

Remedy Entertainment Plc

HALF-YEAR REPORT

JANUARY-JUNE 2022



REMEDY 

Remedy's Q2 revenue at the previous year's level – increased external development investments burden profitability

Five games in development, including the remake of iconic Max Payne

The Half-Year Financial Report is unaudited. Figures in parenthesis refer to the comparison period in the previous year, unless otherwise stated.

HIGHLIGHTS FROM APRIL–JUNE 2022

- Revenue was at the previous year's level, EUR 9.4 (9.4) million.
- EBITDA decreased to EUR -1.8 (2.3) million, mainly due to increased external development costs.
- Operating profit (EBIT) was EUR -2.4 (1.5) million, i.e. -25.6% (15.7%) of revenue.
- Cash flow from operations was EUR -8.3 (-0.8) million.
- In April, Remedy announced it will remake the iconic Max Payne and Max Payne 2: The Fall of Max Payne video games with Rockstar Games.
- On May 4, 2022, trading in Remedy's shares was transferred from the First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki.

HIGHLIGHTS FROM JANUARY–JUNE 2022

- Revenue grew by 25.8% to EUR 22.1 (17.5) million.
- EBITDA was EUR 1.5 (3.2) million.
- Operating profit (EBIT) was EUR 0.4 (1.3) million, i.e. 1.6% (7.3%) of revenue.
- Cash flow from operations was EUR 9.4 (3.5) million.

KEY FIGURES

MEUR, IFRS, Group, unaudited	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1-12/2021
Revenue	9.4	9.4	22.1	17.5	44.7
Growth in revenue, %	-0.2%	-3.4%	25.8%	3.3%	8.9%
EBITDA	-1.8	2.3	1.5	3.2	14.5
Operating profit (EBIT)	-2.4	1.5	0.4	1.3	11.4
Operating profit, % of revenue	-25.6%	15.7%	1.6%	7.3%	25.5%
Result for review period	-2.6	1.0	-0.6	1.0	8.8
Result for review period, % of revenue	-27.5%	10.6%	-2.5%	5.5%	19.7%
Balance sheet total	100.4	90.7	100.4	90.7	101.1
Cash flow from operations	-8.3	-0.8	9.4	3.5	6.1
Net cash	54.6	56.9	54.6	56.9	47.5
Cash position	53.6	60.6	53.6	60.6	51.4
Net gearing, %	-63.1%	-74.3%	-63.1%	-74.3%	-54.4%

Equity ratio, %	86.2%	84.4%	86.2%	84.4%	86.4%
Capital expenditures	2.6	2.5	5.3	4.6	9.6
Average number of personnel during review period (FTE)	300	280	295	277	280
Headcount at the end of period	319	293	319	293	294
Earnings per share, €	-0.19	0.08	-0.04	0.07	0.67
Earnings per share, € (diluted)	-0.19	0.07	-0.04	0.07	0.65
Number of shares at the end of period	13,302,700	13,072,150	13,302,700	13,072,150	13,298,450

COMMENTS BY CEO TERO VIRTALA

In the second quarter of 2022, our revenue, EUR 9.4 million, was at the previous year's level. Key positive contributors were the development fees from *Alan Wake 2* and *Max Payne 1&2 Remake*. At the same time, development fees from *Codename Condor* and *Alan Wake Remastered* and game royalties from *Control* decreased from the comparison period. *Alan Wake Remastered* and *Crossfire* games did not yet generate royalties.

In the second quarter, operating profit decreased to EUR -2.4 (1.5) million, mainly due to significant external development expenses. The composition of revenue also affected our profitability.

The highlight of the second quarter was the development agreement for *Max Payne 1&2 Remake* with Rockstar Games in April. *Max Payne 1&2 Remake* allows us to reignite the soul of that original world, story, and characters for the vast gaming audience of today. The game is currently developed by a small core team. *Max Payne* is a highly motivating game for our team and fits well with many of our strengths. The game has good business potential with well-managed risks, and it allows us to utilize and strengthen the production and technology synergies across our projects.

In May, we celebrated the 12th anniversary of *Alan Wake* and confirmed that *Alan Wake 2* will be released in 2023 as planned. The *Alan Wake 2* team is at its peak size, and game production continues at full speed on all fronts. In the second quarter, Remedy announced that *Alan Wake Remastered* will be released for Nintendo Switch, opening up a new audience for the game.

The development of *Codename Condor*, a spin-off game of *Control*, has progressed well. The project is moving from the proof-of-concept stage to the production readiness stage. *Codename Heron*, a bigger-budget *Control* game, is in the concept stage. At the moment, we are keeping the development team small and giving it time to fine-tune the game concept before expanding the team and taking the project to the proof-of-concept stage.

Codename Vanguard, a free-to-play (F2P), co-operative multiplayer game to be co-published with Tencent, is in the proof-of-concept stage. As announced after the review period on August 1, we decided, together with Tencent, to keep the game in the current proof-of-concept phase longer and postpone the significant expansion of the development team until 2023. This will give us time to further design and develop key elements of the game before moving to the next phase of development, even though it will come with the cost of postponing some of the development fees to the future.

On May 4, 2022, we achieved an important milestone, when trading in Remedy's shares was transferred from the First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki. In our view, a listing

on the official list will increase Remedy's brand awareness, improve the liquidity of shares, and help to broaden our shareholder base.

After the end of the review period, on August 1, we lowered our revenue and operating result outlook for 2022, due to lower-than-expected game royalties in 2022 as well as our decision to take extra time to develop *Codename Vanguard*.

To ensure a good progress of game development, it is paramount that we can recruit enough new talents. Our recruitment is now progressing faster than in 2021. While keeping the bar high, we have managed to onboard the same number of new people in the first half of 2022 as during the full year 2021. To support our game projects, our capabilities to use external development have improved, which is reflected in our increased external development costs. Our own development teams are now stronger than ever as well. The Northlight technology keeps on progressing and our way of working has continuously improved.

FUTURE OUTLOOK (AS ANNOUNCED ON AUGUST 1, 2022)

Remedy expects its revenue to remain at the previous year's level and its operating result to decline significantly compared to the year 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 less predictable but highly scalable revenue streams arising from 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. 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 in the end of 2021 and early 2022 with our partners.

In relation to our longer-term game roadmap, we now have five 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 from quarter to quarter and year to year. With several games out in the market accruing royalties and several new ones in development, this variation is also expected to decrease in the coming years.

RESULT FROM BUSINESS OPERATIONS

April–June 2022

In the second quarter of 2022, Remedy's revenue was at the previous year's level, EUR 9.4 (9.4) million. Development fees were EUR 7.4 (6.1) million and royalties from publishing partners were EUR 2.0 (3.3) million. Key positive contributors to the growth of development fees were the development fees from *Alan Wake 2* and *Max Payne 1&2 Remake*. At the same time, development fees from *Codename Condor* and *Alan Wake Remastered* as well as game royalties from *Control* decreased from the comparison period. *Alan Wake Remastered* and *Crossfire* games did not yet generate royalties.

In April–June 2022, Remedy's EBITDA decreased to EUR -1.8 (2.3) million and operating profit (EBIT) was EUR -2.4 (1.5) million, or -25.6% (15.7%) of the revenue. The decrease was mainly due to significantly increased external development expenses (materials and services) mainly related to *Alan Wake 2* and *Codename Condor*. The composition of revenue also impacted our profitability. In the second quarter of 2022, a large share, 79.2% (65.0%), of our revenue was generated by development fees from projects where either the partner fully funds the project or where we act as a co-publisher and fund part of the development. Unlike in subcontracting, the profitability of these projects is on a lower level during the development phase.

January–June 2022

In the first half of 2022, Remedy's revenue grew by 25.8% to EUR 22.1 (17.5) million. Development fees were EUR 19.1 (12.3) million and royalties from publishing partners were EUR 3.0 (5.3) million. Key positive contributors to the growth of development fees were the development fees from *Alan Wake 2*, *Max Payne 1&2 Remake* and *Codename Vanguard*. At the same time, development fees from *Alan Wake Remastered* and *Crossfire* as well as game royalties from *Control* decreased from the comparison period. *Alan Wake Remastered* and *Crossfire* games did not yet generate royalties.

In January–June 2022, Remedy's EBITDA decreased to EUR 1.5 (3.2) million and operating profit (EBIT) to EUR 0.4 (1.3) million, or 1.6% (7.3%) of the revenue. The decrease was mainly due to significantly increased external development expenses (materials and services) mainly related to *Alan Wake 2* and *Codename Condor*. The composition of revenue also impacted our profitability. In the first half of 2022, a large share, 86.4% (69.9%), of our revenue was generated by development fees from projects where either the partner fully funds the project or where we act as a co-publisher and fund part of the development. Unlike in subcontracting, the profitability of these projects is on a lower level during the development phase.

CASH FLOW AND FINANCIAL POSITION

Cash flow

April–June 2022

In April–June, Remedy's cash flow from business operations amounted to EUR -8.3 (-0.8) million. Operating cash flow was impacted by a smaller amount of incoming payments from partners and higher outgoing payments related to outsourcing, personnel, and other operating costs.

In April–June, Remedy's cash flow from investing activities amounted to EUR -2.6 (-2.8) million and cash flow from financing activities amounted to EUR -2.0 (-2.0) million.

January–June 2022

In January–June, Remedy's cash flow from business operations amounted to EUR 9.4 (3.5) million. Compared to the comparison period, Remedy received a much higher amount of development fees from partners, especially related to *Alan Wake 2* and *Codename Vanguard*. On the other hand, higher outgoing payments related to outsourcing, personnel costs and other operating costs impacted cash flow negatively.

Royalty revenue cash flow is based on agreed payment terms with partners and can differ significantly during certain periods from accrual-based revenue recognized within a period. Cash flow from business operations is also affected by the timing of incoming significant project development fee payments, which vary according to invoicing milestones.

In January–June, Remedy's cash flow from investing activities amounted to EUR -5.3 (-5.0) million and cash flow from financing activities amounted to EUR -1.9 (38.4) million. In the comparison period, Remedy carried out a directed offering of new shares.

Financial position

Remedy's non-current assets on June 30, 2022, totaled EUR 27.0 (15.5) million. The increase in non-current assets is largely due to the capitalization of product development expenses. The total amount of capitalized product development expenses was EUR 19.1 (10.7) million on June 30, 2022. The company has several projects under development and their product development costs are capitalized according to IFRS standards. The company does not have any goodwill on its balance sheet.

On June 30, 2022, Remedy's cash in hand and on bank accounts totaled EUR 53.6 (60.6) million.

The company's liabilities on June 30, 2022, amounted to EUR 13.9 (14.1) million.

Remedy's balance sheet total on June 30, 2022, was EUR 100.4 (90.7) million and equity EUR 86.5 (76.6) million. Equity was impacted by a dividend payment of EUR 2.3 million in April 2022. The company's equity ratio was 86.2% (84.4%) and net gearing -63.1% (-74.3%).

PERSONNEL, MANAGEMENT AND GOVERNANCE

The number of the company's personnel (headcount) was 319 (293) at the end of the period under review, with an annual growth of 9%. 51% of the personnel represent 31 different nationalities, the rest (49 %) are Finns. Including consultants and other external game industry professionals, the total number of people working for Remedy at the end of the period under review was 345, growing 10% from the same period last year.

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

Annual General Meeting

The Annual General Meeting was held on April 13, 2022, 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 re-elected Markus Mäki (Chair), Christian Fredrikson, Jussi Laakkonen and Henri Österlund as members of the company's Board of Directors. Kaisa Salakka and Sonja Ängeslevä were elected as new Board Members. Unlike the other Board Members, the term of office of Sonja Ängeslevä commenced on May 2, 2022. The members of the Board of Directors were elected for the term lasting until the 2023 Annual General Meeting.

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

- adopted the financial statements for the financial period ended December 31, 2021,
- discharged the members of the Board of Directors and the CEO from liability for the financial year 2021,

- decided, based on the Board of Directors' proposal, on a dividend distribution of 0.17 euros per share and in the aggregate amount of 2,261,459.00 euros from the company's distributable funds,
- confirmed that the remuneration payable to the Chairman of the Board of Directors is EUR 4,500 per month and to each Board member EUR 3,000 per month, and
- re-elected KPMG Oy Ab as the auditor of the company with Petri Sammalisto, APA, 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 using company's unrestricted equity, and
- the issuance of shares for a fee or without a fee or issuances of option rights or special rights so that the number of shares to be issued can be at maximum 1,300,000, 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 October 13, 2023, 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.

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

Shares, shareholders and share-based incentive schemes

On May 4, 2022, trading in Remedy's shares was transferred from the First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki. Remedy's shares are traded in Nasdaq Helsinki with the trading code REMEDY. The closing price of Remedy's shares on the last trading day of the review period was 24.25 euros.

January–June 2022	Highest share price, €	Lowest share price, €	Closing share price, €	Volume-weighted average price, €
REMEDY	40.60	24.20	24.25	28.15

	30.6.2022	30.6.2021	31.12.2021
Market capitalization, €	322,590,475	617,659,088	527,948,465
Number of shareholders	16,682	11,032	14,203
Number of shares at the end of period	13,302,700	13,072,150	13,298,450
Number of shares at the end of period, diluted	13,949,650	13,947,650	13,950,150
Average number of shares within period	13,302,700	12,905,483	13,045,392
Average number of shares within period, diluted	13,949,650	13,781,483	13,865,400
Value of share turnover within period	20,339,434	120,247,058	212,553,836
Total number of traded shares within period	722,122	2,808,826	5,110,204

The company has one series of shares (ISIN: FI4000251897). The number of shares in the company was 13,302,700 on June 30, 2022. The company held no treasury shares.

Between September 16 and December 31, 2021, a total of 4,250 of Remedy's new shares were subscribed for with the company's stock options 2018. These shares were registered in the Trade Register on January 27, 2022. As an outcome, the number of the company's shares rose from 13,298,450 to 13,302,700.

On April 13, 2022, the Annual General Meeting resolved to authorize the Board of Directors to resolve on the issuance of shares for a fee or without a fee or issuances of option rights or special rights so that the number of shares to be issued can be at maximum 1,300,000. On June 30, 2022, the authorization had not been used and thus, a total maximum of 1,300,000 new shares could be issued under the authorization on said date.

Major shareholders on June 30, 2022

	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 Hermann	235,000	1.8
5.	Evli Finnish Small Cap Fund	228,164	1.7
6.	Sijoitusrahasto Taaleritehdas Mikro Markka	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.	Paloheimo Johannes Alfred Gustaf	103,000	0.8
	10 largest shareholders total	5,293,013	39.8
	Accendo Capital SICAV RAIF (nominee registered)	1,963,162	14.8
	Other nominee registered	1,858,772	14.0
	Other shares	4,187,753	31.5
	Total	13,302,700	100.0%

OPTION PLANS

Remedy has four option plans directed to Remedy's key persons: Option Plan 2018, Option Plan 2019, Option Plan 2020 and Option Plan 2021. The table below illustrates the key information about the option plans.

More information about the option plans can be found on Remedy's website at

<https://investors.remedygames.com/remuneration/>.

Key information about the option plans as of June 30, 2022

Option Plan	Maximum number of option rights issued	Number of allocated option rights	Number of unexercised option rights	Share subscription period	Share subscription price, EUR
Option Plan 2018	302,500	302,500	71,950	June 1, 2021 –May 31, 2024	7.02
Option Plan 2019	371,000	371,000	371,000	June 1, 2022 –May 31, 2025	9.23
Option Plan 2020	400,000	204,000	204,000	June 1, 2023 –May 31, 2026	22.21
Option Plan 2021	350,000	312,500	312,500	June 1, 2024 –May 31, 2027	47.09

Remedy's option rights 2018 are listed on the Nasdaq Helsinki Ltd First North Growth marketplace. On May 31, 2022, Remedy applied also for the listing of its 2019 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace as of June 1, 2022. Originally, a total number of 400,000 option rights 2019 have been issued. Remedy cancelled a total of 29,000 option rights 2019 held by the company. After the cancellation, the remaining 371,000 option rights 2019 entitle holders to subscribe for 371,000 company shares.

RISKS AND UNCERTAINTIES

The most substantial short-term risks and uncertainties are:

- Remedy's game development efforts may fail if the company is unable to develop its games within set mandates, such as release schedule, quality, and budget. Additionally, the company's games may not generate sufficient sales after their release, even if well received and of high quality, thus generating less than estimated game royalties for Remedy.
- Remedy's success depends significantly on its ability to hire, train, and retain skilled personnel. If the company fails in these areas, it will be unable to effectively conduct its business.
- Remedy has entered into long-term publishing agreements with its key partners. If the company failed to satisfy key contract obligations, its partners could terminate their agreements with, or present claims to, the company.
- Remedy's business is subject to economic, market, and geopolitical conditions, which are beyond its control. Recently, the company has seen that its costs have been subject to inflationary pressures. If the company is unable to shift its increased costs to its partners or if these are not reflected in the retail prices of its games, this could have a negative impact on the company's profitability.

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

On August 1, 2022, Remedy announced that it lowers its revenue and operating result outlook for 2022. According to the updated outlook Remedy expects its revenue to remain at the previous year's level and its operating result to decline significantly compared to the year 2021.

FINANCIAL DISCLOSURES IN 2022

October 28, 2022

Business Review 1–9/2022

WEBCAST AND CONFERENCE CALL

Remedy will host a webcast and conference call in English on its half-year financial report for investors, analysts and media on Friday, August 12, 2022, at 2:00 p.m. (EEST). Remedy's half-year financial report will be presented by CEO Tero Virtala and CFO Terhi Kauppi.

Webcast details

Register in advance for the webcast:

https://remedy.zoom.us/webinar/register/WN_knLaEt2WRSOLTMd-kybDqw

After registering, you will receive a confirmation email containing information about joining the webcast.

Conference call details

Dial in by calling your local phone number a few minutes before the briefing begins. International numbers are available at <https://remedy.zoom.us/j/kyOvx4TO>

Finland: +358 9 7252 2471

Sweden: +46 850 539 728

United Kingdom: +44 330 088 5830

United States: +1 646 558 8656

Webinar ID: 831 1823 7596

Passcode: 338475

A recording of the webcast will be available after the briefing at

<https://investors.remedygames.com/presentations/>

TABLES

Consolidated statement of comprehensive income

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
REVENUE	9,402	9,417	22,058	17,533	44,726
Other operating income	0	1	0	1	1
Materials and services	-3,480	-923	-5,874	-2,066	-5,368
Personnel expenses	-6,242	-5,248	-11,899	-10,322	-21,152
Depreciation and impairment	-601	-848	-1,178	-1,920	-3,043
Other operating expenses	-1,395	-921	-2,757	-1,950	-3,757
OPERATING PROFIT (LOSS)	-2,411	1,477	350	1,276	11,407
Financial income	170	27	206	84	253
Financial expenses	-754	-120	-783	-148	-318
PROFIT (LOSS) BEFORE INCOME TAXES					
TAXES	-2,995	1,384	-227	1,212	11,342
Income tax expense	413	-381	-328	-241	-2,548
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-2,581	1,003	-555	971	8,794
OTHER COMPREHENSIVE INCOME (EXPENSE)					
Items that may be subsequently reclassified to profit or loss	0	0	0	0	0
Total other comprehensive income (expense) for the financial year	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE FINANCIAL YEAR	-2,581	1,003	-555	971	8,794
PROFIT (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO					
Owners of the company	-2,581	1,003	-555	971	8,794
TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO					
Owners of the company	-2,581	1,003	-555	971	8,794
EARNINGS PER SHARE					
Basic earnings per share, euro	-0.19	0.08	-0.04	0.07	0.67
Diluted earnings per share, euro	-0.19	0.07	-0.04	0.07	0.65

Consolidated balance sheet

EUR thousand	June 30, 2022	June 30, 2021	December 31, 2021
NON-CURRENT ASSETS			
Intangible assets			
Development costs	19,089	10,739	15,110
Other intangible assets	0	0	0
Tangible assets	3,331	3,221	3,178
Right-of-use assets	1,567	1,507	1,075
Investments	3,000	0	3,000
Non-current receivables	776	655	705
Deferred tax assets	-8	7	6
CURRENT ASSETS			
Inventory	18	0	17
Trade and other receivables	12,215	6,318	20,163
Contract assets	3,031	7,687	2,348
Other current financial assets	3,781	0	4,139
Cash and cash equivalents	53,607	60,575	51,384
TOTAL ASSETS	100,406	90,710	101,126
EQUITY			
Share capital	80	80	80
Share premium	38	38	38
Invested non-restricted equity reserve	55,853	54,161	55,779
Retained earnings (losses)	31,114	21,345	22,728
Profit (loss) for the financial year	-555	971	8,794
LIABILITIES			
Non-current liabilities			
Government loan	1,837	2,755	1,837
Lease liabilities	667	662	218
Deferred tax assets	0	11	0
Current liabilities			
Government loan	919	919	919
Lease liabilities	910	878	884
Trade and other payables	9,544	8,890	9,848
TOTAL EQUITY AND LIABILITIES	100,406	90,710	101,126

Condensed consolidated statement of cash flow

EUR thousand	1-6/2022	1-6/2021	1-12/2021
Cash flow from business operations	9,441	3,462	6,052
Cash flow from investments	-5,289	-5,022	-16,602
Cash flow from financing	-1,930	38,445	38,244
Liquid assets – opening balance	51,384	23,690	23,690
Change in liquid assets	2,222	36,885	27,694
Liquid assets – closing balance	53,607	60,575	51,384

Consolidated statement of changes in equity

Changes in shareholders' equity 1-6/2022	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	SHAREHOLDERS' EQUITY TOTAL
EUR thousand					
Balance January 1, 2022	80	38	55,779	31,521	87,418
Comprehensive income					
Profit (Loss) for the financial year				-555	-555
Other comprehensive income					
Total comprehensive income				-555	-555
Transactions with owners of the company					
Dividend distribution				-2,261	-2,261
Share options granted				1,853	1,853
Share issue and other share subscriptions			74		
Total transactions with owners			74	-408	-334
BALANCE JUNE 30, 2022	80	38	55,853	30,559	86,530
Changes in shareholders' equity 1-6/2021	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	SHAREHOLDERS' EQUITY TOTAL
EUR thousand					
Balance January 1, 2021	80	38	13,748	22,326	36,093
Comprehensive income					
Profit (Loss) for the financial year				971	971
Other comprehensive income					
Total comprehensive income				971	971
Transactions with owners of the company					
Dividend distribution				-1,961	-1,961
Share options granted				1,074	1,079
Increase in share capital			40,413		40,413
Total transactions with owners			40,413	-887	39,531
BALANCE June 30, 2021	80	38	54,161	22,316	76,595

NOTES TO HALF-YEAR FINANCIAL REPORT

Accounting policies applied in the half-year review

The half-year report has been prepared in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards applicable within the EU on June 30, 2022. The accounting policies of the half-year report are similar to the accounting policies applied in the financial statements according to IFRS for the period ended December 31, 2021. The disclosed figures have been rounded off from the accurate figures.

The information presented in this half-year report is unaudited.

Revenue breakdown per quarter

EUR thousand	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021	1-3/2021
Development fees	7,443	11,619	18,341	5,428	6,118	6,138
Royalties	1,958	1,037	1,455	1,970	3,298	1,978
Total	9,401	12,656	19,796	7,398	9,417	8,116

Fair value measurement and hierarchy of financial instruments

Currently Remedy's financial assets and liabilities measured at fair value comprise of derivative assets and derivative liabilities and investments to equity funds.

June 30, 2022	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
EUR thousand					
Financial assets measured at fair value					
Investments to equity funds	6,780	6,780	-	-	6,780
	6,780	6,780	-	-	6,780
Financial liabilities not measured at fair value					
Unsecured government loan	2,755	-	-	2,755	2,755
	2,755	-	-	2,755	2,755

December 31, 2021	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
EUR thousand					
Financial assets measured at fair value					
Investments to equity funds	7,139	7,139	-	-	7,139
	7,139	7,139	-	-	7,139
Financial liabilities not measured at fair value					
Unsecured government loan	2,755	-	-	2,755	2,755
	2,755	-	-	2,755	2,755

- Level 1: fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that Remedy can access at the measurement date.
- Level 2: fair value is calculated on the basis of inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value is calculated on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, Remedy uses observable market data as far as possible.

Changes in property, plant and equipment

EUR thousand	Machinery and equipment		Other tangible assets		Total	
	2022	2021	2022	2021	2022	2021
Cost						
Balance January 1	4,734	3,639	1,918	1,900	6,652	5,539
Additions	883	514	-	9	883	523
Balance June 30	5,617	4,153	1,918	1,909	7,535	6,062
Accumulated depreciation and impairment						
Balance January 1	-2,154	-1,421	-1,319	-848	-3,474	-2,268
Depreciation	-493	-337	-237	-235	-730	-572
Balance June 30	-2,647	-1,758	-1,556	-1,083	-4,204	-2,840
Carrying amount on January 1	2,579	2,218	599	1,052	3,178	3,271
Carrying amount on June 30	2,970	2,395	362	826	3,332	3,222

Changes in intangible assets

Capitalized development costs EUR thousand	June 30, 2022	June 30, 2021
Cost		
Balance January 1	25,085	16,596
Additions	3,979	4,061
Balance June 30	29,064	20,657
Accumulated amortization and impairment		
Balance January 1	-9,975	-9,003
Depreciation	-	-915
Balance June 30	-9,975	-9,918
Carrying amount on January 1	15,110	7,593
Carrying amount on June 30	19,089	10,739

Calculation formulas used for the indicators

EBITDA:	Operating profit (EBIT) + depreciation and amortization
Operating profit (EBIT):	Profit (loss) before taxes and financial items
Operating profit, % of revenue:	Operating profit (EBIT) / revenue
Net cash:	Cash in hand and banks - interest-bearing liabilities
Net gearing, %:	(Interest-bearing liabilities - cash in hand and at banks) / shareholders' equity
Equity ratio:	Shareholders' equity / (balance sheet total - advances received)
Capital Expenditures:	Change in tangible and intangible assets added by depreciation of these assets

Espoo, August 12, 2022
Remedy Entertainment Plc
Board of Directors

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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 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. Remedy's share is listed on the Nasdaq Helsinki's official list.

www.remedygames.com