



Financial Statement January–December 2023

MARCH 20, 2024

AGENDA



- 1** Q4 2023 Review
- 2** Q4 and FY 2023 Financial Results
- 3** Outlook
- 4** Status Update
- 5** Questions & Answers



Tero Virtala
CEO



Terhi Kauppi
CFO

Q4 and Full Year 2023 Review

Tero Virtala, CEO



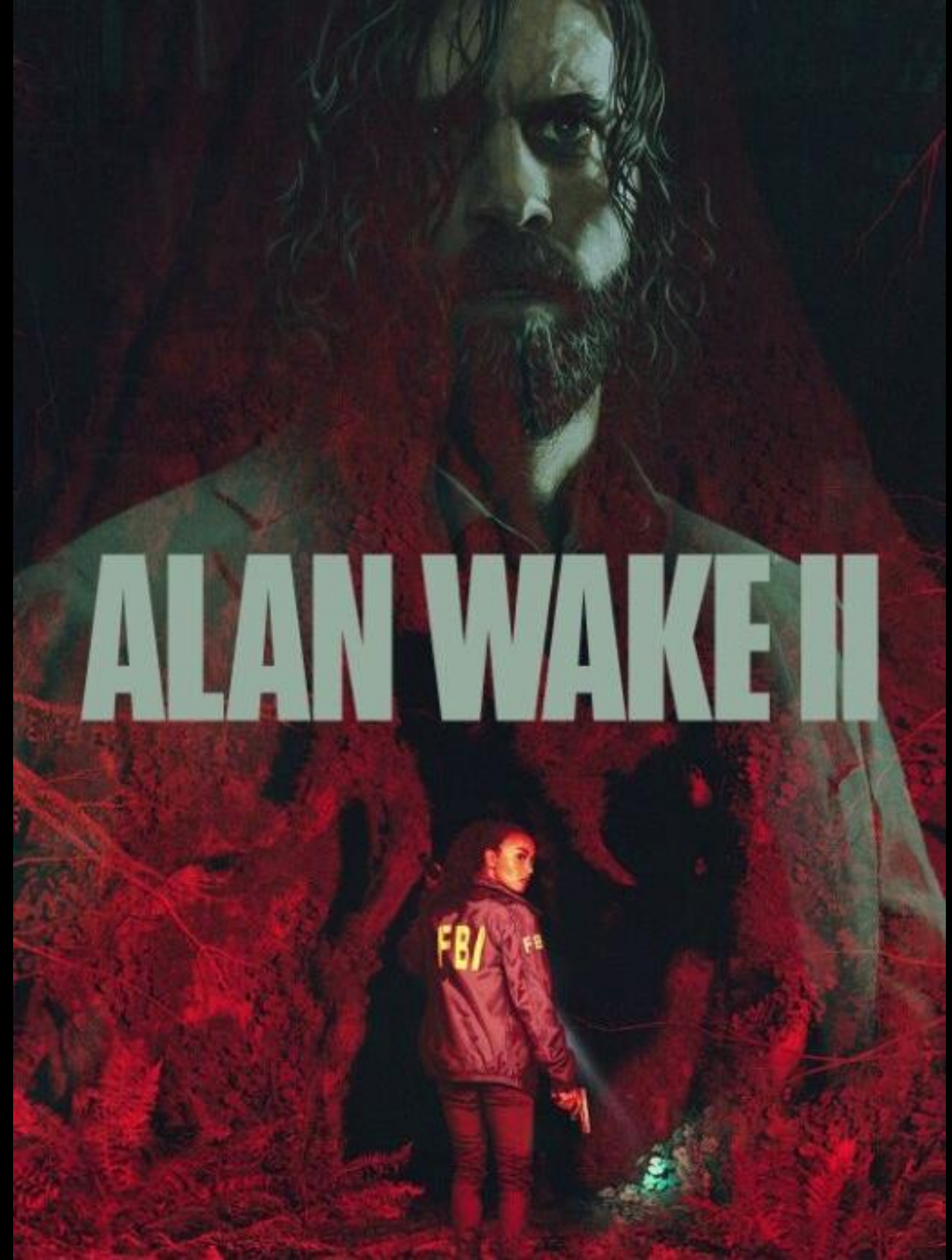
Q4 2023 HIGHLIGHTS

- Revenue decreased by 24.4% to 10.3 M€ (13.6)
- EBITDA decreased to -3.9 M€ (2.8)
- Operating profit -12.8 M€ (2.1), operating profit margin -123.9% (15.6%)
- Cash flow from operations 0.1 M€ (-3.8)
- Alan Wake 2 was launched on October 27, 2023
- Alan Wake 2 has since won several awards including Best Game Direction, Best Narrative and Best Art Direction at The Game Awards
- Codename Vanguard getting a fresh start under the name Codename Kestrel. We recognized an impairment charge of EUR 7.2m impacting Q4 and FY2023 operating profit.
- Markus Mäki assumed the role of Chief Product Officer and Mika Vehkala was appointed as Chief Technology Officer



FULL YEAR 2023 HIGHLIGHTS

- Revenue decreased by 22.2% to 33.9 M€ (43.6)
- EBITDA decreased to -17.0 M€ (1.9)
- Operating profit -28.7 M€ (-0.6), operating profit margin -84.4% (-1.3%)
- Cash flow from operations -16.0 M€ (11.1)
- Alan Wake 2 was launched on October 27, 2023
- Alan Wake 2 has since won several awards
- The Board of Directors proposes that no dividend will be paid (EUR 0.10 for 2022) for the year 2023



ALAN WAKE 2 DEVELOPMENT AND ROAD TO LAUNCH



- Intensive year of development and launch preparations.
- To finalize the game and ensure top quality, we kept more developers for a longer time with the project than initially planned.
- While this caused a scarcity of talents for other projects causing some delay, it was proven to be the right decision.
- Great marketing and promotion campaign by Epic Games Publishing and Remedy Publishing Unit got the game good visibility ahead of launch.

ALAN WAKE II

10/10

TheSixthAxis

10/10

Gamereactor UK

10/10

Gamespot

10/10

GamesRadar+

10/10

Push Square

10/10

XboxEra

10/10

Nexus Hub

10/10

Player 2

9.5/10

God is a Geek

5/5

VG247

5/5

ScreenRant

5/5

VGC

4.5/5

Entertainment Weekly

5/5

TheGamer

5/5

Dexerto

9/10

IGN

9.5/10

PSU

9.5/10

Rectify Gaming

9.5/10

Press Start

9.5/10

MP1st

9.5/10

SECTOR sk

9/10

PCGamesN

9/10

COGconnected

9/10

Gaming Bible

18/20

Jeux Video

90/100

Gaming Trend

4.5/5

Windows Central

9/10

Shacknews

9/10

GamingBolt

4.5/5

CG Magazine

ACCOLADES ACROSS THE GAMES INDUSTRY



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Over 200 awards



ALAN WAKE 2 SALES AND THE FUTURE



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1M

Units sold
by the end of
Q4 2023

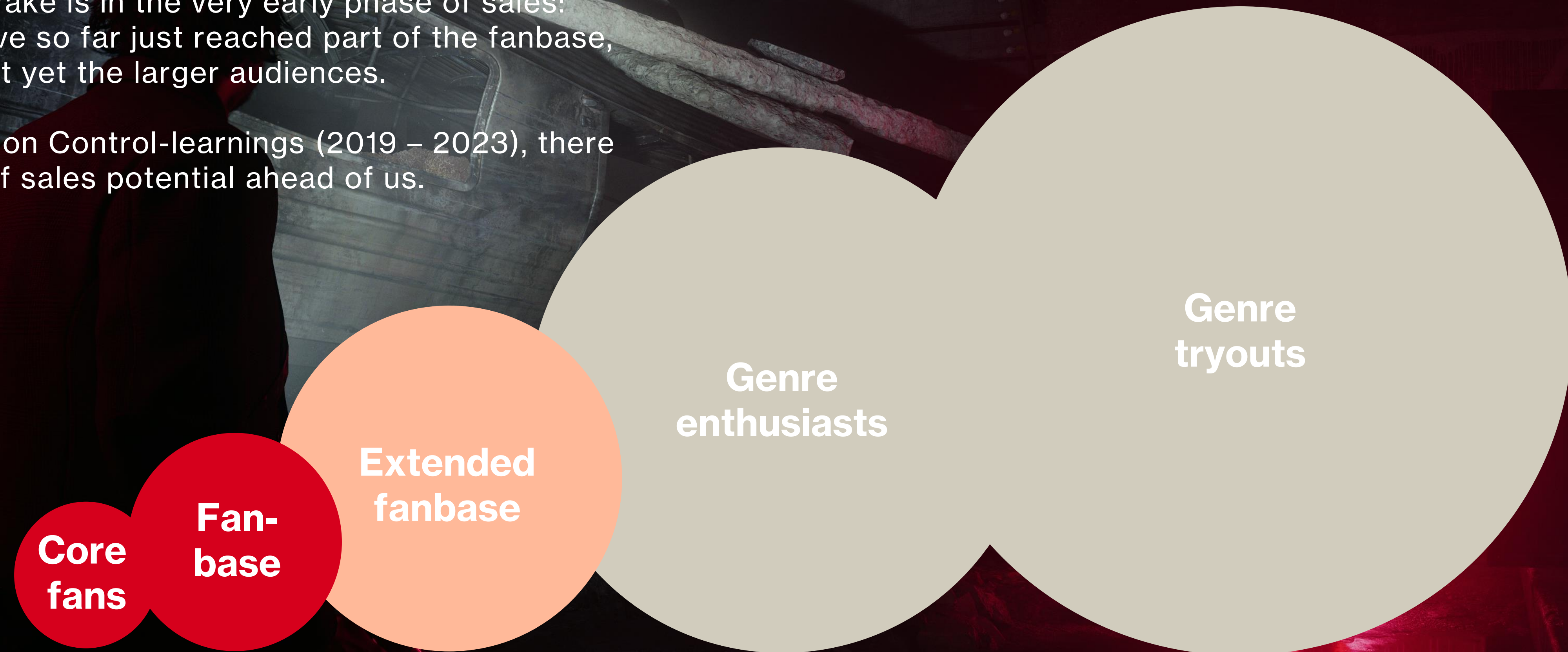
1.3M

Units sold
by the beginning of
February 2024

ALAN WAKE 2: GOOD GAMES SELL FOR A LONG TIME.

Alan Wake is in the very early phase of sales: We have so far just reached part of the fanbase, and not yet the larger audiences.

Based on Control-learnings (2019 – 2023), there is lot of sales potential ahead of us.



Alan Wake fans who preorder the game.

Buyers at full price at launch and very early in the lifecycle.

Buyers with high interest for the game, but start to activate later, especially with light discounts.

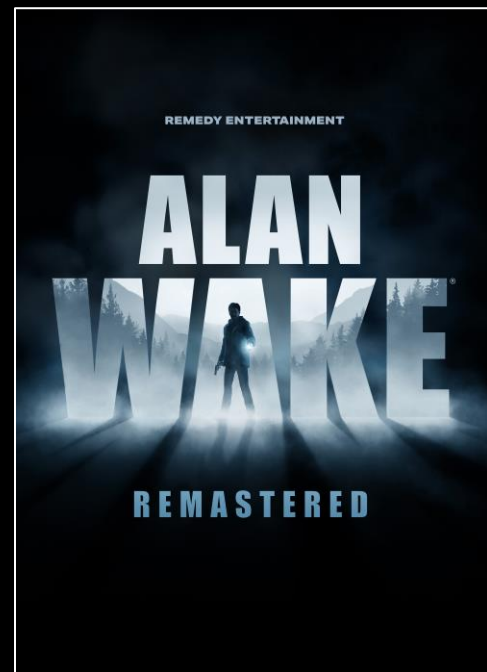
Fans of the genre: buy games mainly at discounts later in the lifecycle.

Anyone interested in good games and genre: Get games with exceptional offers or for free.

CURRENT PROJECT PORTFOLIO



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Alan Wake
Remastered

LAUNCHED



Alan Wake II

LAUNCHED



CONTROL

LAUNCHED



Condor*

PRODUCTION READINESS



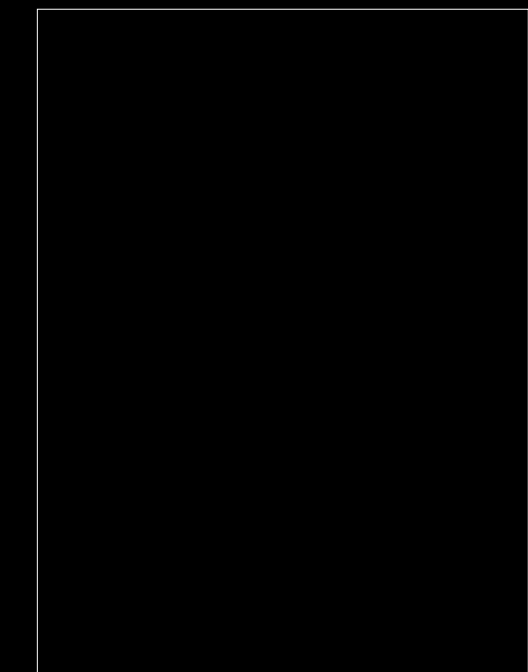
Control 2

PROOF-OF-CONCEPT



Max Payne
1&2 remake

PRODUCTION READINESS



Kestrel*

CONCEPT



* project codename

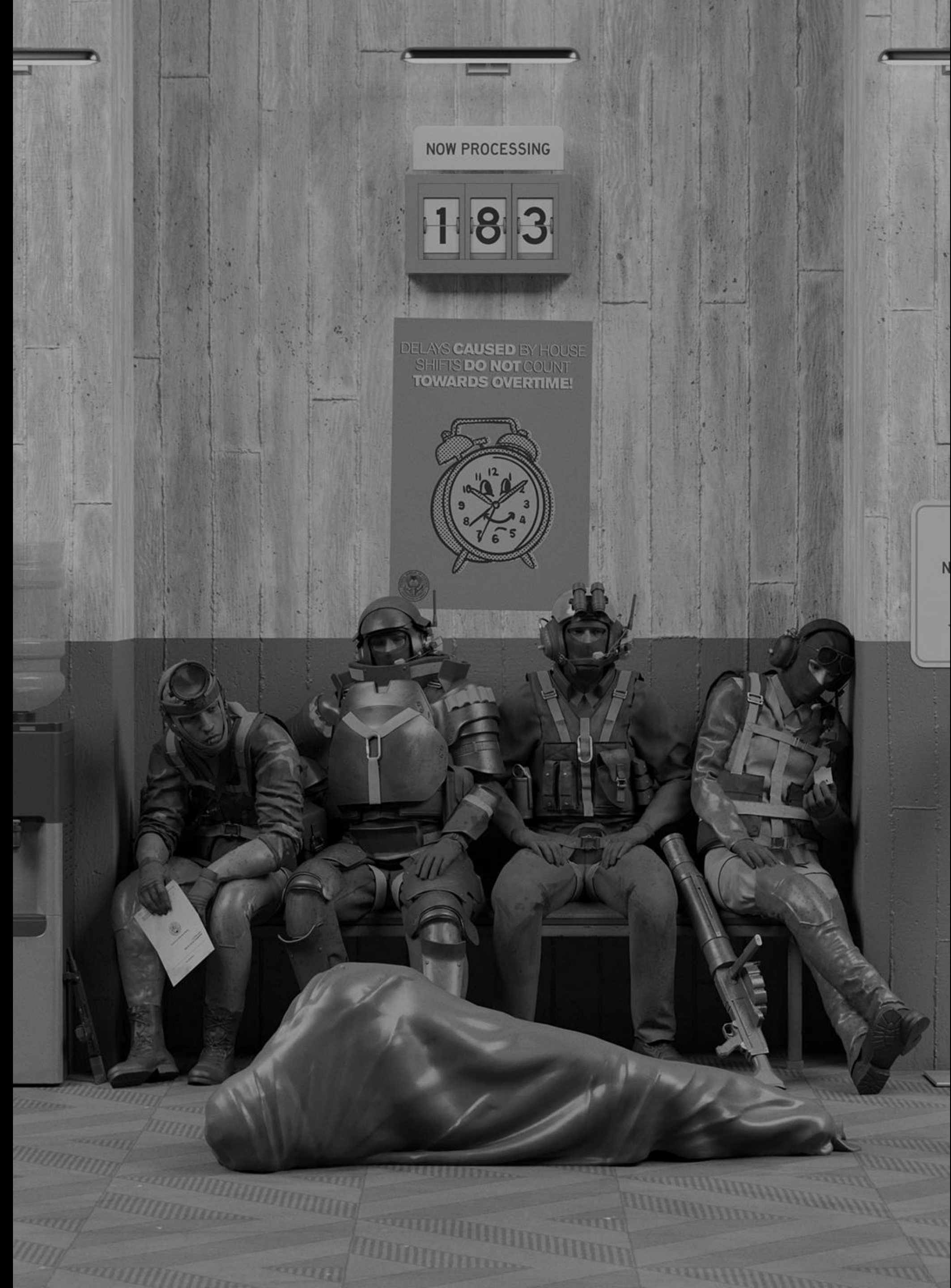
MAX PAYNE 1&2 REMAKE

- Revive one of game industry iconic franchises with Rockstar Games.
- Development budget in the same range as *Alan Wake 2*: Max Payne is a significant project with great future potential.
- Development has progressed according to plans and project is expected to move into full production in Q2.



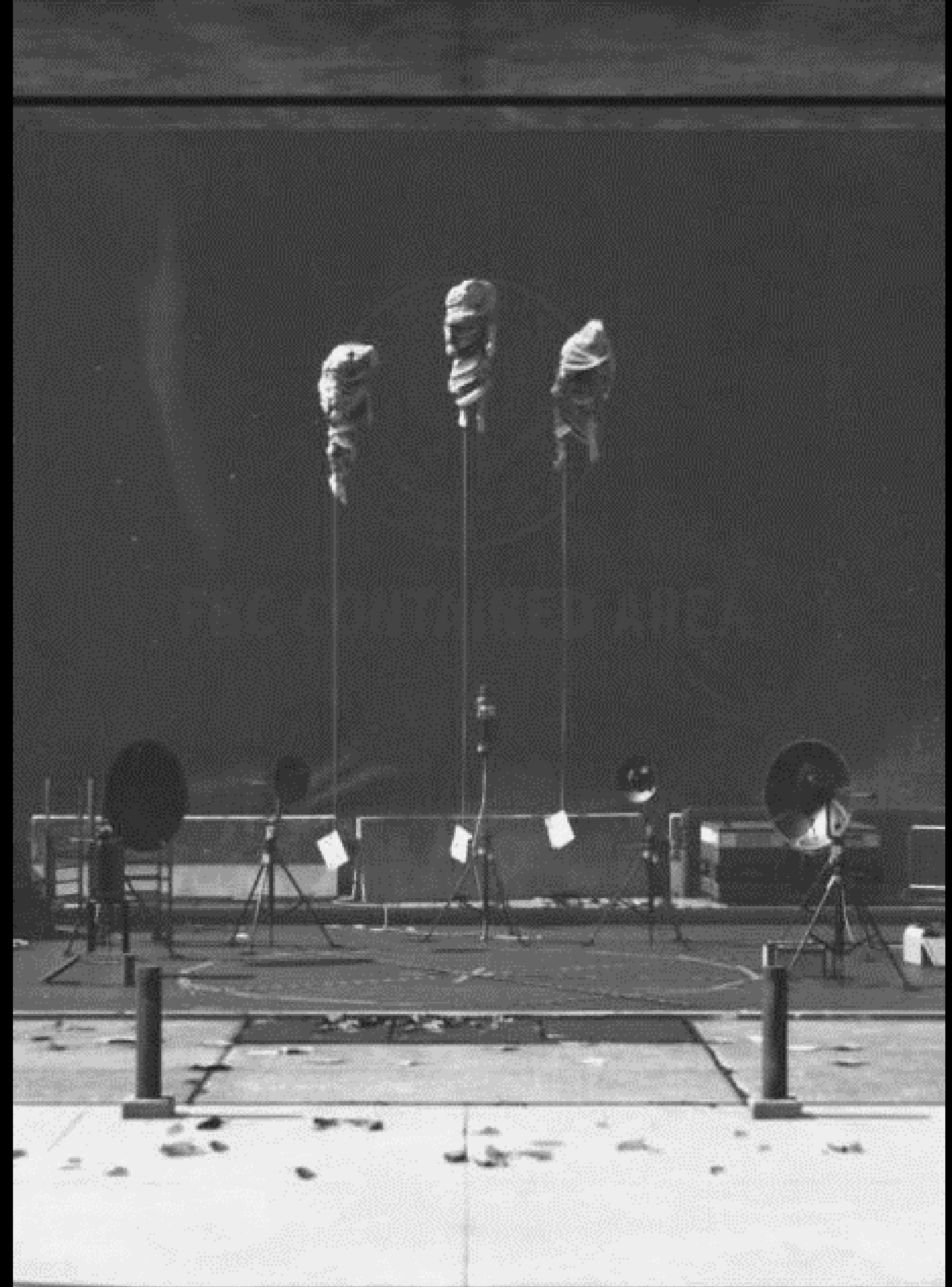
CONDOR

- Co-op multiplayer game in the world of Control
- The game is playable, with proven core gameplay loop.
- Playtests show positive response for fun and engaging gameplay, as well as for the collaborative aspect of the game.
- Full production is expected to begin at the end of Q1.



CONTROL 2

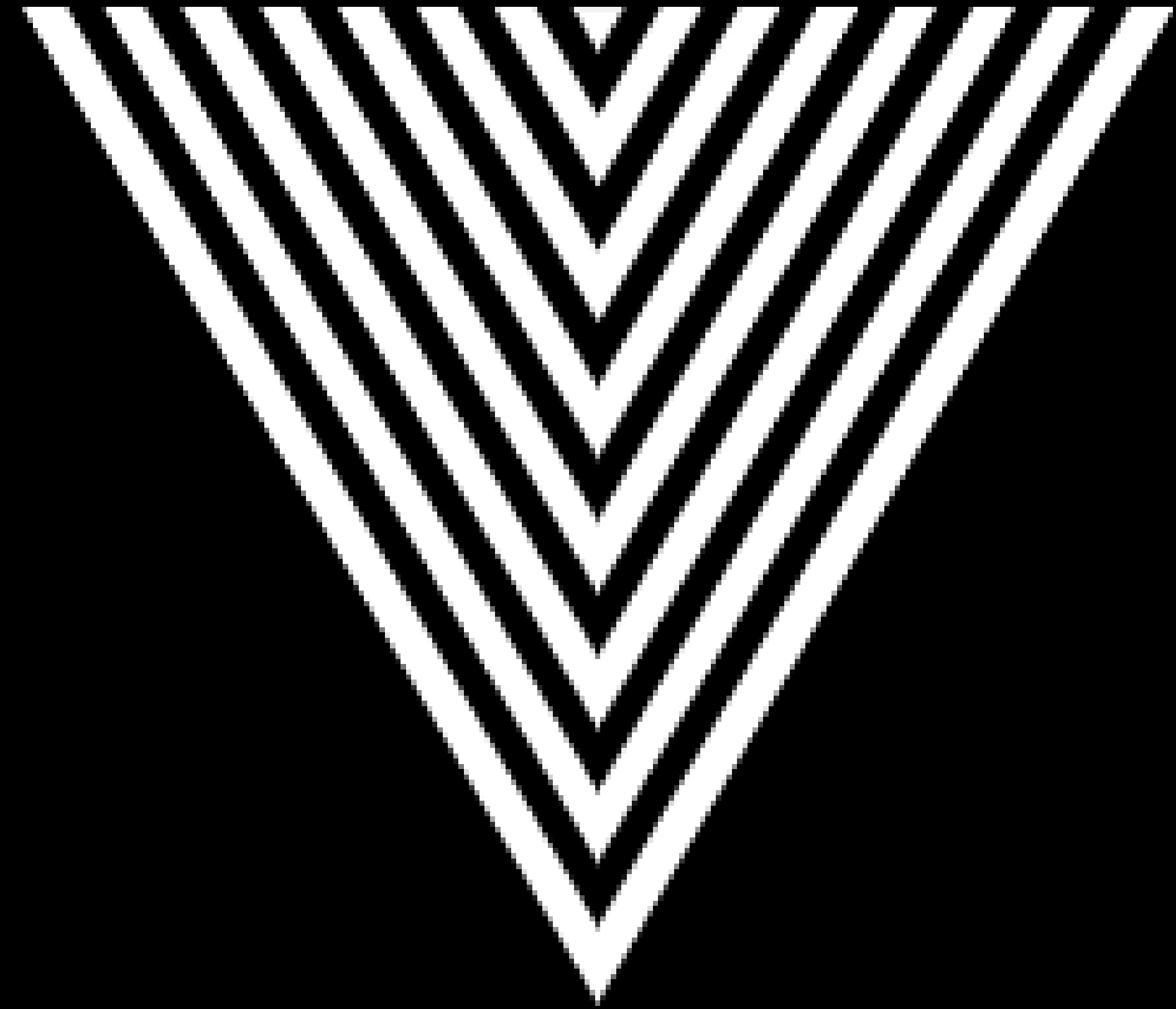
- Big sequel to Control. Our next step towards longer-engaging (single-player) direction.
- The game is playable. Significant proof of concept goals have been achieved including e.g. combat, world, gameplay, and visuals.
- Internal and external playtests are very positive for a game still in pre-production.
- Production readiness stage is expected to begin in Q2.



ACQUIRING FULL RIGHTS TO THE CONTROL FRANCHISE FROM 505 GAMES



- Remedy’s aim is to systematically grow Control into a major gaming franchise. This aim, and actions required, were not aligned with our partner’s interest and abilities.
- In February 2024, we acquired all publishing, distribution, marketing and other rights to Control, codename Condor, Control 2, and all future Control products from 505 Games.
- The maximum purchase price for the transaction is approximately EUR 17 million, which equals the amount that 505 Games has paid for the development of codename Condor and Control 2 to date including a minor premium.
- This deal allows us to decide the best way forward, both for Remedy and Control, and opens up major growth opportunities in the mid and long term.

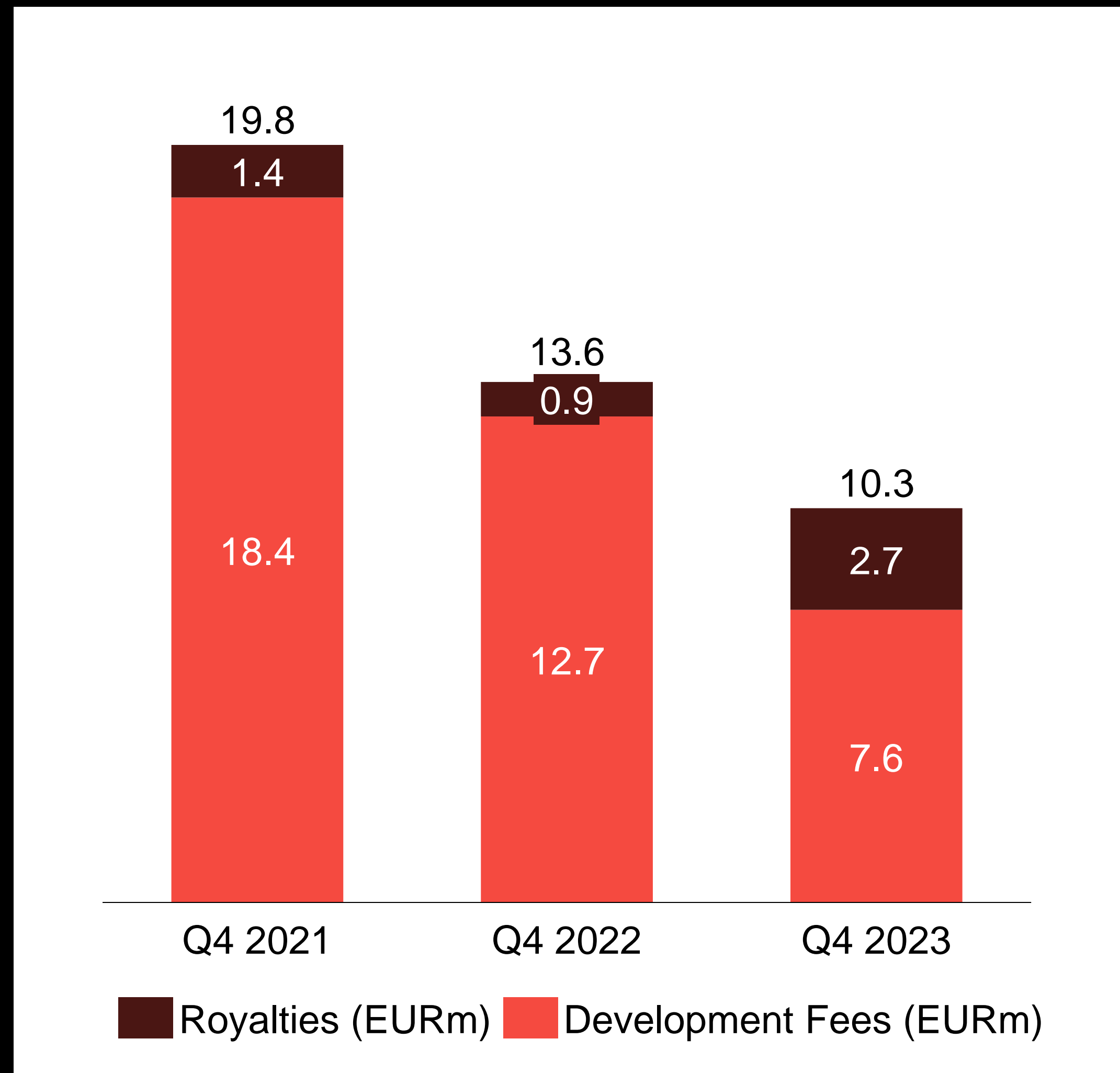


Q4 and FY 2023 Financial Results

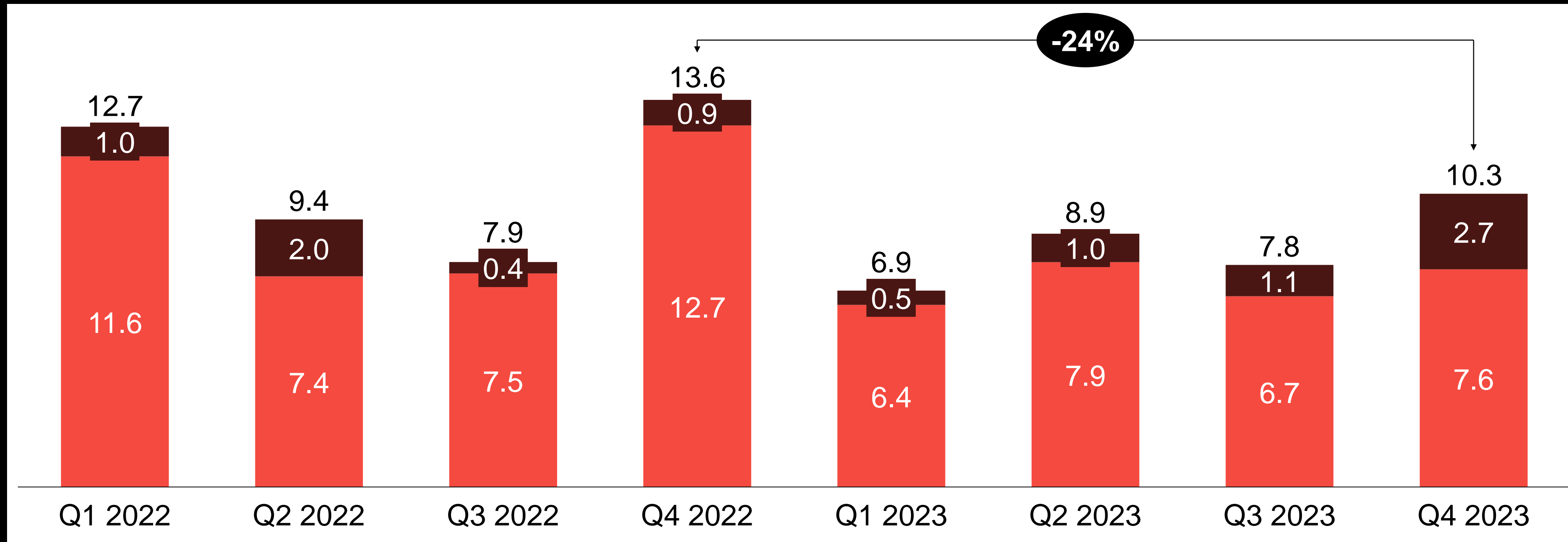
Terhi Kauppi, CFO



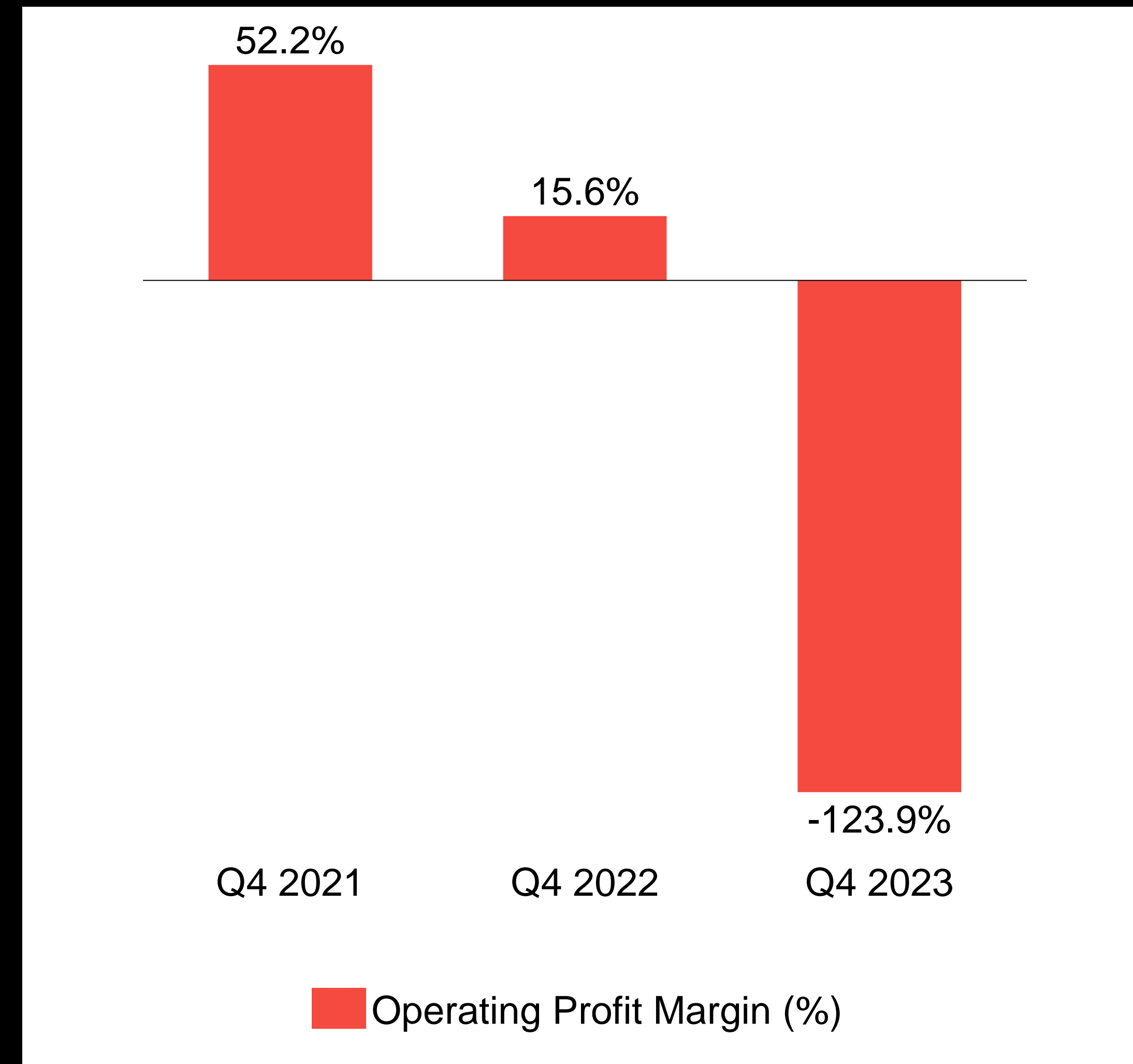
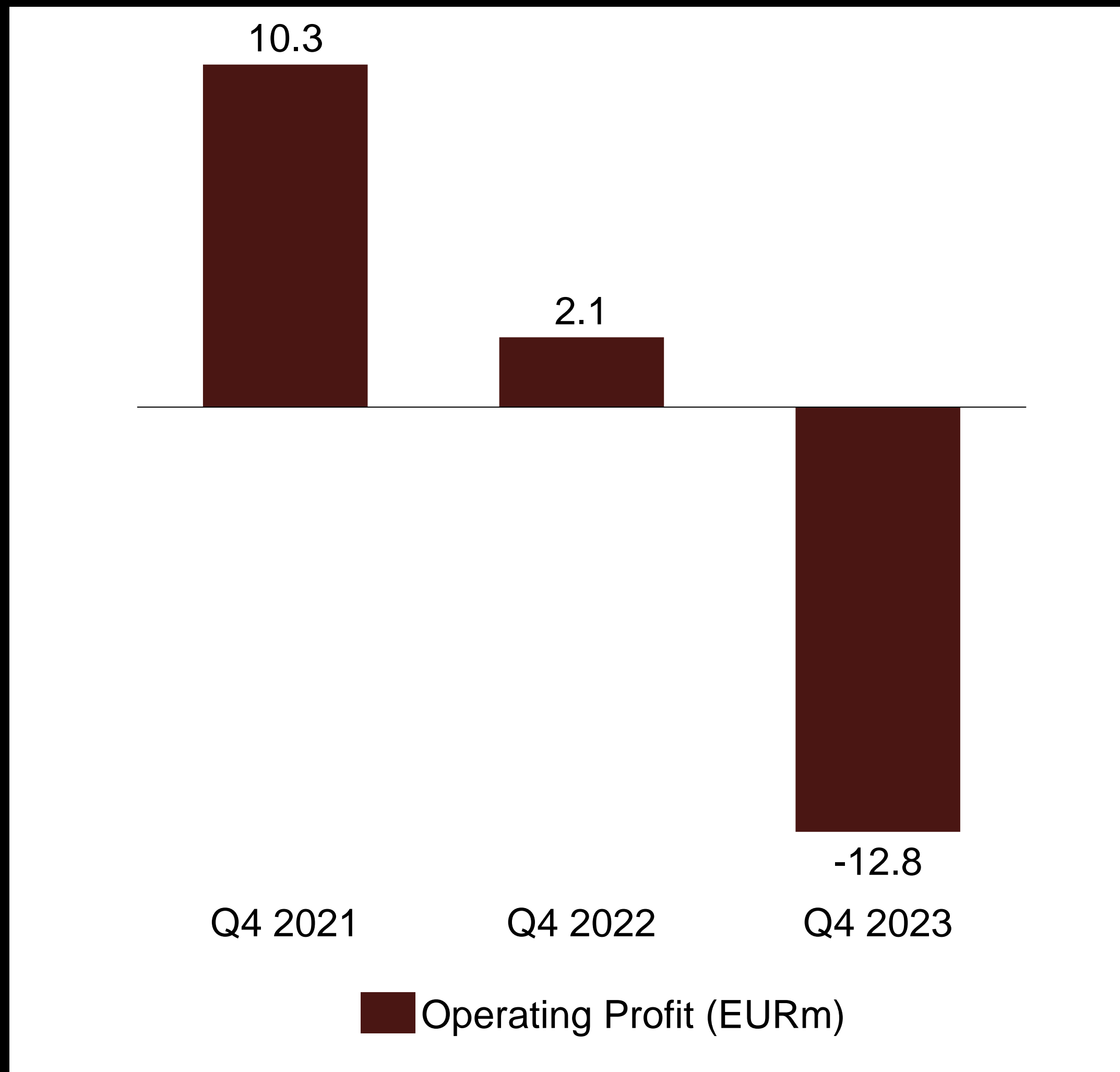
Q4 2023: REVENUE DECREASED Y-O-Y WITH LESS DEVELOPMENT FEES



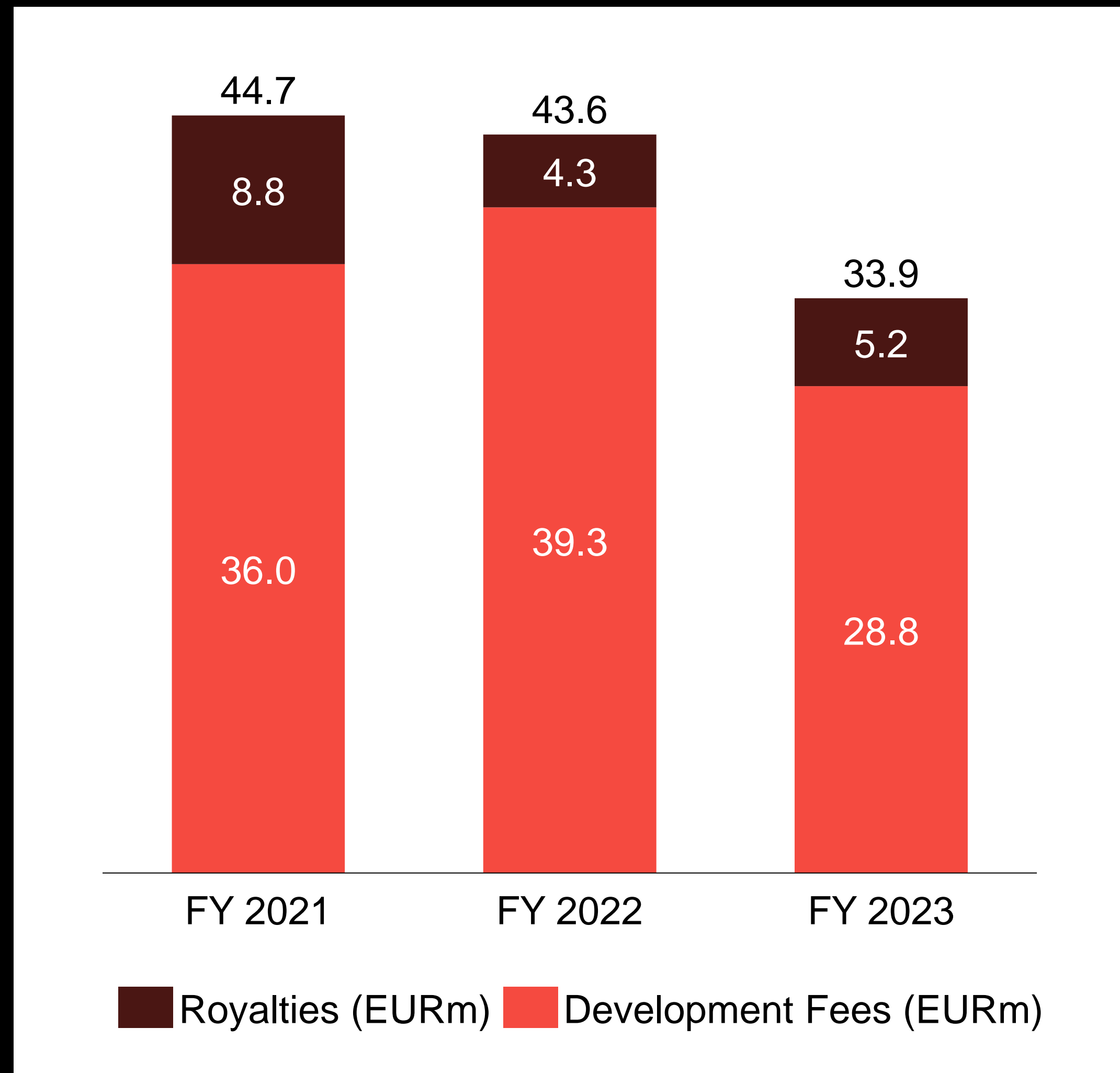
HISTORICAL BREAKDOWN OF REVENUE



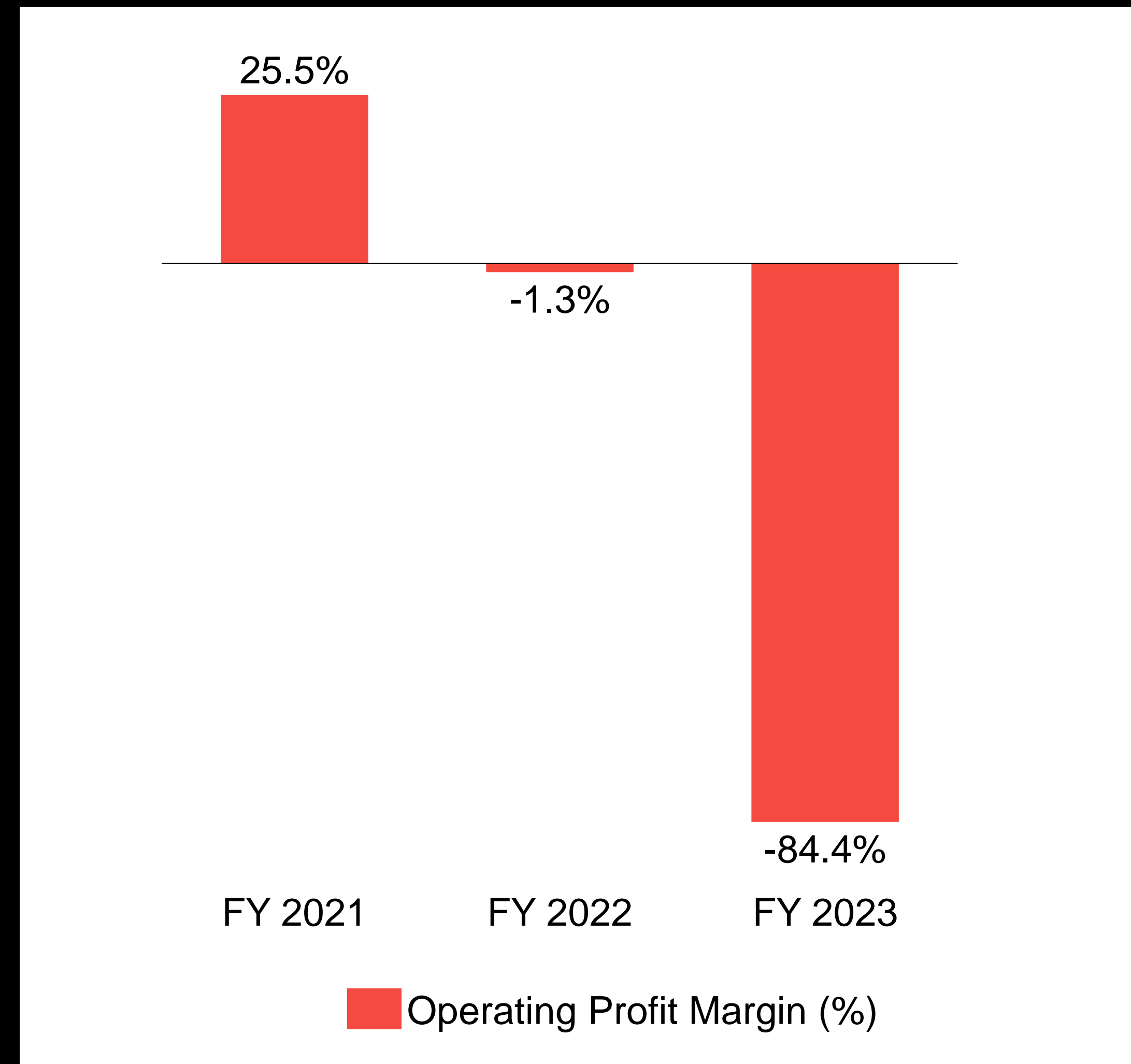
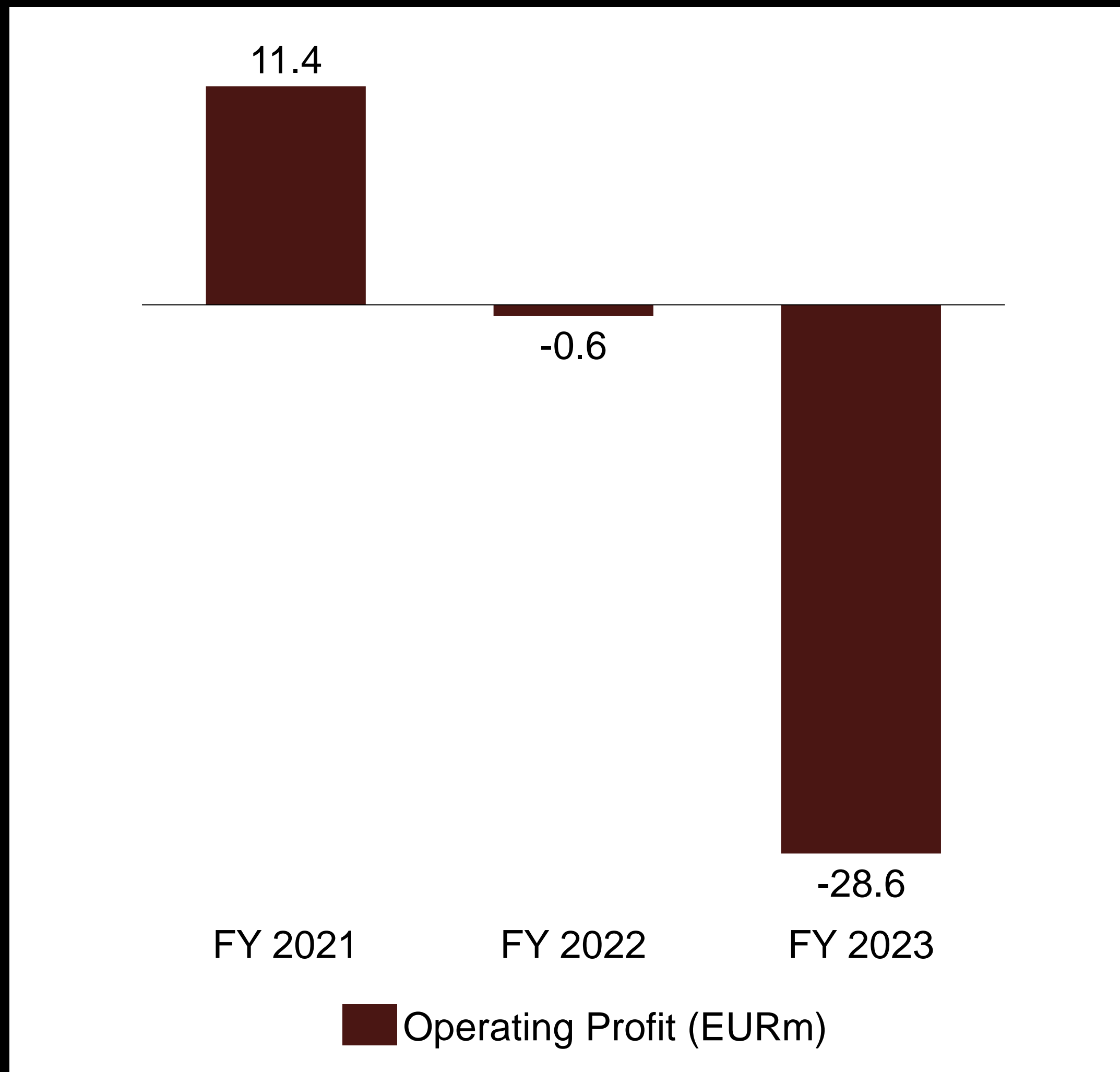
Q4 2023: SIGNIFICANT IMPACT ON OPERATING PROFIT BY ONE-OFF ITEM - THE VANGUARD WRITE-OFF.



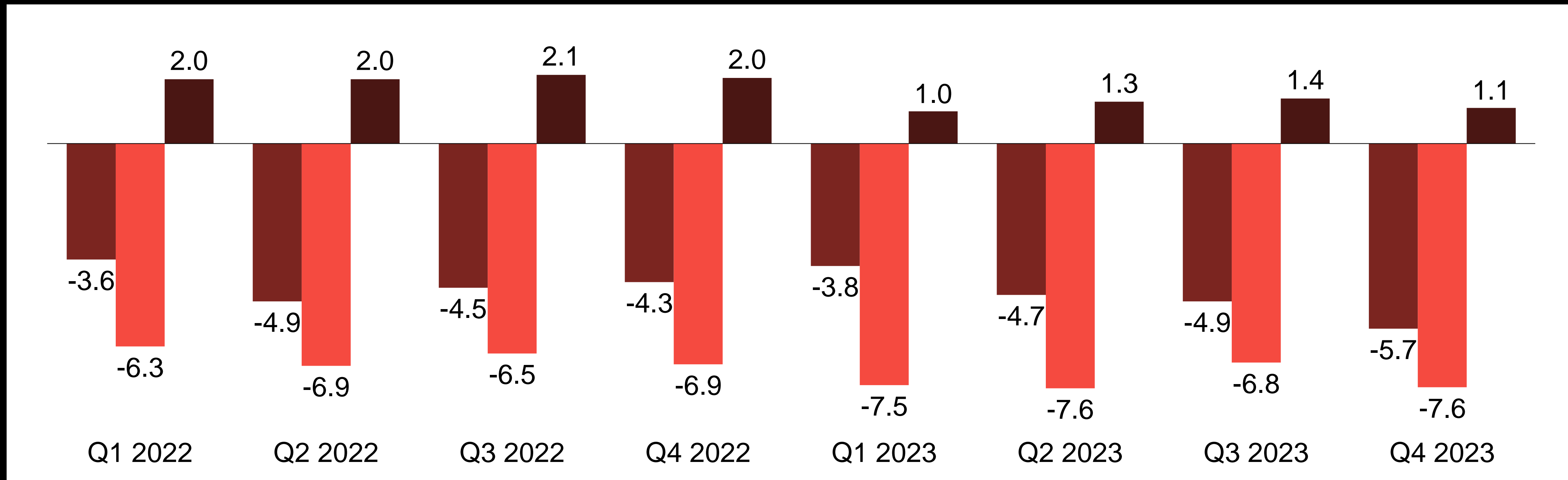
FY 2023: -22.2% DECLINE IN REVENUES ORIGINATED FROM REMEDY HAVING RELATIVELY MORE CO-FINANCED PROJECTS THAN IN 2022



FY 2023: LESS DEVELOPMENT FEES TO COVER DEVELOPMENT EXPENSES AND THE ONE-OFF IMPACT FROM VANGUARD ASSET WRITE-OFF REFLECTED IN OPERATING PROFIT.

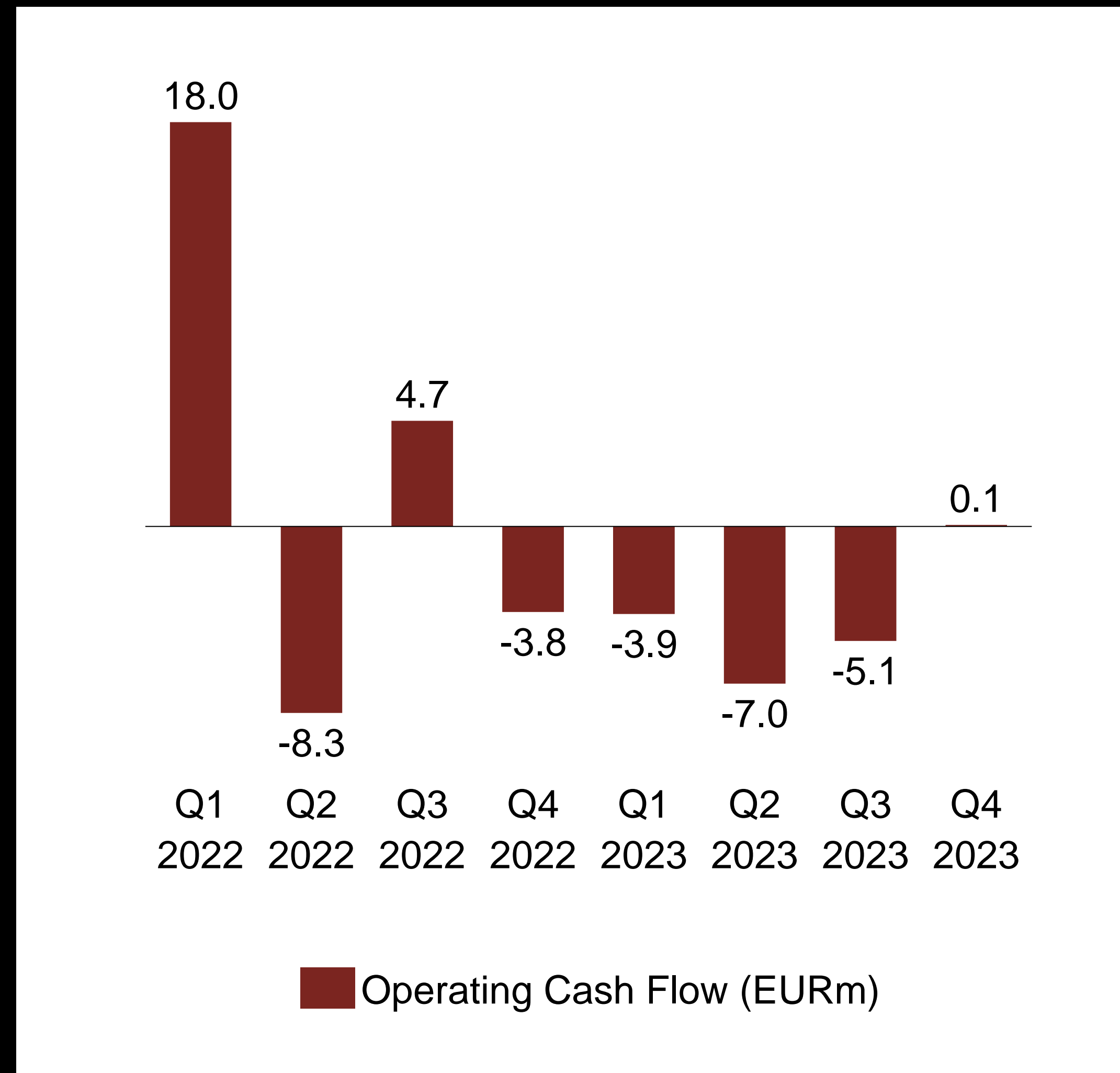


Q4 2023: PERSONNEL AND EXTERNAL DEVELOPMENT COSTS INCREASED Y-O-Y WITH LOWER LEVEL OF CAPITALIZED DEVELOPMENT COSTS

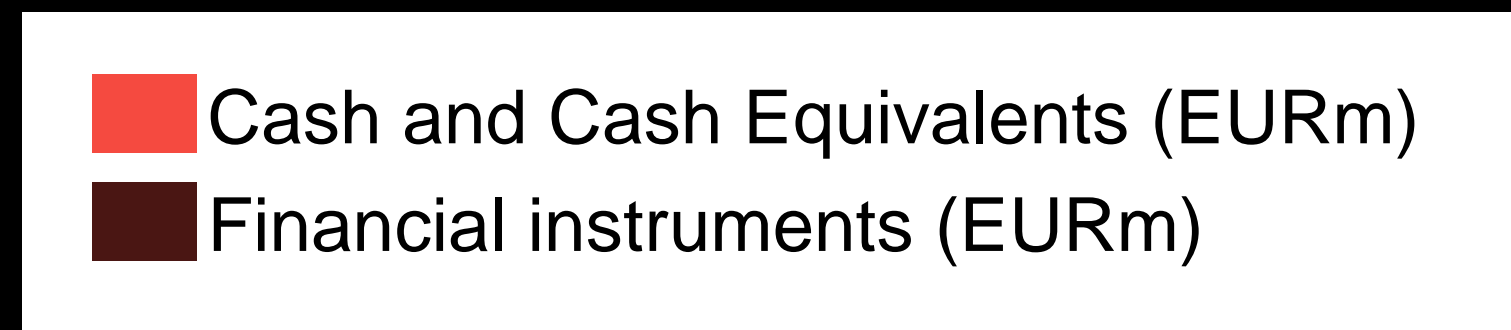
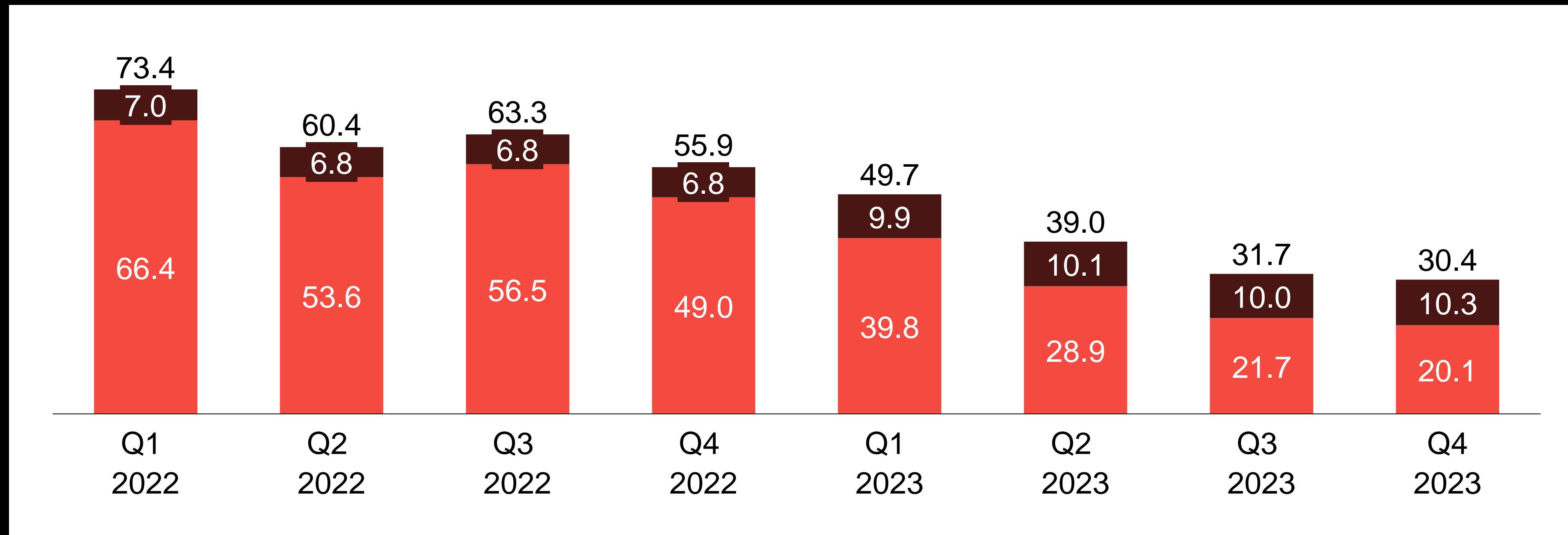


- Ext Dev (EURm) unnetted
- Personnel expenses (EURm) unnetted
- Capitalized Dev Cost (EURm) unnetted

Q4 2023: OPERATING CASH FLOW IMPROVED



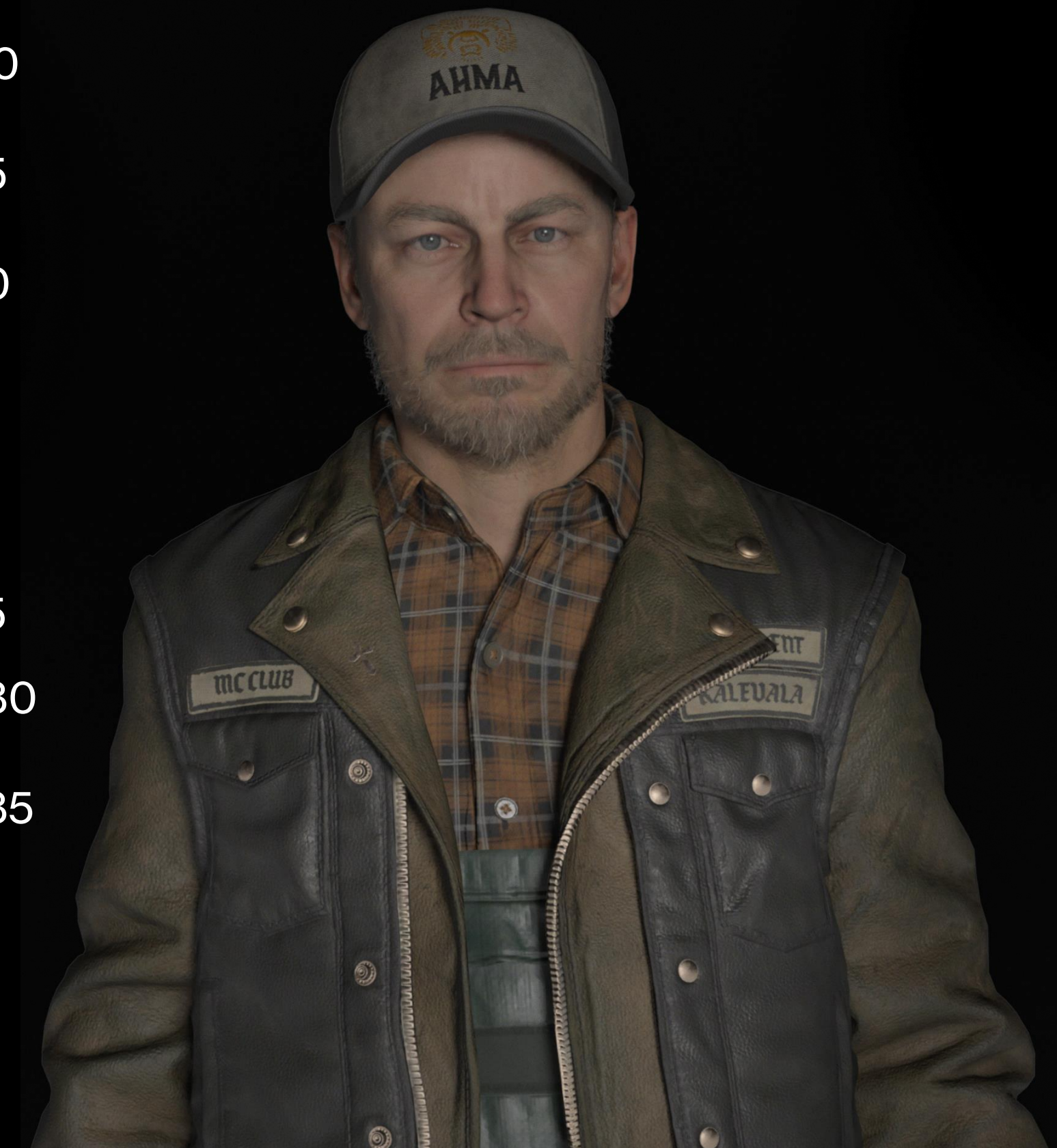
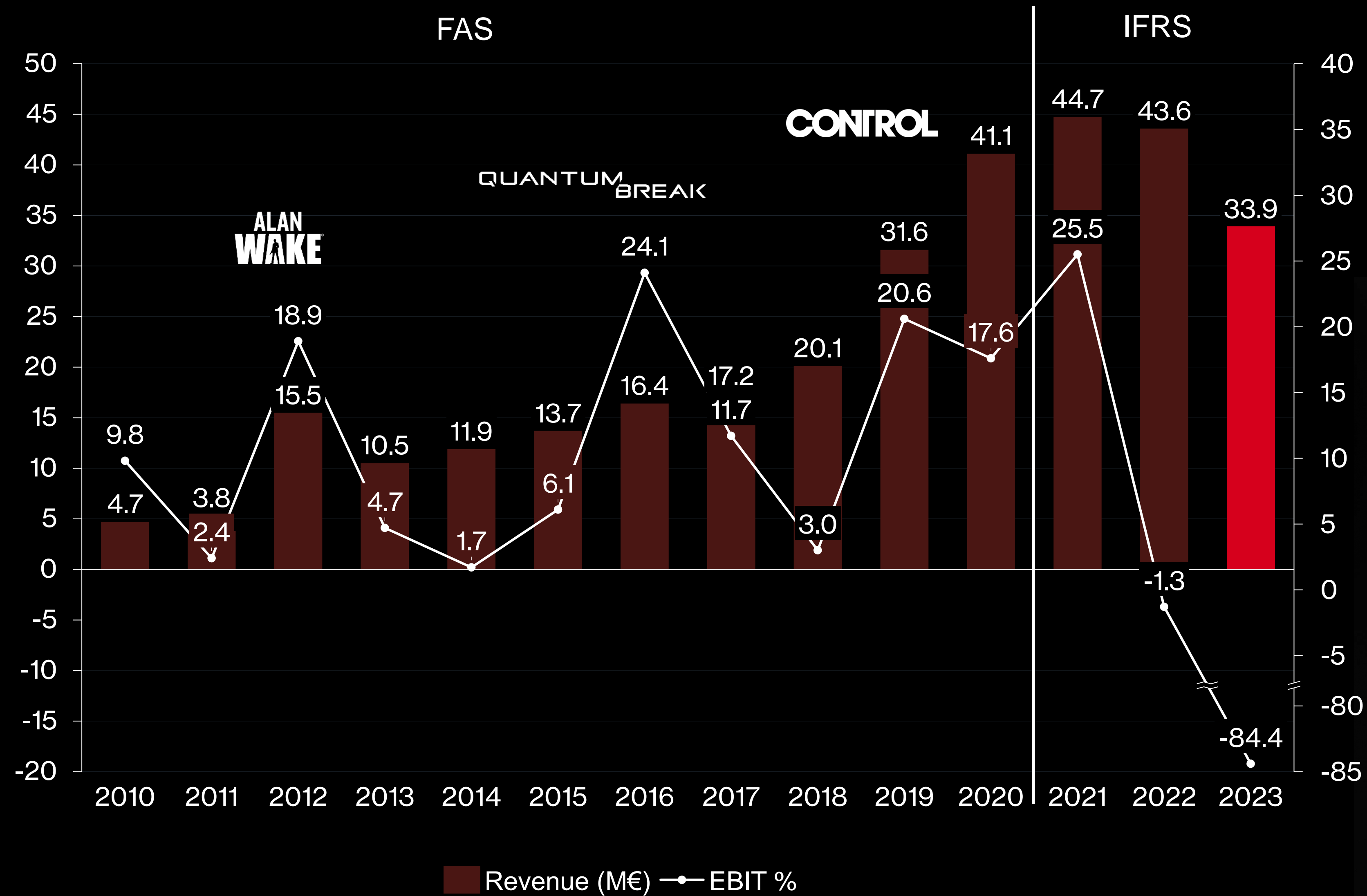
Q4 2023: CASH POSITION STABLE VS. PREVIOUS QUARTER, BUT Y-O-Y SIGNIFICANTLY IMPACTED BY OWN INVESTMENTS TO GAME PROJECTS.



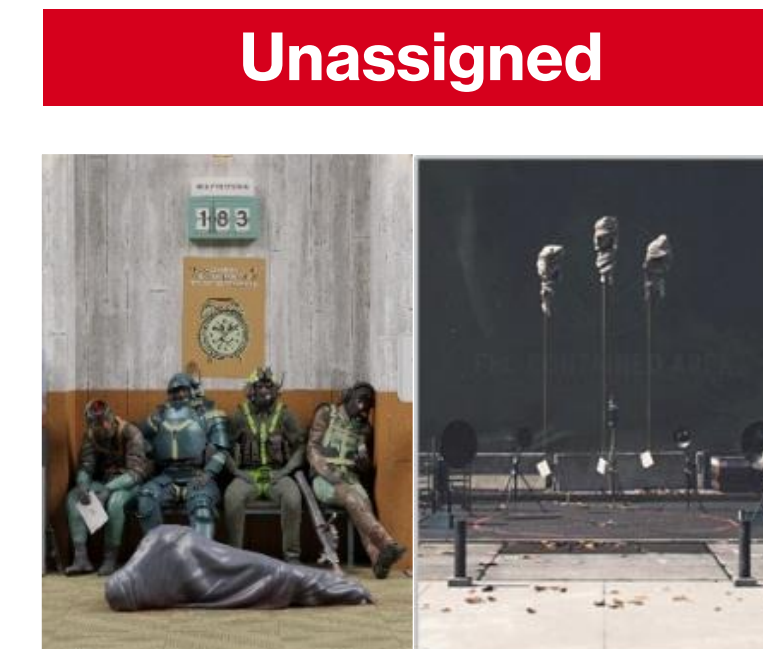
HISTORICAL REVENUE AND PROFITABILITY PROFILE



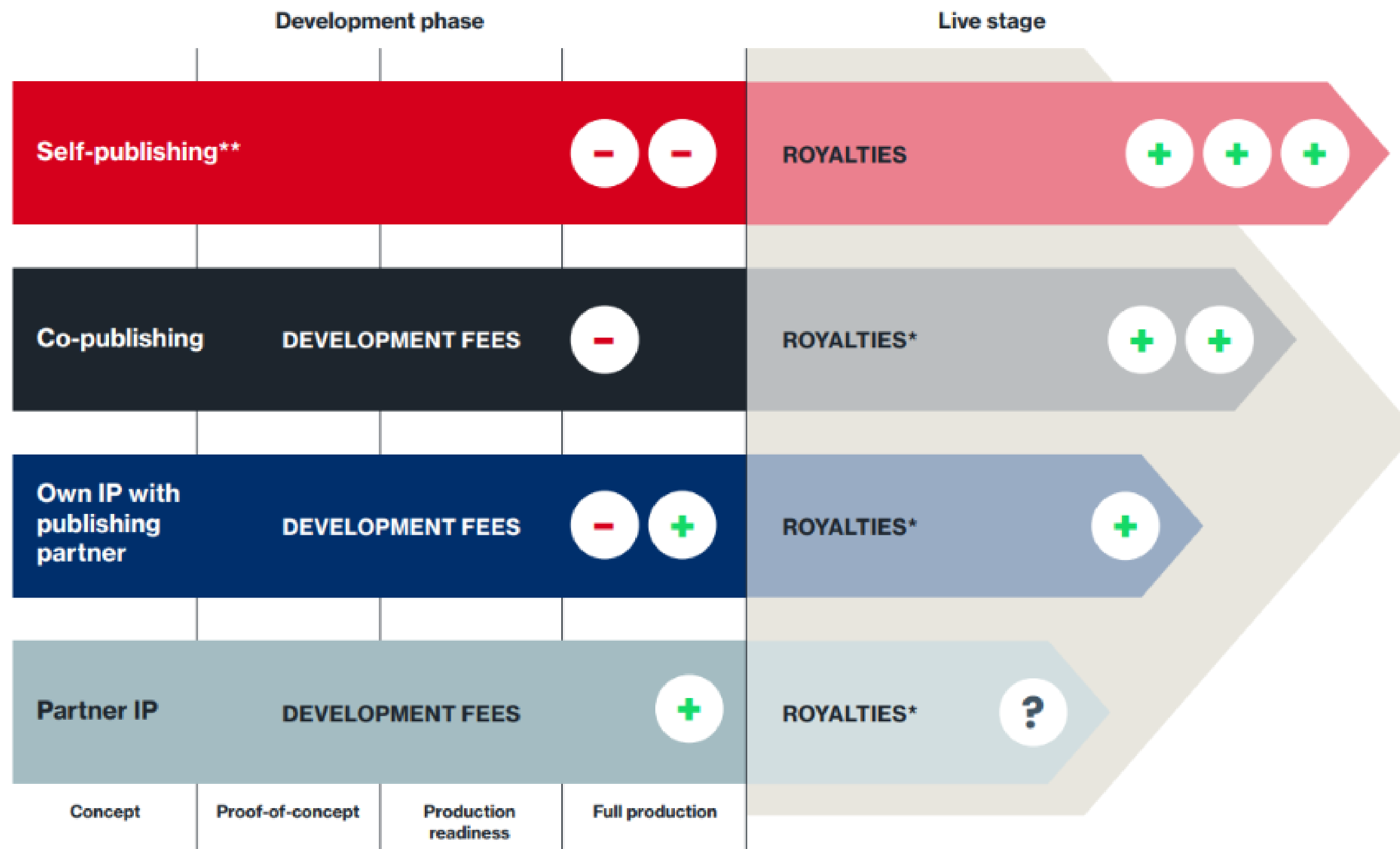
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MULTI-PROJECT FUTURE WITH MORE GAMES: BALANCING RISK AND REWARD



MULTI-PROJECT FUTURE WITH MORE GAMES: BALANCING RISK AND REWARD



Impact on EBIT: - Negative + Positive ? Positive through royalty opportunity

* Possible recoupment has an impact on the timing of royalties.

** At the end of 2023, Remedy did not yet have self-publishing projects in development.



ILLUSTRATIVE EXAMPLE OF REWARD POTENTIAL



All scenarios expect a development budget of 30 and a marketing budget of 5

	Partner deal Case 1	Partner deal Case 2	Partner deal Case 3	Partner deal Case 4	Self-publishing
Development fees paid by a partner (%)	100%	75%	100%	50%	0%
Development fees paid by a partner	30	23	30	15	0
Marketing spend paid by the partner (%)	100%	50%	100%	100%	0%

All scenarios expect games sales net revenue of 100

Partner recoup of development fees	30	23	30	-	-
Partner recoup of marketing	5	2.5	5	5	-
Developer royalty share (%)	20%	50%	50%	50%	100%
Developer royalties	13	38	33	48	100
Developer ROI (%)	43%	85%	108%	108%	186%

ILLUSTRATIVE EXAMPLES ONLY

DIVIDEND PROPOSAL

The Board of Directors proposes that no dividend will be paid for the year 2023.



Outlook

Tero Virtala, CEO



OUTLOOK FOR 2024

Remedy expects its revenue to increase from the previous year and operating profit (EBIT) to improve.

The revenue growth rate and EBIT improvement are meaningfully dependent on the choice between self-publishing and/or choosing a new publishing partner for the games in the Control franchise (Codename Condor and Control 2).

We will specify the Outlook for 2024 when the decision for the business model and the potential agreements for Control 2 and Condor have been made.

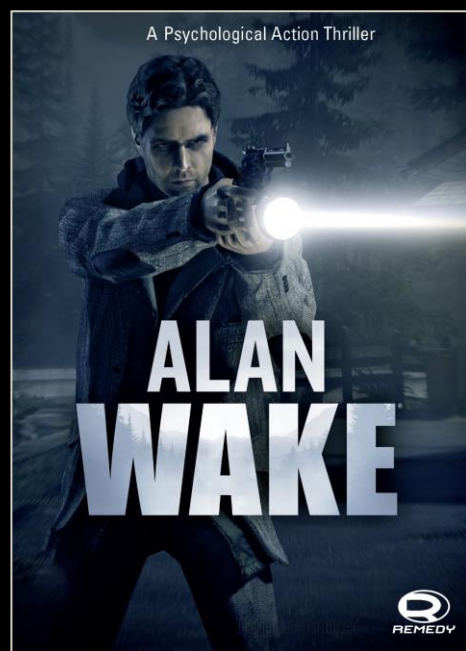




Status update

TERO VIRTALA, CEO

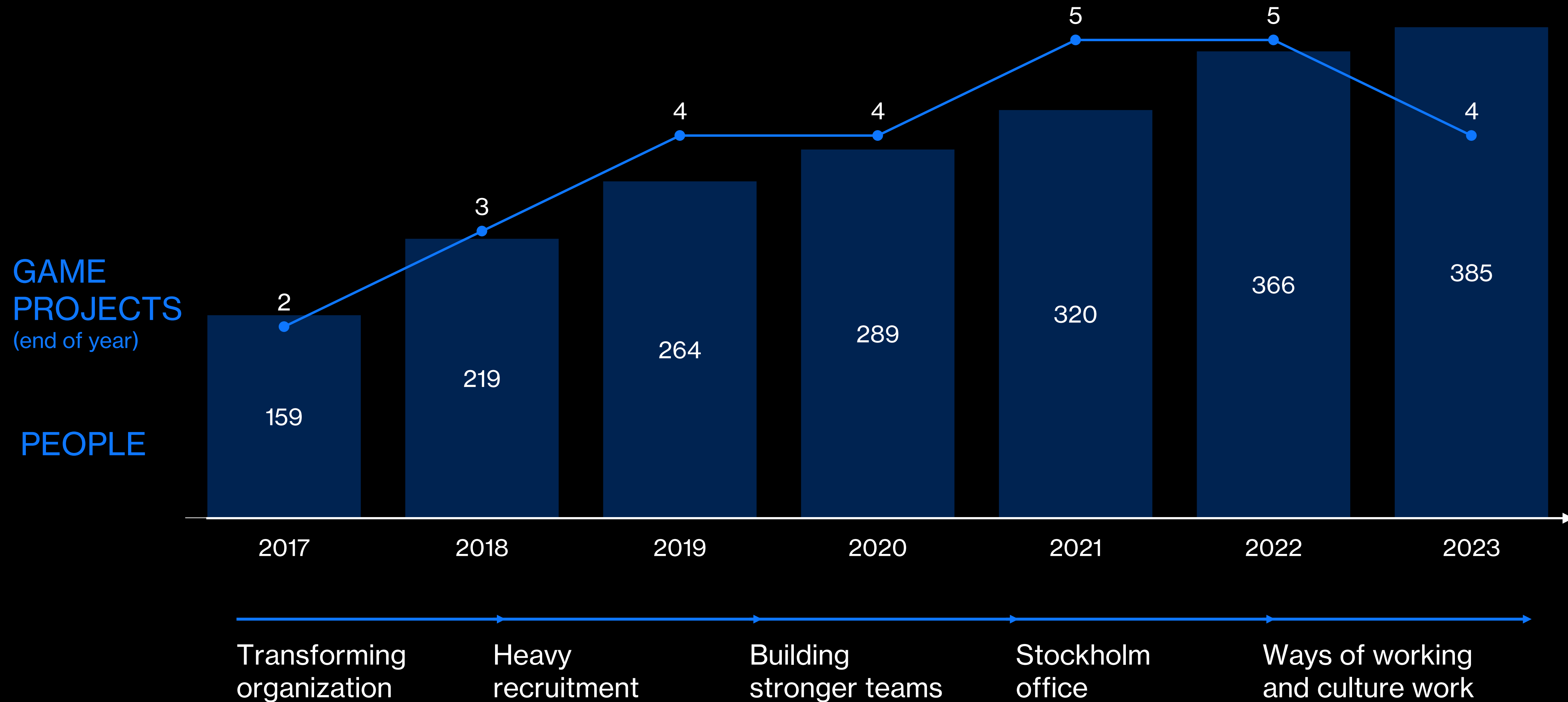
GUIDELINES WE HAVE FOLLOWED SINCE 2016



- Develop longer-engaging games on top of our proven strengths.
- Create and own growing game brands.
- Build a scalable multi-project organization.
- Strengthen our position in the value chain.



GROWING OUR MULTI-PROJECT CAPABILITIES AND ITERATING FROM LEARNINGS



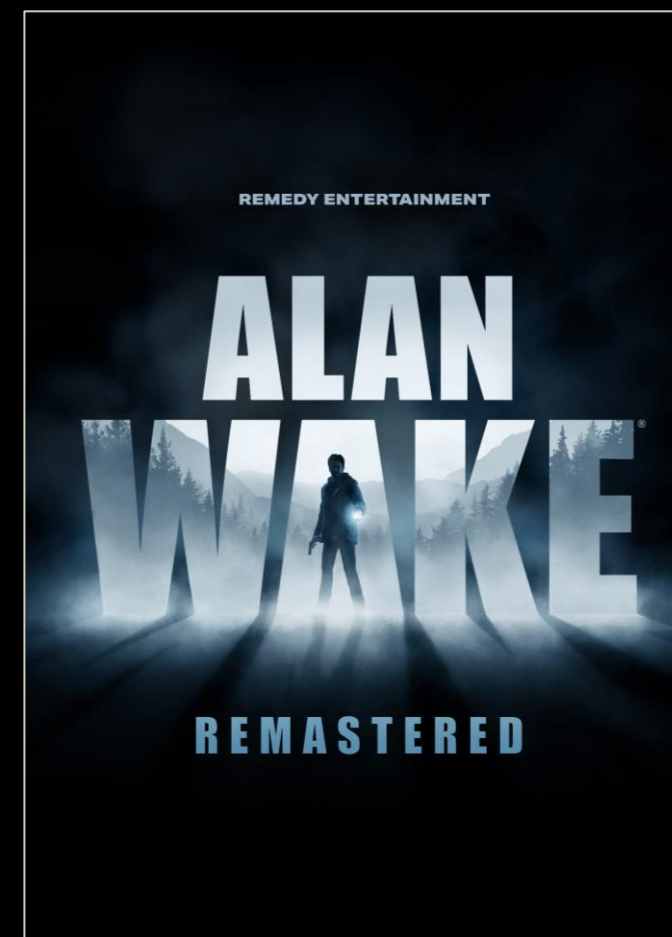
WE HAVE BEEN ABLE TO LAUNCH GOOD GAMES, BUT NOT YET MAJOR COMMERCIAL HITS.

2019



- Sales of 4 m units
- Metacritic score 84

2021



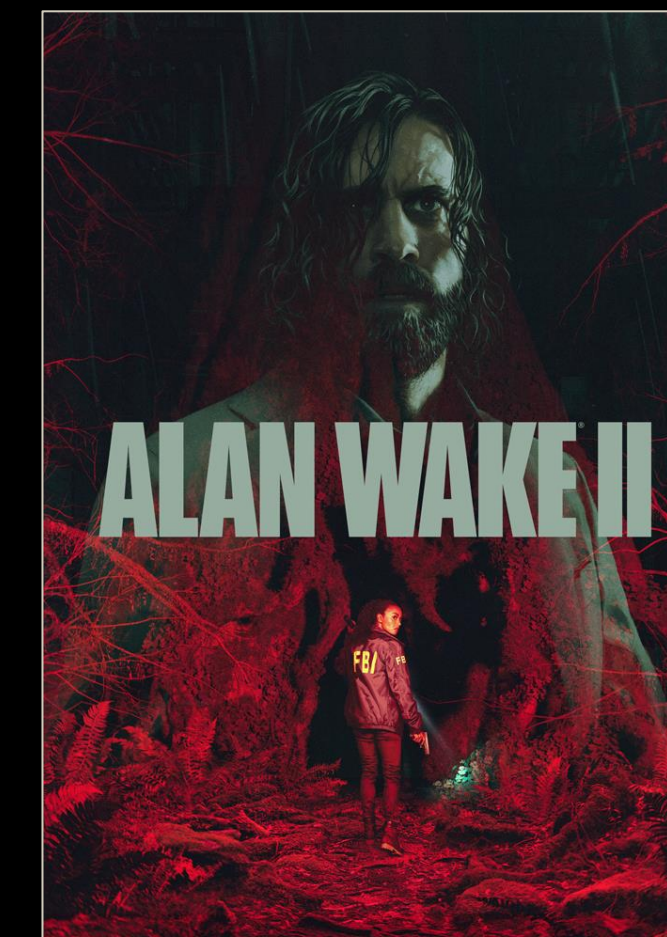
- Sales of 1.5 m units
- Metacritic score 79

2022



- Work for hire
- Mixed player reception for Remedy's story-campaigns

2023



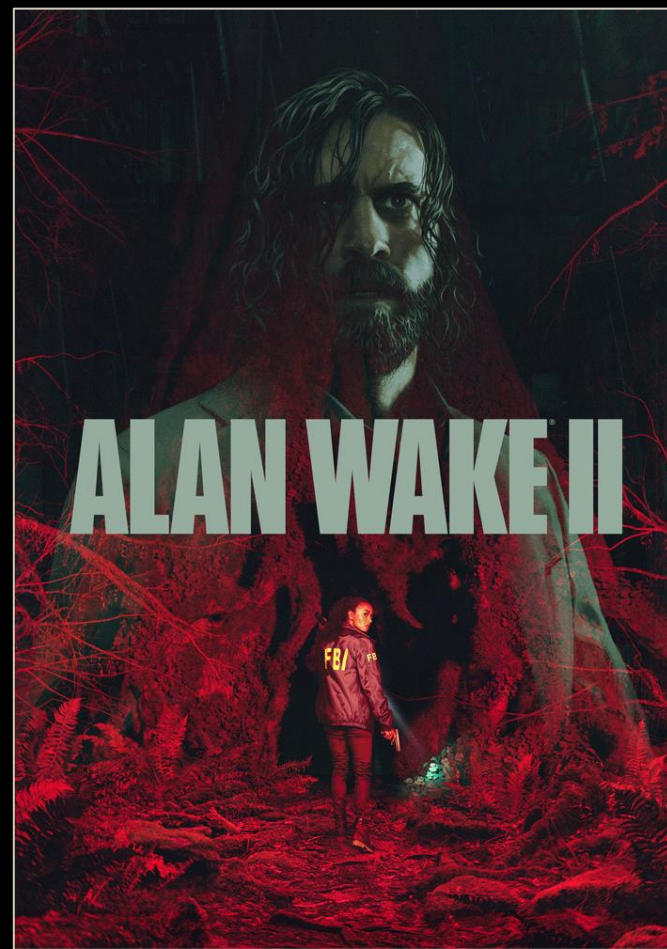
- Sales of 1.3 m units by early February 2024
- Metacritic score 89



2023 FOCUS WAS ON FIVE PROJECTS



ALAN WAKE 2



MAX PAYNE
1&2 REMAKE



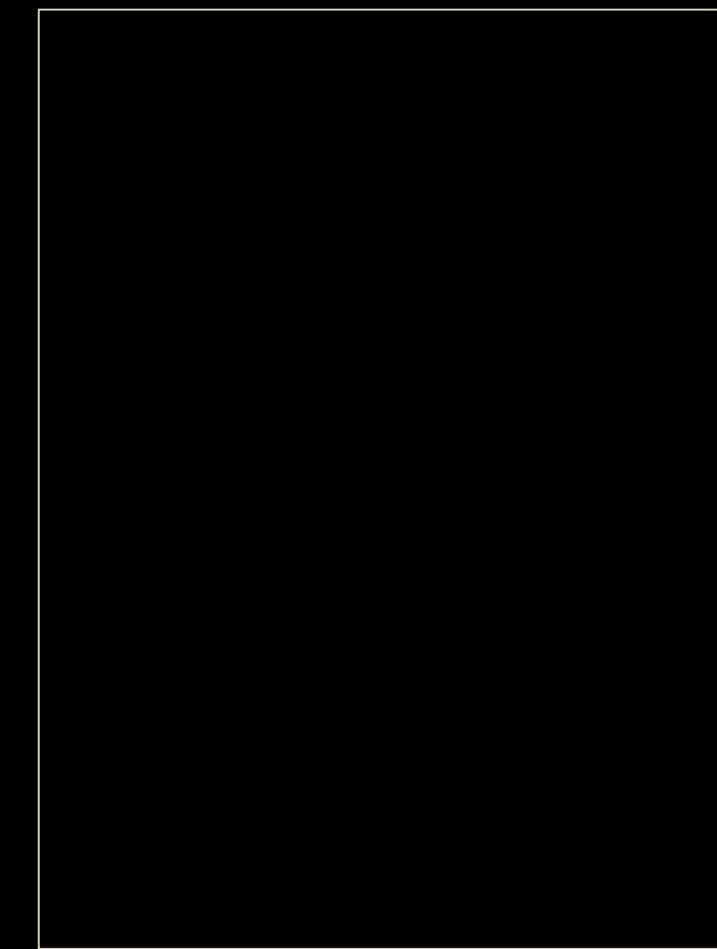
CONDOR



CONTROL 2

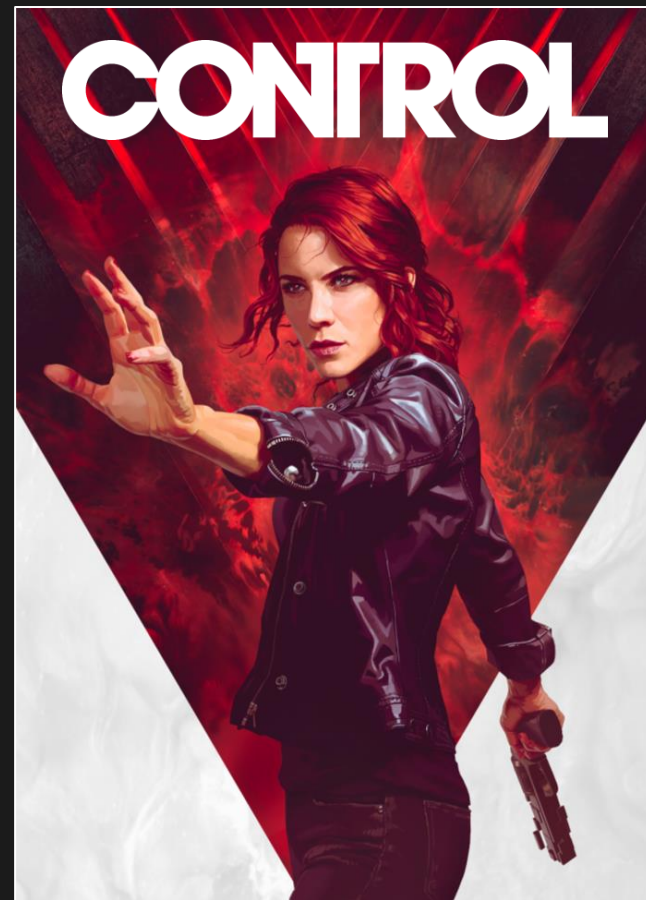


VANGUARD/
KESTREL



Four larger projects that continue in 2024, took major steps forward, and are now in much stronger position than they were in 2023.

WE NOW HAVE TWO ESTABLISHED FRANCHISES



Supernatural
Action

Player Driven

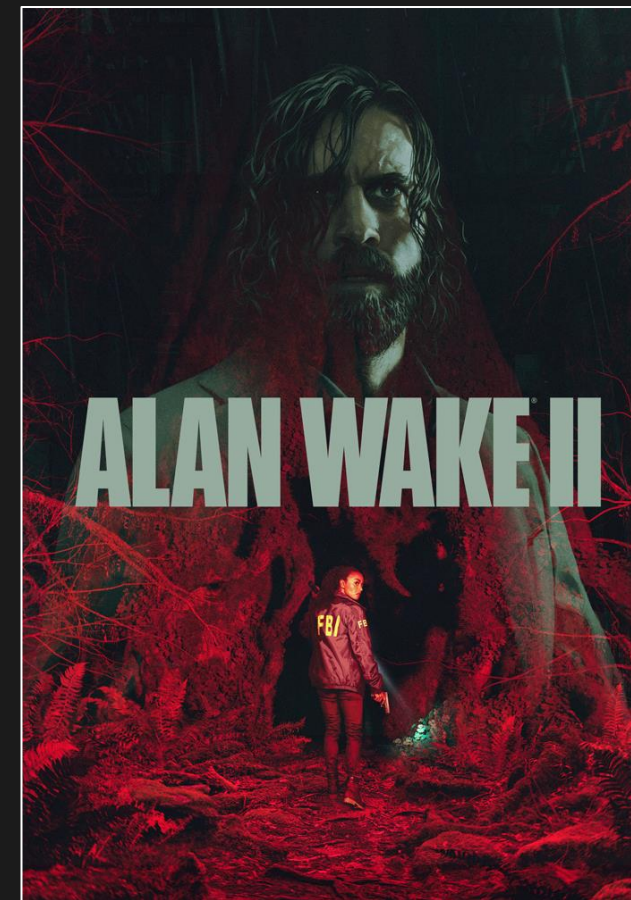
Explorable
Strange World

CONTROL

- Control in 2019
- Control 2
- Codename Condor

- Net revenues of EUR 100 m
- 4 m units sold

REMEDY CONNECTED UNIVERSE



Atmospheric
Horror

Deep Narrative

Colorful
Characters

ALAN WAKE

- Alan Wake in 2010
- Alan Wake's American Nightmare in 2012
- Alan Wake Remastered in 2021
- Alan Wake 2 in 2023

- Alan Wake 2: long-term sales potential

+40M

Players reached
(not unique players)

KEY OPERATIONAL DEVELOPMENTS IN 2023 AND EARLY 2024

- Alan Wake 2 development into a great game and a successful launch
- Mostly good project progress despite Alan Wake 2 keeping people for longer

- Clarifications to the game portfolio
- Developments in portfolio and project management
- Significant Northlight developments

- Changes in the core management team
- Publishing capabilities strengthened
- Acquiring the Control rights

- Successful preparations for the Craft Organization (improved multi-project org.)
- Teams strengthened, personnel retention on a very good level





In 2023 we successfully launched Alan Wake 2 and were able to advance other game projects. We also clarified our portfolio and partnerships, building a stronger basis for 2024 onwards.

Based on this, we are currently in the process of updating our strategy. In that work, certain topics play a key role in defining our

FUTURE DIRECTION.

PRINCIPLES THAT GUIDE US

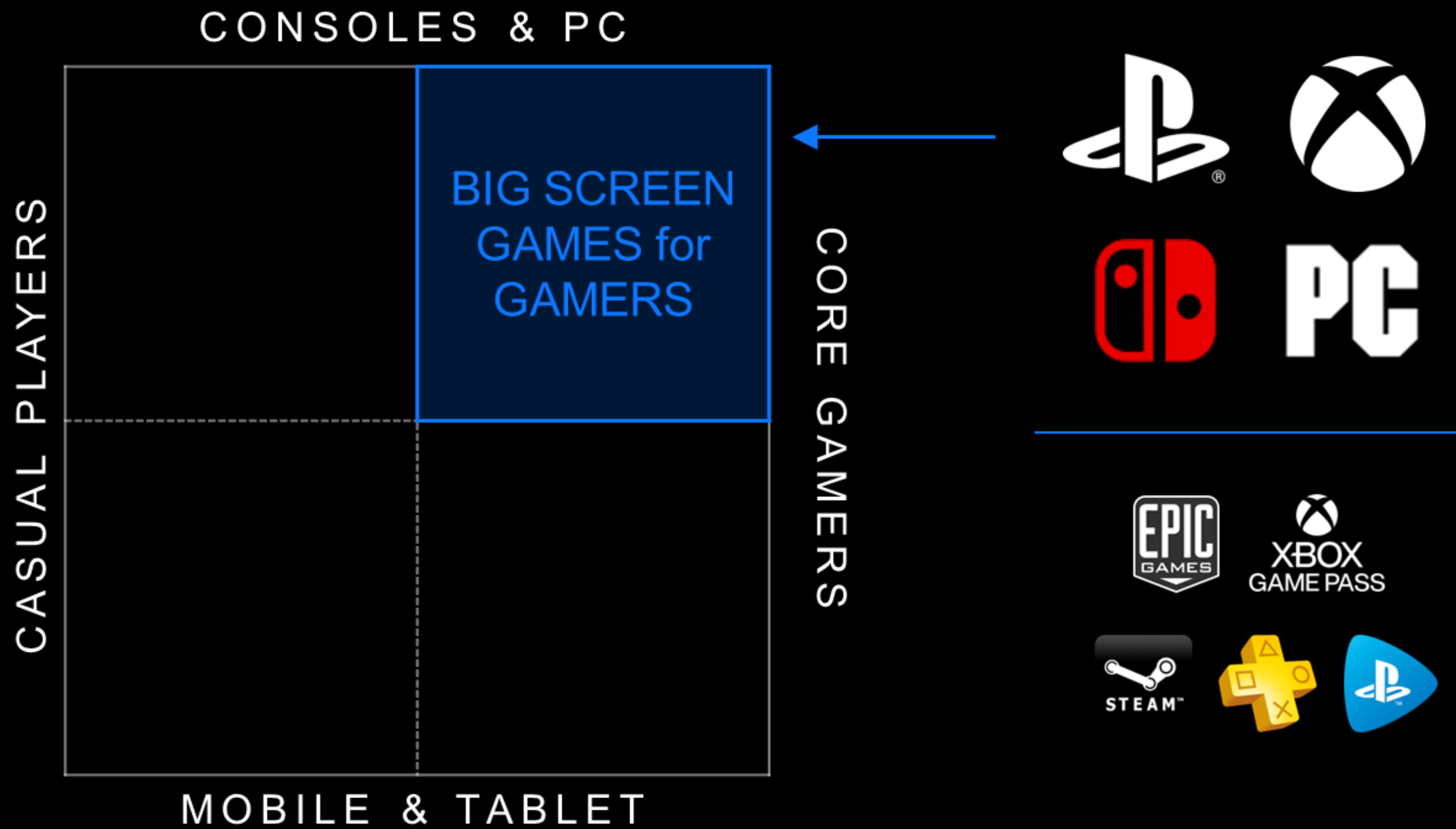
- 1** Increased focus and synergies
- 2** Great games earning back at least double the money invested
- 3** Growing franchises
- 4** Strengthened position to maximize the franchise potential





1. Increased focus and synergies

OUR FOCUS ON THE MARKET

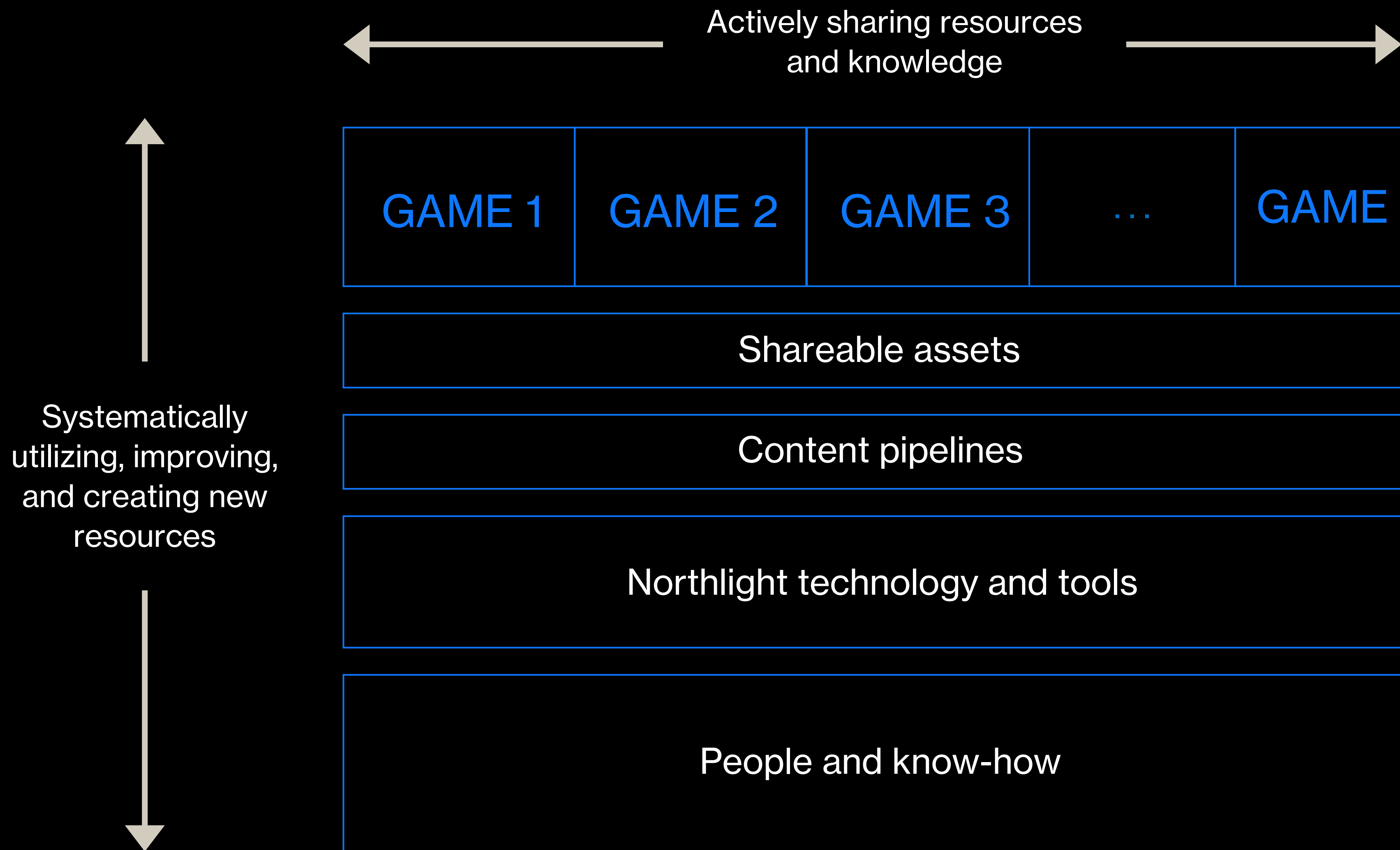


In the past years, our project portfolio grew quite rapidly slightly too wide.

Moving forward, we will focus to ensure that step-by-step our games become larger successes, and that we have even more capabilities to build, utilize and benefit from synergies across our game portfolio.



BUILD AND UTILIZE SYNERGIES: BIGGER AND BETTER GAMES EFFICIENTLY, NEW INNOVATION WHERE IT MATTERS THE MOST



2. Great games earning back at least double the money invested



WITH OUR GAMES AND SKILLS, WE CAN REACH MAJOR COMMERCIAL SUCCESS

Minimum target for every future game:

Earn back at least double the money invested.

- get back the money invested into a game
- generate profits to pay the development and marketing of the next game
- enable full freedom to choose the best way forward with our franchises and games

This is the minimum target.

Good, successful games can generate much more.



REACHING THE RIGHT BALANCE WITH



Great games that gradually expand the audience and can sell more

Successful marketing, sales and community management

Well managed productions where ambitions, capabilities, budget and schedule align

Right publishing model and partnerships for each game



3. Grow franchises

WE HAVE TWO KEY BUSINESS AREAS THAT SUPPORT EACH OTHER

OWN FRANCHISES

Self-publishing / co-publishing / publishing by partner

PARTNER FRANCHISE

Work-for-hire

CONTROL

Control
Control 2

Condor

ALAN WAKE

Alan Wake
Alan Wake 2

Alan Wake Remaster
American Nightmare

MAX PAYNE

Max Payne 1 & 2
Remake

REMEDY CONNECTED UNIVERSE



OBJECTIVE WITH THE PARTNER FRANCHISE

MAKE AN EXCELLENT,
COMMERCIALY **SUCCESSFUL**
MAX PAYNE 1&2 REMAKE

BUILD A STRONG,
REMEDY **ACTION-**
GAME TEAM

Reaching these objectives will give us significant strategic options for the longer-term future, both in relation to

- potential partner franchises, and
- our own franchises.

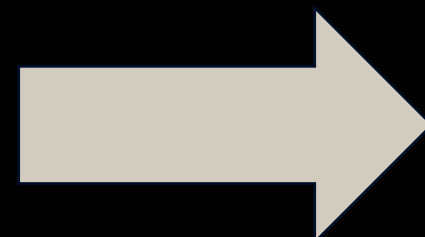


OBJECTIVE WITH OUR OWN FRANCHISES



By 2030 we will grow
CONTROL AND ALAN WAKE

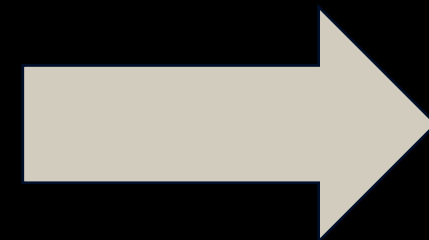
FROM
ESTABLISHED
FRANCHISES



TO
SUPER
FRANCHISES

CONTROL AND ALAN WAKE

FROM
ESTABLISHED
FRANCHISES

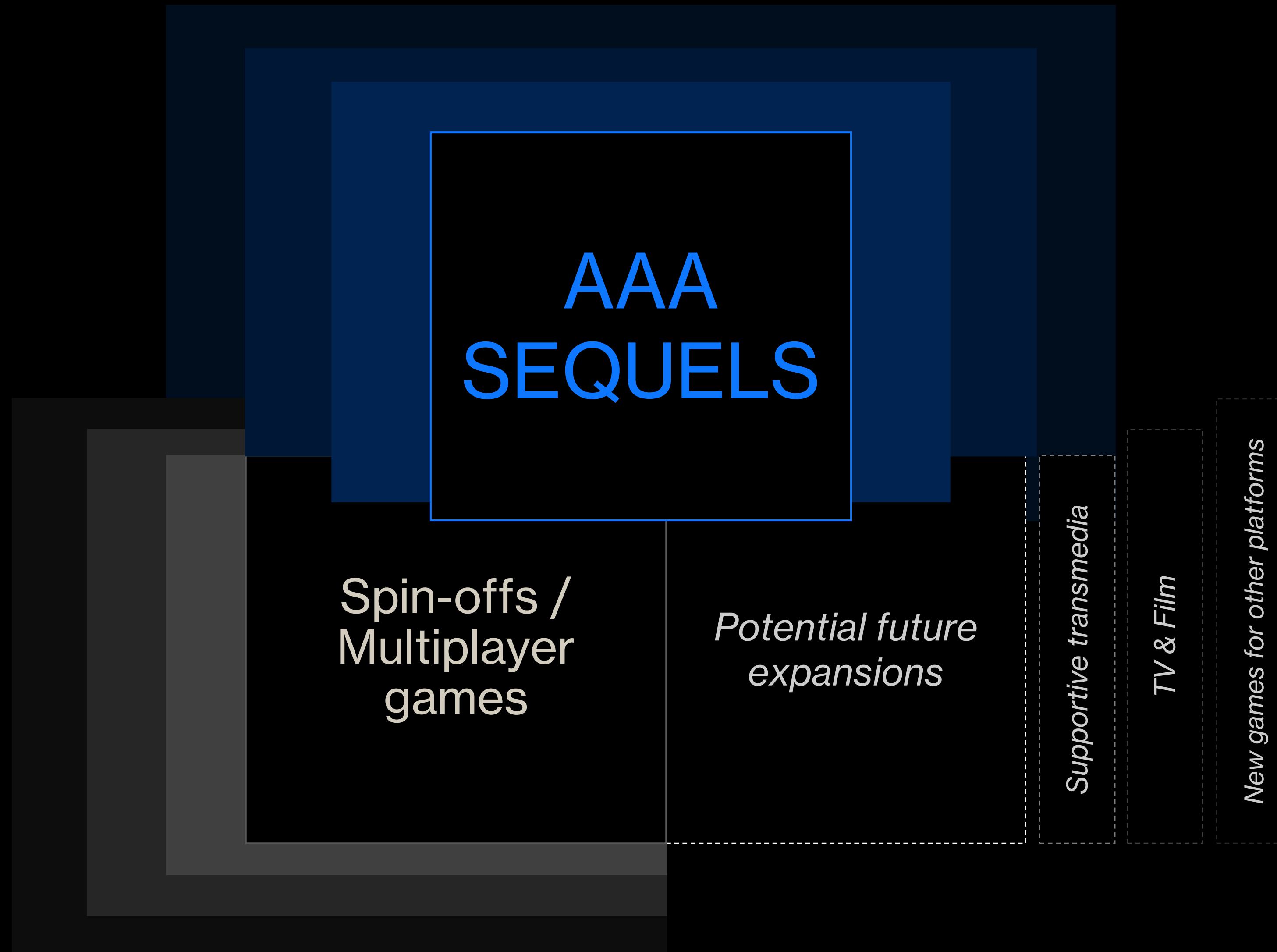


TO
SUPER
FRANCHISES

- Based on 1-2 games, no regular sequels yet.
- Highly appreciated and well-known by a subset of core players.
- Limited reasons to stay with the game or franchise.
- Revenues EUR 100-200m / 3 years / franchise.

- Based on 3-4 games, regular sequels.
- Highly appreciated among core players and well-known by players overall.
- Players can engage much longer.
- Revenues EUR 500+m / 3 years / franchise.

FRANCHISES GROW STEP BY STEP AND OFFER POTENTIAL FOR NEW EXPERIENCES AND AUDIENCES





4. Aim for a strong position to maximize the franchise potential

From 2016 onwards we have built a stronger position in the value chain.

We are now in a unique situation: the future of both Alan Wake and Control is fully in our hands.

We will carefully evaluate the next steps.



STEP-BY-STEP STRENGTHENING OUR POSITION IN THE VALUE CHAIN



<p>SELF-PUBLISHED</p>	<p>Control (2025 onwards) <i>Future model for our other games is being evaluated.</i></p>		
<p>REMEDY FRANCHISE, CO-PUBLISHED</p>	<p>Condor Control 2</p>	<p>505</p>	<p>Partner had long-term sequel rights</p>
<p>REMEDY FRANCHISE WITH PUBLISHING PARTNER</p>	<p>Vanguard / Kestrel</p>	<p>Tencent</p>	<p>Partner has selected future rights</p>
<p>PARTNER FRANCHISE, SUBCONTRACTING</p>	<p>Alan Wake 2 Alan Wake Remaster</p>	<p>Epic</p>	<p>Partner has no sequel rights</p>
	<p>Control</p>	<p>505</p>	<p>Partner had long-term sequel rights</p>
	<p>Max Payne 1&2 Remake</p>	<p>Rockstar</p>	
	<p>Crossfire story campaigns</p>	<p>Smilegate</p>	

EVALUATING THE MODEL TO SUCCEED WITH A GAME, GROW THE FRANCHISE AND MAINTAIN CONTROL



**PUBLISHING
BY PARTNER**

**CO-
PUBLISHING**

**SELF-
PUBLISHING**

Conclusion



SUMMARY

- We have two established own franchises, Control and Alan Wake, with major growth potential.
- Unique situation: We are free to decide the best way forward with both Control and Alan Wake.
- Max Payne is an excellent fit to us, and important game with both short-and long-term benefits.
- We have games in development that have great potential.
- Our capabilities to make these games bigger successes are better than ever.





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