



## Steady progress across the game roadmap

Record high cash flow from operations

### HIGHLIGHTS FROM JANUARY–MARCH 2022

- Revenue was 12,656 (8,116) thousand euros and increased by +55.9% year-on-year.
- Operating profit (EBIT) was 2,761 (-201) thousand euros. Operating profit margin was 21.8% (-2.5%).
- Cash flow from operations was 17,709 (4,215) thousand euros.
- CrossfireX launched in February 2022 for Xbox One & Series X | S.
- Remedy announced that it aims to transfer its listing from the First North Growth Market Finland marketplace to Nasdaq Helsinki's official list during 2022. After the reporting period, on May 4, 2022, the transfer to the official list was completed.
- Remedy formalized its presence in Sweden by establishing a subsidiary in Sweden.

### KEY FIGURES

EUR thousand, IFRS, Group, unaudited	1-3/2022	1-3/2021	1-12/2021
Revenue	12,656	8,116	44,726
EBITDA	3,339	871	14,450
Operating profit (EBIT)	2,761	-201	11,407
Cash flow from operations	17,709	4,215	6,052
Net cash	62,776	60,658	47,526
Capital expenditures	2,445	2,053	9,602
Average number of personnel during review period (FTE)	289	274	280
Personnel (headcount) at the end of the period	301	281	294

### REVENUE BREAKDOWN PER QUARTER

1,000 €	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020
Development fees	11,619	18,341	5,428	6,118	6,138	6,645
Royalties	1,037	1,455	1,970	3,298	1,978	7,556
Total	12,656	19,796	7,398	9,417	8,116	14,201

### COMMENTS BY CEO TERO VIRTALA

In the first quarter of 2022, our revenue grew year-on-year driven by an increase in development fees. Codenames Condor and Vanguard as well as the newly announced Max Payne 1&2 remake -project

contributed positively to our top line growth versus the comparison period. In addition, development fees from Alan Wake 2 grew year-on-year. Game royalties consisted mostly of Control sales, which declined year-on-year in line with our expectations. We had no royalty revenue from Alan Wake Remastered during the first quarter as Epic Games Publishing has yet to recoup its development and marketing expenses for the game.

Profitability was at a good level. During the first quarter, we had an increase in external development costs whereas capitalizations remained at a similar level compared to the previous quarter. The game projects are advancing, and we will continue investing in personnel and external development over the upcoming quarters to drive the game projects forward to the next stages of development.

In the first quarter of 2022, the cash flow from operations was exceptionally high. This resulted from the agreement for Vanguard and the development fees from Alan Wake 2. Both of these projects already had a meaningful revenue impact in the last quarter of 2021.

Our partner Smilegate, together with Microsoft, launched CrossfireX on Xbox One and Series X | S in February. A dedicated team at Remedy has continued to support both Crossfire HD and CrossfireX.

Alan Wake 2 is in the full production stage. A lot of work remains, but the game is starting to take a more complete form in many areas. As communicated earlier, Alan Wake 2 will be released in 2023.

Codename Vanguard, a free-to-play co-operative game to be co-published with Tencent, has made good progress since the previous quarter. The project is in the proof-of-concept stage. We have continued to strengthen the team. Vanguard and our other projects have benefitted from our operations in Sweden.

Codename Condor, a spin-off game of Control, continues in the proof-of-concept stage. Codename Heron, a bigger Control game, is in the concept stage and its prototyping continues. Additionally, together with the Northlight-technology team, the focus has been on developing the required technology and tools that will serve a number of Remedy games in the future.

After the reporting period, in the beginning of April, we announced a partnership with Rockstar Games to remake Max Payne and Max Payne 2: The Fall of Max Payne. The public reception to this announcement was overwhelmingly positive. Max Payne clearly has a special place in the hearts of not only Remedians but gamers across the globe. We are very excited to bring the remade game for old and new fans alike.

In February, we announced our aim to transfer from the First North Growth Market Finland marketplace to Nasdaq Helsinki's official list during the year 2022. The transfer was completed on May 4, 2022, as planned. In our view, a listing on the official list will increase Remedy's brand awareness, improve the liquidity of shares, and help us to broaden our shareholder base.

Overall, the year 2022 has started off well for us. We are all focused now on executing the projects in the current games pipeline. As we have stated in our long-term business prospects, we expect to have major game launches between 2023 and 2025 that will broaden the revenue streams over the coming years. Recruitment proceeds well and brings us great new talent. Ensuring that teams have the resources and support needed to reach their full potential is of utmost importance to us. Together with our great partners, we are committed to delivering on a pipeline of promising games lined up for years to come.

## **FUTURE OUTLOOK (UNCHANGED)**

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 will 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 about 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. Step by step, our games are transforming into longer-lasting experiences that typically continue to sell for many years. This also applies to the three games we launched at the end of 2021 and in early 2022 with our partners.

In relation to our long-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, this variation too is expected to decrease in the coming years.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 6, 2022, Remedy signed an agreement with Rockstar Games for a new Max Payne 1&2 remake - project.

On April 27, 2022, Remedy announced that it had filed a listing application with Nasdaq Helsinki for listing its shares on Nasdaq Helsinki's official list. On May 3, 2022, Remedy announced that its listing application had been approved. Trading on Nasdaq Helsinki's official list commenced on May 4, 2022. In connection with the list transition process, Remedy has adopted International Financial Reporting Standards (IFRS).

The Annual General Meeting was held on April 13, 2022. The Annual General Meeting decided on a dividend of EUR 0.17 per share, i.e. EUR 2,261,459.00 in the aggregate, to be paid from the financial period that ended on December 31, 2022. Markus Mäki, Christian Fredrikson, Jussi Laakkonen and Henri Österlund will continue as members of the Board of Directors. Kaisa Salakka and Sonja Ängeslevä were elected as new Board members.

## WEBCAST AND CONFERENCE CALL

Remedy will host a webcast and conference call in English on its Q1 2022 financial results, including a Q&A session for investors, analysts and media on May 13, 2022, at 2:00 pm (EEST). Remedy's business review will be presented by CEO Tero Virtala and CFO Terhi Kauppi.

After its publication the Q1 2022 business review will be available on Remedy's Investor Relations website: <https://investors.remedygames.com/announcements-and-releases/>

### Webcast details

Register for the webcast in advance:

[https://remedy.zoom.us/webinar/register/WN\\_RpGfP53DTNiBZLlmt3QmwQ](https://remedy.zoom.us/webinar/register/WN_RpGfP53DTNiBZLlmt3QmwQ)

After registration, you will receive a confirmation email with instructions for joining the webcast.

## Conference call details

Dial in by calling your local phone number a few minutes before the briefing begins. International numbers available at: <https://remedy.zoom.us/j/kcxdA3dBFC>

Finland: +358 9 7252 2471

Sweden: +46 850 539 728

United Kingdom: +44 330 088 5830

United States: +1 646 558 8656

Webinar ID: 845 4251 2180

Passcode: 338475

A recording of the webcast will be available after the briefing at <https://investors.remedygames.com/presentations/>

## CALCULATION FORMULAS USED FOR THE INDICATORS

**EBITDA:** Operating profit (EBIT) added by depreciation and amortization

**Operating profit (EBIT):** Profit (loss) before taxes and financial items

**Net cash:** Cash in hand and at bank subtracted by interest-bearing liabilities

**Capital expenditures:** Change in tangible and intangible assets added by depreciation of these assets

## MORE INFORMATION

Veli-Pekka Puolakanaho, Corporate Development Director

Phone: +358 50 430 0936

Email: [veli-pekka.puolakanaho@remedygames.com](mailto:veli-pekka.puolakanaho@remedygames.com)

## REMEDY IN BRIEF

Remedy Entertainment Plc is a globally successful video game company known for story-driven and visually stunning console and PC 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 320 game industry professionals from 32 different countries. [www.remedygames.com](http://www.remedygames.com)

## DISTRIBUTION

Nasdaq Helsinki Ltd

Key media

[www.remedygames.com](http://www.remedygames.com)

This is not an interim report as defined in IAS 34. Remedy follows the half-year reporting schedule according to Finnish Securities Market Act and publishes business reviews off the first three and nine months of the fiscal year. These business reviews will include the most essential information regarding the company's financial performance. The financial figures presented in this business review are unaudited.