



# Half-Year Financial Report JANUARY-JUNE 2023





Remedy Entertainment Plc | Stock exchange release, August 11, 2023, at 09:00 a.m. (EEST)

Remedy Entertainment Plc | Half-Year Financial Report January–June 2023

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## **Investment phase continues with the Q4 release of Alan Wake 2 in sight**

**The response to the Alan Wake 2 marketing campaign has been promising**

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

### **Highlights from April–June 2023**

- Revenue decreased by 5.3% to EUR 8.9 (9.4) million.
- EBITDA decreased to EUR -4.1 (-1.8) million.
- Operating profit (EBIT) was EUR -4.8 (-2.4) million, and the operating profit margin was -53.8% (-25.6%) of revenue.
- Cash flow from operations was EUR -7.0 (-8.3) million.
- *Alan Wake 2* development has progressed well toward the Q4 release.
- In May, the *Alan Wake 2* gameplay reveal trailer debuted at the PlayStation Showcase.
- In June, the *Alan Wake 2* demo was presented to the US gaming media and influencers at Summer Games Fest. Selected European and Finnish outlets were invited to Remedy's headquarters to see the same demo.

### **Highlights from January–June 2023**

- Revenue decreased by 28.3% to EUR 15.8 (22.1) million.
- EBITDA was EUR -8.9 (1.5) million.

- Operating profit (EBIT) was EUR -10.4 (0.4) million, and the operating profit margin was -65.7% (1.6%) of revenue.
- Cash flow from operations was EUR -11.0 (9.4) million.

## Key Figures

MEUR, IFRS, Group, unaudited	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Revenue	8.9	9.4	15.8	22.1	43.6
Growth in revenue, %	-5.3%	-0.2%	-28.3%	25.8%	-2.5%
EBITDA	-4.1	-1.8	-8.9	1.5	1.9
Operating profit (EBIT)	-4.8	-2.4	-10.4	0.4	-0.6
Operating profit, % of revenue	-53.8%	-25.6%	-65.7%	1.6%	-1.3%
Result for review period	-2.7	-2.6	-8.3	-0.6	-1.7
Result for review period, % of revenue	-30.0%	-27.5%	-52.5%	-2.5%	-4.0%
Balance sheet total	92.7	100.4	92.7	100.4	99.6
Cash flow from operations	-7.0	-8.3	-11.0	9.4	11.1
Net cash	31.7	53.1	31.7	53.1	49.9
Cash position	28.9	53.6	28.9	53.6	49.0
Net gearing, %	-39.3%	-61.3%	-39.3%	-61.3%	-56.4%
Equity ratio, %	86.8%	86.2%	86.8%	86.2%	88.8%
Capital expenditures	2.0	2.8	4.0	5.3	10.6
Average number of personnel during review period (FTE)	334	300	331	295	307
Headcount at the end of period	347	318	347	318	334
Earnings per share, €	-0.20	-0.19	-0.62	-0.04	-0.13
Earnings per share, € (diluted)	-0.19	-0.19	-0.60	-0.04	-0.13
Number of shares at the end of period	13,477,900	13,302,700	13,477,900	13,302,700	13,448,600

## Comments by CEO Tero Virtala

The marketing campaign for *Alan Wake 2* began in the second quarter of 2023. At the May PlayStation Showcase, we unveiled a gameplay reveal trailer for *Alan Wake 2*. The organic engagement for the trailer was excellent. In June, together with Epic Games, we showed off a behind-closed-doors demo of *Alan Wake 2* at the Los Angeles Summer Games Fest Play Days event. The response to the 35-minute live demo was very positive – every one of our 15 demo sessions was full, and we had to accommodate more people than originally anticipated. The game was especially

praised by event participants for its stunning visuals, intricate sound design, compelling characterization of Saga and the deep narrative storytelling Remedy is known for. *Alan Wake 2* was selected as the singular Most Anticipated Title as judged by more than 40 global media outlets that voted on the Game Critics Awards: Best of Summer Games Fest.

In the second quarter of 2023 our operating profit margin was negative as it was affected by higher investments in game projects than in the comparison period. One part of our strategy is to move our operations toward game publishing and take a stronger position in the value chain, which requires increased investments in our game brands. This has a negative impact on profitability in the short term but will increase the royalty potential for the upcoming years. During the first half of the year, we were able to continue hiring more talent across the organization resulting in higher personnel expenses than a year ago. We expect a slight increase in our total headcount due to targeted recruitments to further strengthen our teams. As many other companies have slowed down recruitments, our position to gain great talent continues to be strong.

*Control 2* continues in the proof-of-concept stage. The development team focused on proving gameplay and world concepts as well as expanding the enemy palette. *Codename Condor* is also in the proof-of-concept stage. In the second quarter of the year, the team adjusted and finetuned the game concept, related designs, as well as the overall player experience, and focused on proving these in the game build. Progress has been good, and the project is nearing the production readiness stage.

*Codename Vanguard* continues in the proof-of-concept stage. The development team continued proving the core gameplay loop and the key metagame designs. The game has made better progress than before, and we are aiming to complete the proof-of-concept phase by the end of the year.

*Max Payne 1&2 remake's* proof-of-concept stage, which started in the first quarter, has begun well. The project has made solid progress overall. The development team continues building on the solid foundation it has established.

The year has been busy so far for us Remedians. *Alan Wake 2* is our largest game project to-date and will be a testimony of our ability to create immersive worlds and stories that keep players engaged. We are happy that the initial reception has been impressive and expect the return of Alan Wake to reinvigorate existing fans and expand the brand's reach to new audiences. Accompanied with the other four games in our games pipeline, this release is the next step in our journey to release exciting new games for years to come.

## **2023 outlook (unchanged)**

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

### April–June 2023

In April–June 2023, Remedy's revenue decreased by 5.3% in relation to the comparison period, amounting to EUR 8.9 (9.4) million. Development fees were EUR 7.9 (7.4) million and royalties from publishing partners were EUR 1.0 (2.0) million. The main sources of revenue were the development fees from *Max Payne 1&2 remake*, *Alan Wake 2*, *Control 2*, *codename Vanguard*, and *codename Condor* as well as royalties from *Control*. *Alan Wake Remastered* did not yet generate royalties.

In April–June 2023, Remedy's EBITDA decreased to EUR -4.1 (-1.8) million and operating profit (EBIT) was EUR -4.8 (-2.4) million, or -53.8% (-25.6%) of the revenue. The decrease was mainly due to 18.1% higher outsourcing (materials and services) expenses and 29.3% higher other operating expenses than in the comparison period. Personnel expenses were also 11.0% higher than in comparison period due to increased headcount to 347 (318) at the end of the reporting period.

### January–June 2023

In January–June 2023, Remedy's revenue decreased by 28.3% to EUR 15.8 (22.1) million. Development fees were EUR 14.4 (19.0) million and royalties from publishing partners were EUR 1.4 (3.0) million. The main sources of revenue were the development fees from *Max Payne 1&2 remake*, *codename Vanguard*, *Alan Wake 2*, *Control 2* and *codename Condor* as well as royalties from *Control*. Development fees from *Alan Wake 2* and *codename Condor* as well as game royalties from *Control*

decreased from the comparison period. *Alan Wake Remastered* did not yet generate royalties.

In January–June 2023, Remedy's EBITDA decreased to EUR -8.9 (1.5) million and operating profit (EBIT) to EUR -10.4 (0.4) million, or -65.7% (1.6%) 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. Materials and services expenses were 28.3%, personnel expenses were 15.8% and other operating expenses 24.3% higher than in the comparison period.

## Cash flow and financial position

### Cash flow

#### April–June 2023

In April–June 2023, Remedy's cash flow from business operations amounted to EUR -7.0 (-8.3) million.

In April–June 2023, Remedy's cash flow from investing activities amounted to EUR -2.3 (-2.6) million and cash flow from financing activities amounted to EUR -1.6 (-2.2) million. Financing cash flow was impacted by dividend payment of EUR 1.3 million.

#### January–June 2023

In January–June 2023, Remedy's cash flow from business operations amounted to EUR -11.0 (9.4) million. Compared to the comparison period, Remedy received a much smaller amount of development fees from partners, especially related to *Alan Wake 2* and *codename Vanguard*. Also, clearly higher outgoing payments related to business operations 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–June 2023, Remedy's cash flow from investing activities amounted to EUR -7.5 (-5.3) million and was impacted by an additional 3.0 million cash management investment during first quarter of 2023. Cash flow from financing activities amounted to EUR -1.7 (-1.9) million.

## Financial position

Remedy's non-current assets on June 30, 2023, totalled EUR 37.9 (27.8) 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 25.5 (19.1) million on June 30, 2023. 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, 2023, Remedy's cash position was EUR 28.9 (53.6) million. Remedy has additionally financial cash management investments for EUR 10.1 (6.8) million.

The company's liabilities on June 30, 2023, amounted to EUR 12.2 (13.9) million.

Remedy's balance sheet total on June 30, 2023, was EUR 92.7 (100.4) million and equity EUR 80.5 (86.5) million. Equity was impacted by a dividend payment of EUR 1.3 million in April 2023. The company's equity ratio was 86.8% (86.2%) and net gearing -39.3% (-61.3%).

## Personnel, management and governance

The number of the company's personnel (headcount) was 347 (318) 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. The total headcount at the end of the period under review was 381, growing 9% 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 Chief Executive Officer Tero Virtala, Chief Financial Officer Terhi Kauppi, Chief Product Officer and Chief Technology Officer Markus Mäki, Creative Director Sami Järvi, Chief People Officer Mikaela Öberg, Chief Commercial Officer Johannes Paloheimo, and Chief Operations Officer Christopher Schmitz.

## Annual General Meeting

Remedy's Annual General Meeting was held on April 13, 2023, at the company's office at Luomanportti 3, 02200 Espoo, Finland.

The Annual General Meeting approved all proposals made to the Annual General Meeting in the form included in the notice to the Annual General Meeting. Among other things, the Annual General Meeting resolved to adopt the company's Financial Statements for 2022, to distribute a dividend of EUR 0.10 per share for the financial period ended on December 31, 2022, to elect Markus Mäki, Jussi Laakkonen, Henri Österlund, Kaisa Salakka and Sonja Ängeslevä to the Board of Directors, to discharge

Board members and the CEO from liability and to adopt the company's Remuneration Policy and Remuneration Report.

Further information about the resolutions made by the Annual General Meeting can be found in Remedy's Annual General Meeting resolutions release dated April 13, 2023, available on <https://investors.remedygames.com/annual-general-meeting-2023/>.

## Shares, shareholders and share-based incentive schemes

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 24.70 euros.

January–June 2023	Highest share price, €	Lowest share price, €	Closing share price, €	Volume-weighted average price, €
Remedy	27.20	20.55	24.70	23.09

	June 30, 2023	June 30, 2022	December 31, 2022
Market capitalization, €	332,904,130	322,590,475	293,851,910
Number of shareholders	16,859	16,682	16,766
Number of shares at the end of period	13,477,900	13,302,700	13,448,600
Number of shares at the end of period, diluted (IFRS)*	13,945,150	13,949,650	13,620,226
Number of shares at the end of period, diluted	14,583,150	13,949,650	14,574,150
Average number of shares within period	13,470,900	13,302,700	13,351,333
Average number of shares within period, diluted (IFRS)*	13,945,817	13,745,650	13,585,980
Average number of shares within period, diluted	14,580,483	13,949,650	14,287,775
Value of share turnover within period	15,862,841	20,339,434	133,738,900
Total number of traded shares within period	686,988	722,122	5,033,885

\*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 13,477,900 on June 30, 2023. The company held no treasury shares.

Between September 16 and December 31, 2022, a total of 20,500 new shares of Remedy were subscribed for with the company's stock options 2018 and 2019. These shares were registered in the Trade Register on January 30, 2023. As an outcome, the number of the company's shares increased from 13,448,600 to 13,469,100.



Between January 1 and March 31, 2023, a total of 1,000 new shares of Remedy were subscribed for with the company's stock options 2019. These shares were registered in the Trade Register on April 12, 2023. As an outcome, the number of the company's shares increased from 13,469,100 to 13,470,100.

Between April 1 and May 31, 2023, a total of 7,800 new shares of Remedy were subscribed for with the company's stock options 2019. These shares were registered in the Trade Register on June 30, 2023. As an outcome, the number of the company's shares increased from 13,470,100 to 13,477,900.

On April 13, 2023, the Annual General Meeting granted the Board of Directors an authorisation to resolve on the issuance of new shares, treasury shares and option rights or other special rights to shares in one or several instalments either against payment or without payment so that the number of shares to be issued can be at maximum 700,000. On June 30, 2023, the authorization had not been used and thus, a total maximum of 700,000 new shares could be issued under the authorization on said date.

### Major shareholders on June 30, 2023

	Name	Shares	Percentage
1.	Mäki Markus	3,197,000	23.7
2.	Järvi Sami Antero	560,000	4.2
3.	Virtala Tero	300,000	2.2
4.	Lehtinen Saku Hermanni	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	145,000	1.1
8.	Sijoitusrahasto Aktia Capital	129,807	1.0
9.	Paloheimo Johannes Alfred Gustaf	103,000	0.8
10.	Fredrikson Karl Christian	101,500	0.8
	<b>10 largest shareholders total</b>	<b>5,074,363</b>	<b>37.6</b>
	Accendo Capital SICAV RAIF (nominee registered)	2,063,162	15.3
	Other nominee registered	2,275,691	16.9
	Other shares	4,064,684	30.2
	<b>Total</b>	<b>13,477,900</b>	<b>100.0%</b>

### 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 June 30, 2023

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	58,250	June 1, 2021 – May 31, 2024	7.02
Option Plan 2019	371,000	371,000	209,500	June 1, 2022 – May 31, 2025	9.23
Option Plan 2020	199,500	199,500	199,500	June 1, 2023 – May 31, 2026	22.21
Option Plan 2021	350,000	306,000	306,000	June 1, 2024 – May 31, 2027	47.09
Option Plan 2022	350,000	332,000	332,000	June 1, 2025 – May 31, 2028	26.64

Remedy's option rights 2018 and 2019 are listed on the Nasdaq Helsinki Ltd First North Growth marketplace. Option Plan 2020 vested on June 1, 2023. Originally, a total number of 400,000 option rights 2020 were issued of which Remedy cancelled a total of 200,500 option rights held by the company. The remaining 199,500 option rights entitle their holders to subscribe for a corresponding amount of 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 Remedy's business operations, result, financial position, outlook and share price.

## Events after the end of the reporting period

No events after the end of the reporting period.

## Financial disclosures in 2023

**October 31, 2023** Business Review for January-September 2023

## Webcast and conference call

Remedy will host a webcast and conference call in English on its financial results for investors, analysts and media on Friday August 11, 2023, at 2:00 p.m. (EEST). Remedy's financial results will be presented by CEO Tero Virtala and CFO Terhi Kauppi.

The Half-year financial report 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\\_EhJhOqqNTjqtjS7JcgwazQ](https://remedy.zoom.us/webinar/register/WN_EhJhOqqNTjqtjS7JcgwazQ)

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/kbfxsVIWtO>.

Finland: +358 9 7252 2471

Sweden: +46 850 539 728

United Kingdom: +44 330 088 5830

United States: +1 646 558 8656

Webinar ID: 882 3531 0281

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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
<b>REVENUE</b>	<b>8,903</b>	<b>9,402</b>	<b>15,814</b>	<b>22,058</b>	<b>43,588</b>
Other operating income	0	0	0	0	19
Materials and services	-4,111	-3,480	-7,537	-5,874	-11,751
Personnel expenses	-6,929	-6,242	-13,779	-11,899	-23,949
Depreciation and impairment	-725	-601	-1,457	-1,178	-2,468
Other operating expenses	-1,926	-1,489	-3,426	-2,757	-6,002
<b>OPERATING PROFIT (LOSS)</b>	<b>-4,789</b>	<b>-2,411</b>	<b>-10,384</b>	<b>350</b>	<b>-563</b>
Financial income	618	170	783	206	316
Financial expenses	-179	-754	-379	-783	-941
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>-4,350</b>	<b>-2,995</b>	<b>-9,980</b>	<b>-227</b>	<b>-1,188</b>
Income tax	1,683	413	1,673	-328	-538
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>-2,667</b>	<b>-2,581</b>	<b>-8,307</b>	<b>-555</b>	<b>-1,726</b>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>					
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
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE FINANCIAL YEAR</b>	<b>-2,667</b>	<b>-2,581</b>	<b>-8,307</b>	<b>-555</b>	<b>-1,726</b>
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>-2,667</b>	<b>-2,581</b>	<b>-8,307</b>	<b>-555</b>	<b>-1,726</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share, euro	-0.20	-0.19	-0.62	-0.04	-0.13
Diluted earnings per share, euro	-0.19	-0.19	-0.60	-0.04	-0.13

## Consolidated balance sheet

EUR thousand	June 30, 2023	June 30, 2022	December 31, 2022
<b>NON-CURRENT ASSETS</b>			
Intangible assets (development costs)	25,534	19,089	23,262
Tangible assets	4,030	3,331	3,142
Right-of-use assets	2,486	1,567	1,147
Investments	3,000	3,000	3,000
Non-current receivables	1,076	776	828
Deferred tax assets	1,736	-	-
<b>CURRENT ASSETS</b>			
Inventory	11	18	13
Trade and other receivables	18,822	15,239	15,307
Other current financial assets	7,106	3,781	3,818
Cash and cash equivalents	28,877	53,607	49,034
<b>TOTAL ASSETS</b>	<b>92,678</b>	<b>100,406</b>	<b>99,552</b>
<b>EQUITY</b>			
Share capital	80	80	80
Share premium	38	38	38
Invested non-restricted equity reserve	57,366	55,853	57,101
Retained earnings (losses)	31,278	31,114	32,863
Profit (loss) for the financial year	-8,307	-555	-1,726
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Government loan	919	1,837	919
Lease liabilities	1,396	667	227
<b>Current liabilities</b>			
Government loan	919	919	919
Lease liabilities	1,096	910	928
Trade and other payables	7,894	9,544	8,204
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,678</b>	<b>100,406</b>	<b>99,552</b>

## Condensed consolidated statement of cash flow

EUR thousand	1-6/2023	1-6/2022	1-12/2022
Cash flow from business operations	-10,971	9,441	11,069
Cash flow from investments	-7,485	-5,289	-10,623
Cash flow from financing	-1,701	-1,930	-2,796
<b>Liquid assets – opening balance</b>	<b>49,034</b>	<b>51,384</b>	<b>51,384</b>
Change in liquid assets	-20,157	2,222	-2,350
<b>Liquid assets – closing balance</b>	<b>28,877</b>	<b>53,607</b>	<b>49,034</b>

## Consolidated statement of changes in equity

Changes in shareholders' equity 1–6/2023	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	SHARE-HOLDERS' EQUITY TOTAL
<b>EUR thousand</b>					
Balance January 1, 2023	80	38	57,101	31,137	88,356
<b>Comprehensive income</b>					
Profit (Loss) for the financial year				-8,307	-8,307
Other comprehensive income					
<b>Total comprehensive income</b>				<b>-8,307</b>	<b>-8,307</b>
<b>Transactions with owners of the company</b>					
Dividend distribution				-1,347	-1,347
Share options granted				1,488	1,488
Share issue and other share subscriptions			265		265
<b>Total transactions with owners</b>			<b>265</b>	<b>141</b>	<b>406</b>
<b>BALANCE June 30, 2023</b>	<b>80</b>	<b>38</b>	<b>57,366</b>	<b>22,971</b>	<b>80,455</b>
<b>Changes in shareholders' equity 1–6/2022</b>					
<b>EUR thousand</b>					
Balance January 1, 2022	80	38	55,779	31,521	87,418
<b>Comprehensive income</b>					
Profit (Loss) for the financial year				-555	-555
Other comprehensive income					
<b>Total comprehensive income</b>				<b>-555</b>	<b>-555</b>
<b>Transactions with owners of the company</b>					
Dividend distribution				-2,261	-2,261
Share options granted				1,853	1,853
Share issue and other share subscriptions			74		74
<b>Total transactions with owners</b>			<b>74</b>	<b>-408</b>	<b>-334</b>
<b>BALANCE June 30, 2022</b>	<b>80</b>	<b>38</b>	<b>55,853</b>	<b>30,559</b>	<b>86,530</b>



## Notes to half-year financial report

### Accounting policies applied in the half-year financial 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 June 30, 2023. The accounting policies of the half-year financial report are similar to the accounting policies applied in the financial statements according to IFRS for the period ended December 31, 2022. 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	4–6/2023	1–3/2023	10–12/2022	7–9/2022	4–6/2022	1–3/2022
Development fees	7,948	6,440	12,564	7,500	7,443	11,619
Royalties	955	471	1,063	404	1,958	1,037
<b>Total</b>	<b>8,903</b>	<b>6,911</b>	<b>13,627</b>	<b>7,904</b>	<b>9,401</b>	<b>12,656</b>

### 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, 2023	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>EUR thousand</b>					
<b>Financial assets measured at fair value</b>					
Investments to equity funds	10,106	10,106	-	-	10,106
	<b>10,106</b>	<b>10,106</b>	<b>-</b>	<b>-</b>	<b>10,106</b>
<b>Financial liabilities not measured at fair value</b>					
Unsecured government loan	1,837	-	-	1,837	1,837
	<b>1,837</b>	<b>-</b>	<b>-</b>	<b>1,837</b>	<b>1,837</b>

  

December 31, 2022	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>EUR thousand</b>					

<b>Financial assets measured at fair value</b>					
Investments to equity funds	6,818	6,818	-	-	6,818
	<b>6,818</b>	<b>6,818</b>	-	-	<b>6,818</b>
<b>Financial liabilities not measured at fair value</b>					
Unsecured government loan	1,837	-	-	1,837	1,837
	<b>1,837</b>	-	-	<b>1,837</b>	<b>1,837</b>

- 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	
	2023	2022	2023	2022	2023	2022
<b>Cost</b>						
Balance January 1	6,233	4,734	1,918	1,918	8,151	6,652
Additions	1,739	883	-	-	1,739	883
Balance June 30	7,972	5,617	1,918	1,918	9,890	7,535
<b>Accumulated depreciation and impairment</b>						
Balance January 1	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Depreciation	-727	-493	-125	-237	-852	-730
Balance June 30	-3,942	-2,647	-1,918	-1,556	-5,861	-4,204
<b>Carrying amount on January 1</b>	<b>3,018</b>	<b>2,579</b>	<b>125</b>	<b>599</b>	<b>3,142</b>	<b>3,178</b>
<b>Carrying amount on June 30</b>	<b>4,030</b>	<b>2,970</b>	<b>0</b>	<b>362</b>	<b>4,030</b>	<b>3,331</b>

## Changes in intangible assets

### Capitalized development costs

EUR thousand	June 30, 2023	June 30, 2022
<b>Cost</b>		
Balance January 1	33,237	25,085
Additions	2,273	3,979
Balance June 30	35,510	29,064
<b>Accumulated amortization and impairment</b>		
Balance January 1	-9,975	-9,975
Depreciation	-	-
Balance June 30	-9,975	-9,975
<b>Carrying amount on January 1</b>	<b>23,262</b>	<b>15,110</b>
<b>Carrying amount on June 30</b>	<b>25,535</b>	<b>19,089</b>

## 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, August 11, 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 370 game industry professionals from 32 different countries. Remedy's shares are listed on Nasdaq Helsinki's official list.

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