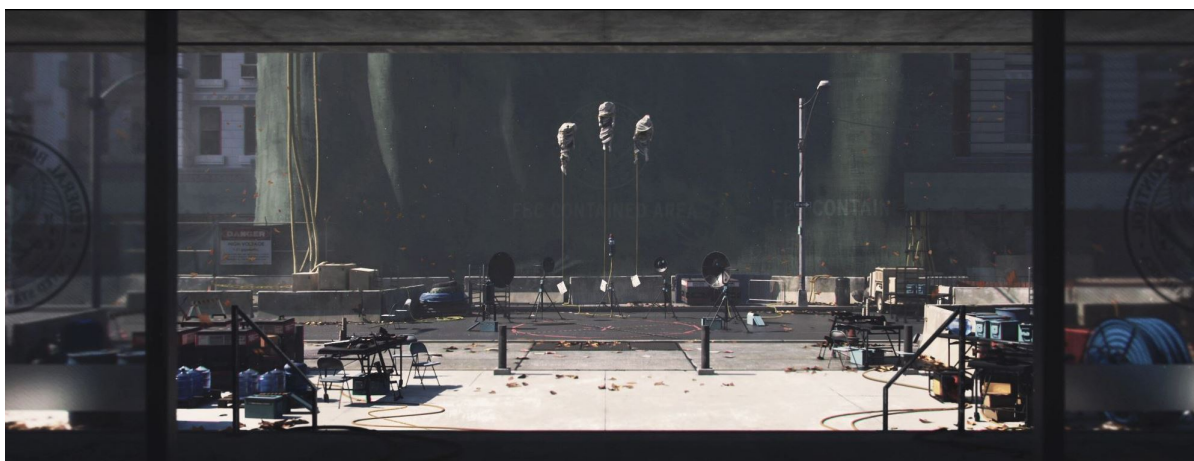


[View in browser](#)

January 9, 2023

Remedy's IR Newsletter Q4/2022

The last quarter of 2022 is behind us, and it is time to wrap up the year in anticipation of the silent period beginning on January 11, 2023. Here is a summary of topics that we have already previously communicated and are good to keep in mind when preparing for the announcement of our Financial statement release 2022 that will be published on February 10, 2023.



Operating Environment

According to Newzoo Global Games Market research, the global games market will generate \$184.4 billion in 2022. Total market growth rate of

-4.3% y-o-y is split into -6.4% in mobile, -4.2% in console and 0.5% in PC games market. Looking at geographies in 2022, the largest market, Asia-Pacific declined by -5.6%. North America declined by -5.6% whereas the European games market declined -3.5%. The strongest revenue growth was seen in the Middle East and Africa, where the growth rate reached 6.6%, and Latin America, which grew by 3.4%. Newzoo expects the market to return to growth and that only 2022 will be a corrective year following two years of lockdown-fuelled growth for the global games market.

Newzoo forecasts the PC games market to generate \$40.5 billion in 2022, up +0.5% year on year. PC gaming market revenues are not as hit-driven as console gaming. Therefore, a year light on releases such as 2022 affects PC gaming revenues less, as the top-grossing games typically have been around for multiple years. Similarly, PC gaming is still a place where independent publishers can flourish.

Newzoo forecasts the console games market to generate \$51.8 billion in 2022, a decline of -4.2% year on year. The console segment had a slow year as the release schedule throughout 2022 remained light. More than other segments, console is a hit-driven market, and a lack of AAA releases hurts the market.

Newzoo estimates 2022 being a corrective year following two years of growth impacted by the lockdown effect. Nevertheless, the coming years look promising, particularly for console gaming. Newzoo forecasts the games market to grow from \$179.1 billion in 2020 to \$211.2 billion by 2025, growing at a +3.4% CAGR. Console gaming will grow rapidly in the coming years, as the next two years will bring loads of new content for a rapidly growing user base of PS5 and Xbox Series consoles. Furthermore, Newzoo expects a new Nintendo device somewhere around 2024-2025, as the Nintendo Switch will then have launched eight years ago. While the year 2022 showed that price-sensitive players spend less during tougher economic times, engagement remains high across segments. Gaming proved resilient during turbulent economic times in the past and the number of global players is still growing across the globe. Gaming is now embedded in consumers' lives, and that will not change.

* [Source](#)



News and releases from Q4/2022

Our key events in Q4/2022:

[Tencent Holdings Limited's shareholding in Remedy has gone above the 5 percent threshold \(28/11/2022\)](#)

Remedy Entertainment Plc has on November 25, 2022, received a notification under Chapter 9, Section 5 of the Finnish Securities Markets Act according to which Tencent Holdings Limited's indirect shareholding of Remedy shares and voting rights has gone above the 5 percent threshold on November 25, 2022.

[Remedy Entertainment signs a co-development and co-publishing agreement with 505 Games for Control 2 \(11/11/2022\)](#)

Remedy Entertainment ("Remedy") has signed an agreement with 505

Games, an international video game publisher and a subsidiary of Digital Bros Group, under which Remedy and 505 Games will co-develop and co-publish Control 2 (formerly known as Codename Heron), a sequel to Remedy's award-winning game Control.

[Business Review January–September 2022: Remedy's investments in game projects continued, burdening profitability \(28/10/2022\)](#)

In the third quarter of 2022, revenue grew by 7% to EUR 7.9 million. Development fees made up 95% and royalties 5% of the revenue. 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 did not generate royalties.

[Remedy Entertainment Plc's financial reporting and Annual General Meeting 2023 \(28/10/2022\)](#)

Remedy Entertainment Plc will publish its financial reports in 2023 as follows:

- Financial Statement release 2022 on Friday, February 10, 2023
- Business review for January–March 2023 on Wednesday, April 26, 2023
- Half-year financial report for January–June 2023 on Friday, August 11, 2023
- Business review for January–September 2023 on Tuesday, October 31, 2023

Remedy's Annual report 2022 will be published w/c March 20, 2023 (week 12) in company's investor website at investors.remedygames.com. Remedy's Annual General Meeting is planned to be held on Thursday April 13, 2023.

[Alan Wake Remastered Now Available For The Nintendo Switch \(20/10/2022\)](#)

Today, developer Remedy Entertainment and publisher Epic Games announced the release of Alan Wake Remastered for the Nintendo

Switch. The game is available now on the Nintendo eShop, with a launch discount of 20% off the game's usual \$29.99 / €29.99 / £24.99 price.

Comparables from Q4/2021

Below is a recap of key points from Remedy's Financial Statements Release 2021 that have impact on the comparability between Q4/2021 and Q4/2022.

Q4/2021 revenue was EUR 19.8m

Revenue grew y-o-y driven by development fees from Vanguard and Alan Wake 2. In December 2021 Remedy signed a global development, license and distribution agreement with Tencent for Vanguard. The Vanguard agreement included compensation for historical project development expenses. This was recognized as revenue in fourth quarter 2021.

Additionally, in the fourth quarter of 2021 Remedy agreed a new amendment with Epic Games Publishing that they will compensate for expended scope and budget related to development of Alan Wake 2. This also positively impacted Remedy's fourth quarter 2021 revenue recognition.

Q4/2021 profitability (Operating profit margin 52.2%) was record high

In the fourth quarter of 2021 profitability was driven by the realized revenues from the newly signed Vanguard agreement and the amendment for Alan Wake 2.



Outlook for 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.

Silent period and upcoming events

Remedy Entertainment Plc follows a silent period of 30 days prior to the publication of its annual or interim results. The silent period starts on January 11, 2023 and continues until our Financial statement release 2022 is published on February 10, 2023.

Remedy Entertainment Plc will publish its financial reports in 2023 as follows:

- Financial Statement release 2022 on Friday, February 10, 2023
- Annual Report 2022 week 12/2023
- Business review for January–March 2023 on Wednesday, April 26, 2023
- Half-year financial report for January–June 2023 on Friday, August 11, 2023
- Business review for January–September 2023 on Tuesday, October 31, 2023

Earnings release

Remedy Entertainment Plc will publish its Financial statement release 2022 on Friday February 10, 2023 at 9:00 a.m. (EET). Remedy will host a webcast and conference call in English on its full year 2022 financial results for investors, analysts and media on Friday February 10, 2023, at 2:00 p.m. (EET). Remedy's financial results will be presented by CEO Tero Virtala and CFO Terhi Kauppi.

The Financial statement report will be available after publication on Remedy's Investor Relations website:

investors.remedygames.com/announcements-and-releases/

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

investors.remedygames.com/presentations

More information

For more information, please visit our website: investors.remedygames.com

If you have any questions, please don't hesitate to contact us. We are happy to help you!

Best regards,
Remedy IR team
ir@remedygames.com



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