

## **REMEDY ENTERTAINMENT PLC**

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This financial statement is to be retained until 31.12.2031.

The financial statement has been executed by

Remedy Entertainment Plc

Luomanportti 3

02200 ESPOO, FINLAND

# Annual report for the fiscal year 1.1.–31.12.2021

## Relevant events during the fiscal year

In 2021, the company signed a global development, license, and distribution agreement with Tencent for the co-operative multiplayer game codenamed *Vanguard*. The company also signed a co-publishing and development agreement with 505 Games for a multiplayer spin-off game of *Control* in addition to agreeing collaboration terms for a future, bigger-budget *Control* game. During the reporting period, *Alan Wake Remastered* was launched, *Crossfire HD* was launched in China and *Control Ultimate Edition* was released on PlayStation 5 and Xbox Series X|S.

Early in 2021, 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.

The company's revenue mostly consisted of as well as development fees received from Epic Games, Tencent, 505 Games and Smilegate, and royalties recognized from the game sales revenue of *Control*. The revenue also included royalty income from previously released games.

The company's game development and operations have continued according to plans during Covid-19 pandemic and the project schedules have remained unchanged during the reporting period. The company has evaluated its assets and liabilities concluding that the pandemic has not had an impact on their valuation.

## Financial development and key figures

The company's revenue was 44 726 352.03 EUR and profit for the fiscal year was 10 777 021.96 EUR. Operating profit for the fiscal year was 14 707 623.47 EUR, 32.88 % of revenue. Return on equity was 21.97 %. The company's equity ratio at the end of the fiscal year was 87.41 %.

<b>FISCAL YEAR</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue	44 726 352.03	41 085 822.26	31 645 315.19
Operating profit/loss	14 707 623.47	13 244 514.36	6 534 493.02
Operating profit/loss %	32.88 %	32.24 %	20.65 %
Return on equity %	21.97 %	41.83 %	26.92 %
Equity ratio	87.41 %	73.19 %	73.50 %

The company's salaries and compensations with employer contributions for the fiscal year were 23 383 349.72 EUR and average number of personnel was 280.

<b>FISCAL YEAR</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Salaries and other compensations including employer contributions	23 383 349.72	20 758 479.06	17 200 955.39
Average number of personnel	280	265	228

## **CALCULATION FORMULAS USED FOR THE INDICATORS**

Operating profit % = operating profit / revenue

Return on equity % = earnings before taxes / equity (average of two fiscal years)

Equity ratio = total equity / balance sheet total less advances received

Average number of personnel = sum of average of number of personnel in each month / 12

## **Future financial development outlook**

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

## **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 the sufficient quality, schedule or budget.
- 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**

Remedy Entertainment Oyj announced on 10 February 2022 that the company aims to transfer to the Nasdaq Helsinki Main Market during 2022.

## **Statement on the scope of research and development activities**

Significant part of the company's activities is research and development. The company has capitalized product development expenses for new projects that are based on the company's own game brands, effective from 1 January 2019. The capitalized expenses were related to projects Alan Wake Remastered, Alan Wake 2, Vanguard, Condor and the bigger-budget Control-game project. Product development expenses for other projects were not capitalized during the reporting period. The company adheres to the FAS product capitalization rules.

A total of 8 488 853.30 EUR was capitalized during the fiscal year 1.1.–31.12.2021, which is presented on the income statement line production for own use, and as development costs on the balance sheet. In the cash flow statement, the capitalized development costs are presented in cash flow from investing activities.

## **Company shares**

The company does not own its own shares at the end of the fiscal year on 31 December 2021. The number of shares in the company was 13 298 450 on 31 December 2021. All shares are of the same series. The shares were included in the book-entry system as of 5 May 2017 (ISIN: FI4000251897). 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.

## **Valid issuance authorizations**

With its resolution on 14 April 2021, the Annual General Meeting authorized the Board of Directors to resolve on a share issue and issue of special rights entitling to shares. Under the authorization, The Board of Directors has the right to decide on one or several share issues from which a maximum of 1 500 000 new or existing company shares may be issued to be subscribed for a fee.

The authorization allows issuing shares also by deviating the pre-emptive subscription rights of the shareholders (directed issue share). Additionally, the authorization allows the Board of Directors to resolve on issue of option rights or other special rights pursuant to Chapter 10 Section 1 of the Companies Act within the aforementioned maximum number of shares. The authorization is valid for five (5) years from the date of the Annual General Meeting and it replaces the previous authorizations.

On 31 December 2021, the unused authorization allowed the Board of Directors to issue 1 190 500 new shares, options or other special rights.

## **Authorization for the directed repurchase of own shares**

On 14 April 2021, the Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of the company's own shares. Under the authorization, a maximum of 500 000 shares can be repurchased at market price of the acquisition date from public trading on the First North Finland marketplace, organized and maintained by Nasdaq Helsinki Ltd. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than 14 October 2022. The authorization replaces the previous authorization granted by the Annual General Meeting on 6 April 2020.

## **Valid option rights**

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 begun 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%.

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 market-place 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 for 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.

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 percent 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 EUR, which is the trade volume-weighted average price of the company's share on First North Finland marketplace during 1 April – 30 June 2019 with an addition of 10 percent. The Board of Directors have allocated 375 000 option rights until the end of the period under review, and 25 000 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 percent 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 EUR, 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 percent. The Board of Directors have allocated 200 500 option rights until the end of the period under review, and 199 500 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 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.

## The Board of Directors' proposal for actions regarding the company's profit/loss

Remedy Entertainment Plc had distributable funds of 72 098 511.43 EUR on 31 December 2021, of which profit for the fiscal year was 10 777 021.96 EUR. The Board of Directors proposes to the Annual General Meeting on 13 April 2022 a dividend distribution of 0.17 EUR per share, resulting in a total amount of 2 260 736.50 EUR in the following way:

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

The ex-dividend date shall be on 14 April 2021. The dividend shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by EUR clear Finland Ltd on the dividend record date 19 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.

### Management and auditors

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 Board of Directors included Markus Mäki (Chair), Christian Fredrikson, Jussi Laakkonen, Ossi Pohjola and Henri Österlund. Auditing for the fiscal year has been conducted by KPMG Oy Ab with APA Petri Sammalisto acting as the auditor with the principal responsibility.

<b>INCOME STATEMENT</b>		
	1.1.–31.12.2021	1.1.–31.12.2020
<b>REVENUE</b>	<b>44 726 352.03</b>	<b>41 085 822.26</b>
<b>Production for own use</b>	8 488 853.30	5 111 006.64
<b>Other operating income</b>	1 411.30	592.76
<b>Materials and services</b>		
Purchases during the fiscal year	-85 385.65	-22 819.35
Addition (+) or reduction (-) of stock	17 445.93	0.00
External services	-8 437 223.07	-6 572 776.22
<b>Total materials and services</b>	<b>-8 505 162.79</b>	<b>-6 595 595,57</b>
<b>Personnel expenses</b>		
Salaries and compensations	-19 381 632.99	-17 477 029.09
Employer contributions		
Pension expenses	-3 265 282.76	-2 654 048.64
Other social security expenses	-736 433.97	-627 401.33
<b>Personnel expenses total</b>	<b>-23 383 349.72</b>	<b>-20 758 479.06</b>
<b>Depreciation and impairment</b>		
Depreciation according to plan	-1 205 758.40	-1 068 376.56
<b>Total depreciation and impairment</b>	<b>-1 205 758.40</b>	<b>-1 068 376.56</b>
<b>Other operating expenses</b>	<b>-5 414 722.25</b>	<b>-4 530 456.11</b>
<b>OPERATING PROFIT (OR LOSS)</b>	<b>14 707 623.47</b>	<b>13 244 514.36</b>
<b>Financial income and expenses</b>		
Other interest income and finance income from Others	109 106.34	154 240.29
Reduction of current assets	-4 530.70	0.00
Interest expenses and finance expenses to Others	-1 333 266.45	-477 548.92
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>13 478 932.66</b>	<b>12 921 205.73</b>
<b>Income taxes</b>		
Income taxes of the current and previous fiscal years	-2 701 937.13	-2 584 528.98

<b>PROFIT (LOSS) OF THE FISCAL YEAR</b>	<b>10 777 021.96</b>	<b>10 336 676.75</b>
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<b>BALANCE SHEET</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
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<b>A S S E T S</b>		
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**NON-CURRENT ASSETS**

**Intangible assets**

Development costs	15 109 537.61	6 620 684.31
Other intangible assets	598 605.05	1 052 370.69

<b>Total intangible assets</b>	<b>15 708 142.66</b>	<b>7 673 055.00</b>
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**Tangible assets**

Machinery and equipment	2 579 229.03	2 218 196.13
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<b>Total tangible assets</b>	<b>2 579 229.03</b>	<b>2 218 196.13</b>
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<b>Investments</b>	<b>3 000 000.00</b>	<b>2 218 196.13</b>
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<b>NON-CURRENT ASSETS TOTAL</b>	<b>21 287 371.69</b>	<b>9 891 251.13</b>
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**CURRENT ASSETS**

<b>Stock</b>	<b>17 445.93</b>	<b>0.00</b>
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**Long-term receivables**

Loan receivables	43 059.29	45 113.89
Other receivables	662 350.16	507 460.75

<b>Total long-term receivables</b>	<b>705 409.45</b>	<b>552 574.64</b>
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**Short-term receivables**

Trade receivables	17 115 051.79	2 817 884.19
Other receivables	327 643.88	522 002.34
Subscribed capital receivables	29 835.00	0.00
Prepayments and accrued income	5 038 423.84	10 880 846.92

Total short-term receivables	22 510 954.51	14 220 733.45
Investments to financial funds	3 995 469.30	0.00
Cash and cash equivalents	51 384 358.43	23 689 964.81
<b>TOTAL CURRENT ASSETS</b>	<b>78 613 637.62</b>	<b>38 463 272.90</b>
<b>TOTAL ASSETS</b>	<b>99 901 009.31</b>	<b>48 354 524.03</b>

<b>BALANCE SHEET</b>	31.12.2021	31.12.2020
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## **EQUITY AND LIABILITIES**

### **EQUITY**

Share capital	80 000.00	80 000.00
Share premium	38 005.00	38 005.00
<b>Other reserves</b>		
Invested non-restricted equity reserve	56 866 090.20	13 747 629.20
<b>Other reserves total</b>	<b>56 866 090.20</b>	<b>13 747 629.20</b>
Retained earnings (loss)	19 564 831.18	11 188 976.93
Profit (loss) for the fiscal year	10 777 127.66	10 336 676.75
<b>EQUITY TOTAL</b>	<b>87 325 948.34</b>	<b>35 391 287.88</b>

### **LIABILITIES**

#### **Long-term liabilities**

Loans from financial institutions	1 836 999.50	2 755 499.50
<b>Long-term liabilities total</b>	<b>1 836 999.50</b>	<b>2 755 499.50</b>

#### **Short-term liabilities**

Loans from financial institutions	918 500.00	918 500.00
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Trade payables	1 331 598.20	1 114 552.32
Other payables	525 978.10	365 878.35
Accrued liabilities	7 961 985.17	7 808 805.98
<b>Short-term liabilities total</b>	<b>10 738 061.47</b>	<b>10 207 736.65</b>
<b>LIABILITIES TOTAL</b>	<b>12 575 060.97</b>	<b>12 963 236.15</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>99 901 009.31</b>	<b>48 354 524.03</b>

<b>CASH FLOW STATEMENT</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Cash flow from operating activities:</b>		
<b>Cash flow from operating activities</b>	<b>5 181 521.88</b>	<b>11 806 431.78</b>
Payments received from sales	26 863 600.37	38 900 588.44
Payments received from other operating income	1 411.30	592.76
Payments made for operating expenses	-18 187 889.13	-25 098 099.24
Interest received from operating activities	109 141.70	157 097.82
Interest and other financial expenses paid	-238 317.46	-477 548.89
Income taxes paid	-3 366 424.90	-1 676 199.11
<b>Cash flows from investing activities</b>		
<b>Cash flows from investing activities</b>	<b>-16 601 878.96</b>	<b>-6 345 684.10</b>
Purchase of tangible and intangible assets	-12 601 878.96	-6 345 684.10
Non-current asset investments	-4 000 000.00	0.00
<b>Cash flows from financing activities</b>		
<b>Cash flows from financing activities</b>	<b>39 114 750.70</b>	<b>-1 321 088.70</b>
Proceeds from non-current debt	-918 500.00	0.00
Other loan expenses	2 054.60	6 847.80
Paid increase in equity	41 992 018.60	
Dividends paid and other distributions	-1 960 822.50	-1 327 936.50
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	23 689 964.81	19 550 305.83
Change in cash and cash equivalents	27 694 393.62	4 139 658.98
Cash and cash equivalents at end of period	51 384 358.43	23 689 964.81

\*Paid increase in equity includes share issue costs

## NOTES

### NOTES TO THE FINANCIAL REPORT

#### Revenue recognition principles

The company's revenue consists of

1. Development fees from the Company's publishing partners
2. Royalty income based on profit from the games developed by the Company and owned by its publishing partners
3. Share of consumer sales from the Company-owned games

Development fees are recognized over time based on completion of beforehand defined milestones. The stage of completion of milestones is defined based on actual amount of work and estimated total amount of work in the milestones. Other sales are recognized based on the company's share of actual sales of finished game products.

#### Valuation principles and methods

Intangible and tangible assets of non-current assets have been valued at variable acquisition cost deducted by depreciations. Receivables and liabilities are valued at nominal value or at lower probable value.

#### Research and development accounting principles

The Company has had research and development activities during the fiscal year. Research costs have been recognized as annual expenses in the income statement. Capitalization of development costs began as of 1 January 2019. The Company capitalizes project's direct personnel costs, other direct project costs and share of overhead that can be allocated to the projects as costs required for the development of the project. Depreciation method is front-loaded and based on sales forecast of the game.

Game development projects completely funded by the company itself are capitalized in full. Game development projects funded together with a publishing partner and in which the immaterial rights remain with the company are capitalized based on future return expectations. The share of capitalized costs corresponds to the share of return after the games' launch compared to total expected return.

#### Exchange rates for items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies are valued at the closing day's exchange rate.

### NOTES TO THE INCOME STATEMENT

31.12.2021

31.12.2020

#### Depreciation principles and methods

Development costs: front-loaded depreciation based on sales forecast of the game

Other intangible assets: 3–5 y. straight-line depreciation

Machinery and equipment: 4–8 y. straight-line depreciation

#### Other operating income

1 411.30

592.76

Other operating income

1 411.30

592.76

#### Other operating expenses

-5 414 722.25

-4 530 456.11

Voluntary staff expenses

-961 020.88

-681 558.17

Office space expenses

-1 015 643.71

-1 086 037.51

IT software and hardware expenses

-1 601 388.40

-1 176 797.44

Travel expenses

-120 688.21

-141 662.77

Marketing expenses	-64 280.48	-272 245.94
Administrative expenses	-1 560 877.91	-1 196 013.37
Other expenses	-90 822.66	23 859.09
<b>Auditor's fees</b>	<b>73 982.41</b>	<b>68 443.75</b>
Audit	36 894.91	20 418.75
Assignments referred to in 1.1,2 § of the Auding Act	4 100.00	0.00
Tax consulting	0.00	6 150.00
Other services	32 987.50	41 875.00

## NOTES ON STAFF AND MEMBERS OF THE INSTITUTIONS

### Number of employees

Average number of staff employed during the fiscal year	280.00	265.00
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### Management compensation

CEO and members of the Board of Directors	1 037 475.22	465 980.00
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## NOTES TO THE BALANCE SHEET ASSETS

**31.12.2021**

**31.12.2020**

### Intangible assets

#### Development costs from unfinished projects

Acquisition cost Jan 1	6 620 684.31	1 509 677.67
Additions	8 488 853.30	5 111 006.64
Acquisition cost Dec 31	15 109 537.61	6 620 684.31

#### Other intangible assets

Acquisition cost Jan 1	1 052 370.69	1 333 403.16
Additions during the fiscal year	18 089.39	168 245.36
Depreciation charge for the period	-471 855.03	-449 277.83
Acquisition cost Dec 31	598 605.05	1 052 370.69

### Tangible assets

#### Machinery and equipment

Acquisition cost Jan 1	2 218 196.13	1 770 862.76
Additions during the fiscal year	1 094 936.27	1 066 432.10
Depreciation charge for the period	-733 903.37	-619 098.73
Acquisition cost Dec 31	2 579 229.03	2 218 196.13

### Investments

#### Other shares equity funds

Acquisition cost Jan 1	0.00	0.00
Additions during the fiscal year	3 000 000.00	0.00
Acquisition cost Dec 31	3 000 000.00	0.00

**Significant items in prepayments and accrued income**

Accrued income	3 565 584.06	9 775 643.72
Accrued other personnel costs	0.00	191.22
Other accrued expenses	1 472 839.78	1 105 011.98
<b>Total</b>	<b>5 038 423.84</b>	<b>10 880 846.92</b>

**NOTES TO BALANCE SHEET EQUITY AND LIABILITIES****31.12.2021****31.12.2020****EQUITY****Restricted equity**

Share capital Jan 1	80 000.00	80 000.00
Share capital Dec 31	80 000.00	80 000.00
Share premium Jan 1	38 005.00	38 005.00
Share premium Dec 31	38 005.00	38 005.00
<b>Total restricted equity</b>	<b>118 005.00</b>	<b>118 005.00</b>

**Non-restricted equity**

Invested non-restricted equity reserve Jan 1	13 747 629.20	13 747 629.20
Issue of shares	41 500 000.00	0.00
Shares subscribed with stock options	1 618 461.00	0.00
Invested non-restricted equity reserve Dec 31	56 866 090.20	13 747 629.20
Retained earnings Jan 1	21 525 653.68	12 516 913.43
Dividends paid	-1 960 822.50	-1 327 936.50
Retained earnings Dec 31	19 564 831.18	11 188 976.93
Profit for the period	10 777 021.96	10 336 676.75
<b>Total non-restricted equity</b>	<b>87 207 943.34</b>	<b>35 273 282.88</b>

**CALCULATION OF DISTRIBUTABLE FUNDS BASED ON OYL 13:5 §****Distributable funds**

Invested unrestricted equity	56 866 090.20	13 747 629.20
Retained earnings	21 525 653.68	12 516 913.43
Dividends paid	-1 960 822.50	-1 327 936.50
Development costs	-15 109 537.61	-6 620 684.31
Purchase of treasury shares	0.00	0.00
Other non-distributable items	0.00	0.00
Profit for the period	10 777 021.96	10 336 676.75
<b>Total distributable funds</b>	<b>72 098 511.43</b>	<b>28 652 598.57</b>

<b>Non-current liabilities expiring beyond five years</b>	<b>0.00</b>	<b>0.00</b>
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**Significant items in accrued liabilities**

Salaries including employer contributions	6 426 510.34	6 054 359.49
Taxes	636 749.80	1 629 322.18
Other accrued expenses	898 725.03	125 124.31
<b>Total</b>	<b>7 961 985.17</b>	<b>7 808 805.98</b>

## VALID AUTHORIZATIONS

### Authorization for the directed repurchase of own shares

On 14 April 2021, the Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of the company's own shares. Under the authorization, a maximum of 500 000 shares can be repurchased at market price of the acquisition date from public trading on the First North Finland marketplace, organized and maintained by Nasdaq Helsinki Ltd. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than 14 October 2022.

### Valid issuance authorizations

With its resolution on 14 April 2021, the Annual General Meeting authorized the Board of Directors to resolve on a share issue and issue of special rights entitling to shares. Under the authorization, The Board of Directors has the right to decide on one or several share issues from which a maximum of 1 500 000 new or existing company shares may be issued to be subscribed for a fee. The authorization allows issuing shares also by deviating the pre-emptive subscription rights of the shareholders (directed issue share). Additionally, the authorization allows the Board of Directors to resolve on issue of option rights or other special rights pursuant to Chapter 10 Section 1 of the Companies Act within the aforementioned maximum number of shares. The authorization is valid for five (5) years from the date of the Annual General Meeting and it replaces the previous authorizations.

### Valid option rights

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 begun 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 market-place 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 for 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.

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.

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.

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.

<b>COMMITMENTS AND LIABILITIES</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Commitments by type</b>		
Deposits	662 350.16	507 460.75
<b>Loans from financial institutions</b>		
Credit card limit 179 000.00 EUR (94 200.43 EUR in use)		
Credit guarantee of 300 000.00 EUR has been provided as collateral for previous and future currency forwards		

**Financial liabilities not recorded on the balance sheet**

Office lease liability	1 417 104.43	2 456 001.00
Derivatives		
The company doesn't have open currency forwards (GBP) at 31 December 2021.		
Nominal value	0.00	1 204 007.15
Market value	0.00	-56 069.43

## NOTES TO RELATED PARTY TRANSACTIONS

There have been no unusual transactions with related parties.

# Signatures to the financial statements

Espoo, Finland 11.2.2022

Tero Virtala  
CEO

Markus Mäki  
Chairman of the Board

Christian Fredrikson  
Member of the Board

Jussi Laakkonen  
Member of the Board

Ossi Pohjola  
Member of the Board

Henri Österlund  
Member of the Board

## Auditor's note

Espoo, Finland 11.2.2022

The auditor's report has been issued today.

Petri Sammalisto, Authorised Public Accountant  
KPMG Oy, Authorised Public Accountant firm

## List of financial records and materials

### Financial records, document types and their storage method

#### Financial report

Financial report and balance sheet specifications

#### Account list and balance lists

Account-specific income statement

Account-specific balance sheet

List of accounts

#### Accounting

General ledger

Payroll records

#### Statements

Automatic financial statements	1 – 2
Accruals	1 – 446
Vouchers formed by the system	1 – 16
Others	1 – 408
Sales invoice	1 – 158
Sales payment	1 – 114
Purchase invoice	1 – 2750
Purchase payment	1 – 2608
Bank	1 – 419

Storage method for the statements: electronic.