



REMEDY
ENTERTAINMENT PLC

FINANCIAL STATEMENT
AND BOARD OF
DIRECTORS' REPORT
2023

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REPORT OF THE BOARD OF DIRECTORS 1.1.–31.12.2023

Remedy Entertainment Plc (hereafter “parent company”), and together with its subsidiary Remedy Entertainment Group (hereafter “Remedy” or “the group”), is a pioneering, globally renowned video game group founded in 1995 and headquartered in Finland with a subsidiary Remedy Entertainment Sweden AB 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 group employs over 350 game industry professionals from 34 different countries.

Relevant events during the fiscal year

Alan Wake 2 was launched in October 2023 selling 1 million units by the end of December 2023. Codename Vanguard was rebooted into codename Kestrel and the project started fresh. The total capitalized development costs for codename Vanguard were recognized as an impairment loss having EUR 7.2 million one-time impact in the result.

In 2023, Remedy's revenue mostly consisted of development fees received from partners as well as royalties recognized from the game sales revenue of Control and Alan Wake Remastered. The revenue also included royalty income from previously released games.

Financial development and key figures

The group's revenue was EUR 33,932 thousand and profit for the fiscal year was EUR -22,657 thousand. Operating profit for the fiscal year was EUR -28,627 thousand, -84.4% of revenue. The group's equity ratio at the end of the fiscal year was 85.5%.

Our full year 2023 revenue and profitability were impacted by significantly increased own investments in own game projects. Out of the five games we had in development during the year, we co-financed four that are based on Remedy-owned brands, whereas Max Payne1&2 remake is fully funded by the IP owner and publishing partner Rockstar.

The sales of Alan Wake 2 have started well despite an extremely competitive launch window and an overall exceptional amount of great game launches throughout the year. Alan Wake 2, as a digital only release, had sold over 1 million units by the end of the fourth quarter in 2023, making it the fastest selling Remedy game. During the financial year 2023, Alan Wake 2 did not yet generate royalties to Remedy as the investments made by its partner did not yet fulfill their recoup.

In November, we announced a reboot to Codename Vanguard, renamed Codename Kestrel. The requirements for a successful new free-to-play game have significantly increased during the past years. Despite the promising progress during the first half of the year, we decided with Tencent that the potential was not there. The project was not fully aligned with our core capabilities and our other game projects. Kestrel returned to a concept phase where the core leadership and select members of the development team focused on the project's new direction. As a result of the concept work, we announced in February 2024 that we had decided to give the project a fresh start and wrote off all capitalized costs for the project, impacting the profitability of the fourth quarter and full year 2023 by EUR -7.2m.

FISCAL YEAR, EUR thousand	2023	2022	2021
Revenue	33,932	43,588	44,726
Growth in revenue, %	-22.2%	-2.5%	8.9%
EBITDA	-16,951	1,905	14,450
Operating profit/loss	-28,627	-563	11,407
Operating profit/loss %	-84.4%	-1.3%	25.5%
Result for review period	-22,657	-1,726	8,794
Result for review period, % of revenue	-66.8%	-4.0%	19.7%
Balance sheet total	79,260	99,552	101,126
Cash flow from operations	-16,034	11,069	6,052
Net cash	23,762	49,860	51,666
Cash position	20,066	49,034	51,384
Net gearing	-35.1%	-56.4%	-59.1%
Equity ratio	85.5%	88.8%	86.4%
Capital expenditures	9,959	10,657	9,602
Earnings per share, €	-1.68	-0.13	0.67
Earnings per share, € diluted	-1.66	-0.13	0.65
Number of shares at the end of the period	13,490,151	13,448,600	13,298,450

Remedy's revenue decreased by 22.2% to EUR 33.9 (43.6) million. Development fees were EUR 28.7 (39.1) million and royalties from publishing partners were EUR 5.2 (4.5) million. The main sources of revenue were development fees from Max Payne 1&2 remake, Alan Wake 2 and codenames Kestrel and Vanguard. Revenue from royalties grew from comparison period due to Alan Wake remastered starting to generate royalties in autumn 2023.

Remedy's EBITDA decreased to EUR -17.0 (1.9) million and operating profit (EBIT) to EUR -28.7 (-0.6) million, or -84.4% (-1.3%) of the revenue. Remedy's transition to a phase where it invests more in game projects during the development phase to ensure longer term upside potential, has continued still during 2023. Materials and services expenses were 43.3%, personnel expenses 12.5%, and other operating expenses 19.2% higher than in the comparison period.

Remedy's cash flow from business operations amounted to EUR -16.0 (11.1) million. Compared to the comparison period, Remedy received a smaller amount of development fees from partners, especially related to Alan Wake 2. Also, the development fee receivables grew due to the agreement-based payment timings. At the same time, outgoing payments related to outsourcing were significantly higher than in the comparison period.

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.

Remedy's cash flow from investing activities amounted to EUR -9.8 (-10.6) million and cash flow from financing activities amounted to EUR -3.1 (-2.8) million.

The group's salaries and compensations with employer contributions for the fiscal year were EUR 26,938 thousand and the average number of personnel was 334.

FISCAL YEAR	2023	2022	2021
Salaries and other compensations including employer contributions	26,938	23,949	21,152
Average number of personnel	334	307	280
Headcount at the end of the period	352	334	294

Long-term business prospects

Remedy has several games in development, each providing long-term development fee revenues. The development fees form a strong, and predictable revenue basis for many years. In addition to development fees, Remedy's revenues consist of game royalties. Royalty streams depend on variables related to game projects, game release schedules and other terms and conditions of each cooperation. The timing of individual game launches and new game development agreements may cause year to year revenue level variation. 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.

Risks and uncertainties

The most substantial short-term risks and uncertainties are:

- Remedy's game development efforts may fail if it is unable to develop its games within set mandates, such as release schedule, quality, and budget. Additionally, the 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 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 purchased back publishing rights for Control, Condor and Control 2 and is this way taking more own risk in game development. This means that there is currently no partner to share the financing of the game development for Condor and Control 2 and this increases financing needs for Remedy. There is risk that Remedy does not find financing solutions or that terms of these solutions are heavy. Financial effects of financing solutions might pose higher financing expenses due to current overall higher interest rate environment.
- 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's business is subject to economic, market, and geopolitical conditions, which are beyond its control. 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 the Remedy's business operations, result, financial position, outlook and share price.

Events after the end of the reporting period

A contract amendment was signed with Tencent for codename Kestrel in February 2024. In March 2024, Remedy announced acquiring full rights to the Control franchise from 505 Games. Upon the transaction all publishing, distribution, marketing and other rights to Control, codename Condor, Control 2 and all future Control products revert to Remedy.

Statement on the scope of research and development activities

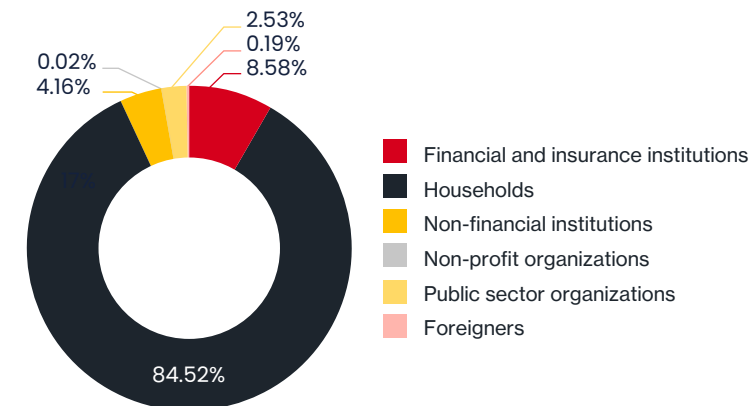
Significant part of the company's activities is research and development. The company has capitalized product development expenses for new projects that are based on the company's own game brands. In 2023, the capitalized expenses were related to projects Codename Condor and Control 2. Capitalized development expenses of Codename Vanguard were recognized as an impairment loss for 2023, for the total value of the capitalized balance.

A total of EUR 4,780 thousand was capitalized during the fiscal year January 1–December 31, 2023, which is included in the comprehensive income statement lines materials and service and personnel expenses, and as development costs on the balance sheet. The effect of the capitalization to materials and services and personnel costs is presented in note 4 in the financial statement. In the cash flow statement, the capitalized development costs are presented in cash flow from investing activities.

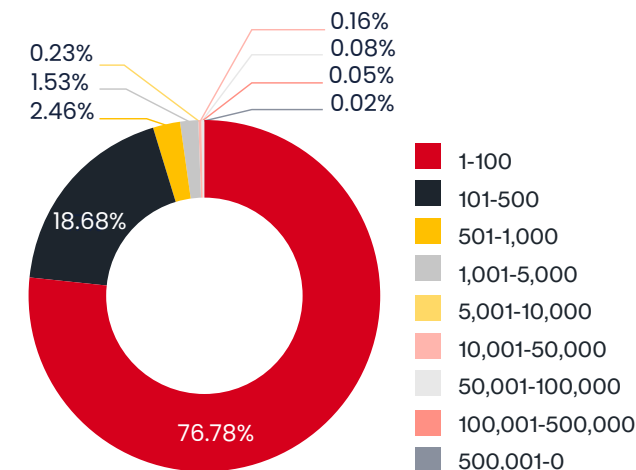
Company shares

Remedy Entertainment Plc does not own its own shares at the end of the fiscal year on December 31, 2023. The number of shares in the company was 13,490,151 on December 31, 2023. All shares are of the same series. The shares were included in the book-entry system as of May 5, 2017 (ISIN: FI4000251897). Increase in the number of shares was caused by new shares subscribed with the company's stock options from option plans 2018, 2019 and 2020.

Share distribution by sector on December 31, 2023



Distribution of shares on December 31, 2023



Major shareholders on December 31, 2023

NAME	SHARES	PERCENTAGE
Mäki Markus	3,197,000	23.7
Järvi Sami Antero	560,000	4.2
Virtala Tero Tapani	300,000	2.2
Lehtinen Saku Hermann	227,000	1.7
Evli Finnish Small Cap Fund	184,000	1.4
Varma Mutual Pension Insurance Company	150,000	1.1
Sijoitusrahasto Aktia Capital	129,807	1.0
Erikoissijoitusrahasto Aktia Mikro Markka	114,368	0.9
Proprius partners micro finland (non-ucits)	106,380	0.8
Paloheimo Johannes Alfred Gustaf	103,000	0.8
10 largest shareholders total	5,071,555	37.6
Accendo Capital SICAV RAIF (nominee registered)	2,063,162	15.3
Other nominee registered	2,386,381	17.7
Other shares	3,969,053	29.4
Total	13,490,151	100.0%

The most major shareholder of Remedy Entertainment Plc is the Chairman of the Board, Markus Mäki, with the ownership of 23.7% on December 31, 2023 (December 31, 2022: 28.8%). They are considered to have significant influence over the group, based on the share ownership exceeding 20% and their active role in the group.

Management shares on December 31, 2023

NAME	SHARES	PERCENTAGE
Mäki Markus	3,197,000	23.7
Järvi Sami	560,000	4.2
Virtala Tero	300,000	2.2
Paloheimo Johannes	103,000	0.8
Österlund Henri	46,139	0.3
Kauppi Terhi	8,000	0.1
Salakka Kaisa	1,900	0.0
Ängeslevä Sonja	1,482	0.0
Laakkonen Jussi	-	-
Schmitz Christopher	-	-
Vehkala Mika	-	-
Total	4,217,521	31.2

Valid issuance authorizations

With its resolution on April 13, 2023, the Annual General Meeting authorized the Board of Directors to resolve 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 700,000, and shares can be issued in deviation from the shareholders' pre-emptive rights.

The authorization to decide on share issues or issuance of option rights or other special rights is valid until the close of the company's following Annual General Meeting, but no longer than 18 months from the date of the Annual General Meeting and it replaces the previous authorizations.

Authorization for the directed repurchase of own shares

On April 13, 2023, the Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of the company's own shares. Under the authorization, a maximum of 700,000 shares can be repurchased with funds of the unrestricted equity, in one or several installment. The authorization for the directed repurchase of own shares is valid until the closing of the next Annual General Meeting, however, no longer than 18 months from the date of the Annual General Meeting, and it replaces the previous authorizations.

Valid option rights

The option plans are part of the Board of Directors' long-term share-based incentive program to the Remedy's key persons. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. At the end of reporting period 1,264,849 option

rights were outstanding (1,125,550 in 2022) representing 9.4 (8.4 in 2022) percentage of total amount of shares.

The 2018 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on March 26, 2018, decided at its meeting held on June 8, 2018 to adopt an option plan "Option Plan 2018" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by the company. In May 2021, Remedy Entertainment Plc cancelled a total of 97,500 option rights 2018 held by the company. After the cancellation, the remaining 302,500 option rights 2018 entitle holders to subscribe for 302,500 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2021 and ends on May 31, 2024. The share subscription price is 7.02 euros, which is the trade volume-weighted average price of the company's share on First North Growth Market Finland marketplace during March 1 – May 31, 2018 with an addition of 10%.

On May 27, 2021, Remedy Entertainment Plc announced that the company will apply to list its 2018 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace. The option rights have been listed on said marketplace as of June 1, 2021.

On September 30, 2021, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1

and September 15, 2021, a total of 226,300 Remedy Entertainment Plc's new shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 1,588,626 was entered into the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 were registered in the Finnish Trade Register on September 30, 2021, as of which date the new shares will establish shareholder rights.

On January 27, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between September 16 and December 31, 2021, a total of 4,250 Remedy Entertainment Plc's shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 29,835 was entered into the company's reserve for invested unrestricted equity. The shares subscribed with these stock options were registered in the Finnish Trade Register on January 27, 2022, as of which date the new shares will establish shareholder rights.

On September 29, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1 and September 15, 2022, a total of 11,200 Remedy Entertainment Plc's new shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 78,624 was entered into the company's reserve for invested unrestricted equity. The shares subscribed with these stock options were registered in the Finnish Trade Register on September 29, 2022, as of which date the new shares will establish shareholder rights.

On January 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between September 16 and December 31, 2023, a total of 2,500 Remedy Entertainment

Plc's new shares has been subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 17,550 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 have been registered in the Finnish Trade Register on January 30, 2023, as of which date the new shares will establish shareholder rights.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1 and September 15, 2023, a total of 3,250 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 22,815 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2018 has 55,000 allocated unsubscribed option rights at the end of the period under review.

The 2019 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 8, 2019, decided at its meeting held on July 11, 2019 to adopt an option plan "Option Plan 2019" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by

the company. In May 2022, Remedy Entertainment Plc cancelled a total of 29,000 option rights 2019 held by the company. After the cancellation, the remaining 371,000 option rights 2019 entitle holders to subscribe for 371,000 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2022 and ends on May 31, 2025. The share subscription price is 9.23 euros, which is the trade volume-weighted average price of the company's share on First North Growth Market Finland marketplace during April 1 – June 30, 2019 with an addition of 10%.

On May 31, 2022, Remedy Entertainment Plc announced that the company will apply to list its 2019 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace. The option rights have been listed on said marketplace as of June 1, 2022.

On September 29, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between June 1 and September 15, 2022, a total of 134,700 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 1,243,281 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on September 29, 2022, as of which date the new shares will establish shareholder rights.

On January 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between September 16, 2022 and December 31, 2023, a total of 18,000 Remedy Entertainment Plc's new shares has been subscribed for with the

company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 166,140 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on January 30, 2023, as of which date the new shares will establish shareholder rights.

On April 12, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between January 1 and March 31, 2023, a total of 1,000 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 9,230 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on April 12, 2023, as of which date the new shares will establish shareholder rights.

On June 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between April 1 and May 31, 2023, a total of 7,800 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 71,994 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on June 30, 2023, as of which date the new shares will establish shareholder rights.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between June 1 and September 15, 2023, a total of 2,001 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options

2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 18,469.23 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2019 has 207,499 allocated unsubscribed option rights at the end of the period under review.

The 2020 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 6, 2020, decided at its meeting held on July 2, 2020 to adopt an option plan "Option Plan 2020" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by the company. In May 2023, Remedy Entertainment Plc cancelled a total of 200,500 option rights 2020 held by the company. After the cancellation, the remaining 199,500 option rights 2020 entitle holders to subscribe for 199,500 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2023, and ends on May 31, 2026. The share subscription price is 22.21 euros, which is the trade volume weighted average price of the company's share on the Nasdaq Helsinki Ltd maintained Nasdaq First North Growth Market Finland marketplace during April 1 – June 30, 2020, with an addition of 10%.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2020. Between June 1 and September 15, 2023, a total of 7,000 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2020. For subscriptions made with the stock options 2020, the entire subscription price of EUR 155,470 will be entered in the reserve for invested unrestricted equity. The shares subscribed for under the stock options 2020 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2020 has 172,500 allocated unsubscribed option rights at the end of the period under review.

The 2021 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 14, 2021, decided at its meeting held on September 20, 2021 to adopt an option plan "Option Plan 2021" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2024 and ends on May 31, 2027. The share subscription price is 47.09 euros, which is the trade volume-weighted average price of the company's share on First North Finland marketplace during June 1 – August 31, 2021 with an addition of 10%.

The Board of Directors has allocated 287,500 option rights until the end of the period under review, and 62,500 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

The 2022 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 13, 2022, decided at its meeting held on September 20, 2022 to adopt an option plan "Option Plan 2022" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2025 and ends on May 31, 2028. The share subscription price is 26.64 euros, which is the trade volume-weighted average price of the company's share on the official list Nasdaq Helsinki Ltd during June 1 – August 31, 2022 with an addition of 10%.

The Board of Directors has allocated 318,000 option rights until the end of the period under review, and 32,000 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

The 2023 plan

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 13, 2023, decided at its meeting held on September 21, 2023 to adopt an option plan "Option Plan 2023" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2026 and ends on May 31, 2029. The share subscription price is 27.31 euros, which is the trade volume-weighted average price of the company's share on the official list Nasdaq Helsinki Ltd during June 1 – August 31, 2023 with an addition of 10%.

The Board of Directors has allocated 277,000 option rights until the end of the period under review, and 73,000 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

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

Remedy Entertainment Plc had distributable funds of 48,020,705.23 EUR on December 31, 2023, of which the result for the fiscal year was -22,867,054.61 EUR. The Board of Directors proposes to the Annual General Meeting on April 11, 2024 that no dividend be distributed for the financial year 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.

Management and auditors

The company's Executive Team included Chief Executive Officer Tero Virtala, Chief Financial Officer Terhi Kauppi, Chief Product Officer Markus Mäki, Creative Director Sami Järvi, Chief People Officer Mikaela Öberg (until November 2, 2023), Chief Commercial Officer Johannes Paloheimo, Chief Operating Officer Christopher Schmitz and Chief Technology Officer Mika Vehkala (from November 10, 2023).

The company's Board of Directors included Markus Mäki (Chair), Christian Fredrikson (until April 13, 2023), Jussi Laakkonen, Henri Österlund, Kaisa Salakka (from April 13, 2023) and Sonja Ängeslevä (from April 13, 2023). Auditing for the fiscal year has been conducted by KPMG Oy Ab with APA Petri Sammalisto acting as the auditor with the principal responsibility.

Corporate Governance Statement

Corporate Governance statement is issued separately from the financial statements as part of annual report.

Per-share indicators

	2023	2022	2021
Earnings per share, EUR	-1.68	-0.13	0.67
Earnings per share, EUR (diluted)	-1.66	-0.13	0.65
Shareholders' equity per share, EUR	5.02	6.57	6.57
Dividend per share, proposed, EUR	-	0.10	0.17
Dividend payout ratio, %	-	-76.9%	25.4%
Effective dividend yield, %	-	0.5%	0.4%
Price/earnings ratio	-15.11	-168.08	59.25
Highest price, EUR	30.15	40.60	49.90
Lowest price, EUR	20.00	16.50	31.20
Share price at 31 December, EUR	25.40	21.85	39.70
Market value of shares, EUR	342,649,835	293,851,910	527,948,465
Number of share turnover	1,708,862	5,033,885	5,110,204
Share turnover, %	12.7%	37.7%	39.2%
Average number of shares	13,478,474	13,351,333	13,045,392
Number of shares at the end of the fiscal year	13,490,151	13,448,600	13,298,450
Weighted average adjusted number of shares during the financial period, diluted	13,676,349	13,585,980	13,617,931
Weighted average adjusted number of shares at the end of the financial period	13,681,674	13,620,226	13,731,960

Calculating formulas of 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 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
Shareholder's equity per share:	Shareholder's equity at 31 December / the number of shares at 31 December
Dividend of revenue:	Dividend per share / profit per share
Effective dividend yield, %:	Dividend per share / the price at 31 December
Price/earnings ratio	Price at 31 December / earnings per share
Market value of shares:	Number of shares at the end of the fiscal year * price at 31 December
Turnover of shares, %:	Number of share turnover / Average number of shares

Reconciliation of alternative performance indicators

In EUR thousand	2023	2022	2021
Revenue for review period	33,932	43,588	44,726
Revenue for period preceding review period	43,588	44,726	41,086
Growth in revenue, %	-22.2%	-2.5%	8.9%
Operating profit (EBIT)	-28,627	-563	11,407
Depreciation and amortization	11,676	2,468	3,043
EBITDA	-16,951	1,905	14,450
Operating profit (EBIT)	-28,627	-563	11,407
Financial items	1,085	-625	-65
Taxes	4,885	-538	-2,548
Profit/(loss) for the reporting period	-22,657	-1,726	8,794
Revenue for review period	33,932	43,588	44,726
Profit/(loss) for the reporting period, %	-66.8%	-4.0%	19.7%

In EUR thousand	2023	2022	2021
Cash in hand and banks	20,066	49,034	51,384
Liquid investments	7,357	3,818	4,139
Interest-bearing liabilities	3,660	2,992	3,858
Lease agreements	2,742	1,155	1,103
Government loan	918	1,837	2,755
Net cash	23,762	49,860	51,666
Cash in hand and banks	20,066	49,034	51,384
Liquid investments	7,357	3,818	4,139
Interest-bearing liabilities	3,660	2,992	3,858
Lease agreements	2,742	1,155	1,103
Government loan	918	1,837	2,755
Shareholder's equity	67,750	88,356	87,419
Net gearing, %	-35.1%	-56.4%	-59.1%
Shareholder's equity	67,750	88,356	87,419
Balance sheet total	79,260	99,552	101,126
Equity ratio, %	85.5%	88.8%	86.4%

Group's comprehensive income statement

In thousands of euro	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Revenue	2, 3	33,932	43,588
Other operating income	6	49	19
Materials and services	4, 5	-16,841	-11,751
Personnel expenses	4, 7	-26,938	-23,949
Depreciation, amortisation and impairment	8	-11,676	-2,468
Other operating expenses	4, 9	-7,153	-6,002
Operating profit/(loss)		-28,627	-563
Financial income	10	1,766	316
Financial expenses	10	-681	-941
Net financial expenses		1,085	-625
Profit/(Loss) before income taxes		-27,541	-1,188
Income tax expense	11	4,885	-538
Profit/(Loss) for the financial year		-22,657	-1,726

In thousands of euro	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss		-	-
Total other comprehensive income/(expense) for the financial year		-	-
Total comprehensive income/(expense) for the financial year		-22,657	-1,726
Profit/(Loss) for the financial year attributable to			
Owners of the parent company		-22,657	-1,726
Total comprehensive income/(expense) attributable to			
Owners of the parent company		-22,657	-1,726
Earnings per share	12		
Basic earnings per share, euro		-1.68	-0.13
Diluted earnings per share, euro		-1.66	-0.13

Group's balance sheet

In thousands of euro	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets (development costs)	13	19,308	23,262
Tangible assets	14	3,806	3,142
Right-of-use assets	15	2,720	1,147
Investments	16	3,000	3,000
Non-current receivables	16-17, 21	1,013	828
Deferred tax assets	11	5,027	-
Total non-current assets		34,875	31,380
Current assets			
Inventory		6	13
Trade and other receivables	16-17	9,651	12,729
Contract assets	2	7,306	2,577
Other current financial assets	16	7,357	3,818
Cash and cash equivalents	16	20,066	49,034
Total current assets		44,385	68,172
Total assets		79,260	99,552

In thousands of euro	Note	31 Dec 2023	31 Dec 2022
EQUITY			
Share capital		80	80
Share premium		38	38
Invested non-restricted equity reserve		57,815	57,101
Retained earnings		9,817	31,137
Total equity	18	67,750	88,356
LIABILITIES			
Non-current liabilities			
Government loan	19, 21	-	918
Lease liabilities	15	1,433	227
Total non-current liabilities		1,433	1,145
Current liabilities			
Government loan	19, 21	918	919
Lease liabilities	15	1,309	928
Trade and other payables	19, 21-22	7,751	8,196
Deferred tax liabilities		99	7
Total current liabilities		10,076	10,050
Total liabilities		11,510	11,196
Total equity and liabilities		79,260	99,552

Group's cash flow statement

In thousands of euro	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flows from operating activities			
Cash generated from sales		32,324	51,126
Proceeds from other operating income		49	19
Paid other operating expenses		-48,797	-38,775
Interest received		986	282
Interest and other financial expenses paid		-681	-622
Income taxes paid		86	-961
Net cash from operating activities (A)		-16,034	11,068
Cash flows from investing activities			
Capitalized development costs	4	-4,780	-8,152
Acquisition of intangible and tangible assets		-2,284	-2,505
Investments	16	-2,758	34
Net cash used in investing activities (B)		-9,822	-10,623

In thousands of euro	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flows from financing activities			
Repayment of current loans and borrowings	19	-919	-919
Proceeds from non-current loans and borrowings		-	-1
Paid increase in share capital	18	462	1,352
Dividends paid	18	-1,347	-2,261
Repayment of lease liabilities	15	-1,308	-966
Net cash from financing activities (C)		-3,112	-2,796
Net cash from (used in) operating, investing and financing activities (A+B+C)			
		-28,968	-2,350
Net increase (decrease) in cash and cash equivalents			
		-28,968	-2,350
Cash and cash equivalents at 1 January		49,034	51,384
Cash and cash equivalents at 31 December	16	20,066	49,034

Group's statement of changes in equity

Equity attributable to owners of the parent company

In thousands of euro	Note	Share capital	Share premium	Invested non-restricted equity reserve	Retained earnings	Total
Balance at 1 January 2023		80	38	57,101	31,137	88,356
Comprehensive income						
Profit (Loss) for the financial year		-	-	-	-22,657	-22,657
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-22,657	-22,657
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-1,347	-1,347
Share options granted	7.3, 24.2	-	-	-	2,684	2,684
Share issue and other share subscriptions		-	-	714	-	714
Total transactions with owners of the company		-	-	714	1,337	2,051
Balance at 31 December 2023		80	38	57,815	9,817	67,750

Equity attributable to owners of the parent company

In thousands of euro	Note	Share capital	Share premium	Invested non-restricted equity reserve	Retained earnings	Total
Balance at 1 January 2022		80	38	55,779	31,522	87,419
Total comprehensive income						
Profit (Loss) for the financial year		-	-	-	-1,726	-1,726
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-1,726	-1,726
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-2,261	-2,261
Share options granted	7.3, 24.2	-	-	-	3,602	3,602
Share issue and other share subscriptions		-	-	1,322	-	1,322
Total transactions with owners of the company		-	-	1,322	1,341	2,663
Balance at 31 December 2022		80	38	57,101	31,137	88,356

Notes to the group financial statements

1 Basis of preparation

1.1 Group information

Remedy Entertainment Plc (hereafter “parent company”) and together with its subsidiary Remedy Entertainment Group (hereafter “Remedy” or “the group”) is a pioneering, globally renowned video game group founded in 1995 and headquartered in Finland with a subsidiary Remedy Entertainment Sweden AB 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 group employs over 350 game industry professionals from 34 different countries.

Remedy Entertainment Group's parent company, Remedy Entertainment Plc, is a Finnish public limited company established under the laws of Finland; its business ID is 1017278-9. It is domiciled in Espoo, and the company's registered address is Luomanportti 3, 02200 Espoo, Finland. The company is listed on Nasdaq Helsinki since May 2022. Previously, since 2017, it was listed on Nasdaq First North Growth Market Finland.

The Board of Directors of Remedy Entertainment Plc approved these financial statements for issue in its meeting on March 19, 2024. This Financial Statement is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

1.2 Basis of accounting

Remedy's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at December 31, 2023. International Financial Reporting Standards refer to standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The group has not early adopted any standard, amendment or interpretation that have been issued but are not yet effective. Any standard, amendment or interpretation that has become effective during 2023, hasn't had significant effect on the group's profit or loss, financial position or presentation of the financial statements.

This section 1.2 addresses the general policies applied that relate to the financial statements as a whole. Accounting policies that are specific to a component of the financial statements, together with descriptions of management judgements, related estimates and assumptions, are incorporated into the relevant note to the financial statements. Accounting policies are presented highlighted with a grey background, and management judgements, related estimates and assumptions with a light blue background.

The financial statements are drawn up on the historical cost basis of accounting, except for the following that are measured at fair value: investments to equity funds and share options. Refer to Note 1.5 *Measurement of fair values* and Note 20 *Fair values of financial assets and financial liabilities*.

The figures in the financial statements are presented in thousands of Euro, except when otherwise indicated. The financial year of the group is the calendar year.

The parent company's functional and presentation currency is euro. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies are translated using the closing rates. Foreign exchange differences arising on translation are recognised in profit or loss. Remedy recognizes foreign exchange rate differences in profit and loss with the items the difference arises from. All other items are shown below operating profit in profit or loss.

Remedy has not yet adopted the amended standards already issued by the IASB, with the effective dates January 1, 2024 and thereafter. The company will adopt these pronouncements as of the effective date of each of the pronouncements, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Currently Remedy believes that these pronouncements will not have a significant effect on the future group financial statements when adopted.

1.3 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Remedy Entertainment Plc,

and of all those subsidiaries over which the parent company has control at the period-end. Control is achieved when Remedy Entertainment Plc is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when Remedy Entertainment Plc obtains control over the subsidiary and ceases when Remedy Entertainment Plc loses control of the subsidiary. In preparation of consolidated financial statements intra-group transactions, balances and unrealised gains, as well as distribution of profits within the group, are eliminated.

Structure of the group

The business of the group is practiced by the parent company. The subsidiary hasn't had significant effect on the financial development of the group.

On December 31, 2023 the group had one subsidiary:

- Remedy Entertainment Sweden Ab, ownership 100%.

1.4 Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires group's management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on historical experience of Remedy and other justified assumptions, such as future expectations, considering the circumstances at the end of the reporting period and the time when the estimates and assumptions were made. Remedy believes that the estimates made and the assumptions used are reasonable.

Actual results may ultimately differ from the estimates and assumptions made. Changes in accounting estimates may be necessary as a result of new information or more experience, or if the underlying circumstances evolve. The group reviews the estimates and underlying assumptions regularly. Such changes are recognized in the period in which the estimate or the assumption is revised.

Judgments that Remedy management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the financial statements, relate to the following areas:

- Revenue recognition: determining performance obligations and stand-alone selling prices, and revenue recognition over time (Note 2 *Revenue*)
- Capitalization of game development costs and determination of related amortizations and impairments (Note 4 *Capitalization of development costs* and 13 *Intangible assets*)
- Assumptions used in determining the fair value of share options (Note 7 *Personnel expenses*)
- Recognition of deferred tax assets for unused tax losses (Note 11 *Income taxes*)
- Leases: accounting for staff housing leases (Note 15 *Leases*)

For Remedy the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

- Accrued royalty receivables (Note 2 *Revenue*)
- Capitalization of game development costs and determination of related amortizations (Note 4 *Capitalization of development costs* and 13 *Intangible assets*)

1.5 Measurement of fair values

A number of Remedy's accounting policies and disclosures require the measurement of fair values. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into hierarchy levels that are representative of the inputs used in the valuation techniques as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

1.6 Operating profit

Remedy considers operating profit to be a relevant subtotal in understanding the company's financial performance. Since this concept is not defined under IFRS, Remedy has defined it as follows:

Operating profit is the net amount attained when:

- + revenues are added by other operating income, less
- purchase expenses for materials and services
- personnel expenses
- depreciation, amortisation and any impairment losses, and
- other operating expenses.

Remedy recognizes foreign exchange rate differences in profit and loss with the items the difference arises from. All other items are shown below operating profit in profit or loss.

By nature, the development of game projects is work that spans over several years, thus the agreements are long-term as well. Publishing partners usually pay development fees to developers during the game development. These payments are tied to the actual progress of game development. Projects are typically split into milestone deliveries, the approval and payment of which calls for a list of requirements to be fulfilled. Agreement amendments are usually needed to adjust, for example, the terms of the milestone deliverables, the payments and the platforms on which the game is to be distributed. Generally modifications do not give rise to a distinct performance obligation and thus modifications are accounted for as if it was part of the original agreement. Remedy typically retains most rights to the developed IP, though Remedy can also act as subcontracting partner in agreements where the partner owns the IP. In agreements where ownership of the IP retains at Remedy, the partner in question typically receives an exclusive right or license to publish and sell the game. In some agreements Remedy and partner have divided the publishing rights geographically or by platform. The exclusivity granted to the publisher means that the publisher receives all rights related to any and all commercial use of the game. Thus Remedy effectively licenses the IP. After the development phase, most of Remedy's games are sold to consumers through different digital and retail platforms, organised by the publishing partners.

Agreements typically provide that Remedy is entitled to receive a share of the consumer sales revenues (variable consideration), in addition to receiving development fees. The amount of such revenue depends on the game in question and the actual terms of the agreement with the publisher. The agreement terms vary from agreement to agreement. The revenue share is typically calculated from net sales, which takes into account deductions such as platform fees and quality assurance costs of the game.

Once the game starts to sell and before paying the revenue share to the game developer, the publisher is in some agreements allowed to deduct upfront specific costs, such as development fees paid to developer and marketing. This mechanism is called recouping. Some agreements may also include a one-time shipping bonus element (variable consideration), since it is promised as a performance bonus on achievement of a specified milestone, most typically delivering a launchable game.

The agreements define the core responsibilities and deliverables of the developer and the publisher. The key right granted under the agreement is the exclusive publication right which is granted to the publishers from the signature date. Remedy's agreements contain two performance obligations: transfer of a license, and development activities. Development activities are linked to making sure the product itself, the game, is produced in timely manner and in such scope that has been agreed with the publisher. Transfer of a license means that publisher has the exclusive right to publish the game, collect the gross revenue for the game sales and after agreed deductions pay Remedy the revenue share.

The transaction price for the development fee is based on the work load for the project and split to milestones based on the amount of deliverables required in certain milestone. This means that milestones reflect accrual basis and also define the right to invoice. Revenue share or royalty is the amount of consideration which Remedy expects to be entitled to in exchange for transferring services to an end customer, player consumer. Revenue is measured at transaction price, stated net of VAT and other sales-related taxes. The transaction price structure is set out in the agreement. The publisher is responsible of pricing of the game to consumers with platform holders and on agreeing

2 Revenue

2.1 Accounting policy

Currently Remedy has the following two revenue streams:

- Development fees from the company's publishing partners
- Share and royalties of consumer game sales

To determine whether to recognise revenue, Remedy follows a 5-step process as follows:

1. Identifying the agreement with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

discount campaigns. On game development agreements the total consideration is formed through milestone payments and revenue share. Milestone payments are non-variable and revenue share is a variable component which is a derivative of consumer game sales to Remedy. Remedy does not have a significant financing components in its agreements with customers.

In estimating the stand-alone selling price for milestone development fees Remedy applies cost plus method (expected cost plus a profit margin). The margin is adjusted for differences in customers and other factors. Transaction price is allocated to development fee and royalties, depending on a agreement. Transaction price of development fees is allocated based on milestones achieved, which correspond to the percentage of completion stage of the project. The revenue share or royalty is allocated based on actual consumer game sales through platforms. This is according to the nature of video game development business.

Remedy recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. Development fees are recognized over time as all the related criteria are met. Revenue from royalties is also recognised over time after entitlement to royalty revenue has been filled, based on relevant actual sales.

2.2 Assumptions and estimation uncertainties

Remedy management has used judgement in respect of the following:

- Revenue recognition over time: Certain amount of judgment is required in over-time revenue recognition as this is based on estimates of agreement revenues and on the measurement of project progress. As the customer approves the development

work as it progresses, and is involved in directing the development activity, it is generally considered that control is transferred over time and revenue is recognised accordingly. Remedy management has used judgment when determining milestones and estimating stand-alone prices for each milestone to reflect the correct share of total price of the agreement.

- Accrued royalty receivables: Royalty revenue cash flow is based on agreed payment terms with partners and can differ at certain periods significantly from accrual basis revenue recognized within the period.

2.3 Disaggregation of revenue

Below revenue is disaggregated by geographical market¹ and the source of created intellectual property (IP):

In thousands of euro	2023	2022
Europe	7,161	11,982
Rest of the world	26,772	31,606
Total	33,932	43,588

¹ Based on the geographic location of customers.

In thousands of euro	2023	2022
Development fees	28,750	39,126
Royalties	5,182	4,462
Total	33,932	43,588

2.4 Trade receivables and agreement assets

In thousands of euro	Dec 31, 2023	Dec 31, 2022
Receivables included in Trade and other receivables (Note 16)	7,425	10,546
Agreement assets	7,306	2,577

The agreement assets primarily relate to revenue earned by Remedy but not yet billed at the reporting date. The agreement assets are transferred to receivables when the rights become unconditional. This usually occurs when Remedy issues an invoice to the development partner. There are no provisions for credit losses in respect of agreement assets at either year-end, since the company considered the related credit risks to be insignificant. Agreement liabilities usually do not arise in Remedy's current agreements due to the agreement terms.

3 Operating segments

3.1 Accounting policy

Remedy management has identified one operating segment in the business. This is because the company's game development business is global, and sales channels are the same regardless of where the players are. Therefore, financial performance and positions cannot be divided into different segments in such way that it improves the ability to analyze and manage the company. Remedy measures revenue for each game, but does not allocate all costs, assets and liabilities by game. The single operating segment is reported in a manner consistent with the internal management structure of Remedy and the internal financial information provided to the Chief Operating Decision Maker (the CEO) who is responsible for making strategic decisions, allocating resources, monitoring and assessing the performance. Operating profit is the key measure utilised in assessing the performance of the company.

The non-current segment assets are based on the geographic location of the assets. Unallocated assets include financial instruments and deferred taxes. In the financial years 2022-2023 all assets of the company resided in Finland. Segment revenue of geographic locations has been based on the geographic location of customers and is disclosed in Note 2.2 *Disaggregation of revenue*.

Geographic information

In thousands of euro	2023	2022
Non-current assets		
Finland	32,853	31,343
Sweden	2,021	36
Total	34,875	31,380

3.2 Major clients

In the year ended Remedy had 4 major clients that individually accounted for at least 10% of total revenues (2022: 3 clients).

4 Capitalization of development costs

The development costs capitalized during fiscal years 2023 and 2022 comprise the following:

In thousands of euro	2023	2022
Personnel costs	2,517	2,644
External services	2,263	5,508
Total	4,780	8,152

The accounting policies applied to development costs together with other disclosures on development costs are presented in Note 13 *Intangible assets*.

5 Materials and services**5.1 Accounting policy**

Materials and services mainly consist of expenses for external services. They generally comprise expenses related directly to outsourcing, licensing, agencies and distribution channels. Those expenses may vary year to year based on project development or sales volumes. This item excludes foreign currency differences. Accounting policy of currency differences is included in Note 1.6 *Operating profit*.

5.2 Breakdown of expenses for materials and services

In thousands of euro	2023	2022
External services	-19,011	-17,207
Capitalized development costs	2,263	5,508
Purchase expenses	-85	-48
Change in inventory	-7	-4
Total	-16,841	-11,751

6 Other operating income**6.1 Accounting policy**

Other operating income comprises income from activities outside the ordinary business of Remedy.

7 Personnel expenses**7.1 Accounting policy**

The line item Personnel expenses in the comprehensive income statement comprises the following employment benefits: short-term employee benefits, post-employment benefits, other long-term employee benefits¹, termination benefits¹, and share-based payments (refer to Note 7.3 *Share-based payments* below).

Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave and bonuses. Remedy recognises these benefits in the period in which employees perform the work.

Post-employment benefits are payable to employees after the completion of employment. In Remedy these benefits relate to pensions. The pensions are arranged in external pension institutions. Pension plans are classified as either defined benefit plans or defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity, and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the related benefits. All other plans are classified as defined benefit plans. Remedy only has defined contribution plans. Obligations for contributions are expensed in the period during which the services are provided. Remedy records prepaid contributions as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits are all employee benefits other than short-term, post-employment and termination benefits. Examples include long-term paid absences such as sabbatical leave.

Termination benefits are based on the termination of employment, not on work performance. These benefits consist of severance payments. Termination benefits are payable when employment is terminated by Remedy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

* No such benefits were provided by Remedy during the financial years 2023 or 2022.

7.2 Expenses recognised in profit or loss

In thousands of euro	2023	2022
Wages and salaries	-21,647	-18,799
Capitalized development costs	2,517	2,644
Contributions to post-employment plans (defined contribution)	-4,340	-3,473
Other social security expenses	-784	-719
Share-based payment transactions (equity-settled)	-2,684	-3,602
Total	-26,938	-23,949
The average number of employees for the financial year totalled	334	307

Disclosures on the remuneration of the key management personnel are provided in Note 24 *Related party transactions*.

7.3 Share-based payments

7.3.1 Accounting policy

Remedy has six share-based incentive plans: Option plan 2018, Option plan 2019, Option plan 2020, Option plan 2021, Option plan 2022 and Option plan 2023. The plans are equity-settled share-based payment transactions. The options were issued for no consideration. The options are measured at the grant-date fair value using the Black-Scholes model, and recognized as employee benefit expenses over the vesting period, together with a corresponding increase in equity (retained earnings). In option related calculations, risk free interest rate is defined to equal the 10-year interest rate of Finnish government bond and period for defining volatility of the share is one year from the calculation date.

7.3.2 Description of share option plans

The option plans are part of the Board of Directors' long-term share-based incentive program to the Remedy's key persons. Option rights will be granted without payment. The Board of Directors decides on the distribution of option rights until the beginning of the share subscription period.

The 2018 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on March 26, 2018, decided at its meeting held on June 8, 2018 to adopt an option plan "Option Plan 2018" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by the company. In May 2021, Remedy Entertainment Plc cancelled a total of 97,500 option rights 2018 held by the company. After the cancellation, the remaining 302,500 option rights 2018 entitle holders to subscribe for 302,500 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2021 and ends on May 31, 2024. The share subscription price is 7.02 euros, which is the trade volume-weighted average price of the company's share on First North Growth Market Finland marketplace during March 1 – May 31, 2018 with an addition of 10%.

On May 27, 2021, Remedy Entertainment Plc announced that the company will apply to list its 2018 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace. The option rights have been listed on said marketplace as of June 1, 2021.

On September 30, 2021, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1 and September 15, 2021, a total of 226,300 Remedy Entertainment Plc's new shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 1,588,626 was entered into the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 were registered in the Finnish Trade Register on September 30, 2021, as of which date the new shares will establish shareholder rights.

On January 27, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between September

16 and December 31, 2021, a total of 4,250 Remedy Entertainment Plc's shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 29,835 was entered into the company's reserve for invested unrestricted equity. The shares subscribed with these stock options were registered in the Finnish Trade Register on January 27, 2022, as of which date the new shares will establish shareholder rights.

On September 29, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1 and September 15, 2022, a total of 11,200 Remedy Entertainment Plc's new shares were subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 78,624 was entered into the company's reserve for invested unrestricted equity. The shares subscribed with these stock options were registered in the Finnish Trade Register on September 29, 2022, as of which date the new shares will establish shareholder rights.

On January 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between September 16 and December 31, 2022, a total of 2,500 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 17,550 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 have been registered in the Finnish Trade Register on January 30, 2023, as of which date the new shares will establish shareholder rights.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between June 1 and September 15, 2023, a total of 3,250 Remedy Entertainment Plc's new

shares has been subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 22,815 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2018 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2018 has 55,000 allocated unsubscribed option rights at the end of the period under review.

The 2019 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 8, 2019, decided at its meeting held on July 11, 2019 to adopt an option plan "Option Plan 2019" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by the company. In May 2022, Remedy Entertainment Plc cancelled a total of 29,000 option rights 2019 held by the company. After the cancellation, the remaining 371,000 option rights 2019 entitle holders to subscribe for 371,000 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2022 and ends on May 31, 2025. The share subscription price is 9.23 euros, which is the trade volume-weighted average price of the company's share on First North Growth Market Finland marketplace during April 1 – June 30, 2019 with an addition of 10%.

On May 31, 2022, Remedy Entertainment Plc announced that the company will apply to list its 2019 option rights on the Nasdaq Helsinki Ltd First North Growth marketplace. The option rights have been listed on said marketplace as of June 1, 2022.

On September 29, 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between June 1 and September 15, 2022, a total of 134,700 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 1,243,281 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on September 29, 2022, as of which date the new shares will establish shareholder rights.

On January 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between September 16 and December 31, 2022, a total of 18,000 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 166,140 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on January 30, 2023, as of which date the new shares will establish shareholder rights.

On April 12, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between January 1 and March 31, 2023, a total of 1,000 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 9,230 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for

under the stock options 2019 have been registered in the Finnish Trade Register on April 12, 2023, as of which date the new shares will establish shareholder rights.

On June 30, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between April 1 and May 31, 2023, a total of 7,800 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 71,994 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on June 30, 2023, as of which date the new shares will establish shareholder rights.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2019. Between June 1 and September 15, 2023, a total of 2,001 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2019. For subscriptions made with the stock options 2019, the entire subscription price of EUR 18,469.23 will be entered in the company's reserve for invested unrestricted equity. The shares subscribed for under the stock options 2019 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2019 has 207,499 allocated unsubscribed option rights at the end of the period under review.

The 2020 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 6, 2020, decided at its meeting held on July 2, 2020 to adopt an option plan "Option Plan 2020" directed to the key persons as decided separately by the Board of Directors.

Originally, the maximum total number of option rights issued was 400,000, entitling their holders to subscribe for a maximum of 400,000 new shares of the company or existing shares held by the company. In May 2023, Remedy Entertainment Plc cancelled a total of 200,500 option rights 2020 held by the company. After the cancellation, the remaining 199,500 option rights 2020 entitle holders to subscribe for 199,500 company shares. Under the terms and conditions of the plan, option rights will be granted without payment and the Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period began on June 1, 2023, and ends on May 31, 2026. The share subscription price is 22.21 euros, which is the trade volume weighted average price of the company's share on the Nasdaq Helsinki Ltd maintained Nasdaq First North Growth Market Finland marketplace during April 1 – June 30, 2020, with an addition of 10 percent.

On September 28, 2023, Remedy Entertainment Plc announced share subscriptions based on stock options 2020. Between June 1 and September 15, 2023, a total of 7,000 Remedy Entertainment Plc's new shares has been subscribed for with the company's stock options 2020. For subscriptions made with the stock options 2020, the entire subscription price of EUR 155,470 will be entered in the company's

reserve for invested unrestricted equity. The shares subscribed for under the stock options 2020 have been registered in the Finnish Trade Register on September 28, 2023, as of which date the new shares will establish shareholder rights.

Option plan 2020 has 172,500 allocated unsubscribed option rights at the end of the period under review.

The 2021 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 14, 2021, decided at its meeting held on September 20, 2021 to adopt an option plan "Option Plan 2021" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2024 and ends on May 31, 2027. The share subscription price is 47.09 euros, which is the trade volume-weighted average price of the company's share on First North Finland marketplace during June 1 – August 31, 2021 with an addition of 10%.

The Board of Directors has allocated 287,500 option rights until the end of the period under review, and 62,500 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

The 2022 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 13, 2022, decided at its meeting held on September 20, 2022 to adopt an option plan "Option Plan 2022" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2025 and ends on May 31, 2028. The share subscription price is 26.64 euros, which is the trade volume-weighted average price of the company's share on the official list Nasdaq Helsinki Ltd during June 1 – August 31, 2022 with an addition of 10%.

The Board of Directors has allocated 318,000 option rights until the end of the period under review, and 32,000 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

The 2023 plan:

The Board of Directors of Remedy Entertainment Plc has, by virtue of the authorization granted by the Annual General Meeting held on April 13, 2023, decided at its meeting held on September 21, 2023 to adopt an option plan "Option Plan 2023" directed to the key persons as decided separately by the Board of Directors.

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. Option rights will be granted without payment. The Board of Directors may decide on the distribution of option rights until the beginning of the share subscription period. The share subscription period begins on June 1, 2026 and ends on May 31, 2029. The share subscription price is 27.31 euros, which is the trade volume-weighted average price of the company's share on the official list Nasdaq Helsinki Ltd during June 1 – August 31, 2023 with an addition of 10%.

The Board of Directors has allocated 277,000 option rights until the end of the period under review, and 73,000 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

7.3.3 Key terms and conditions

The key terms and conditions related to the plans are as follows:

Plan	2018	2019	2020	2021	2022	2023
Nature of the plan	Share option	Share option	Share option	Share option	Share option	Share option
Grant date	June 8, 2018	Sept 10, 2019	Oct 20, 2020	Oct 6, 2021	Sept 20, 2022	Sept 21, 2023
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years
Subscription period	June 1, 2021- May 31, 2024	June 1, 2022- May 31, 2025	June 1, 2023- May 31, 2026	"June 1, 2024- May 31, 2027"	June 1, 2025- May 31, 2028	June 1, 2026- May 31, 2029
Vesting condition	Employment requirement	Employment requirement	Employment requirement	Employment requirement	Employment requirement	Employment requirement
Number of options	55,000	207,499	192,500	287,500	318,000	277,000
Current exercise price, euro	7.02	9.23	22.21	47.09	26.64	27.31
Share price at grant date, euro	8.30	10.60	33.50	40.10	19.48	20.55
Settlement	In shares	In shares	In shares	In shares	In shares	In shares

7.3.4 Key assumptions used in Black-Scholes valuation model

The table below lists the inputs to the valuation model used for the plans.

Plan	2018	2019	2020	2021	2022	2023
Grant date	June 8, 2018	Sept 10, 2019	Oct 20, 2020	Oct 6, 2021	Sept 20, 2022	Sept 21, 2023
Volatility, %	27%	36%	54%	45%	46%	37%
Option life, years	6 years	6 years	6 years	6 years	6 years	6 years
Risk-free interest rate, %	0%	0%	0%	0%	0%	3%
Price at grant date, euro	8.30	10.60	33.50	40.10	19.48	20.55
Option value at grant date, euro	2.63	3.99	19.41	15.49	6.54	6.75

7.3.5 Movements in outstanding share options

The following tables illustrates the changes in the number of outstanding share options during the financial years 2023 and 2022.

2023

Pieces	Plan 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
Outstanding at January 1	60,750	236,300	201,500	308,000	319,000	-
Granted during the year	-	-	-	-	15,000	277,000
Forfeited during the year	-	-	-22,000	-20,500	-16,000	-
Returned during the year	-	-	20,000	-	-	-
Exercised during the year	-5,750	-28,801	-7,000	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at December 31	55,000	207,499	192,500	287,500	318,000	277,000
Exercisable at December 31	55,000	207,499	172,500	-	0	0

2022

Pieces	Plan 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022
Outstanding at January 1	76,200	375,000	200,500	309,500	-
Granted during the year	-	-	5,000	3,000	319,000
Forfeited during the year	-	-4,000	-4,000	-4,500	-
Returned during the year	-	-	-	-	-
Exercised during the year	-15,450	-134,700	-	-	-
Expired during the year	-	-	-	-	-
Outstanding at December 31	60,750	236,300	201,500	308,000	319,000
Exercisable at December 31	60,750	236,300	-	-	-

There were no cancellations or modifications to awards in 2023 or 2022.

8 Depreciation, amortisation and impairment

8.1 Depreciation, amortisation and impairment by asset categories

In thousands of euro	2023	2022
<i>Intangible assets</i>		
Development costs	-8,734	-972
Total	-8,734	-
<i>Tangible assets</i>		
Machinery and equipment	-1,547	-1,061
Other tangible assets	-130	-474
Total	-1,677	-1,535
Total depreciation and amortisation, owned assets	-10,411	-1,535
<i>Right-of-use assets (leased assets)*</i>		
	-1,265	-933
Total depreciation and amortisation in profit or loss	-11,676	-2,468

* Refer to Note 15.3 Amounts recognised in profit or loss for the related analysis by class of right-of-use asset.

In financial year 2023 Remedy recognised an impairment loss of EUR 7,178 thousand for game project Vanguard (refer to Note 13.4 *Impairment testing of uncompleted development projects*). No impairment losses were recognized in the financial year 2022

9 Other operating expenses

9.1 Accounting policy

Remedy's other operating expenses comprise expenses that do not directly relate to the operating activity of businesses within Remedy, such as administrative, IT, marketing and travel expenses.

9.2 Breakdown of other operating expenses

In thousands of euro	2023	2022
Voluntary personnel-related expenses	-1,437	-1,395
Office space expenses	-665	-291
IT software and hardware expenses	-2,387	-1,709
Travel expenses	-832	-423
Marketing expenses	-254	-240
Administrative expenses	-1,342	-1,686
Other expenses	-236	-259
Total	-7,153	-6,002

9.3 Auditor's fees

In thousands of euro	2023	2022
KPMG		
Audit fees	-82	-102
Tax advisory services	-4	-8
Assignments referred to in 1.1.,2 § of Finnish Auditing Act	-4	-2
Other services	-14	-
Total	-104	-113

10 Financial income and expenses

10.1 Accounting policy

Remedy recognises interest income and interest expenses using the effective interest method. Remedy records as expenses all interest costs. The accounting policies applied to financial assets and financial liabilities are presented more in detail in Notes 16 *Financial assets*, 19 *Financial liabilities* and 21 *Financial risk management*.

10.2 Amounts recognised through profit or loss

10.2.1 Financial income

In thousands of euro	2023	2022
Foreign exchange gains*	377	270
Interest income	609	13
Other financial income*****	781	34
Total	1,766	316

10.2.2 Financial expenses

In thousands of euro	2023	2022
Foreign exchange losses*	-559	-195
Interest expenses – financial liabilities measured at amortised cost**	-87	-184
Other financial expenses*** ****	-35	-562
Total	-681	-941
Net financial expenses	1,085	-625

* Net foreign exchange gains and losses amounted to EUR -182 thousand in 2023 (2022: 74 thousand).

** Includes the government loan and the lease liabilities.

*** Includes stock exchange listing costs of the parent company EUR 35 thousand in 2023.

**** Includes costs of the list transition of the parent company EUR 241 thousand and decrease in fair value of equity fund investments EUR -177 thousand in 2022.

***** Includes changes in the fair value of investments.

11 Income taxes

11.1 Accounting policy

The income tax expense for the period comprises current tax and change in deferred taxes. Income tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income (OCI) or equity, in which case the income tax is also recorded directly to OCI or equity.

The current income tax charge is calculated on the basis of the taxable income. It is determined in accordance with the local (Finnish and Swedish) company tax rates and laws enacted (or substantively enacted) for each company. Income taxes are adjusted with any taxes relating to previous financial years. Taxable profit may differ from the profit reported in profit or loss, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

Deferred tax is generally provided using the liability method on:

- temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and
- unused tax losses or unused tax credits.

Remedy's temporary differences mainly arise from capitalised development costs and leases.

Deferred tax liabilities are usually recognized in full. Deferred tax assets are recognized for deductible temporary differences only to the extent that it is probable that future taxable profits will be available, against which Remedy can utilise deductible temporary differences.

- Recognized deferred tax assets: the amount and the probability of the utilization of such assets are reviewed at each period-end. Remedy recognizes a valuation allowance against the deferred tax asset if the utilization of the related tax benefit is no more considered probable.

Remedy determines deferred tax assets and deferred tax liabilities using the local tax rates (and laws) that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The applied tax rates are the rate enacted or substantively enacted by the balance sheet date.

Where the amount of tax payable or recoverable is uncertain, Remedy companies consider such instances in recording current or deferred taxes, based on the group's interpretation of the local tax laws and judgment of the liability or recovery.

11.2 Assumptions and estimation uncertainties

Remedy has deferred tax assets and liabilities, which are expected to be realized through the income statement in the future. When calculating deferred tax items, Remedy makes certain assumptions and estimations about the future tax effects resulting from differences between the book values of assets and liabilities recorded in the financial statements and their tax values.

Management judgment is needed especially when determining how much deferred tax assets can be recorded. Discretion has been used especially when deciding whether to record a deferred tax asset for unused tax losses. The amount of the book entry depends on the amount of taxable income that is likely to be generated in the future against which the unused tax losses can be utilised.

Estimating future taxable profits is based on Remedy's strategy, forecasts and estimation of uncertainties. Remedy's management monitors the group's financial position and evaluates the future development every month. The amount of deferred tax assets recorded for tax losses is assessed on the end date of each reporting period.

11.3 Amounts recognised through profit or loss

In thousands of euro	2023	2022
Current tax for the reporting year	-75	-565
Change in deferred taxes	4,960	27
Total	4,885	-538

11.4 Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate

In thousands of euro	2023	2022
Profit (Loss) before income tax in Finland	-27,541	-1,188
Tax using the Finnish corporate tax rate (20%)	5,508	238
Income tax for prior years	-43	2
Non-deductible expenses, Finland	-70	-44
Share option plans	-537	-720
Effect of the foreign subsidiary	-2	-1
Non deductible expenses, Sweden	-2	-13
Other	31	-
Income taxes in profit or loss	4,885	-537

11.5 Movements in deferred tax asset and deferred tax liability balances

2023	At Jan 1, 2023	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At Dec 31, 2023
In thousands of euro					
Deferred tax assets					
Of confirmed losses	-	5,027	-	-	5,027
Total	-	5,027	-	-	5,027
Deferred tax liabilities					
Financial instruments	-	71	-	-	71
Lease agreements	7	20	-	-	27
Total	7	92	-	-	99

2022	At Jan 1, 2022	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At Dec 31, 2022
In thousands of euro					
Deferred tax assets					
Lease Agreements	6	-6	-	-	-
Total	6	-6	-	-	-
Deferred tax liabilities					
Lease agreements	-	7	-	-	7
Equity fund investment valuation	29	-29	-	-	-
Total	29	-22	-	-	7

12 Earnings per share (EPS)

12.1 Accounting policy

Basic earnings per share is calculated by dividing the profit (loss) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the financial year (excluding any treasury shares held).

In calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all dilutive potential ordinary shares. At 31 December 2023 Remedy had three (2022: two) diluting share option plans. Share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options.

Refer to Note 7.3 *Share-based payments* and 24.2 *Key management personnel remuneration* for more information on the share option plans.

12.2 Basic and diluted earnings per share

	2023	2022
<i>Basic earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-22,657	-1,726
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,478	13,351
Basic earnings per share (euro / share)	-1.68	-0.13
<i>Diluted earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-22,657	-1,726
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,478	13,351
Dilution from share options (1,000 pcs)	198	234
Weighted average number of shares adjusted for the effect of dilution (1,000 pcs)	13,676	13,586
Diluted earnings per share (euro / share)	-1.66	-0.13

Growth in number of ordinary shares is due to share subscriptions related to option program 2018, option program 2019 and option program 2020.

13 Intangible assets

13.1 Accounting policy

Remedy's intangible assets currently comprise capitalized development costs.

Development costs

Remedy has capitalized development costs for new projects that are based on the company's own game brands. The capitalized expenses were related to Alan Wake Remastered, Alan Wake 2, codename Condor and Control 2. For comparison year 2022 the capitalized development cost accrual contains development cost capitalization related to also codename Vanguard, which were recognized as an impairment loss in 2023 by their total accrual.

The company capitalizes development costs when all the following criteria are met:

- Remedy can demonstrate the technical feasibility of completing the game so that it will be available for use or sale
- Remedy has the intention and ability to complete the game and sell it
- Remedy is able to demonstrate how the game will generate probable future economic benefits
- Remedy has adequate technical, financial and other resources available to complete the development and to sell the game
- Remedy is able to measure reliably the expenditure attributable to the game during its development.

The group capitalizes a game project's direct personnel costs and other direct project costs. The asset is tested for impairment

annually during the period of development. Development expenditure that was initially expensed is not capitalized at a later date. Research costs are expensed as incurred.

Amortization and impairment losses

Amortization begins at the time of the game's launch taking in consideration possible partner's recoup. The amortization schedule of capitalized development costs is based on the revenue generated following the gross sales curve, i.e. sales profile during the amortization period. Remedy considers that it is appropriate for the amortisation period to be based upon the expected revenue profile, since there is a strong correlation between the revenues generated and consumption of economic benefits. The amortization period is based on game's expected sales lifecycle. This lifecycle can vary per game type from 2 to 5 years. For so called triple A games the expected sales lifecycle has traditionally been shorter and for free to play type of games the sales lifecycle can be much longer.

Remedy reviews the amortization periods applied at least at each financial year-end. If the expected useful life of a game is significantly different from previous estimates, the amortization period is changed accordingly. The changes of useful lives may arise from changes in demand, competition or restructuring actions, for example.

At each reporting date Remedy assesses whether there are indicators of impairment within the carrying value of capitalised development costs held on a game by game basis. If any indication exists, the company estimates the game's recoverable amount. An impairment loss is recognized when the carrying amount of a game exceeds its recoverable amount.

13.2 Assumptions and estimation uncertainties

Remedy capitalises development expenditure as an intangible asset as the related criteria are met (refer to 13.1 Accounting policy above). This requires management to make judgment on when all of the criteria for capitalisation are met and when to cease capitalisation and start amortising the asset.

The basis for investment decision, also for game project investments, is a business case. Business case is drafted at very early phase of game idea and concepting. When the scope of the project is formed, a resource need calculation is drafted based on the scope. Resourcing and budgeting is done for internal manmonths, outsourcing, other operating expenses and marketing efforts. These together form the basis for project budget and timeline. Next phase is to decide whether or not a publishing partner is involved or if the game is self published. If a partner is involved, the structure of the partnership deal is simulated. There are usually many different scenarios about a deal structure. After a partner has been found, the actual deal terms and project timeline and budget is updated to business case. During the process the expected game sales amounts and monetary effect of the partner deal structure and terms are estimated. Based on the total expectations for project return (development fees + revenue share/royalties) the share of unsure returns are calculated. Development fees have been determined in the contract, which outcludes them from the unsure revenue streams. Revenue share/royalties on the other hand are unsure since they are based on actual consumers purchasing the game. Remedy capitalizes the share of game project cost corresponding to the share of post-launch revenues of the total revenue expectation for the game project. For game projects that don't have publishing partner at the reporting period and Remedy takes full development risk, all revenue streams are unsure defining the capitalization percent at 100.

13.3 Reconciliation of carrying amounts

Capitalized development costs

In thousands of euro	2023	2022
Cost		
Balance at January 1	33,237	25,085
Additions	4,780	8,152
Balance at December 31	38,017	33,237
Of which unfinished game development projects	13,711	21,318
Accumulated amortization and impairment		
Balance at January 1	-9,975	-9,975
Depreciation	-1,556	-
Impairment losses	-7,178	-
Balance at December 31	-18,709	-9,975
Carrying amount at January 1	23,262	15,110
Carrying amount at December 31	19,308	23,262

13.4 Impairment testing of uncompleted development projects

At December 31, 2023 Remedy had capitalized development costs relating to game projects. Unfinished and projects not yet subject to amortization were tested for impairment by comparing their carrying amounts with their recoverable amount. The carrying amount of development costs under impairment testing was EUR 18,920 thousand in 2023 (EUR 23,262 thousand in 2022).

Impairment testing calculations require forecasts and assumptions related to, for example, timing of launch of the game, expected volume of sales, average price per capita, amount of active players and revenue from active players and B2B sales. In addition, assumptions are related to the WACC rate. In the calculations, the weighted average cost of capital (WACC) before taxes was 9.91% (10.64% in 2022).

In financial year 2023, Remedy signed a contract change for the game project codename Kestrel (formerly Vanguard). With this, Kestrel started from a clean slate. With the change, the company recognised an impairment loss of EUR 7,178 thousand during the financial year 2023, covering all the capitalized development costs of the codename Vanguard.

14 Tangible assets

14.1 Accounting policy

Remedy's tangible assets mainly comprise machinery and equipment and capitalised refurbishment costs related to leased premises. The cost comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of a tangible asset (4 to 8 years). Recognition of depreciation is discontinued when a tangible asset is classified as held for sale. Remedy reviews expected useful lives and residual values at least at each financial year-end. If they differ significantly from previous estimates, the useful lives are adjusted prospectively.

At each reporting date Remedy assesses whether there is an indication that a tangible asset may be impaired. If any indication exists, Remedy estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognized in profit or loss.

14.2 Reconciliation of carrying amounts

In thousands of euro	Machinery and equipment		Other tangible assets		Total	
	2023	2022	2023	2022	2023	2022
Cost						
Balance at January 1	6,233	4,734	1,918	1,918	8,151	6,652
Additions	2,271	1,499	70	-	2,341	1,499
Balance at December 31	8,504	6,233	1,988	1,918	10,492	8,151
Accumulated depreciation and impairment						
Balance at January 1	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Depreciation	-1,547	-1,061	-130	-474	-1,677	-1,535
Balance at December 31	-4,762	-3,215	-1,923	-1,793	-6,686	-5,009
Carrying amount at January 1	3,018	2,579	125	599	3,142	3,178
Carrying amount at December 31	3,742	3,018	65	125	3,806	3,142

Refer to Note 15 Leases for disclosures on Remedy's tangible assets acquired under lease contracts.

15 Leases

15.1 Accounting policy

Remedy acts as a lessee leasing office premises and machinery and equipment. Generally, the company recognises a leased asset (right-of-use asset) and a lease liability for all leases, except for short-term leases and leases of low-value items. A contract is considered to be, or contain, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

Remedy recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the initial amount of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives
- any initial direct costs incurred by Remedy, and
- an estimate of restoration costs, if any, to be incurred by the group.

Subsequently the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for certain remeasurements of the lease liability. Remedy depreciates a right-of-use asset using the straight-line method over the shorter of the lease term and the estimated useful life of the asset. Right-of-use assets are tested for impairment if there is an indicator for impairment, as for owned assets. Any impairment loss identified is recorded in profit or loss.

Lease liabilities

Initially the lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate used by Remedy is its incremental borrowing rate, since the interest rates implicit in the leases could not be readily determined. This is the interest rate Remedy would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments, and
- variable lease payments that depend on an index or a rate, such as consumer price index, initially measured using the index or rate as at the commencement date of the contract.

Subsequently the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

Remedy does not recognise right-of-use assets and lease liabilities for:

- short-term leases (that have a lease term of 12 months or less). Remedy applies the practical expedient for all classes of underlying assets.
- leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new).

Remedy expenses the related lease payments on a straight-line basis over the lease term.

15.2 Assumptions and estimation uncertainties

Remedy management has used judgment in respect of the following:

- Treatment of a lease with a non-fixed term: The company's management has determined the lease term of its leased office premises according to the original lease term of the contract. The lease specifies an initial fixed period and thereafter has a non-fixed term.
- Staff housing leases entered into by Remedy and charged from the related employees: the company has entered into housing lease contracts with non-fixed term with several landlords. There are about 100 lease contracts. Remedy has concluded that the leases are short-term, i.e. have a lease term of 12 months or less. Therefore, Remedy applies the related practical expedient.

15.3 Amounts recognised in profit or loss

In thousands of euro	2023	2022
Expense relating to short-term leases for employee housing, gross	-1,492	-1,539
Expense relating to short-term leases for employee housing, net *	-52	-42
Expense relating to other short-term leases**	-35	-2
Depreciation charge for right-of-use assets by class of underlying asset***		
Office premises	-1,265	-914
Other assets	-	-19
Total	-1,265	-933
Interest expense on lease liabilities****	-66	-24

* Net amount is the gross amount less the rents charged from related employees.

** Those expenses are included in the line item Other operating expenses.

*** Included in the line item Depreciation, amortisation and impairment.

**** Included in the line item Financial expenses

15.4 Amounts presented in cash flow statement

In thousands of euro	2023	2022
Lease liability repayments	-1,308	-966
Interest on lease liabilities	-66	-24
Payments for short-term leases and leases of low-value assets	-87	-45
Total cash outflow for leases	-1,461	-1,035

15.5 Leased tangible assets

In thousands of euro	Office premises		Other assets		Total	
	2023	2022	2023	2022	2023	2022
Cost						
Balance at January 1	4,585	3,579	63	63	4,648	3,643
Additions	2,838	1,006	-	-	2,838	1,006
Balance at December 31	7,423	4,585	63	63	7,486	4,648
Accumulated depreciation and impairment						
Balance at January 1	-3,438	-2,524	-63	-44	-3,501	-2,568
Depreciation	-1,265	-914	-	-19	-1,265	-933
Balance at December 31	-4,703	-3,438	-63	-63	-4,766	-3,501
Carrying amount at January 1	1,147	1,055	-0	19	1,147	1,075
Carrying amount at December 31	2,720	1,147	-0	-0	2,720	1,147

Leased tangible assets are presented as a separate line item Right-of-use assets in the balance sheet.

15.6 Lease liabilities

15.6.1 Carrying amounts

In thousands of euro	2023	2022
Current	1,309	928
Non-current	1,433	227
Total	2,742	1,155

The weighted average Remedy's incremental borrowing rate applied for discounting purposes was 3.23% (2022: 1.75%).

The above liabilities are presented on the line item Lease liabilities (non-current / current) in the balance sheet, based on their maturity.

15.6.2 Maturity analysis – contractual undiscounted cash flows

In thousands of euro	2023	2022
Within three months	352	276
Between four months and one year	1,057	744
Between one year and two years	641	248
Between two and three years	385	-
Between three and four years	385	-
Total undiscounted cash flows	2,819	1,268

16 Financial assets

16.1 Accounting policy

Remedy's principal financial assets are cash, trade receivables and investments.

Classification and recognition

Remedy classifies financial assets of the company either as financial assets measured at amortised cost, or financial assets measured at fair value through profit or loss (FVTPL). Classification of financial assets is made based on the purpose of use of the instruments upon initial recognition. Classification relies on the objectives of Remedy's business model and the contractual cash flows from financial assets, or on applying the fair value option upon initial recognition.

All purchases and sales of financial assets are recognised at the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognised when Remedy loses the rights to receive the contractual cash flows on the financial asset or it has transferred substantially all the risks and rewards of ownership outside the group.

Financial assets measured at amortised cost

This category mainly includes trade receivables and cash and cash equivalents. They are measured at amortised cost using the effective interest (EIR) method. Trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. The carrying amounts of current trade receivables are expected to substantially equal their fair values. For credit loss accounting, refer to Note 21.5 Credit risk. Trade receivables are current assets that Remedy has the intention to hold for less than 12 months from the end of reporting period.

Cash and cash equivalents of Remedy consist of cash on hand. Items qualifying as cash equivalent have a maturity of three months or less from the date of acquisition.

Financial assets measured at fair value through profit or loss

Remedy classifies in this category investments to equity funds and such derivative instruments acquired for hedging purposes but which do not meet the IFRS hedge accounting requirements. These instruments are recognized at the trade date at fair value and subsequently remeasured at fair value at the end of each reporting period. The resulting realized and unrealized gains and losses are recognized in profit or loss in the reporting period in which they are incurred and presented under financial items.

16.2 Carrying amounts

In thousands of euro	Note	2023	2022
At amortised cost			
Loan receivables		44	44
Trade receivables	21.5	7,425	10,546
Cash and cash equivalents		20,066	49,034
Total		27,535	59,624
At fair value through profit or loss			
Investments		10,357	6,818
Current		7,357	3,818
Non-current		3,000	3,000
Total		37,892	66,442

Cash and cash equivalents consists of cash in banks.

17 Other receivables

In thousands of euro	Note	2023	2022
Contract assets	2,3	7,306	2,577
Accrued income and prepayments		1,576	1,405
Tax receivables		387	770
Other		1,231	792
Total		10,500	5,545

18 Capital and reserves

18.1 Accounting policy – Equity instruments

Remedy classifies the instruments it has issued either as financial liabilities or equity instruments, based on their nature.

- A financial liability is an instrument that obligates the group to deliver cash or another financial asset, or the holder has a right to demand cash or another financial asset.
- An equity instrument is any contract that evidences a residual interest in the assets of Remedy after deducting all of its liabilities.

18.2 Share capital

18.2.1 Accounting policy

The group's share capital consists of the parent company's ordinary shares classified as equity. The subscription price of a share received by Remedy in connection with share issues is credited to the share capital, unless it is provided in the share issue decision that a part of the subscription price is to be recorded in the invested non-restricted equity reserve. Transaction costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the proceeds.

The company has one share class. The share has no nominal value. All issued shares have been fully paid. The shares are included in the book-entry system since May 5, 2017 (ISIN: FI4000251897). Remedy had no treasury shares in its possession in 2023 or 2022.

18.2.2 Movements in share number and company's equity

The table below discloses the breakdown of equity into restricted and unrestricted equity, changes in the number of shares and respective changes in the company's equity..

	Pieces	Restricted equity			Unrestricted equity			Total equity
		Share capital	Share premium	Total	Invested non-restricted equity reserve	Retained earnings	Total	
At Jan 1, 2022	13,298,450	80	38	118	55,779	31,522	87,301	87,419
Share issue and other share subscriptions	150,150	-	-	-	1,322	-	1,322	1,322
Divident distribution	-	-	-	-	-	-2,261	-2,261	-2,261
Share option plans	-	-	-	-	-	3,602	3,602	3,602
Profit for the financial year	-	-	-	-	-	-1,726	-1,726	-1,726
At Dec 31, 2022	13,448,600	80	38	118	57,101	31,137	88,238	88,356
At Jan 1, 2023	13,448,600	80	38	118	57,101	31,137	88,238	88,356
Share issue and other share subscriptions	41,551	-	-	-	714	-	714	714
Dividend distribution	-	-	-	-	-	-1,347	-1,347	-1,347
Share option plans	-	-	-	-	-	2,684	2,684	2,684
Profit for the financial year	-	-	-	-	-	-22,657	-22,657	-22,657
At Dec 31, 2023	13,490,151	80	38	118	57,815	9,817	67,633	67,751

18.3 Reserves**Reserve for invested non-restricted equity**

The reserve for invested non-restricted equity comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Share premium

The reserve for invested non-restricted equity comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Retained earnings

Retained earnings are earnings accrued over the previous financial years that have not been transferred to equity reserves or issued as dividends to owners.

18.4 Dividend distribution**18.4.1 Accounting policy**

Dividend distribution to Remedy's parent company's shareholders is recognized as a liability in the balance sheet in the period in which the dividends are approved by Remedy's Annual General Meeting. Under the Finnish Limited Liability Companies Act the amount of capitalized development costs (accounted for in accordance with the Finnish Accounting Act) is deducted from unrestricted equity in calculating distributable funds.

Remedy'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 parent company are entitled to equal dividend.

On April 13, 2023 the Annual General Meeting decided a dividend of EUR 0.10 per share, i.e. EUR 1,347,010.00 in aggregate, to be paid for the financial year ended on December 31, 2022. The payment date was April 24, 2023

On April 13, 2022 the Annual General Meeting decided a dividend of EUR 0.17 per share, i.e. EUR 2,261,459.00 in aggregate, to be paid for the financial year ended on December 31, 2021. The payment date was April 26, 2022.

18.5 Capital management

Remedy's capital management objectives are to ensure enough capital for business and investment purposes. The group's policy is to maintain efficient capital structure and to mitigate risks with strong enough capital position. Remedy monitors capital using equity ratio, 85.5 % at the end of financial year 2023 (2022: 88.8%). The government loan does not involve financial covenants. There were no significant changes to capital management in 2023.

18.6 Authorisations

Authorization for the directed repurchase of own shares

On April 13, 2023, the Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of the company's own shares. Under the authorization, a maximum of 700,000 shares can be repurchased with funds of the unrestricted equity, in one or several installment. The authorization for the directed repurchase of own shares is valid until the closing of the next Annual General Meeting, however, no longer than 18 months from the date of the Annual General Meeting, and it replaces the previous authorizations.

Valid issuance authorizations

With its resolution on April 13, 2023, the Annual General Meeting authorized the Board of Directors to resolve 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 700,000, and shares can be issued in deviation from the shareholders' pre-emptive rights.

The authorization to decide on share issues or issuance of option rights or other special rights is valid until the close of the company's following Annual General Meetin, but no longer than 18 months from the date of the Annual General Meeting and it replaces the previous authorizations.

19 Financial liabilities

19.1 Accounting policy

Remedy classifies financial liabilities of the group in two measurement categories as follows:

- financial liabilities measured at fair value through profit or loss (FVTPL), and
- financial liabilities measured at amortised cost.

The categorisation determines whether and where any remeasurement to fair value is recognised.

Remedy classifies a financial liability as current if the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In respect of loans and borrowings current financial liabilities comprise the portion falling due within less than 12 months.

A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

Financial liabilities at fair value through profit or loss (FVTPL)

Remedy classifies in this category such derivative instruments acquired for hedging purposes but which do not meet the IFRS hedge accounting requirements. The group didn't have any open derivative instruments during reporting period 2023 or 2022.

Financial liabilities at amortised cost (other financial liabilities)

Other financial liabilities are initially recognised at fair value. Transaction costs are included in the original carrying amount. Subsequently these financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Interest expenses are recognised in profit or loss.

19.2 Financial liabilities

In thousands of euro	Note	2023	2022
<i>At amortised cost</i>			
Non-current financial liabilities			
Government loan		-	918
Lease liabilities	15	1,433	227
Total		1,433	1,145
Current financial liabilities			
Government loan		918	919
Lease liabilities	15	1,309	928
Trade payables		1,684	3,422
Total current financial liabilities		3,912	5,269
Total financial liabilities		5,345	6,414

19.3 Terms of loans and borrowings and repayment schedule

Remedy has EUR 0.92 million unsecured product development loan from Business Finland for Northlight 2.0 development project. Interest rate for the loan is three percent below the base interest rate, however, always at least one (1) percent. Loan term is seven years for the amount of EUR 3.67 million, and three first years were free from instalments. Instalments started during the financial year 2021. The loan is paid back by yearly instalments. Loan is measured at amortised cost.

19.4 Movements of liabilities to cash flows arising from financing activities

The following table provides a reconciliation between the opening and closing balances for liabilities arising from financing activities.

In thousands of euro	2023		2022	
	Lease liabilities	Government loan	Lease liabilities	Government loan
Balance at January 1	1,155	1,837	1,103	2,755
Repayment of government loan	-	-919	-	-919
Payment of lease liabilities	-1,308	-	-966	-
Total changes from financing cash flows	-1,308	-919	-966	-919
Other changes				
New leases (Note 15.5)	2,895	-	1,019	-
Balance at December 31	2,742	918	1,155	1,837

20 Fair values of financial assets and financial liabilities

20.1 Accounting policy

Currently Remedy's financial assets measured at fair value comprise of investments to equity funds. Investments in equity funds are classified at fair value level 1 and valued at the publicly announced value of the end of the reporting period.

The group uses valid valuation methods for which there is enough available data to determine fair value so that as much as possible relevant observable input information is used and at the same time other than observable input information is used as minimally as possible.

20.2 Accounting classification and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (for the fair value hierarchy refer to Note 1.5 *Measurement of fair values*). The tables exclude fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and their maturities are short (i.e. trade receivables and trade payables).

At December 31, 2023		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
In thousands of euro	Note					
Financial assets measured at fair value						
Investments to equity funds	16	10,357	10,357	-	-	10,357
		10,357	10,357	-	-	10,357
Financial liabilities not measured at fair value						
Unsecured government loan	19	918	-	-	918	918
		918	-	-	918	918

At December 31, 2022		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
In thousands of euro	Note					
		-	-	-	-	-
Financial assets measured at fair value						
Investments to equity funds	16	6,818	6,818	-	-	6,818
		6,818	6,818	-	-	6,818
Financial liabilities not measured at fair value						
Unsecured government loan	19	1,837	-	-	1,837	1,837
		1,837	-	-	1,837	1,837

21 Financial risk management

21.1 Principles of financial risk management

Remedy's activities are exposed to various financial risks which are:

- market risk (foreign currency risk and interest rate risk) and
- other financial risks (credit and liquidity risk).

The group's financial risk management focuses on before mentioned risks and aims to reduce uncertainty, which financial markets changes possibly have on the group's financial result and cash flow. The target is to ensure contingency in different market conditions and to ensure the group's long term strategic development.

CEO and CFO take care of Remedy's financial risk management together with the Board of Directors. The Board of Directors defines the generic guidelines for risk management. Remedy does not have a specific treasury function, but CFO is responsible for financing, liquidity, finance relations and financial risks. The Board of Directors follows the development of financial status.

21.2 Liquidity risk

Liquidity risk is related to risks involved in financial liabilities of the group. The target of liquidity management is to ensure sufficient liquid funds at hand. The group's finance function follows liquidity needs on ongoing basis to ensure that there is always enough funds for business needs. Operative cash flows and liquid funds, together with

possible new equity or debt financing, are the main source of funding for future payments. Group's cash position has been strong in past years (2023: EUR 20.1 million and 2022: EUR 49.0 million) and the financial liabilities comprise of Business Finland (government) loan, lease liabilities and trade payables.

21.2.1 Contractual maturities of financial liabilities

The table below analyses financial liabilities based on their remaining contractual maturities at the financial year-end. The amounts are gross and undiscounted, and include contractual interest payments.

In thousands of euro	Total	0-3 months	3-12 months	1-2 years	2-3 years	4-5 years	Over 5 years
At December 31, 2023							
<i>Non-derivative financial liabilities</i>							
Government loan	930	-	930	-	-	-	-
Trade payables	1,684	1,684	-	-	-	-	-
Total	2,614	1,684	930	-	-	-	-
At December 31, 2022							
<i>Non-derivative financial liabilities</i>							
Government loan	1,865	-	937	928	-	-	-
Trade payables	3,422	3,422	-	-	-	-	-
Total	5,287	3,422	937	928	-	-	-

For the maturity analysis of lease liabilities refer to Note 15.6.2 *Maturity analysis – contractual undiscounted cash flows*.

21.3 Foreign exchange risk

"Foreign exchange risk arises from business transactions made in other currency than group's functional currency. Most of the group's sales and purchases are made in euros which is the functional currency of the group. Other significant currencies used by Remedy are US dollar (USD), British pound (GBP) and Swedish crown (SEK). Amount of the currency risk varies between the financial years and is partly dependent on partners' geographical location. Group mitigates the risk by negotiating agreements in euros when possible.

General target of currency risk control is to limit the impact of currency changes for profits and cash flows and increase the accuracy of forecasts. Remedy controls the exchange risk by monitoring risk positions regularly and in case needed, by hedging the significant cash flows. In addition, Remedy has bank accounts in USD, GBP and SEK, which also reduce the risks from currency changes.

21.3.1 Currency risk exposure

In the table, the distribution of trade receivables, cash and cash equivalents and trade payables has been presented by currencies.

In thousands of euro	EUR	USD	GBP	SEK	Total
At December 31, 2023					
Trade receivables	7,267	150	8	-	7,425
Cash and cash equivalents	16,931	1,233	1,319	584	20,066
Trade payables	-1,376	-43	-70	-195	-1,684
Net position	22,823	1,339	1,257	389	25,806
At December 31, 2022					
Trade receivables	10,546	-	-	-	10,546
Cash and cash equivalents	48,224	286	67	456	49,034
Trade payables	-2,548	-238	-592	-44	-3,422
Net position	56,222	49	-525	412	56,158

21.3.2 Sensitivity analysis on exchange rate movements

In thousands of euro	At December 31, 2023		At December 31, 2022	
	strengthening	weakening	strengthening	weakening
Cash and cash equivalents				
+/- 10% change in USD	123	-123	29	-29
+/- 10% change in GBP	132	-132	7	-7
+/- 10% change in SEK	58	-58	46	-46
Trade payables				
+/- 10% change in USD	4	-4	24	-24
+/- 10% change in GBP	7	-7	59	-59
+/- 10% change in SEK	19	-19	4	-4
Total net effect	344	-344	168	-168

21.4 Interest rate risk

Interest rate risk is a risk that fair values or future cash flows of financial instruments will vary due to changes in market interest rates. Possible changes in market interest rates can have straight impact on expenses of additional financing available and on financial instruments already existing. Currently group's financial expenses are relatively low. However, increases in the market risks could have effect on group's debt capital expenses. Increase in the market interest rates can therefore have negative impact on company's business, profits, financial situations, future outlook and share price.

Remedy's interest risk is mainly due to Business Finland's floating rate loan. Interest risk is not material due to the small amount of debt. The interest rate of the loan is three percentage below the basic interest, however always at least one percentage.

Fluctuation of the market interest rates would have limited effect on group's sales or other operative cash flows. Remedy controls the interest risk by monitoring the amount of interest-bearing liabilities and market interest rates.

21.5 Credit risk

Credit risk is a risk that counterparty couldn't perform the payment obligations. Remedy's credit risk mainly consists of trade receivables. The group aims to mitigate cost effectively the possible losses which are caused by unfilled obligations by the counterparty. Remedy controls the risk already when negotiating the agreements by evaluating the credit worthiness of the counterparty. Furthermore, the financial department follows constantly the payment behavior of customers. All the assets are invested in banks which have good credit rating and financial instruments with low risk.

Remedy has a few game development projects ongoing simultaneously and therefore also the trade receivables are weighted for a few customers. Expected credit loss is evaluated individually for each significant customer by their probability to default. In addition, some possible small receivables which has same the credit rating are estimated in a group for possible impairment. The group hasn't had significant credit losses in the past years.

21.5.1 Credit exposure per geographical area

In thousands of euro	Carrying amount	
	Dec 31 2023	Dec 31 2022
Trade receivables		
Europe	2,413	3,539
Other countries	5,012	7,006
Total	7,425	10,546

21.5.2 Exposure to credit risk and loss allowance: aging analysis of trade receivables

In thousands of euro	At Dec 31, 2023		At Dec 31, 2022	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current (not past due)	5,474	-	10,006	-
Past due				-
1-30 days	1,038	-	250	-
31-60 days	200	-	289	-
61-90 days	-	-	-	-
More than 90 days past due	713	-	-	-
Total	7,425	-	10,546	-

Remedy has not recognized credit losses during 2023 or 2022.

22 Other payables and accruals

In thousands of euro	2023	2022
Current income tax liability	132	367
Accruals and deferred income	5,538	3,766
Other current liabilities	494	648
Total	6,165	4,781

23 Provisions, contingencies and commitments

23.1 Accounting policy – Provisions

Provisions comprise liabilities of uncertain timing or amount. Remedy recognises a provision when:

- the group has a present obligation (legal or constructive) as a result of a past event
- an outflow of resources is probable, and
- the amount of the obligation can be estimated reliably.

The amount recognised is the best estimate of the settlement amount at the end of the reporting period, taking account of the risks and uncertainties surrounding the obligation, where appropriate.

Remedy recognises a restructuring provision when the group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it to those concerned.

Remedy had no provisions at the year-end 2023 and 2022.

23.2 Accounting policy – Contingent liabilities, contingent assets and commitments

Contingent assets and contingent liabilities are possible rights and obligations. They arise from past events and their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not fully within the control of Remedy.

23.3 Collaterals and commitments

In thousands of euro	2023	2022
Other collaterals given by Remedy	969	784
Credit card limit	300	378
Amount used at December 31	99	57

The group has given a credit guarantee of EUR 300 thousand for previous and possible future forward exchange contracts.

23.4 Legal proceedings and disputes

Remedy had no ongoing legal proceedings or disputes at December 31, 2023.

24 Related party disclosures

24.1 Accounting policy

Remedy Entertainment Plc's related parties comprise the following:

- key management personnel, comprising the members of the Board of Directors, CEO, and the other Executive Team members
- entities, over which the above-mentioned persons have control or joint control
- close family members of the above-mentioned persons
- subsidiary Remedy Entertainment Sweden AB

The major shareholders of Remedy Entertainment Plc include the Chairman of the Board, Markus Mäki, with the ownership of 23.7 % December 31, 2023 (December 31, 2022: 23.80%). They are considered to have significant influence over the group, based on the share ownership exceeding 20% and their active role in the group.

24.2 Key management personnel remuneration

24.2.1 Accounting policy

The amounts disclosed represent the expenses recognised in those financial years. Salary amounts include any fringe benefits. The pension benefits of the key management personnel consist of the pensions provided under the Finnish statutory pension plan (TyEL) and Swedish statutory pension plan. For its Swedish employees, the group has available an occupational pension as well as a voluntary supplementary pension plan, "löneväxling", offering the subsidiary's personnel option to transfer part of their salary to pension.

The terms of the share option plans for key management personnel are the same as for other participants. Details are disclosed in Note 7.3 *Share-based payments*. The members of the Board of Directors are not included in the share options plans.

24.2.2 Employee benefits of key management personnel

In thousands of euro	2023	2022
<i>a) Remuneration of all key management personnel (including b), c) and d))</i>		
Salaries and other short-term employee benefits	-1,282	-1,305
Pension benefits (defined contribution plans)	-196	-209
Share-based payments	-286	-327
Total	-1,764	-1,841
<i>b) CEO</i>		
Salaries and other short-term employee benefits	-210	-283
Pension benefits (defined contribution plans)	-37	-50
Share-based payments	-	-98
Total	-248	-431
CEO participates in the share option plans according to the respective terms and conditions decided by the Board. According to his executive contract, CEO is eligible to retire at the age of 65, unless otherwise to be agreed by the group and the CEO. The notice period for both parties is 4 months.		
<i>c) Other Executive Team members</i>		
Salaries and other short-term employee benefits	-897	-898
Pension benefits (defined contribution plans)	-159	-159
Share-based payments	-286	-229
Total	-1,343	-1,286

In thousands of euro	2023	2022
<i>d) Board of Directors</i>		
<i>Salaries and other short-term employee benefits</i>		
Fredrikson Christian	-12	-36
Laakkonen Jussi	-36	-24
Mäki Markus	-54	-5
Pohjola Ossi	-	-12
Salakka Kaisa	-36	-24
Ängeslevä Sonja	-36	-24
Österlund Henri	-	-
Salaries and other short-term employee benefits total	-174	-125
Pension benefits (defined contribution plans)	-	-
Share-based payments	-	-
Total	-174	-125

The Annual General Meetings held on April 14, 2023 decided that remuneration of the members of the Board of Directors is EUR 3,000 per month and the remuneration of the Chairman of the Board of Directors is EUR 4,500 per month. The Annual General Meetings held on April 13, 2022 decided that remuneration of the members of the Board of Directors is EUR 3,000 per month and the remuneration of the Chairman of the Board of Directors is EUR 4,500 per month.

24.3 Transactions with other related parties and outstanding balances

There were no other significant transactions or outstanding balances with related parties during the financial year 2023 or 2022.

24.4 Management shares

Name	At Dec 31, 2023		At Dec 31, 2022	
	Shares	Percentage	Shares	Percentage
Mäki Markus	3,197,000	23.7	3,197,000	23.8
Järvi Sami	560,000	4.2	560,000	4.2
Virtala Tero	300,000	2.2	300,000	2.2
Paloheimo Johannes	103,000	0.8	103,000	0.8
Österlund Henri	46,139	0.3	1,490	0.0
Kauppi Terhi	8,000	0.1	8,000	0.1
Salakka Kaisa	1,900	0.0	1,150	0.0
Ängeslevä Sonja	1,482	0.0	-	-
Laakkonen Jussi	-	-	-	-
Schmitz Christopher	-	-	-	-
Vehkala Mika	-	-	-	-
Total	4,217,521	31.2	4,170,640	31.1

25 Events after the end of the financial year

A contract amendment was signed with Tencent for codename Kestrel in February 2024. In March 2024, Remedy announced acquiring full rights to the Control franchise from 505 Games. Upon the transaction all publishing, distribution, marketing and other rights to Control, codename Condor, Control 2, and all future Control products revert to Remedy.

Parent company's financial statement

Parent company's statement of profit or loss

In thousands of euro	Note	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Revenue	2, 3	33,932	43,588
Other operating income	6	49	19
Materials and services	4, 5	-20,957	-13,526
Personnel expenses	4, 7	-24,213	-22,659
Depreciation, amortisation and impairment	8	-11,331	-2,430
Other operating expenses	4, 9	-6,412	-5,700
Operating profit/(loss)		-28,933	-709
Financial income	10	1,669	308
Financial expenses	10	-555	-919
Net financial expenses		1,114	-611
Profit/(Loss) before income taxes		-27,818	-1,321
Income tax expense	11	4,951	-498
Profit/(Loss) for the financial year		-22,867	-1,819

In thousands of euro	Note	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss		-	-
Total other comprehensive income/(expense) for the financial year		-	-
Total comprehensive income/(expense) for the financial year		-22,867	-1,819
Earnings per share	12		
Basic earnings per share, euro		-1.70	-0.14
Diluted earnings per share, euro		-1.67	-0.13

Parent company's balance sheet

In thousands of euro	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets (Development costs)	13	19,308	23,262
Tangible assets	14	3,499	3,134
Right-of-use assets	15	1,205	1,119
Investments	16	3,003	3,003
Non-current receivables	16-17, 21	815	828
Deferred tax assets	11	5,027	-
Total non-current assets		32,856	31,346
Current assets			
Inventory		6	13
Trade and other receivables	16-17	9,970	13,138
Contract assets	2	7,306	2,577
Other current financial assets	16	7,357	3,818
Cash and cash equivalents	16	19,949	48,578
Total current assets		44,587	68,124
Total assets		77,443	99,470

In thousands of euro	Note	Dec 31, 2023	Dec 31, 2022
EQUITY			
Share capital		80	80
Share premium		38	38
Invested non-restricted equity reserve		57,815	57,101
Retained earnings		9,514	31,044
Total equity	18	67,447	88,263
LIABILITIES			
Non-current liabilities			
Government loan	19, 21	-	918
Lease liabilities	15	247	227
Total non-current liabilities		247	1,145
Current liabilities			
Government loan	19, 21	918	919
Lease liabilities	15	967	900
Trade and other payables	19, 21-22	7,772	8,236
Deferred tax liability		92	7
Total current liabilities		9,750	10,062
Total liabilities		9,996	11,207
Total equity and liabilities		77,443	99,470

Parent company's cash flow statement

In thousands of euro	Note	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Cash flows from operating activities			
Cash generated from sales		32,324	51,126
Proceeds from other operating income		49	19
Paid other operating expenses		-49,191	-39,354
Interest received		889	274
Interest and other financial expenses paid		-555	-600
Income taxes paid		157	-961
Net cash from operating activities (A)		-16,328	10,504
Cash flows from investing activities			
Capitalized development costs	4	-4,780	-8,152
Acquisition of intangible and tangible assets		-1,968	-2,434
Investments	16	-2,758	34
Net cash used in investing activities (B)		-9,506	-10,552

In thousands of euro	Note	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Cash flows from financing activities			
Repayment of current loans and borrowings	19	-919	-919
Proceeds from non-current loans and borrowings		0	-1
Paid increase in share capital	18	462	1,352
Dividends paid	18	-1,347	-2,261
Repayment of lease liabilities	15	-992	-929
Net cash from financing activities (C)		-2,796	-2,758
Net cash from (used in) operating, investing and financing activities (A+B+C)			
		-28,629	-2,806
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January		48,578	51,384
Cash and cash equivalents at 31 December	16	19,949	48,578

Parent company's statement of changes in equity

In thousands of euro	Equity attributable to owners of the company					
	Note	Share capital	Share premium	Invested non-restricted equity reserve	Retained earnings	Total
Balance at January 1, 2023		80	38	57,101	31,044	88,263
Comprehensive income						
Profit (Loss) for the financial year		-	-	-	-22,867	-22,867
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-22,867	-22,867
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-1,347	-1,347
Share options granted	7.3, 24.2	-	-	-	2,684	2,684
Share issue and other share subscriptions		-	-	714	-	714
Total transactions with owners of the company		-	-	714	1,337	2,051
Balance at December 31, 2023		80	38	57,815	9,514	67,447

In thousands of euro	Equity attributable to owners of the company					
	Note	Share capital	Share premium	Invested non-restricted equity reserve	Retained earnings	Total
Balance at January 1, 2022		80	38	55,779	31,522	87,419
Total comprehensive income						
Profit (Loss) for the financial year		-	-	-	-1,819	-1,819
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-1,819	-1,819
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-2,261	-2,261
Share options granted	7.3, 24.2	-	-	-	3,602	3,602
Share issue and other share subscriptions		-	-	1,322	-	1,322
Total transactions with owners of the company		-	-	1,322	1,341	2,663
Balance at December 31, 2022		80	38	57,101	31,044	88,263

Parent company's notes

1. Accounting policy

Remedy Entertainment Plc's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at December 31, 2023. International Financial Reporting Standards refer to standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The company has not early adopted any standard, amendment or interpretation that have been issued but are not yet effective. Any standard, amendment or interpretation that has become effective during 2023, hasn't had significant effect on the company's profit or loss, financial position or presentation of the financial statements.

Remedy Group's accounting policy is applied to both group's financial statement and parent company's financial statement unless otherwise mentioned.

2. Revenue

Group's revenue accrues to the parent company. Accounting policies and notes are presented in group financial statement's Note 2 *Revenue*.

3. Operating segments

Accounting policies and notes are presented in group financial statement's Note 3 *Operating segments*.

4. Capitalization of development costs

Development costs capitalized during the reporting period or earlier periods match with parent company's capitalized development costs. Development costs capitalized in the balance sheet are presented in group financial statement's Note 4 *Capitalization of development costs*. The accounting policies applied to development costs together with other disclosures on development costs are presented in group financial statement's Note 13 *Intangible assets*.

5. Materials and services

In thousands of euro	2023	2022
External services	-19,011	-17,194
Capitalized development costs	2,263	5,508
Purchase expenses	-85	-48
Change in inventory	-7	-4
Services purchased from parent company	-4,117	-1,789
Total	-20,957	-13,526

6. Other operating income

In thousands of euro	2023	2022
Other operating income	49	19
Total	49	19

7. Personnel expenses

In thousands of euro	2023	2022
Wages and salaries	-19,805	-17,920
Capitalized development costs	2,517	2,644
Contributions to post-employment plans (defined contribution)	-3,433	-3,101
Other social security expenses	-808	-680
Share-based payment transactions (equity-settled)	-2,684	-3,602
Total	-24,213	-22,659

8. Depreciation and amortisation

In thousands of euro	2023	2022
<i>Intangible assets</i>		
Development costs	-8,734	-
Total	-8,734	-
<i>Tangible assets</i>		
Machinery and equipment	-1,505	-1,061
Other tangible assets	-125	-474
Total	-1,630	-1,535
Total depreciation and amortisation, owned assets	-10,363	-1,535
<i>Right-of-use assets (leased assets)</i>		
	-967	-896
Total depreciation and amortisation in profit or loss	-11,331	-2,430

In the financial year 2023, the parent company recognised an impairment loss of EUR 7,178 thousand for game project Vanguard (refer to group financial statement's Note 13.4 Impairment testing of uncompleted development projects). No impairment losses were recognized in the financial year 2022.

9. Other operating expenses

In thousands of euro	2023	2022
Voluntary personnel-related expenses	-1,369	-1,348
Office space expenses	-462	-264
IT software and hardware expenses	-2,264	-1,657
Travel expenses	-631	-348
Marketing expenses	-254	-240
Administrative expenses	-1,228	-1,585
Other expenses	-204	-257
Total	-6,412	-5,700

10. Financial income and expenses

In thousands of euro	2023	2022
<i>Financial income</i>		
Foreign exchange gains*	281	261
Interest income	608	13
Other financial income	781	34
Total	1,669	308
<i>Financial expenses</i>		
Foreign exchange losses*	-469	-174
Interest expenses – financial liabilities measured at amortised cost**	-51	-182
Other financial expenses	-35	-563
Total	-555	-919
Net financial expenses	1,114	-611

* Net foreign exchange gains and losses amounted to EUR -188 thousand in 2023 (2022: 87 thousand).

** Includes the government loan and the lease liabilities.

11. Income taxes**Income taxes recognised in profit or loss**

In thousands of euro	2023	2022
Current tax for the reporting year	-6	-525
Current tax adjustments for prior years	-	-
Change in deferred taxes	4,957	27
Total	4,951	-498

Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate

In thousands of euro	2023	2022
Profit (Loss) before income tax in Finland	-27,818	-1,321
Tax using the Finnish corporate tax rate (20%)	5,564	264
Non-deductible expenses, Finland	-70	-44
Share option plans	-537	-720
Income tax for prior years	-6	2
Income taxes in profit or loss	4,951	-498

12. Earnings per share (EPS)

	2023	2022
<i>Basic earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-22,867	-1,819
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,478	13,351
Basic earnings per share (euro / share)	-1.70	-0.14
<i>Diluted earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-22,867	-1,819
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,478	13,351
Dilution from share options (1,000 pcs)	198	234
Weighted average number of shares adjusted for the effect of dilution (1,000 pcs)	13,676	13,586
Diluted earnings per share (euro / share)	-1.67	-0.13

Earnings per share's accounting policy is presented in group financial statement's Note 12 *Earnings per share*.

13. Intangible assets

Company's intangible assets currently comprise only of group's capitalized development costs. Accounting policy of intangible assets and assumptions and estimation are presented in group financial statement's Note 13 *Intangible assets*.

14. Tangible assets

In thousands of euro	Machinery and equipment		Other tangible assets		Total	
	2023	2022	2023	2022	2023	2022
Cost						
Balance at January 1	6,225	4,734	1,918	1,918	8,143	6,652
Additions	1,994	1,491	-	-	1,994	1,491
Balance at December 31	8,219	6,225	1,918	1,918	10,137	8,143
Accumulated depreciation and impairment						
Balance at January 1	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Depreciation	-1,505	-1,061	-125	-474	-1,630	-1,535
Balance at December 31	-4,720	-3,215	-1,918	-1,793	-6,638	-5,009
Carrying amount a January 1	3,010	2,579	125	599	3,134	3,178
Carrying amount a December 31	3,499	3,010	0	125	3,499	3,134

Refer to Note 15 *Leases* for disclosures on the parent company's tangible assets acquired under lease contracts.

15. Leases

Amounts presented in cash flow statement

In thousands of euro	2023	2022
Lease liability repayments	-992	-929
Interest on lease liabilities	-32	-24
Payments for short-term leases and leases of low-value assets	-55	-45
Total cash outflow for leases	-1,079	-998

Leased tangible assets

In thousands of euro	Office premises		Other assets		Total	
	2023	2022	2023	2022	2023	2022
Cost						
Balance at January 1	4,519	3,579	63	63	4,583	3,643
Additions	1,053	940	-	-	1,053	940
Balance at December 31	5,572	4,519	63	63	5,635	4,583
Accumulated depreciation and impairment						
Balance at January 1	-3,400	-2,524	-63	-44	-3,463	-2,568
Depreciation	-967	-876	-	-19	-967	-895
Balance at December 31	-4,368	-3,400	-63	-63	-4,431	-3,463
Carrying amount at January 1	1,119	1,055	0	19	1,119	1,075
Carrying amount at December 31	1,204	1,119	0	0	1,205	1,119

Remedy's leased tangible goods are presented in the section 15 *Leases*.

Lease liabilities

In thousands of euro	2023	2022
Current	967	900
Non-current	247	227
Total	1,214	1,127

Maturity analysis – contractual undiscounted cash-flows

In thousands of euro	2023	2022
Within three months	256	227
Between four months and one year	768	682
Between one year and two years	256	248
Total undiscounted cash flows	1,280	1,157

16. Financial assets

In thousands of euro	2023	2022
<i>At amortised cost</i>		
Loan receivables	44	44
Trade receivables	7,925	11,046
Cash and cash equivalents	19,949	48,578
Total	27,918	59,668
<i>Financial assets</i>		
Investments	10,359	6,821
Current	7,357	3,818
Non-current	3,003	3,003
Total	38,277	66,488

Cash and cash equivalents consists of cash in banks.

17. Other receivables

In thousands of euro	2023	2022
Contract assets	7,306	2,577
Accrued income and prepayments	1,427	1,364
Tax receivables	5,382	719
Other	1,034	792
Total	15,148	5,453

18. Capital and reserves

	Pieces	Restricted equity			Unrestricted equity			Total equity
		Share capital	Share premium	Total	Invested non-restricted equity reserve	Retained earnings	Total	
At Jan 1, 2022	13,298,450	80	38	118	55,779	31,522	87,301	87,419
Share issue and other share subscription	150,150	-	-	-	1,322	-	1,322	1,322
Divident distribution	-	-	-	-	-	-2,261	-2,261	-2,261
Share option plans	-	-	-	-	-	3,602	3,602	3,602
Result for the financial year	-	-	-	-	-	-1,819	-1,819	-1,819
At Dec 31, 2022	13,448,600	80	38	118	57,101	31,044	88,145	88,263
At Jan 1, 2023	13,448,600	80	38	118	57,101	31,044	88,145	88,263
Share issue and other share subscription	41,551	-	-	-	714	-	714	714
Divident distribution	-	-	-	-	-	-1,347	-1,347	-1,347
Share option plans	-	-	-	-	-	2,684	2,684	2,684
Result for the financial year	-	-	-	-	-	-22,867	-22,867	-22,867
At Dec 31, 2023	13,490,151	80	38	118	57,815	9,514	67,329	67,447

Calculation of parent company's distributable funds*

In thousands of euro	2023	2022
Invested non-restricted equity reserve	57,815	57,101
Retained earnings	33,728	35,124
Dividend distribution	-1,347	-2,261
Development expenses	-19,308	-23,262
Profit for the financial year	-22,867	-1,819
Total	48,021	64,883

* Based on the Finnish Limited Liability Companies Act, Chapter 13, Subsection 5.

19. Financial liabilities

In thousands of euro	2023	2022
<i>At amortised cost</i>		
Non-current financial liabilities		
Government loan	-	918
Lease liabilities	247	227
Total	247	1,145
Current financial liabilities		
Government loan	918	919
Lease liabilities	967	900
Trade payables	2,004	3,759
Total	3,890	5,577
Total financial liabilities	4,137	6,722

Movements of liabilities to cash flows arising from financing activities

In thousands of euro	2023		2022	
	Lease liabilities	Government loan	Lease liabilities	Government loan
Balance at January 1	1,127	1,836	1,103	2,755
Payment of government loan	-	-919	-	-919
Payment of lease liabilities	-992	-	-929	-
Total changes from financing cash flows	-992	-919	-929	-919
Other changes				
New leases	1,079	-	953	-
Balance at December 31	1,214	918	1,127	1,836

20. Fair values of financial assets and financial liabilities

Accounting policies and notes are presented in group financial statement's Note 20 *Fair values of financial assets and financial liabilities*.

21. Financial risk management

In thousands of euro	Total	0-3 months	3-12 months	1-2 years	2-3 years	4-5 years	Over 5 years
At December 31, 2023							
<i>Non-derivative financial liabilities</i>							
Government loan	930	-	930	-	-	-	-
Trade payables	2,004	2,004	-	-	-	-	-
Total	2,934	2,004	930	-	-	-	-
At December 31, 2022							
<i>Non-derivative financial liabilities</i>							
Government loan	1,865	-	937	928	-	-	-
Trade payables	3,759	3,759	-	-	-	-	-
Total	5,623	3,759	937	928	-	-	-

Currency risk exposure

In thousands of euro	EUR	USD	GBP	SEK	Total
At December 31, 2023					
Trade receivables	7,767	150	8	-	7,925
Cash and cash equivalents	16,929	1,233	1,319	468	19,949
Trade payables	-1,378	-43	-70	-512	-2,004
Net position	23,319	1,339	1,257	-44	25,870
At December 31, 2022					
Trade receivables	11,046	-	-	-	11,046
Cash and cash equivalents	48,224	286	67	-	48,578
Trade payables	-2,929	-238	-592	-	-3,759
Net position	56,341	49	-525	-	55,865

Sensitivity analysis on exchange rate movements

In thousands of euro	At December 31, 2023		At December 31, 2022	
	Profit or loss		Profit or loss	
	strenghtening	weakening	strenghtening	weakening
Cash and cash equivalents				
+/- 10% change in USD	123	-123	29	-29
+/- 10% change in GBP	132	-132	7	-7
+/- 10% change in SEK	47	-47	-	-
Trade payables				
+/- 10% change in USD	4	-4	24	-24
+/- 10% change in GBP	7	-7	59	-59
+/- 10% change in SEK	51	-51	-	-
Total net effect	365	-365	118	-118

Credit risk exposure per geographical area

In thousands of euro	Carrying amount	
	Dec 31, 2023	Dec 31, 2022
Trade receivables		
Europe	2,913	4,039
Other countries	5,012	7,006
Total	7,925	11,046

Exposure to credit risk and loss allowance: aging analysis of trade receivables

In thousands of euro	At Dec 31, 2023		At Dec 31, 2022	
	Gross	Loss	Gross	Loss
Current (not past due)	5,974	-	10,506	-
Past due				
1-30 days	1,038	-	250	-
31-60 days	200	-	289	-
61-90 days	-	-	-	-
More than 90 days past due	713	-	-	-
Total	7,925	-	11,046	-

22. Other payables and accruals

In thousands of euro	2023	2022
Current income tax liability	92	328
Accruals and deferred income	5,331	3,603
Total	5,423	3,930

23. Provisions, contingencies and commitments

In thousands of euro	2023	2022
Other collaterals given by Remedy	771	784
Credit card limit	250	329
Amount used at December 31	84	52

The company has given a credit guarantee of EUR 300 thousand for previous and possible future forward exchange contracts.

24. Related party disclosures

Accounting policies and notes are presented in group financial statement's Note 24 *Revenue*.

25. Events after the end of the financial year

A contract amendment was signed with Tencent for codename Kestrel in February 2024. In March 2024, Remedy announced acquiring full rights to the Control franchise from 505 Games. Upon the transaction all publishing, distribution, marketing and other rights to Control, codename Condor, Control 2 and all future Control products revert to Remedy.

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

Remedy Entertainment Plc had distributable funds of EUR 48,020,705.23 on December 31, 2023, of which the result for the fiscal year was EUR -22,867,054.61. The Board of Directors proposes to the Annual General Meeting on April 11, 2024 that no dividend be distributed for the financial year 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.

**Signatures of the Report of the Board of Directors
and the Financial Statements 2023**

Espoo, on March 19, 2024

Markus Mäki
Chairman of the Board

Jussi Laakkonen
Board Member

Kaisa Salakka
Board Member

Sonja Ängeslevä
Board Member

Henri Österlund
Board Member

Tero Virtala
CEO

The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, on March 19, 2024

KPMG Oy Ab

Petri Sammalisto
Authorised Public Accountant, KHT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Remedy Entertainment Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Remedy Entertainment Plc (business identity code 1017278-9) for the year ended December 31, 2023. The financial statements comprise both the consolidated and the parent company's statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information.

In our opinion the financial statements give a true and fair view of the group's and parent company's financial performance, financial position and cash flows in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 9 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably

be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT	THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>Revenue recognition (Accounting principles, consolidated financial statements note 2 and parent company's financial statement note 2)</p>	<ul style="list-style-type: none"> • We assessed the Group's revenue recognition principles in relation to IFRS standards. • Our audit procedures included evaluation of internal control environment over revenue recognition and substantive testing to assess appropriateness of revenue recognition and recording revenue in the correct period. • Regarding development fees we assessed the appropriateness of revenue recognition in relation to sales contracts and contract terms and reviewed the estimates prepared by the management. 	<p>Capitalization and valuation of development costs (Accounting principles, consolidated financial statements note 13 and parent company's financial statement note 13)</p>	<ul style="list-style-type: none"> • In our audit, we have evaluated the basis for the capitalization of development costs and performed audit procedures related to the capitalized costs in individual projects. • In addition, we assessed the impairment tests for capitalized development cost prepared by the company. • Our audit work with the involvement of KPMG valuation specialists included testing the integrity of the calculations and the technical model. • We assessed the assumptions used by management in respect of forecasted revenue by comparing them to the company's forecasts and our own views. • We assessed the appropriateness of the discount rate used by comparing it to market and industry information.
<ul style="list-style-type: none"> • Net sales of the Group and the parent company comprise different revenue streams based on different contract types, such as game development fees and royalty income. • Development fees paid by publishing partners are recognized as revenue over time based on progress of project deliverables (milestones). Revenue recognition regarding milestones involves management judgment and estimates especially on determination of performance obligations and transaction prices as well as the revenue recognition method over time. • Revenue from royalties is also recognized over time based on actual sales when the right to sales income/royalties has arisen. • Due to aforementioned facts, revenue recognition is considered a key audit matter. 	<ul style="list-style-type: none"> • The Group has several game projects in the development phase and the release dates are in the future. Therefore the amount of capitalized development costs included in the balance sheet of the Group and the parent company is significant. • Capitalized development costs are not depreciated before the release of the game and thus they are tested annually for possible impairment during the preparation of financial statements. • Determining the forecasts underlying the impairment tests requires management judgments and estimates especially relating to release date, revenues and discount rate. • Due to the high level of judgement related to the estimates used, and the significant carrying amounts involved, capitalization and valuation of development costs is considered a key audit matter. 		

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting in 2021, and our appointment represents a total period of uninterrupted engagement of 23 years. Remedy Entertainment Plc has been a public interest entity since May 4, 2022. We have been the company's auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, March 19, 2024

KPMG OY AB

Petri Sammalisto
Authorised Public Accountant, KHT



Remedy Entertainment Plc

Luomanportti 3

02200 Espoo

Finland