

Remedy Entertainment Plc
Financial statement and annual report
1.1. - 31.12.2020

REMEDY ENTERTAINMENT PLC

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This financial statement is to be retained until 31.12.2030.

The financial statement has been executed by

Remedy Entertainment Plc
Luomanportti 3
02200 ESPOO, FINLAND

Annual report for the fiscal year 1.1.–31.12.2020

Relevant events during the fiscal year

In 2020, the company signed two publishing deals with Epic Games. Two expansions for *Control* game were launched and the company also continued other game development activities.

The company's revenue mostly consisted of royalties recognized from the game sales revenue of *Control*, as well as development fees received from Epic Games and the publishers of *Control* and *Crossfire* game projects. 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 41 085 822.26 EUR and profit for the fiscal year was 10 336 676.75 EUR. Operating profit for the fiscal year was 13 244 514.36 EUR, 32.24% of revenue. Return on equity was 41.83%. The company's equity ratio at the end of the fiscal year was 73.19%.

FISCAL YEAR	2020	2019	2018
Revenue	41 085 822.26	31 645 315.19	20 146 401.80
Operating profit/loss	13 244 514.36	6 534 493.02	609 268.01
Operating profit/loss %	32.24%	20.65%	3.02%
Return on equity %	41.83%	26.92%	3.04%
Equity ratio	73.19%	73.50%	79.09%

The company's salaries and compensations with employer contributions for the fiscal year were 20 758 479,06 EUR and average number of personnel was 265.

FISCAL YEAR	2020	2019	2018
Salaries and other compensations including employer contributions	20 758 479.06	17 200 955.39	11 677 169.05
Average number of personnel	265	228	169

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 and operating profit to increase during 2021. Majority of the revenue and operating profit is expected to materialize during second half-year period.

The company aims to create long-term profitable growth, primarily organically, by expanding the product portfolio and entering into new partnerships. The company intends to grow primarily organically.

Royalties and development fees received from publisher partners depend on future game projects, game release schedules and other terms and conditions of each cooperation. Fluctuations between quarterly results and even between fiscal years may be significant, depending on the amount and timing of received development fees as well as game release schedules.

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

Control was released on PlayStation 5 and Xbox Series X|S on 2 February 2021.

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. These projects were Vanguard, two unannounced projects signed Epic Games and fourth, not yet announced project, during the

reporting period. 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 5 111 006.64 EUR was capitalized during the fiscal year 1.1.–31.12.2020, 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 2020. The number of shares in the company was 12 072 150 on 31 December 2020. All shares are of the same series. The shares were included in the book-entry system as of 5 May 2017 (ISIN: FI4000251897).

Valid issuance authorizations

With its resolution on 6 April 2020, 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 2 000 000 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 2020, the unused authorization allowed the Board of Directors to issue 1 600 000 new shares, options or other special rights.

Authorization for the directed repurchase of own shares

On 6 April 2020, 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 6 October 2021. The authorization replaces the previous authorization granted by the Annual General Meeting on 8 April 2019.

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. 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 2021 and ends on 31 May 2024. The share subscription price is 7.02 EUR, which is the trade volume-weighted average price of the company's share on First North Finland marketplace during 1 March – 31 May 2018 with an addition of 10 percent. The Board of Directors have allocated 315 250 option rights until the end of the period under review, and 84 750 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 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 1 049 949 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 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 387 000 option rights until the end of the period under review, and 13 000 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 200 000 option rights until the end of the period under review, and 200 000 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 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 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 during 2018–2020, corresponding a total of 10 percent of all company shares and votes after a potential subscription.

Potential new long-term share-based incentive program will be decided separately.

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

Remedy Entertainment Plc had distributable funds of 28 652 598.57 EUR on 31 December 2020, of which profit for the fiscal year was 10 336 676.75 EUR. The Board of Directors proposes to the Annual General Meeting on 14 April 2021 a dividend distribution of 0.15 EUR per share, resulting in a total amount of 1 810 822.50 EUR in the following way:

	EUR/share	EUR
Dividend distribution from the profit of the fiscal year and retained earnings	0.15	1 810 822.50
Remaining in non-restricted equity		26 841 776.07
Total		28 652 598.57

The ex-dividend date shall be on 15 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 16 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.

INCOME STATEMENT

	1.1.–31.12.2020	1.1.–31.12.2019
REVENUE	41 085 822.26	31 645 315.19
Production for own use	5 111 006.64	1 509 677.67
Other operating income	592.76	180 633.69
Materials and services		
Purchases during the fiscal year	-22 819.35	-66 561.45
External services	-6 572 776.22	-3 616 908.46
Total materials and services	-6 595 595.57	-3 683 469.91
Personnel expenses		
Salaries and compensations	-17 477 029.09	-14 296 190.88
Employer contributions		
Pension expenses	-2 654 048.64	-2 438 434.77
Other social security expenses	-627 401.33	-466 329.74
Personnel expenses total	-20 758 479.06	-17 200 955.39
Depreciation and impairment		
Depreciation according to plan	-1 068 376.56	-821 911.31
Total depreciation and impairment	-1 068 376.56	-821 911.31
Other operating expenses	-4 530 456.11	-5 094 796.92
OPERATING PROFIT (OR LOSS)	13 244 514.36	6 534 493.02
Financial income and expenses		
Other interest income and finance income from Others	154 240.29	207 861.60
Interest expenses and finance expenses to Others	-477 548.92	-183 540.70
PROFIT BEFORE APPROPRIATIONS AND TAXES	12 921 205.73	6 558 813.92
Income taxes		
Income taxes during the current and previous fiscal years	-2 584 528.98	-1 321 200.83
PROFIT (LOSS) OF THE FISCAL YEAR	10 336 676.75	5 237 613.09

BALANCE SHEET	31.12.2020	31.12.2019
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Development costs	6 620 684.31	1 509 677.67
Other intangible assets	1 052 370.69	1 333 403.16
Total intangible assets	7 673 055.00	2 843 080.83
Tangible assets		
Machinery and equipment	2 218 196.13	1 770 862.76
Total tangible assets	2 218 196.13	1 770 862.76
NON-CURRENT ASSETS TOTAL	9 891 251.13	4 613 943.59
CURRENT ASSETS		
Long-term receivables		
Loan receivables	45 113.89	51 961.69
Other receivables	507 460.75	468 851.69
Total long-term receivables	552 574.64	520 813.38
Short-term receivables		
Trade receivables	2 817 884.19	788 160.62
Other receivables	522 002.34	295 520.99
Prepayments and accrued income	10 880 846.92	10 127 650.62
Total short-term receivables	14 220 733.45	11 211 332.23
Cash and cash equivalents	23 689 964.81	19 550 305.83
TOTAL CURRENT ASSETS	38 463 272.90	31 282 451.44
TOTAL ASSETS	48 354 524.03	35 896 395.03

BALANCE SHEET	31.12.2020	31.12.2019
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80 000.00	80 000.00
Share premium	38 005.00	38 005.00
Other reserves		
Invested non-restricted equity reserve	13 747 629.20	13 747 629.20
Other reserves total	13 747 629.20	13 747 629.20
Retained earnings (loss)	11 188 976.93	7 279 300.34
Profit (loss) for the fiscal year	10 336 676.75	5 237 613.09
EQUITY TOTAL	35 391 287.88	26 382 547.63
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	2 755 499.50	3 673 999.50
Long-term liabilities total	2 755 499.50	3 673 999.50
Short-term liabilities		
Loans from financial institutions	918 500.00	0.00
Trade payables	1 114 552.32	845 136.78
Other payables	365 878.35	275 304.63
Accrued liabilities	7 808 805.98	4 719 406.49
Short-term liabilities total	10 207 736.65	5 839 847.90
LIABILITIES TOTAL	12 963 236.15	9 513 847.40
EQUITY AND LIABILITIES TOTAL	48 354 524.03	35 896 395.03

CASH FLOW STATEMENT	31.12.2020	31.12.2019
Cash flow from operating activities:		
Cash flow from operating activities	11 806 431.78	-492 389.87
Payments received from sales	38 900 588.44	22 112 366.21
Payments received from other operating income	592.76	180 633.69
Payments made for operating expenses	-25 098 099.24	-21 924 112.64
Interest received from operating activities	157 097.82	204 968.71
Interest and other financial expenses paid	-477 548.89	-182 092.65
Income taxes paid	-1 676 199.11	-884 153.13
Cash flows from investing activities		
Cash flows from investing activities	-6 345 684.10	-2 467 321.02
Purchase of tangible and intangible assets	-6 345 684.10	-2 467 321.02
Cash flows from financing activities		
Cash flows from financing activities	-1 321 088.70	-518 030.44
Proceeds from non-current debt	0,00	734 799.50
Other loan expenses	6 847.80	-45 614.94
Dividends paid and other distributions	-1 327 936.50	-1 207 215.00
Change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	19 550 305.83	23 028 047.10
Change in cash and cash equivalents	4 139 658.98	-3 477 741.27
Cash and cash equivalents at end of period	23 689 964.81	19 550 305.83

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 begins at the time of the game's launch.

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 amount of capitalization is calculated from the total project cost by taking into account the percentage which corresponds to the share of return after the games' launch compared to total expected return.

Comparability of data from the previous fiscal year

The company has modified its depreciation principles and methods considering machinery and equipment during fiscal year 2020. New depreciation times are more accurately aligned with economic life of the assets. The change doesn't have relevant effect on comparability of data between fiscal years.

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**31.12.2020****31.12.2019****Depreciation principles and methods**

Development costs: depreciation starts at the launch of the game and is based on future return expectations

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

Machinery and equipment: reducing balance method of 25% per year until

31 December 2019 and 4-8 y. straight-line depreciation from 1 January 2020

Other operating income	592.76	180 633.69
Other operating income	592.76	180 633.69
Other operating expenses	-4 530 456.11	-5 094 796.92
Voluntary staff expenses	-681 558.17	-946 872.37
Office space expenses	-1 086 037.51	-1 157 578.24
IT software and hardware expenses	-1 176 797.44	-1 046 494.09
Travel expenses	-141 662.77	-509 185.53
Marketing expenses	-272 245.94	-243 332.43
Administrative expenses	-1 196 013.37	-1 058 935.64
Other expenses	23 859.09	-132 398.62
Auditor's fees	68 443.75	26 930.00
Audit	20 418.75	21 950.00
Tax consulting	6 150.00	0.00
Other services	41 875.00	4980.00

NOTES ON STAFF AND MEMBERS OF THE INSTITUTIONS**Number of employees**

Average number of staff employed during the fiscal year	265.00	228.00
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Management compensation

CEO and members of the Board of Directors	465 980.00	423 230.00
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NOTES TO THE BALANCE SHEET ASSETS**31.12.2020****31.12.2019****Intangible assets**

Development costs from unfinished projects

Acquisition cost Jan 1	1 509 677.67	0.00
Additions	5.111.006.64	1 509 677.67
Acquisition cost Dec 3	6 620 684.31	1 509 677.67

Other intangible assets

Acquisition cost Jan 1	1 333 403.16	1 670 834.33
Additions during the fiscal year	168 245.36	60 884.20
Depreciation charge for the period	-449 277.83	-398 315.37
Acquisition cost Dec 31	1 052 370.69	1 333 403.16

Tangible assets

Machinery and equipment

Acquisition cost Jan 1	1 770 862.76	1 297 699.55
Additions during the fiscal year	1 066 432.10	896 759.15
Depreciation charge for the period	-619 098.73	-423 595.94
Acquisition cost Dec 31	2 218 196.13	1 770 862.76

Significant items in prepayments and accrued income

Accrued income	9 775 643.72	9 620 133.47
Accrued other personnel costs	191.22	2 019.72
Other accrued expenses	1 105 011.98	505 497.43
Total	10 880 846.92	10 127 650.62

NOTES TO BALANCE SHEET EQUITY AND LIABILITIES**31.12.2020****31.12.2019****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
Total restricted equity	118 005.00	118 005.00

Non-restricted equity

Invested non-restricted equity reserve Jan 1	13 747 629.20	13 747 629.20
Invested non-restricted equity reserve Dec 31	13 747 629.20	13 747 629.20
Retained earnings Jan 1	12 516 913.43	8 486 515.34
Dividends paid	-1 327 936.50	-1 207 215.00
Retained earnings Dec 31	12 516 913.43	7 279 300.34
Profit for the period	10 336 676.75	5 237 613.09
Total non-restricted equity	35 273 282.88	26 264 542.63

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

Invested unrestricted equity	13 747 629.20	13 747 629.20
Retained earnings	12 516 913.43	8 486 515.34
Dividends paid	-1 327 936.50	-1 207 215.00
Development costs	-6 620 684.31	-1 509 677.67
Purchase of treasury shares	0.00	0.00
Other non-distributable items	0.00	0.00

Profit for the period	10 336 676.75	5 237 613.09
Total distributable funds	28 652 598.57	22 227 797.79
Non-current liabilities expiring beyond five years	0.00	0,00
Significant items in accrued liabilities		
Salaries including employer contributions	6 054 359.49	4 192 815.10
Taxes	1 629 322.18	423 972.92
Other accrued expenses	125 124.31	102 618.47
Total	7 808 805.98	4 719 406.49

VALID AUTHORIZATIONS

Authorization for the directed repurchase of own shares

On 6 April 2020, 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 6 October 2021. The authorization replaces the previous authorization granted by the Annual General Meeting on 8 April 2020.

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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 387 000 option rights until the end of the period under review, and 13 000 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 200 000 option rights until the end of the period under review, and 200 000 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 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 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 during 2018–2020, corresponding a total of 10 percent of all company shares and votes after a potential subscription.

Potential new long-term share-based incentive program will be decided separately.

COMMITMENTS AND LIABILITIES	31.12.2020	31.12.2019
Commitments by type		
Deposits	507 460.75	468 851.69
Loans from financial institutions		
Credit card limit 158 000.00 EUR (59 628.00 EUR in use)		
Credit guarantee of 300 000.00 EUR has been provided as collateral for currency forwards		
Financial liabilities not recorded on the balance sheet		
Office lease liability	2 456 001.00	3 547 557.00
Derivatives		
The company has open currency forwards (GBP) at 31 December 2020.		
Nominal value	1 204 007.15	0.00
Market value	-56 069.43	0.00

NOTES TO RELATED PARTY TRANSACTIONS

The have been no unusual transactions with related parties.

Signatures to the financial statements

Espoo, Finland 12.2.2021

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 12.2.2021

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

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Accruals	1 – 571
Vouchers formed by the system	5 – 18
Others	1 – 402
Sales invoice	1 – 132
Sales payment	1 – 128
Purchase invoice	1 – 2409
Purchase payment	1 – 2353
Bank	1 – 288

Storage method for the statements: electronic.