



# Business progressed as planned, outlook unchanged

## Alan Wake Remastered announced and completed for launch

### HIGHLIGHTS IN JULY–SEPTEMBER 2021

- Revenue was 7 398 (9 914) thousand euros and decreased -25.4 % year-on-year primarily due to a decline in Control royalties and reduced development fees from our Smilegate partnership.
- Operating profit (EBIT) was 290 (3 443) thousand euros. The decrease was mainly due to a very strong comparison period thanks to high-margin royalties from Control. Operating profit margin was 3.9 % (34.7 %).
- In September, the game Alan Wake Remastered was announced and its launch was confirmed to take place in October 2021.
- The larger of two Epic Games Publishing projects entered full production.
- Strengthening Remedy's presence in Sweden progressed.

### HIGHLIGHTS IN JANUARY–SEPTEMBER 2021

- Revenue 24 931 (26 885) thousand euros, change -7.3 %.
- Operating profit (EBIT) 3 445 (6 604) thousand euros, 13.8 % (24.6 %) of revenue.
- In June, Remedy signed a co-publishing and development agreement with 505 Games for a multiplayer spin-off game of the award-winning Control. Collaboration terms for a future, bigger-budget Control-game were also agreed.
- In February, Remedy raised 41 500 thousand euros through a directed offering of new shares to a limited number of domestic and international institutional investors in an accelerated book-building process.
- In February, Control Ultimate Edition was released on PlayStation 5 and Xbox Series X|S.

## KEY FIGURES

FAS, unaudited EUR thousand	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1-12/2020
Revenue	7 398	9 914	24 931	26 885	41 086
EBITDA	597	3 695	4 324	7 355	14 313
Operating profit (EBIT)	290	3 443	3 445	6 604	13 245
Cash flow from operations	4 551	7 639	7 575	8 802	11 806
Net cash	53 320	19 356	53 320	19 356	20 016
Capital expenditures	2 722	1 366	7 306	4 000	6 346
Average number of personnel during review period (FTE)	286	266	280	263	265
Personnel (headcount) at the end of the period	294	275	294	275	275

### Calculation formulas used for the indicators

EBITDA = operating profit (EBIT) + depreciation and amortization

Net cash = cash in hand and at banks + liquid investments - interest-bearing liabilities

## COMMENTS BY CEO TERO VIRTALA

During the third quarter of 2021, we have redirected more personnel to support selected projects with the strongest long-term fit with our ambitions and continued to execute our strategy and advance our game projects. In the quarter, our business progressed as planned and the outlook for the year remains unchanged. I look forward to the remaining few months of the year with great excitement.

In the third quarter, revenue decreased year-on-year primarily due to a decline in Control royalties and reduced development fees from our Smilegate partnership. Crossfire projects with Smilegate are in a launch preparation phase, with little development work remaining. Control celebrated its second anniversary in August and continues generating sales. Control royalties were higher in the comparison period because Control Ultimate Edition was launched on Steam in August 2020. In Q3 2021 we also received development fees from Condor, our new project with 505 Games, which we announced in late June.

Operating profit margin declined in Q3 2021 year-on-year. In the comparison period, revenue consisted to a greater extent of higher margin game royalties from Control. Both revenue and profitability fluctuate from quarter to quarter based on game launches, promotions and the lifecycle stage of the different projects in our game development portfolio. We expect this impact to decline over time as our multi-project model progresses and we have more sources of revenue and profits.

In September, we announced that the smaller of the two Epic Games Publishing projects, Alan Wake Remastered, was completed and ready to be launched in October on PC on the Epic Games Store, Xbox, and for the first time in the franchise's history, PlayStation consoles. The launch marks a special moment for us and Alan Wake fans around the world. After the reporting period, we have seen that the game has been received positively by critics and players alike and sales have started well. Another key milestone was the entry of the bigger Epic Games Publishing project into full production in August.

505 Games projects Condor and the bigger Control project are progressing according to plan. Condor remains in the proof-of-concept stage, whereas the bigger-budget Control game is in the concept stage. We are excited for both projects as they further expand Control into new games and game types. In addition, we

will act as the co-publisher for Condor, which enables us to build more commercial capabilities and strengthen our position in the value chain.

Our dedicated team for Crossfire's HD Story Mode and CrossfireX is currently focused on finetuning and polishing the technical details of the story version of the game to provide the best quality and gaming experience. Crossfire's HD story mode and CrossfireX game launches are getting closer, and the exact timing of the launches is at the discretion of Smilegate and its publishing partners.

Project Vanguard has taken important steps forward. We are focused on iteratively developing the game further, and the Vanguard team is gradually being ramped up. Remedy has actively been negotiating and evaluating different partnership models and options.

Our 2021 pilot initiative for finding new ways to attract and recruit talent outside Finland has continued to progress well. A special focus has been on recruiting experienced talent in the Stockholm area in Sweden. Early results have been good. In the third quarter of 2021, we have been making plans for the next phase, which will involve formal presence in Sweden and continued recruitment in 2022. This will further boost our ability to attract world-class talent for the right roles.

Our teams have performed well in remote work mode, and we have begun shifting towards a hybrid work model. Overall, I am pleased with our progress as a studio, not only in the third quarter but throughout the year. In Q3 2021 we reached important milestones on an operational level. We are launching games into the market step by step and the visibility into our games pipeline is good.

## **FUTURE OUTLOOK (UNCHANGED)**

Remedy expects its revenue and operating profit to increase during 2021. Majority of the revenue and operating profit growth is expected to materialize during the second half-year period.

## **FINANCIAL TARGETS**

Remedy aims to create long-term profitable growth, primarily organically, by expanding the product portfolio and entering into new partnerships.

Royalties and development fees received from publisher partners depend on future game projects, game release schedules and other terms and conditions of each cooperation. Fluctuations between quartal results and even between fiscal years may be significant, depending on the amount and timing of received development fees as well as game release schedules.

## **EVENTS AFTER THE REPORTING PERIOD**

Alan Wake Remastered was launched on 5<sup>th</sup> of October 2021.

## WEBCAST AND CONFERENCE CALL

Remedy will host a webcast and conference call in English on its Q3 2021 financial results, including a Q&A session for investors, analysts and media on 12 November 2021, at 11:00 am EET. Remedy's business review will be presented by CEO Tero Virtala and CFO Terhi Kauppi.

The Q3 2021 business review report will be available after publication on Remedy's Investor Relations website: <https://investors.remedygames.com/announcements-and-releases/>

### Webcast details:

Register in advance for the webcast:

[https://remedy.zoom.us/webinar/register/WN\\_TBHFbLmzRXK18JESeQRiBQ](https://remedy.zoom.us/webinar/register/WN_TBHFbLmzRXK18JESeQRiBQ)

After registering, you will receive a confirmation email containing information about joining the webcast.

### Conference call details:

Dial in by calling your local phone number a few minutes before the briefing begins. International numbers available: <https://remedy.zoom.us/j/kdm58sTJKD>

Finland: +358 9 7252 2471

Sweden: +46 850 539 728

United Kingdom: +44 330 088 5830

United States: +1 646 558 8656

Meeting ID: 853 8219 6516

Passcode: 724826

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

## MORE INFORMATION

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## DISTRIBUTION

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Key media

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

## REMEDY IN BRIEF

Remedy Entertainment Plc is a globally successful video game company known for story-driven and visually stunning console and computer games such as Control, Alan Wake and Max Payne. Remedy also develops its own Northlight game engine and game development tools. Founded in 1995 and based in Finland, the company employs over 290 game industry professionals from 30 different countries. Remedy is listed on the Nasdaq First North Growth Market Finland marketplace.