 150

\* Figures for periods 10-12/21, 10-12/20, 7-12/21 and 7-12/20 are unaudited.

### Calculation formulas used for the indicators

EBITDA = operating profit (EBIT) + depreciation and amortization

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

2021 was a strong year for Remedy. We achieved excellent financial results and we successfully carried out many significant developments supporting our ambitious long-term growth plans. Some of these developments could be seen already in the fourth quarter 2021, which was a busy quarter on an operational level.

The fourth quarter's financial performance was the pinnacle of the year. Both revenue and profitability increased significantly y-o-y, driven by an increase in development fees from our partners. Game royalties decreased y-o-y. This can be attributed to the high amount of Control-related B2B deals made in the

comparison period, and to our new Q4 2021 game launches not yet having recouped their development costs and therefore not generating royalties.

One of our key objectives during the past years has been to develop our organization and capabilities so that we can more predictably develop in parallel several high-quality games and have successful game launches with our partners on a more frequent basis. The fourth quarter was a strong demonstration of this capability.

In November Smilegate's Crossfire HD, with the single-player story mode developed by Remedy, was launched in China. As part of a wider service-based Crossfire experience, it is still too early to evaluate the game's success, but the early player reception has been positive. Smilegate revealed at The Game Awards (TGA) that CrossfireX will launch on February 10<sup>th</sup> 2022. A dedicated team at Remedy continues to support these launches.

Alan Wake Remastered was launched at the beginning of the fourth quarter with good reception from fans and critics. At The Game Awards in December 2021, we announced with Epic Games Publishing that Alan Wake 2 will launch in 2023. TGA has grown to be the industry's biggest event in terms of viewership, and Alan Wake 2 was one of the highest trending games of the event, with a very positive sentiment. Alan Wake 2 is in full production.

The development of the two Control-related games, a co-operative multiplayer-game codenamed Condor and the bigger Control game (codename Heron), are progressing well. Condor is in the proof-of-concept stage. The bigger-budget Control game (codename Heron) progressed into the concept stage during the fourth quarter.

We ended the year by signing a global development, license and distribution agreement with Tencent for the co-operative multiplayer game codenamed Vanguard. Forming this partnership is an important next step for Remedy towards becoming a game publisher with select future games. This also takes us a step further in our ambition to create longer-lasting games for our fans across the globe. Vanguard's development continues in the proof-of-concept stage and the team is gradually being ramped up.

Overall, we advanced our long-term growth plans significantly during 2021. We now have three Remedy-owned franchises that are expanding into new games with world-class partners. In addition to story-focused single-player games, our ambition to also create longer lasting games is materializing in two multiplayer service-based games: codenamed Condor and Vanguard. The new deals we announced for these two games in 2021 with 505 Games and Tencent, respectively, are concrete steps towards becoming a game publisher and building a stronger position in the value chain.

In 2021, we made several significant developments to our proprietary Northlight-technology, which will benefit our future games and game teams. We have improved the ways we work in game projects and how game teams collaborate with the Northlight team. We have formed new external development partnerships and developed the ways of working with these partners.

We are entering the next phase of our growth plans. We now have multiple games launched and selling, and a number of promising games in development, supported by our great, global partners. The visibility to our future game roadmap is excellent, and our ability to execute that roadmap successfully is stronger than ever before. In 2022 we will continue investments in our personnel and technology to support our game projects as they are moving into the next stages of development. While these investments may have a short-term headwind on profitability, they enable major game launches between 2023 and 2025 and are essential in driving revenue and EBIT growth in the future. As a part of this next phase, we are aiming to transfer to Nasdaq Helsinki's official list during 2022. We expect this to increase Remedy's brand awareness, improve the liquidity of our shares, and help us reach a broader owner base. We are excited about the opportunities that lay ahead.

## IMPACT OF THE COVID-19 PANDEMIC

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

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

## FUTURE OUTLOOK

Remedy expects its revenue to grow and operating profit to be on a lower level than in 2021.

## LONG-TERM BUSINESS PROSPECTS

We have several games in development, each with a world-class partner and agreed long-term development fees. These development fees form a strong, growing and predictable revenue basis for many years. On top of these revenues, we build the more unpredictable, but highly scalable revenue streams, game royalties.

Individual game royalties depend on many variables, which are not all in our control. Therefore, our assumptions for game royalties are conservative by default. At the same time, even though not assumed as the base case, each high-quality game that stands out in the market, has the potential to succeed in a bigger way, which would drive significant revenue and operating profit growth. Our games are step by step transforming into longer-lasting experiences that typically continue to sell for many years. This also applies to the three games we launched in the end of 2021 and early 2022 with our partners.

In relation to our longer-term games roadmap, we now have four game projects in development and will have major game launches between 2023 and 2025. The timing of individual game launches and new game development agreements may cause variation between quarters and years. With several games out in the market accruing royalties, and several new ones in development, also this variation is expected to decrease in the coming years.

## Financial review 1 January – 31 December 2021

### RESULT FROM BUSINESS OPERATIONS

Remedy's revenue for the period under review was 44 726 (41 086) thousand euros, an increase of 8.9 % year-on-year. The increase in revenue was mainly due to higher development fees received from Epic Games and Tencent. The Vanguard agreement with Tencent includes compensation for historical project development expenses. This was recognized as revenue in fourth quarter 2021. It was also agreed with Epic that they compensate for expended scope and budget related to development of Alan Wake 2. This also positively impacted fourth quarter revenue recognition.

Operating profit (EBIT) amounted to 14 708 (13 245) thousand euros, or 32.9 % (32.2 %) of revenue. Main factors contributing to the good, stable level of operating profit were both growth in revenue and growth in level of capitalized product development expenses. On the other hand, there was a negative impact from increased outsourcing expenses (materials and services), personnel and other operating expenses.

Outsourcing expenses increased by 29.2% as more of project development work is done by using external partners to enable scalability. Personnel expenses increased by 12.6 % during the reporting period due to the

increased number of personnel. Other operating expenses grew by 19.5 % mainly due to investments to IT-infrastructure, recruiting services and generally a higher level of other personnel related expenses.

The positive effect on operating profit from product development expense capitalization was 8 489 (5 111) thousand euros. The company capitalized product development expenses from five projects during the reporting period. The capitalized expenses were related to projects Alan Wake Remastered, Alan Wake 2, Vanguard, Condor and the bigger-budget Control-game project (codename Heron). The amount of capitalization is calculated from the total project cost, taking into account the percentage that corresponds to the share of return after the games' launch compared to the total expected return. The bigger-budget Control-game's (codename Heron's) product development expenses were fully capitalized as this project is currently fully funded by the company itself.

Financial expenses for the reporting period include 1 087 thousand euros related to the directed offering of new shares to a limited number of domestic and international institutional investors in an accelerated book-building process in February 2021.

The net result for the period under review amounted to 10 777 (10 337) thousand euros, or 24.1% (25.2 %) of revenue.

Remedy announced 28 December 2021 a global development, license and distribution agreement with Tencent for the codenamed Vanguard. The announcement referred to the budget being in the range of a typical Remedy AAA game budget which for us ranges from 30 to 60 million euros. In relation to longer-lasting, free-to-play, and co-operative games like Vanguard, the definition of development budgets are more complicated since the global launch is followed by live operation phase, during which the game is actively being expanded and updated on a continuous basis for years to come.

## FINANCIAL POSITION

The company's balance sheet total on 31 December 2021 was 99 901 (48 355) thousand euros.

The company's equity ratio on 31 December 2021 was 87.4% (73.2 %) and net gearing -55.7 % (-56.6 %). The company does not have any goodwill on its balance sheet.

### Non-current assets

Non-current assets on 31 December 2021 were 21 287 (9 891) thousand euros. The increase in non-current assets is impacted by the increase in the capitalization of product development expenses and 3 000 thousand euros cash management investment. The total amount of capitalized product development expenses was 15 110 (6 621) on 31 December 2021.

### Current assets

Current assets on 31 December 2021 were 78 614 (38 463) thousand euros. Current assets mainly comprised cash in hand and on bank accounts, totaling 51 384 (23 690) thousand euros, and short-term receivables totaling 22 511 (14 221) thousand euros. Current receivables vary between periods due to the timing of the income payments based on agreed commercial terms.

Current assets were also increased by 3 996 thousand euros liquid cash management investments.

## Shareholders' equity

The company's shareholders' equity on 31 December 2021 was 87 326 (35 391) thousand euros. The shareholders' equity was affected by 41 500 thousand euros due to the equity increase through a share issue -1 961 thousand euros dividend payment to shareholders and by 10 777 thousand euros net profit for the financial period.

## Liabilities

The company's liabilities on 31 December 2021 amounted to 12 575 (12 963) thousand euros. Business Finland research and development loan of 2 755 (3 674) thousand euros is recorded both in short term liabilities in the amount of 919 thousand euros and in long-term liabilities in the amount of 1 837 thousand euros.

## CASH FLOW

Cash flow from business operations after interest paid and direct taxes for the reporting period amounted to 5 182 (11 806) thousand euros. Royalty revenue cash flow is based on agreed payments terms with partners and can differ significantly at certain periods from accrual basis revenue recognized within a period. Cash flow for business operations is also affected by timing of significant project business payments, which vary according to invoicing milestones.

Cash flow from investing activities during the reporting period amounted to -16 602 (-6 346) thousand euros. The capitalized product development expenses included in the investing activities' cash flow amounted to -8 489 (-5 111) thousand euros during the reporting period. Cash management investments amounted to -7 000 thousand euros.

Financing cash flow amounted to 39 115 (-1 321) thousand euros. Financing cash flow during the reporting period consisted mainly of 41 500 thousand euros equity increase, -1 961 thousand euros dividend payment to shareholders and -920 thousand euros payback for Business Finland research and development loan.

## Personnel, management and governance

The number of the company's personnel (headcount) was 294 (275) at the end of the period under review, with annual growth of 7%. A big step during 2021, was to pilot a talent hub outside of Finland. We were able to successfully attract new talent in Stockholm, Sweden. We will continue growing the talent hub in Sweden and open up an office during 2022. For people working outside of Finland and Sweden, we have been able to offer other flexible working solutions. That is why we were altogether 320 at the end of the period under review (annual growth of 11%), even though the direct headcount was 294. 52 % of the personnel represent 31 different nationalities, the rest (48 %) being Finns. We have maintained high work efficiency and employee satisfaction throughout the year. We have managed to continue hiring new employees and trying new ways of attracting people to work for Remedy. Several of our projects have successfully passed new development gates despite the pandemic and remote work.

During the period under review, the company's Core Management 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, held on 14 April 2021, 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 2022 Annual General Meeting.

## Annual General Meeting 2021

The Annual General Meeting was held on 14 April 2021 in Espoo. Shareholders and their proxy representatives could only participate in the meeting and exercise shareholder rights by voting, submitting counterproposals and asking questions in advance.

The Annual General Meeting decided on the matters belonging to the Annual General Meeting, and

- adopted the financial statements for the financial period ended 31 December 2020,
- decided, based on the Board of Directors' proposal, on a dividend distribution from the company's distributable funds 0.15 euros per share and in the aggregate amount of 1 960 822.50 euros, 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 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, and
- 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, and shares can be issued in deviation from the shareholders' pre-emptive rights.

The authorization for the directed repurchase of own shares is valid until the closing of the next Annual General Meeting, however, no longer than until 14 October 2022 and it replaces the previous authorizations. 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.

## 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 39.70 €.

January–December 2021	Highest share price, €	Lowest share price, €	Closing share price, €	
REMEDY	49.90	31.20	39.70	

	30.6.2021	30.6.2020	31.12.2021	31.12.2020
Market capitalization, €	617,659,088	259,551,225	527,948,465	470,813,850
Number of shareholders	11,032	6,495	14,204	7,998
Number of shares at the end of period	13,072,150	12,072,150	13,298,450	12,072,150
Number of shares at the end of period, diluted	13,947,650	12,780,900	14,261,650	12,974,400
Average number of shares within period	12,905,483	12,072,150	13,045,392	12,072,150
Average number of shares within period, diluted	13,781,483	12,776,983	13,942,775	12,822,442

The company has one series of shares (ISIN: FI4000251897). The company has no treasury shares. The number of shares in the company was 13 298 450 on 31 December 2021. On 25 February 2021, Remedy Entertainment Plc announced the registration of 1 000 000 new shares as a result of the directed offering of new shares to a limited number of domestic and international institutional investors in an accelerated book-building offering. Between 1 June and 15 September 2021, a total of 226 300 Remedy Entertainment's new shares were subscribed for with the company's stock options 2018. Following the trade registration, the company's total number of shares is 13 298 450.

On 14 April 2021, the Annual General Meeting resolved to authorize 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. On 31 December 2021, 1 190 500 shares are left to be issued under the authorization of the Annual General Meeting on said date.

Remedy Entertainment announced as press release on 18 May 2021, that Accendo Capital SICAV RAIF had sold 500,000 Remedy shares, corresponding to 3.8 % of outstanding shares and votes, to Tencent Holdings Ltd.

### Option Plan 2018, subscription period began on 1 June 2021

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. Originally, the maximum total number of option rights issued was 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. In May 2021, Remedy Entertainment Plc cancelled a total of 97 500 option rights 2018 held by the company. After the cancellation, the remaining 302 500 option rights 2018 entitle holders to subscribe for 302 500 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period began 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 First North Growth Market Finland marketplace during 1 March – 31 May 2018 with an addition of 10 %.

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 794 967 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 has allocated 302 500 option rights until the end of the period under review, and no option rights remain for the company to allocate later.

On 27 May 2021, Remedy Entertainment Plc announced that the company will apply to list its 2018 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace. The option rights have been listed on said marketplace as of 1 June 2021.

On 30 September 2021, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between 1 June and 15 September 2021, a total of 226 300 Remedy Entertainment Plc's new shares were subscribed to with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 1 588 626 was entered into the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 were registered in the Finnish Trade Register on 30 September 2021, as of which date the new shares carry shareholder rights. Between 16 September and 31 December 2021, a total of 4 250 Remedy Entertainment Plc's shares were subscribed to with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 29 835 was entered into the company's reserve for invested unrestricted equity. The shares subscribed with these stock options were registered in the Finnish Trade Register on 27 January 2022, as of which date the new shares carry shareholder rights.

## Option Plan 2019

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 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 has allocated 375 000 option rights until the end of the period under review, and 25 000 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

## Option Plan 2020

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 Finland marketplace during 1 April – 30 June 2020 with an addition of 10 %.

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 Board of Directors has allocated 200 500 option rights until the end of the period under review, and 199 500 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

## Option Plan 2021

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on 14 April 2021, decided at its meeting held on 20 September 2021 to adopt an option plan "Option Plan 2021" directed to the key persons as decided separately by the Board of Directors. The maximum total number of option rights issued is 350 000, entitling their holders to subscribe for a maximum of 350 000 new shares of the company or existing shares held by the company, corresponding to 2.68 % 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 2024 and ends on 31 May 2027. The share subscription price is 47.09 euros, which is the trade volume-weighted average price of the company's share on First North Finland marketplace during 1 June – 31 August 2021 with an addition of 10 %.

The theoretical market value of one option from the "Option Plan 2021" was approximately 13.90 euros when the option plan was adopted. The theoretical market value of the options under the "Option Plan 2021" in total is approximately 4 866 673 euros. The theoretical market value of one option has been calculated based on the closing price on 20 September 2021 and by applying the Black-Scholes model used for pricing options with the following criteria: share price 39.00 euros, strike price 47.09 euros, risk-free interest rate 0 %, validity period of the option rights 5.7 years, and volatility 45.3 %.

The Board of Directors has allocated 309 500 option rights until the end of the period under review, and 40 500 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

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, corresponding to a total of 10 % of all company shares and votes after a potential subscription.

## Divident proposal

Remedy Entertainment Plc had non-restricted equity of 72 098 511.43 euros on 31 December 2021, and profit for the financial year was 10 777 127.66 euros. The Board of Directors proposes to the Annual General Meeting on 13 April 2022 a dividend distribution of 0.17 euros per share, resulting in a total amount of 2 260 736.50 euros in the following way:

	Euros/share	Euros
<b>Dividend distribution from the profit and retained earnings of the financial year</b>	0.17	2 260 736.50
<b>Remaining in non-restricted equity</b>		69 837 774.93
<b>Total</b>		72 098 511.43

The ex-dividend date will be on 14 April 2022. The dividend will 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 19 April 2022. The payment date proposed by the Board of Directors for the dividend is 26 April 2022.

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 2022

The Board of Directors decided to call for the Annual General Meeting on 13 April 2022. 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 could fail, and the company might not be able to realize one or several of those games that it is planning or developing, within agreed parameters, such as

budget, delivery time and quality. In addition, the release of the company's games may be delayed due to reasons attributable to the company or third parties.

- The company's games could 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 could present claims towards the company.
- The company might not be able to recruit or retain key employees and professionally skilled personnel.
- 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

As announced on 10 February 2022, Remedy Entertainment Plc aims to transfer to the Nasdaq Helsinki official list during 2022.

## Accounting principles applied in the half-year review

The half-year review 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 and quarterly figures are unaudited whereas the full-year figures are audited.

## Financial disclosures in 2022

<b>11 February 2022</b>	Financial statements 1–12/2021
<b>13 April 2022</b>	Annual General Meeting 2022
<b>13 May 2022</b>	Business Review 1–3/2022
<b>12 August 2022</b>	Half-year review 1–6/2022
<b>28 October 2022</b>	Business Review 1–9/2022

Remedy's annual report, financial statements, Board of Directors' report and Audit report for 2021 will be published during the week 12/2022 as a company announcement and on Remedy's investor website at <https://investors.remedygames.com/financial-reports>

## Income statement (FAS)

EUR thousand	10-12/2021	10-12/2020	7-12/2021	7-12/2020	1-12/2021	1-12/2020
<b>REVENUE</b>	<b>19 796</b>	<b>14 201</b>	<b>27 193</b>	<b>24 115</b>	<b>44 726</b>	<b>41 086</b>
Production for own use /						
Capitalization	1 796	1 777	4 428	3 054	8 489	5 111
Other operating income	0	0	1	1	1	1
Materials and services	-2 870	-1 813	-5 445	-3 462	-8 505	-6 596
<b>GROSS PROFIT</b>	<b>18 722</b>	<b>14 166</b>	<b>26 177</b>	<b>23 708</b>	<b>44 711</b>	<b>39 602</b>
<b>Personnel expenses</b>	<b>-5 696</b>	<b>-6 104</b>	<b>-11 431</b>	<b>-10 959</b>	<b>-23 383</b>	<b>-20 758</b>
Wages and salaries	-4 746	-5 199	-9 473	-9 300	-19 382	-17 477
Social security expenses	-950	-906	-1 958	-1 660	-4 002	-3 281
<b>Depreciation and impairment</b>	<b>-327</b>	<b>-318</b>	<b>-634</b>	<b>-569</b>	<b>-1 206</b>	<b>-1 068</b>
Depreciation according to plan	-327	-318	-634	-569	-1 206	-1 068
<b>Other operating expenses</b>	<b>-1 437</b>	<b>-1 103</b>	<b>-2 560</b>	<b>-2 096</b>	<b>-5 415</b>	<b>-4 530</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>11 262</b>	<b>6 640</b>	<b>11 552</b>	<b>10 084</b>	<b>14 708</b>	<b>13 245</b>
<b>Financial income and expenses</b>	<b>-19</b>	<b>-128</b>	<b>-133</b>	<b>-288</b>	<b>-1 229</b>	<b>-323</b>
Other interest income and other						
financial income	7	11	25	70	109	154
Reduction of current assets	54	0	-5	0	-5	0
Interest and other financial						
expenses	-80	-139	-154	-358	-1 333	-478
<b>PROFIT (LOSS) BEFORE</b>						
<b>APPROPRIATIONS AND TAXES</b>	<b>11 243</b>	<b>6 512</b>	<b>11 420</b>	<b>9 795</b>	<b>13 479</b>	<b>12 921</b>
<b>Income taxes</b>	<b>-2 254</b>	<b>-1 302</b>	<b>-2 289</b>	<b>-1 959</b>	<b>-2 702</b>	<b>-2 585</b>
Taxes for the financial year and						
previous financial years	-2 254	-1 302	-2 289	-1 959	-2 702	-2 585
<b>PROFIT (LOSS) FOR THE</b>						
<b>FINANCIAL YEAR</b>	<b>8 989</b>	<b>5 210</b>	<b>9 130</b>	<b>7 837</b>	<b>10 777</b>	<b>10 337</b>

## Balance sheet (FAS)

EUR thousand	31 December 2021	31 December 2020
<b>NON-CURRENT ASSETS</b>	<b>21 287</b>	<b>9 891</b>
Product development expenses	15 110	6 621
Other intangible assets	599	1 052
Tangible assets	2 579	2 218
Investments	3 000	0
<b>CURRENT ASSETS</b>	<b>78 614</b>	<b>38 463</b>
<b>Stocks</b>	<b>17</b>	<b>0</b>
<b>Non-current receivables</b>	<b>705</b>	<b>553</b>
Loans receivable	43	45
Other debtors	662	507
<b>Current receivables</b>	<b>22 511</b>	<b>14 221</b>
Trade receivables	17 115	2 818
Other receivables	328	522
Subscribed capital receivables	30	0
Prepayments and accrued income	5 038	10 881
<b>Investments to financial funds</b>	<b>3 995</b>	<b>0</b>
<b>Cash in hand and at banks</b>	<b>51 384</b>	<b>23 690</b>
<b>TOTAL ASSETS</b>	<b>99 901</b>	<b>48 355</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>87 326</b>	<b>35 391</b>
Share capital	80	80
Share premium account	38	38
Other reserves (Itd)	56 866	13 748
Retained earnings (losses)	19 565	11 189
Profit (loss) for the financial year	10 777	10 337
<b>LIABILITIES</b>	<b>12 575</b>	<b>12 963</b>
<b>Non-current liabilities</b>	<b>1 837</b>	<b>2 756</b>
Loans from financial institutions	1 837	2 756
<b>Current liabilities</b>	<b>10 738</b>	<b>10 208</b>
Loans from financial institutions	919	919
Trade liabilities	1 332	1 115
Other liabilities	526	366
Accruals	7 962	7 809
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99 901</b>	<b>48 355</b>

## Cash flow statement (FAS)

<b>EUR thousand</b>	<b>10-12/2021</b>	<b>10-12/2020</b>	<b>7-12/2021</b>	<b>7-12/2020</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Cash flow from business operations	-2 394	3 004	2 157	10 643	5 182	11 806
Cash flow from investments	-2 296	-2 346	-12 018	-3 712	-16 602	-6 346
Cash flow from financing	-920	1	670	3	39 115	-1 321
<b>Liquid assets – opening balance</b>	56 994	23 030	60 575	16 755	23 690	19 550
Change in liquid assets	-5 609	660	-9 191	6 935	27 694	4 140
<b>Liquid assets – closing balance</b>	51 384	23 690	51 384	23 690	51 384	23 690

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

<b>Changes in shareholders' equity 7-12/2021</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
<b>EUR thousand</b>						
Opening balance						
1 July 2021	80	38	55 248	19 565	1 647	76 577
Increase in share capital						
Share issue and other share subscriptions			1 618			
Dividend						
Amount paid for own shares						
Profit/loss for the period under review					9 130	
<b>SHAREHOLDERS' EQUITY</b>						
<b>31 December 2021</b>	80	38	56 866	19 565	10 777	87 326
<b>EUR thousand</b>						
<b>Changes in shareholders' equity 7-12/2020</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 July 2020	80	38	13 748	11 189	2 500	27 555
Increase in share capital						
Share issue and other share subscriptions						
Dividend						
Amount paid for own shares						
Profit/loss for the period under review					7 837	
<b>SHAREHOLDERS' EQUITY</b>						
<b>31 December 2020</b>	80	38	13 748	11 189	10 337	35 391



<b>Changes in shareholders' equity 1-12/2021</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
<b>EUR thousand</b>						
Opening balance						
1 January 2021	80	38	13 748	21 526	0	35 391
Increase in share capital			41 500			
Share issue and other share subscriptions			1 618			
Dividend				-1 961		
Amount paid for own shares						
Profit/loss for the period under review					10 777	
<b>SHAREHOLDERS' EQUITY</b>						
<b>31 December 2021</b>	80	38	56 866	19 565	10 777	87 326

<b>Changes in shareholders' equity 1-12/2020</b>	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit for the financial year	<b>SHAREHOLDERS' EQUITY TOTAL</b>
<b>EUR thousand</b>						
Opening balance						
1 January 2020	80	38	13 748	12 517	0	26 383
Increase in share capital						
Share issue and other share subscriptions						
Dividend				-1 328		
Amount paid for own shares						
Profit/loss for the period under review					10 337	
<b>SHAREHOLDERS' EQUITY</b>						
<b>31 December 2020</b>	80	38	13 748	11 189	10 337	35 391

## Major shareholders 31 December 2021

	NAME	SHARES	PERCENTAGE
1.	Mäki Markus	3,197,000	24.0
2.	Järvi Sami Antero	560,000	4.2
3.	Virtala Tero Tapani	300,000	2.3
4.	Lehtinen Saku	241,000	1.8
5.	Evli Finnish Small Cap Fund	228,164	1.7
6.	Taaleri Micro Markka Equity A	220,042	1.7
7.	Tolsa Tero Sakari Anttoni	170,000	1.3
8.	Varma Mutual Pension Insurance Company	150,000	1.1
9.	Sijoitusrahasto Aktia Capital	129,807	1.0
10.	Pulkkinen Janne Petteri	103,500	0.8
	10 largest shareholders total	5,299,513	39.9
	Accendo Capital SICAV RAIF (nominee registered)	1,829,987	13.8
	Other nominee registered	2,097,131	15.8
	Other shares	4,071,819	30.6
	<b>Total</b>	<b>13,298,450</b>	<b>100.0%</b>

Espoo, 11 February 2022

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 290 game industry professionals from 30 different countries. Remedy is listed on the Nasdaq First North Growth Market Finland marketplace.

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