



Remedy Entertainment Plc

FINANCIAL STATEMENTS RELEASE

January - December 2022

REMEDY 

Games roadmap fortified for future growth

Investments in game projects accelerated and new deals strengthened the portfolio with first of the major new game launches in sight for 2023

Figures in parentheses refer to the comparison period in the previous year, unless otherwise stated.

HIGHLIGHTS FROM OCTOBER–DECEMBER 2022

- Revenue decreased by 31.2% to EUR 13.6 (19.8) million.
- EBITDA decreased to EUR 2.8 (10.9) million, mainly due to a significantly lower level of revenue than in the comparison period.
- Operating profit (EBIT) was EUR 2.1 (10.3) million, and operating profit margin was 15.6% (52.2%) of revenue.
- Cash flow from operations was EUR -3.8 (-2.2) million.
- In November, Remedy signed a co-development and co-publishing agreement with 505 Games for *Control 2*.

HIGHLIGHTS FROM JANUARY–DECEMBER 2022

- Revenue decreased by 2.5% to EUR 43.6 (44.7) million.
- EBITDA was EUR 1.9 (14.5) million.
- Operating profit (EBIT) was EUR -0.6 (11.4) million, and operating profit margin was -1.3% (25.5%) of revenue.
- Cash flow from operations was EUR 11.1 (6.1) million.
- In April, Remedy signed a development agreement with Rockstar Games for a remake of *Max Payne* and *Max Payne 2: The Fall of Max Payne* video games.
- In May, trading in Remedy's shares was transferred from the First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki.
- In August, Remedy lowered its revenue and operating result outlook for 2022.
- In November, Remedy signed a co-development and co-publishing agreement with 505 Games for *Control 2*.
- The Board of Directors proposes that a dividend of EUR 0.10 (0.17) per share be paid for the year 2022.

KEY FIGURES

MEUR, IFRS, Group	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Revenue	13.6	19.8	43.6	44.7
Growth in revenue, %	-31.2%	45.7%	-2.5%	8.9%
EBITDA	2.8	10.9	1.9	14.5
Operating profit (EBIT)	2.1	10.3	-0.6	11.4
Operating profit, % of revenue	15.6%	52.2%	-1.3%	25.5%
Result for review period	1.5	8.2	-1.7	8.8
Result for review period, % of revenue	10.8%	41.3%	-4.0%	19,7%

Balance sheet total	99.6	101.1	99.6	101.1
Cash flow from operations	-3.8	-2.2	11.1	6.1
Net cash	49.9	51.7	49.9	51.7
Cash position	49.0	51.4	49.0	51.4
Net gearing, %	-56.4%	-59.1%	-56.4%	-59.1%
Equity ratio, %	88.8%	86.4%	88.8%	86.4%
Capital expenditures	2.5	2.3	10.6	9.6
Average number of personnel during review period (FTE)	323	282	307	280
Headcount at the end of period	334	294	334	294
Earnings per share, €	0.11	0.61	-0.13	0.67
Earnings per share, € (diluted)	0.11	0.61	-0.13	0.65
Number of shares at the end of period	13,448,600	13,298,450	13,448,600	13,298,450

COMMENTS BY CEO TERO VIRTALA

The year 2022 started a stronger investment phase for Remedy, which is evident in the financial figures of the fiscal year. Out of the five games in development, we are co-financing four games that are based on Remedy-owned brands and one game is fully funded by a publishing partner. When the projects advance to their next phases of development in 2023, our own investments will also increase. Our cash position at the end of the year was EUR 49.0 million, which enables us to make appropriate capital allocation in the transition towards co-financing more projects and taking a larger role in game publishing.

In the fourth quarter of 2022, revenue declined from a strong comparable period. The fourth quarter of 2021 was exceptional, with individual revenue items, the agreement for *codename Vanguard* and the extended scope and budget related to the development of *Alan Wake 2* contributing to both revenues and profitability significantly. Our full-year 2022 revenue and profitability were impacted by increased own investments in the game projects.

Alan Wake 2 is in full production. The game will soon have all content in place, and it is playable from start to finish. We will then move onto polishing the experience. *Alan Wake* is a unique brand that holds high value for the company today. *Alan Wake Remastered* has not yet generated royalties. However, we expect the sales to increase as the release of *Alan Wake 2* becomes imminent and fans and new players want to experience the original story on new generation consoles.

In November, we announced the deal for *Control 2* with 505 Games. This further strengthens our collaboration with 505 Games on the *Control* franchise and marks another big step for us towards game publishing. *Control 2* expands the story and the world from the original *Control*. We now have detailed concepts on the game vision and all creative areas including the gameplay, narrative and art. We are pleased with the work the team has done and as of January 2023, the game has progressed into the proof-of-concept stage.

Codename Condor is a service-based game and as such a new type of game for Remedy. We are making sure the core gameplay is solid. We are building the right team and production model for the game and are patiently progressing with the development. Together with our partner 505 Games we have seen great potential in *Condor*. *Condor* remains in the proof-of-concept stage.

Codename Vanguard is also currently in the proof-of-concept stage. In the fall 2022, we chose to keep the game in the proof-of-concept phase longer and postpone the significant expansion of the development team until 2023. The *Vanguard* team has made progress and continues to work on core gameplay and meta game development as well as proving the application of Remedy-style narrative and world building. The development team has been strengthened by select key hires.

Max Payne 1&2 remake continues in the concept stage. The project has made good progress. We are looking forward to bringing this beloved character alive again to a new generation of consoles and to a new generation of fans.

In our outlook for 2023, we expect revenue to decline from the previous year and to have a negative operating result. As described above, we are co-financing most of the projects together with our partners and all these projects are based on Remedy-owned brands increasing the value of our company in the long run. A greater number of co-financed projects results in a smaller amount of development fees. This also impacts our profitability in the short term, as a greater proportion of development costs are covered by us. However, such investment will increase the royalty potential for the upcoming years.

Since 2017, we have started the process to systematically develop our capabilities to be able to develop several high-quality games in parallel and to have successful game launches on a more frequent basis. We now have five AAA games in development, which has been our ambitious target. The move to this multi-project model has been going well, but we also have felt some growth pains with implementing our model, as was partially evidenced in summer 2022 with the additional time needed for the Vanguard project.

Subsequently during 2022, we have taken our learnings and made changes: We have strengthened our game teams and adjusted their leadership roles, some outsourcing partnerships have been changed, there have been number of improvements how we plan and lead project-work, and we have developed the way company management oversees, supervises and supports our game projects.

We have made significant technology and tool developments for Northlight in 2022. These development steps support in further enhancing the quality of our games, opening new creative opportunities, and improving the efficiency of our game development. In 2022, we almost doubled the number of new Remedians compared to 2021 and we also succeeded in retaining and developing our people. Looking ahead, we see the opportunity to keep on investing in personnel by hiring experienced, passionate and creative, challenge-driven individuals to drive our game projects onward. Our studio in Stockholm also increases our presence and attractiveness as an employer in Sweden.

We have now gained a stronger position in the value chain in accordance with our strategic goals. Out of the five game projects, four of which are based on Remedy owned brand, Remedy is a co-publisher in three of these, giving us more influence on how the games will be commercialized. Our roadmap for the medium term is now set, and our full focus is on executing the projects in the current games pipeline. The investments in our teams, Northlight game engine and tool set, support functions and external development are the key enablers for our next growth leap during the coming years. We are planning to launch a new game per year starting from 2023, accompanied by additional free and paid content.

FUTURE OUTLOOK

Remedy expects its revenue to decline from the previous year and its operating result to be negative.

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 and predictable revenue basis for many years. On top of these revenues, we have the less predictable but highly scalable revenue streams arising from game royalties.

Our assumptions for individual game royalties are inherently conservative, due to the amount and nature of the variables impacting game sales. However, 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. Our games and brands are transforming into longer-lasting experiences that typically continue to sell for years.

In relation to our longer-term game roadmap, we now have five game projects in development and will have major game launches starting from 2023. 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 expected to decrease in the coming years.

RESULT FROM BUSINESS OPERATIONS

October–December 2022

In October-December 2022, Remedy's revenue decreased by 31.2% in relation to the comparison period, amounting to EUR 13.6 (19.8) million. Development fees were EUR 12.6 (18.3) million and royalties from publishing partners were EUR 1.1 (1.5) million. The fourth quarter of 2021 as a comparison period had an exceptionally high amount of development fees due to a new agreement for *codename Vanguard* and extended scope and budget related to development of *Alan Wake 2*. In the fourth quarter of 2022 the development fees for *Control 2* generated revenue that also included compensation for earlier work done according to the new agreement with 505 Games. The main sources of revenue in October - December 2022 were the development fees from *Alan Wake 2*, *Max Payne 1&2 remake* and *Control 2*. *Alan Wake Remastered* did not yet generate royalties.

In October–December 2022, Remedy's EBITDA decreased to EUR 2.8 (10.9) million and operating profit (EBIT) was EUR 2.1 (10.3) million, or 15.6% (52.2%) of the revenue. The decrease was mainly due to a significantly lower level of revenue than in the comparison period. Materials and services expenses were 51.9%, personnel expenses 4.5%, and other operating expenses 62.9% higher than in the comparison period.

January–December 2022

In January-December 2022, Remedy's revenue decreased by 2.5% to EUR 43.6 (44.7) million. Development fees were EUR 39.1 (36.0) million and royalties from publishing partners were EUR 4.5 (8.7) million. Key positive contributors to the growth of development fees were the development fees from *Max Payne 1&2 remake*, *Control 2* and *Alan Wake 2*. At the same time, development fees from *Alan Wake Remastered*, *Codename Vanguard* and *Crossfire* as well as game royalties from *Control* decreased from the comparison period. *Alan Wake Remastered* did not yet generate royalties.

In January–December 2022, Remedy's EBITDA decreased to EUR 1.9 (14.5) million and operating profit (EBIT) to EUR –0.6 (11.4) million, or –1.3% (25.5%) of the revenue. Transitioning to a phase where Remedy invests more in game projects during the development phase to ensure longer term upside potential, also means that we gradually hire more employees and utilize external development more than in the past years. The share we receive from publishing partners in the form of development fees is lower compared to the total level of investment. After the lifting of the pandemic -related restrictions, the level of other operating costs has normalized. Materials and services expenses were 118.9%, personnel expenses 13.2%, and other operating expenses 59.8% higher than in the comparison period.

CASH FLOW AND FINANCIAL POSITION

Cash flow

October–December 2022

In October-December 2022, Remedy's cash flow from business operations amounted to EUR –3.8 (-2.2) 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 October-December 2022, Remedy's cash flow from investing activities amounted to EUR -2.5 (-2.3) million and cash flow from financing activities amounted to EUR –0.9 (-0.9) million.

January–December 2022

In January–December 2022, Remedy's cash flow from business operations amounted to EUR 11.1 (6.1) 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, clearly 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 significant incoming project development fee payments, which vary according to invoicing milestones.

In January–December 2022, Remedy's cash flow from investing activities amounted to EUR –10.6 (-16.6) million and cash flow from financing activities amounted to EUR -2.8 (38.2) million. In the comparison period, Remedy made cash management investments of EUR 7.0 million affecting investing activities cash flow and carried out a directed share issue, amounting to total proceeds of EUR 41.5 million affecting financing activities cash flow.

Financial position

Remedy's non-current assets on December 31, 2022, totaled EUR 31.4 (23.1) 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 23.3 (15.1) million on December 31, 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 December 31, 2022, Remedy's cash position EUR 49.0 (51.4) million.

The company's liabilities on December 31, 2022, amounted to EUR 11.2 (13.7) million.

Remedy's balance sheet total on December 31, 2022, was EUR 99.6 (101.1) million and equity EUR 88.4 (87.4) million. Equity was impacted by a dividend payment of EUR 2.3 million in April 2022. The company's equity ratio was 88.8% (86.4%) and net gearing –56.4% (-59.1%).

PERSONNEL, MANAGEMENT AND GOVERNANCE

The number of the company's personnel (headcount) was 334 (294) at the end of the period under review, with an annual growth of 14%. 51% of the personnel represent 33 different nationalities, the rest (49 %) are Finns. The total headcount at the end of the period under review was 366, growing 14% from the same period in the previous year. The total headcount is defined as headcount added with people who work in Remedy's projects but are not employed by Remedy.

At the end of the period under review, the company's Core Management Team comprised CEO Tero Virtala, CFO Terhi Kauppi, CTO Markus Mäki, Creative Director Sami Järvi, Chief People Officer 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 the 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 21.85 euros.

January– December 2022	Highest share price, €	Lowest share price, €	Closing share price, €	Volume-weighted average price, €
REMEDY	40.60	16.50	21.85	22.57

	31.12.2022	31.12.2021
Market capitalization, €	293,851,910	527,948,465
Number of shareholders	16,766	14,203
Number of shares at the end of period	13,448,600	13,298,450
Number of shares at the end of period, diluted (IFRS)*	13,620,226	13,731,960
Number of shares at the end of period, diluted	14,574,150	14,259,650
Average number of shares within period	13,351,333	13,045,392
Average number of shares within period, diluted (IFRS)*	13,585,980	13,617,931
Average number of shares within period, diluted	14,287,775	13,942,775
Value of share turnover within period	133,738,900	212,553,836
Total number of traded shares within period	5,033,885	5,110,204

*Calculated according to International Financial Reporting Standards (IFRS)

The company has one series of shares (ISIN: FI4000251897). The number of shares in the company was 13,448,600 on December 31, 2022. The company held no treasury shares.

Between June 1 and September 15, 2022, a total of 11,200 new shares of Remedy were subscribed for with the company's stock options 2018 and a total of 134,700 new shares of Remedy were subscribed for with the company's stock options 2019. These shares were registered in the Trade Register on September 29, 2022. As an outcome, the number of the company's shares increased from 13,302,700 to 13,448,600.

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 31 December 2022, 981,000 shares are left to be issued under the authorization of the Annual General Meeting on said date.

Remedy Entertainment announced on August 31, 2022, that Accendo Capital SICAV RAIF's shareholding of Remedy shares and voting rights went above the 15 percent threshold on August 30, 2022. According to the notification, Accendo Capital SICAV RAIF's shareholding in Remedy increased to 2,026,614 shares, corresponding to 15.23 percent of Remedy's shares and voting rights.

Remedy Entertainment announced on November 28, 2022, that Tencent Holdings Limited's indirect shareholding of Remedy's shares and voting rights went above the 5 percent threshold on November 25, 2022. According to the notification, Tencent Holdings Limited's indirect shareholding in Remedy increased to 673,274 shares, corresponding to 5.01 percent of Remedy's shares and voting rights.

Major shareholders on December 31, 2022

	NAME	SHARES	PERCENTAGE
1.	Mäki Markus	3,197,000	23.8
2.	Järvi Sami Antero	560,000	4.2
3.	Virtala Tero Tapani	300,000	2.2
4.	Lehtinen Saku Hermann	232,000	1.7
5.	Erikoissijoitusrahasto Aktia Mikro Markka	156,056	1.2
6.	Varma Mutual Pension Insurance Company	150,000	1.1
7.	Evli Finnish Small Cap Fund	143,000	1.1
8.	Sijoitusrahasto Aktia Capital	129,807	1.0
9.	Paloheimo Johannes Alfred Gustaf	103,000	0.8
10.	Fredrikson Karl Christian	101,400	0.8
	10 largest shareholders total	5,072,363	37.7
	Accendo Capital SICAV RAIF (nominee registered)	2,063,162	15.3
	Other nominee registered	2,196,731	16.3
	Other shares	4,116,344	30.6
	Total	13,448,600	100.0%

OPTION PLANS

Remedy has five option plans directed to Remedy's key persons: Option Plan 2018, Option Plan 2019, Option Plan 2020, Option Plan 2021 and Option Plan 2022. 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 December 31, 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	60,750	June 1, 2021 – May 31, 2024	7.02
Option Plan 2019	371,000	371,000	236,300	June 1, 2022 – May 31, 2025	9.23
Option Plan 2020	400,000	201,500	201,500	June 1, 2023 – May 31, 2026	22.21
Option Plan 2021	350,000	308,000	308,000	June 1, 2024 – May 31, 2027	47.09
Option Plan 2022	350,000	319,000	319,000	June 1, 2025 – May 31, 2028	26.64

Remedy's option rights 2018 are listed on the Nasdaq Helsinki Ltd First North Growth marketplace. On May 31, 2022, Remedy also applied 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 were 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 their holders to subscribe for 371,000 company shares.

On September 20, 2022, The Board of Directors of Remedy decided to adopt a new option plan "Option Plan 2022" directed to the key persons. 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. The number of the company's shares may increase at maximum by 350,000 shares as a result

of the share subscriptions with the option rights, equaling to 2.63 percent of all shares and votes in the company after the possible share subscription, if only new shares are issued in the subscription.

DIVIDEND PROPOSAL

Remedy Entertainment Plc had non-restricted equity of 61 280 970.55 euros on December 31, 2022, and profit for the financial year was -1 818 929.75 euros. The Board of Directors proposes to the Annual General Meeting, planned to be held on April 13, 2023, a dividend distribution of 0.10 euros per share, resulting in a total amount of 1 344 860.00 euros in the following way:

	Euros/share	Euros
Dividend distribution from the profit and retained earnings of the financial year	0.10	1 344 860.00
Remaining in non-restricted equity		59 936 110.55
Total		61 280 970.55

The ex-dividend date will be April 14, 2023. The dividend will be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date April 17, 2023. The payment date proposed by the Board of Directors for the dividend is April 24, 2023.

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.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting is planned to be held on April 13, 2023. The company will give notice of the Annual General Meeting at a later date within the time limit set by the Articles of Association.

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 Remedy's business operations, result, financial position, outlook and share price.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Between September 16 and December 31, 2022, a total of 20,500 new shares of Remedy were subscribed for, and trade-registered with the company's stock options 2018 and 2019, after which the total number of shares is 13,469,100.

FINANCIAL DISCLOSURES IN 2023

February 10, 2023	Financial Statements Release 2022
April 26, 2023	Business Review for January-March 2023
August 11, 2023	Half-year Financial Report for January-June 2023
October 31, 2023	Business Review for January-September 2023

Remedy's Annual Report, Financial Statements and Board of Directors' Report for 2022 will be published w/c March 20, 2023 (week 12) on the company's investor website at <https://investors.remedygames.com/>

WEBCAST AND CONFERENCE CALL

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 Statements Release 2022 will be available after publication on Remedy's Investor Relations website: <https://investors.remedygames.com/announcements-and-releases/>

Webcast details:

Register in advance for the webcast:

https://remedy.zoom.us/webinar/register/WN_S7flmKPaQ_ykZSOhxTUuHg

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/kWQMBp9zC>

Finland: +358 9 7252 2471

Sweden: +46 850 539 728

United Kingdom: +44 330 088 5830

United States: +1 646 558 8656

Webinar ID: 815 2631 0400

Passcode: 338475

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

TABLES

The annual financial statements figures presented in this release are based on the company's audited financial statements. The auditor's report was issued on 9 February 2023.

Consolidated statement of comprehensive income

EUR thousand	10-12/2022	10-12/2021	1-12/2022	1-12/2021
REVENUE	13,627	19,796	43,588	44,726
Other operating income	19	0	19	1
Materials and services	-2,912	-1,917	-11,751	-5,368
Personnel expenses	-6,156	-5,890	-23,949	-21,152
Depreciation and impairment	-662	-543	-2,468	-3,043
Other operating expenses	-1,795	-1,102	-6,002	-3,757
OPERATING PROFIT (LOSS)	2,120	10,343	-563	11,407
Financial income	16	150	316	253
Financial expenses	-35	-32	-941	-318
PROFIT (LOSS) BEFORE INCOME TAXES	2,100	10,461	-1,188	11,342
Income tax expense	-627	-2,283	-538	-2,548
PROFIT (LOSS) FOR THE FINANCIAL YEAR	1,473	8,178	-1,726	8,794
OTHER COMPREHENSIVE INCOME (EXPENSE)				
Items that may be subsequently reclassified to profit or loss	0	0	0	0
Total other comprehensive income (expense) for the financial year	0	0	0	0
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE FINANCIAL YEAR	1,473	8,178	-1,726	8,794
PROFIT (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,473	8,178	-1,726	8,794
TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,473	8,178	-1,726	8,794
EARNINGS PER SHARE				
Basic earnings per share, euro	0,11	0.61	-0,13	0.67
Diluted earnings per share, euro	0,11	0.59	-0,13	0.65

Consolidated balance sheet

EUR thousand	December 31, 2022	December 31, 2021
NON-CURRENT ASSETS		
Intangible assets (development costs)	23,262	15,110
Tangible assets	3,142	3,178
Right-of-use assets	1,147	1,075
Investments	3,000	3,000
Non-current receivables	828	705
Deferred tax assets	-	6
CURRENT ASSETS		
Inventory	13	17
Trade and other receivables	15,307	22,511
Other current financial assets	3,818	4,139
Cash and cash equivalents	49,034	51,384
TOTAL ASSETS	99,552	101,126
EQUITY		
Share capital	80	80
Share premium	38	38
Invested non-restricted equity reserve	57,101	55,779
Retained earnings (losses)	32,863	22,728
Profit (loss) for the financial year	-1,726	8,794
LIABILITIES		
Non-current liabilities		
Government loan	919	1,837
Lease liabilities	227	218
Current liabilities		
Government loan	919	919
Lease liabilities	928	887
Trade and other payables	8,204	9,848
TOTAL EQUITY AND LIABILITIES	99,552	101,126

Condensed consolidated statement of cash flow

EUR thousand	1-12/2022	1-12/2021
Cash flow from business operations	11 069	6,052
Cash flow from investments	-10,623	-16,602
Cash flow from financing	-2 796	38,244
Liquid assets – opening balance	51,384	23,690
Change in liquid assets	-2,350	27,694
Liquid assets – closing balance	49,034	51,384

Consolidated statement of changes in equity

Changes in shareholders' equity 1-12/2022	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	SHAREHOLDERS' EQUITY TOTAL
EUR thousand					
Balance January 1, 2022	80	38	55,779	31,522	87,419
Comprehensive income					
Profit (Loss) for the financial year				-1,796	-1,796
Other comprehensive income					
Total comprehensive income				-1,796	-1,796
Transactions with owners of the company					
Dividend distribution				-2,261	-2,261
Share options granted				3,602	3,602
Share issue and other share subscriptions			1,322		
Total transactions with owners			1,322	1,341	2,663
BALANCE December 31, 2022	80	38	57,101	31,137	88,356

Changes in shareholders' equity 1-12/2021	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	SHAREHOLDERS' EQUITY TOTAL
EUR thousand					
Balance January 1, 2021	80	38	13,748	22,232	36,098
Comprehensive income					
Profit (Loss) for the financial year				8,794	8,794
Other comprehensive income					
Total comprehensive income				8,794	8,794
Transactions with owners of the company					
Dividend distribution				-1,961	-1,961
Share options granted				2,457	2,457
Share issue and other share subscriptions			1,618		1,618
Increase in share capital			40,413		40,413
Total transactions with owners			42,031	496	42,528
BALANCE December 31, 2021	80	38	55,779	31,522	87,419

NOTES TO FINANCIAL STATEMENT JANUARY-DECEMBER 2022

Accounting policies applied in the Financial Statement report

The Financial Statement report has been prepared in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards applicable within the EU on December 31, 2022. The accounting policies of the interim 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.

Revenue breakdown per quarter

EUR thousand	10-12/2022	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021
Development fees	12,564	7,500	7,443	11,619	18,341	5,428
Royalties	1,063	404	1,958	1,037	1,455	1,970
Total	13,627	7,904	9,401	12,656	19,796	7,398

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.

December 31, 2022	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
EUR thousand					
Financial assets measured at fair value					
Investments to equity funds	6,818	6,818	-	-	6,818
	6,818	6,818	-	-	6,818
Financial liabilities not measured at fair value					
Unsecured government loan	1,837	-	-	1,837	1,837
	1,837	-	-	1,837	1,837

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	1,499	1,095	-	18	1,499	1,113
Balance December 31	6,233	4,734	1,918	1,918	8,151	6,652
Accumulated depreciation and impairment						
Balance January 1	-2,154	-1,421	-1,319	-848	-3,474	-2,268
Depreciation	-1,061	-734	-474	-472	-1,535	-1,206
Balance December 31	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Carrying amount on January 1	2,579	2,218	599	1,052	3,178	3,271
Carrying amount on December 31	3,018	2,579	125	599	3,142	3,178

Changes in intangible assets

Capitalized development costs		
EUR thousand	December 31, 2022	December 31, 2021
Cost		
Balance January 1	25,085	16,596
Additions	8,152	8,489
Balance December 31	33,237	25,085

Accumulated amortization and impairment

Balance January 1	-9,975	-9,003
Depreciation	-	-972
<hr/>		
Balance December 31	-9,975	-9,975
Carrying amount on January 1	15,110	7,593
Carrying amount on December 31	23,262	15,110

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 + liquid investments* - interest-bearing liabilities
Net gearing, %:	(Interest-bearing liabilities - cash in hand and at banks – liquid investments*) / 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

*Liquid investments include Remedy's liquid investments to equity funds. The indicators from comparison periods have also been corrected according to this principle.

Espoo, February 10, 2023
Remedy Entertainment Plc
Board of Directors

More information

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Remedy in brief

Remedy Entertainment Plc is a pioneering, globally renowned video game company founded in 1995 and headquartered in Finland with an office in Stockholm, Sweden. Known for its story-driven and visually stunning action games, Remedy has created multiple successful, critically acclaimed franchises such as Control, Alan Wake and Max Payne. Remedy also develops its own Northlight® game engine and tools technology that powers many of its games.

The company employs over 330 game industry professionals from 34 different countries. Remedy's shares are listed on Nasdaq Helsinki's official list.

www.remedygames.com