

ANNUAL REPORT

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REMEDY 





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ANNUAL REPORT

Remedy in brief

Category-defining, creative super-developer and home to world class talent.

Remedy Entertainment is a PC and console game developer creating high quality long-lasting AAA gaming experiences built on our core strengths of immersive worlds, interesting characters, memorable stories and polished action gameplay. Remedy is renowned for creating games such as Max Payne, Alan Wake, and Control that have since evolved into world class gaming franchises.

Remedy's latest product releases include Control: Ultimate Edition and Alan Wake Remastered, both of which were critically acclaimed. Today, Remedy has five game projects in development with four different publishing partners. Remedy is headquartered in Espoo, Finland and employs over 300 gaming industry professionals. The company's shares are listed on the Nasdaq First North Helsinki stock exchange with the trading code REMEDY.



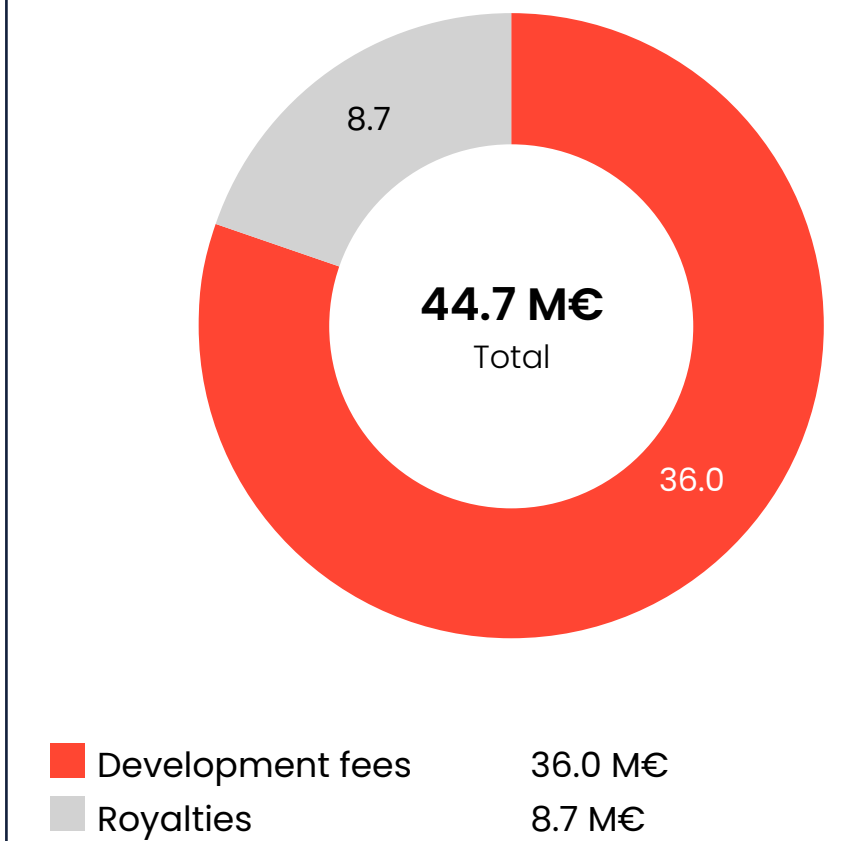
0.81€

Earnings per share

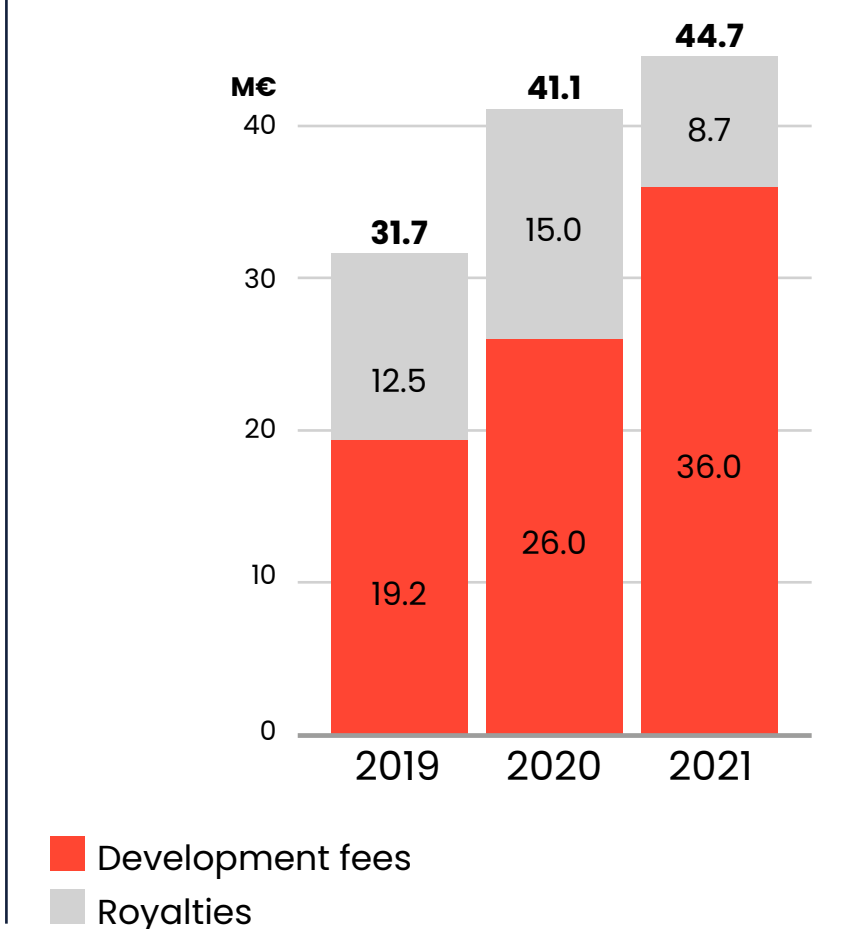
0.17€

Dividend per share

Revenue breakdown 2021



Historical revenue breakdown



Why invest in Remedy

1

Proven ability to create world-class gaming IPs

Remedy has a strong track record of developing successful, high-quality and distinctive games and game IPs with memorable stories and interesting characters venturing in immersive expanding worlds. These IPs can evolve into interlinked franchises, with a growing loyal player base keeping fans engaged for years.

2

Multi-project model as a basis for frequent meaningful game launches

Multi-project model diversifies risk and creates continuity with scalable game productions. We have different types of projects, with different partners at different stages of development lifecycle in our games roadmap at any given point in time. With well designed, planned, led and resourced projects, we are in the position to launch high quality games on an annual basis.

3

Risk balanced way to manage the game development pipeline

Our current operations range from subcontracting to own IP projects and to co-publishing projects each with different risk reward profiles. Having differentiated revenue streams is the ideal way to achieve sustainable revenue and EBIT growth over the long run in a risk-controlled way leading to more stable cash flows for years to come.

4

Strengthening position in the value chain

Remedy, in line with its strategy, has taken the first big steps towards expanding operations to game publishing. As a co-publisher Remedy is directly involved with marketing its games and is entitled to a larger share of game royalties.

5

Proprietary Northlight game engine creates scalability and competitive advantage

Proprietary Northlight technology powers the development of ground-breaking features and unique games that stand out in the market while helping to create synergies around projects. Having a strong technology team allows Remedy to customize and tailor workflows and content pipelines for the needs of our teams. We are free to evaluate and adopt new technologies, new platforms and new third-party tools and middleware depending on our needs.

6

High quality company with pristine balance sheet.

Remedy's strong balance sheet enables us to invest in game projects which will drive stable cash flows in the future. In addition, this gives us stronger means to execute our strategy and carry out our ambitious long-term growth plans.

Highlights 2021

Stronger position in the value chain with better visibility into the games pipeline than ever.



Remedy signs a global partnership agreement with Tencent for a co-operative multiplayer game codenamed Vanguard. Remedy takes another step towards games publishing.



Record year on revenues and profitability. At the end of the year, the visibility into the games pipeline better than ever.



Increasing presence in Stockholm with the decision to establish a new studio in the city in 2022.



Alan Wake 2 revealed to be the bigger of the two Epic Games Publishing projects and the game launch set for 2023.



Crossfire HD, with the single-player story mode developed by Remedy, was launched in China.

Remedy raised EUR 41.5m with a directed offering of new shares to a limited number of domestic and international institutional investors.

41.5
million €

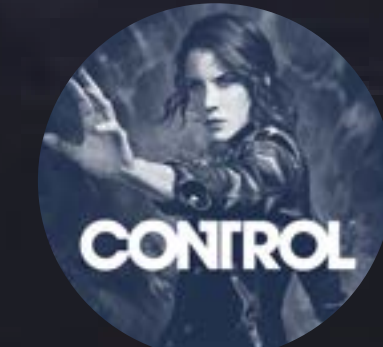
Alan Wake Remastered launched with excellent reviews and response from fans and players new to the franchise.



Expanding capabilities into co-publishing with the deal with 505 Games for codename Condor, a multiplayer spin-off game of Control. Also agreed with collaboration terms for a future, bigger budget Control game codenamed Heron.



Control: Ultimate Edition launched on PlayStation 5 and Xbox Series X|S platforms to excellent reviews.



CEO REVIEW 2021

2021 was a year of great progress,
the next growth phase has started.

2021 was a strong year for Remedy. Our financial performance was excellent with growing revenue and strong profitability. We also successfully carried out many significant developments that support our ambitious long-term growth plans.

A key objective during the past years has been to get into a stage where we can predictably develop in parallel several high-quality games and have regular successful game launches. In 2021 we reached that stage.

Our single-player story mode was launched as part of Smilegate's Crossfire HD in China. Alan Wake made the return to the market with the launch of Alan Wake Remastered in October. Both of these games were well received by players in their respective markets. In The Game

Awards, industry's biggest annual event in terms of viewership, we announced that Alan Wake 2 is in development and will to be released in 2023 by our publishing partner Epic Games Publishing.

Control has developed into a great and well recognized IP that has a large and growing player base. While we have continued to support Control, we are now expanding the franchise into two new games codenamed Condor and Heron. For Condor, a co-operative multiplayer-game set in the world of Control, we signed a co-publishing and development agreement with our long-term partner 505 Games, and also agreed on collaboration terms for Heron.

Tero Virtala
Chief Executive Officer

In addition to Condor, codename Vanguard aims to create long-lasting service-based co-op multiplayer game built on top of Remedy's trademark of immersive world-building, narrative skills and action gameplay. For Vanguard, we signed a global development, license and distribution agreement signed with Tencent. This gives us a major partner and support to create an excellent game and grow a third strong franchise.

Overall, we advanced our long-term growth plans significantly during 2021. We now have three Remedy-owned franchises that are expanding into new games with world-class partners. In addition to story-focused single-player games, our ambition to create longer lasting games is materializing in two multiplayer service-based games: code-named Condor and Vanguard. The new deals we announced for these two games in 2021 with 505 Games and Tencent, are also concrete steps towards becoming a game publisher and building a stronger position in the value chain.

In addition to all these great achievements, we are highly satisfied with the number of operational developments carried out in 2021. These developments have already helped us, but most of all they offer a really strong foundation to succeed even better in the next years. We made several significant developments to our proprietary Northlight-technology, which will benefit our future games and game teams. We have improved the ways we work in game

projects and how game teams collaborate with the Northlight team. We have formed new external development partnerships and developed ways of working with these partners. We have successfully continued recruitments, people-related developments and strengthened our game teams. To boost these efforts even further, we started preparations to open a Remedy studio in Stockholm, Sweden. Overall, visibility to our future game roadmap is excellent, and our ability to execute that roadmap is stronger than ever before.

We have now started the next phase of our growth plans. We have several games in development, each with a world-class partner and agreed long-term development fees, which form a strong, growing and predictable revenue basis for many years. We also already have 4 games out in the market, which provide an opportunity for long-lasting royalty revenues. The games now in development will lead into major game launches between 2023 and 2025, which will expand the portfolio of live games and royalty revenues. While the visibility into game sales and royalties for any given single game is less predictable, each game has the potential to succeed in a significant way. This would take our revenue and operating profit growth to a whole new level.

We have major opportunities ahead of us, know what needs to be done, and are stronger than ever to do it. We are highly excited and determined to realize these opportunities.



STRATEGY & ENVIRONMENT

Highly engaging and expansive gaming experiences for a growing market.

Strategy

Creating high quality games and recognizable game brands for our fans across the globe for years to come.

Remedy aims to achieve long-term objectives by 2025:

- Remedy creates several successful games and at least one major hit game.
- Remedy owns at least three successful, growing game brands, all with long-term hit potential.
- Remedy creates more value and builds capabilities so that it can select the best commercial model for each game, including self-financing, self-publishing and working with a strong publishing partner.
- Remedy becomes the most attractive gaming industry employer in Europe.
- While achieving all the above, Remedy runs a profitable and growing business, with well-managed risks.

Remedy aims to achieve its long-term objectives by adhering to the following strategic guidelines:

1

Build a portfolio of recognized, growing game brands

Remedy has the rare skill of creating world class gaming brands, which it owns and expands over time. Each brand and game stands on its own, while still connecting to a wider, underlying Remedy universe.

2

Create long-engaging games in immersive and expanding worlds

Out of these brands, Remedy creates distinctive, benchmark-setting games. Remedy provides fresh and memorable experiences, which are built on top of its world-building, storytelling, and gameplay capabilities. Remedy leverages synergies across games and creates new ways to engage its players for longer periods. Each game and game world creates opportunities for expansions, sequels, and spin-offs.

3

Strengthen our position in the value chain

To create more value in the future, Remedy strengthens its capabilities to work with world-class publishing partners, to co-publish and co-finance games selected games, and to also have the option to self-finance and self-publish selected future games. Remedy continues to build capabilities and different ways of working to increase the overall business potential of its games.

4

Iterate towards more expansive experiences with professional and scalable game productions

Remedy builds synergies among its games, and game by game, iterates towards larger games. Remedy continues to develop its efficient multi-project model, its production processes and strong execution capabilities. Remedy develops its internal development teams and increases its scalability by expanding its co-development with partner studios.

5

Empower creative, world-class teams and people

Remedy continues to invest in and develop its creative, world-class people in well-functioning teams, supported by best-in-class people processes. Remedy systematically builds its employer brand and attracts top talent. Remedy enables people and teams to work efficiently by providing them with sufficient autonomy and support to fully utilize and develop their special skills.



Operating environment

Market set to return to faster growth.

At the end of 2021 the size of the global games markets totaled USD 180.3 billion. The market is expected to grow with CAGR (2021 to 2024) of +6.7% to reach USD 218.8 billion in 2024.

In 2021 mobile games market, including smartphones and tablet, added up to 52% of the market while PC and Console markets were 20% and 28% respectively. The mobile market grew by 7.3% in 2021, while PC and Console markets declined by -0.8% and -6.6% respectively. PC and Console market growth rates in 2021 were hampered by the pandemic and the global semiconductor shortage impacted the next generation consoles availability.

On a geographical level, MEA region and Latin America had the fastest growth rates in 2021 with +7.4% and 7.0% respectively. According to Newzoo the primary drivers in these regions are increases in the online population, better internet infrastructure, and affordable smartphone and mobile internet data plans. 2021 was a challenging year for Europe and North-America,

which decreased by -3.3% and -3.7% respectively, due to the COVID pandemic. Newzoo estimates indicate that both markets are expected to return to a strong growth mode from 2021 to 2024.

In 2021 there were 3.0 billion gamers globally. 2.8 billion played on a mobile device and 1.4 and 0.9 played on PC and console respectively. The global number of players is expected to grow at a CAGR of +3.9% between 2021 and 2024 reaching 3.3 billion by 2024. According to Newzoo the primary drivers for player growth are an increase in the online population, better internet infrastructure, and affordable smartphone and mobile internet data plans.

Operating environment and trends

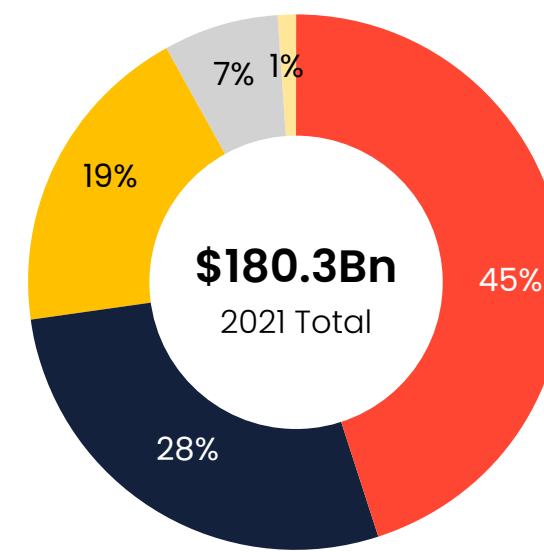
Games are a major form of entertainment for all consumers but especially for younger generations, who spend more leisure time on games than on any other entertainment medium. Gamers have diverse demographic profiles and engage with gaming in many ways beyond playing. Older generations tend to play games more casually. In contrast, younger generations tend to have a more varied approach to gaming, ranging from viewing game-related content, to interacting in gaming community spaces to listening to podcasts. A common reason to play games is to relax but younger players are motivated by several other reasons, including competition, socializing, and a sense of achievement partly explaining the increase in the popularity of multiplayer games.

Subscription services and cloud gaming market is expected to grow as platform owners fight for content. Amazon Luna, Google Stadia, Microsoft Game Pass and PlayStation Now are some of the services that gained popularity among gamers. These and other service providers need to secure the best content for their platforms to stay ahead of the competition. This fight for content is driving market consolidation but also opens opportunities for independent game studios capable of developing high quality games.

On a higher level the competition among digital marketplaces is expected to increase. Players have ever more content available resulting in larger game libraries. This puts pressure on game stores to compete also on pricing driving price reductions for individual games.

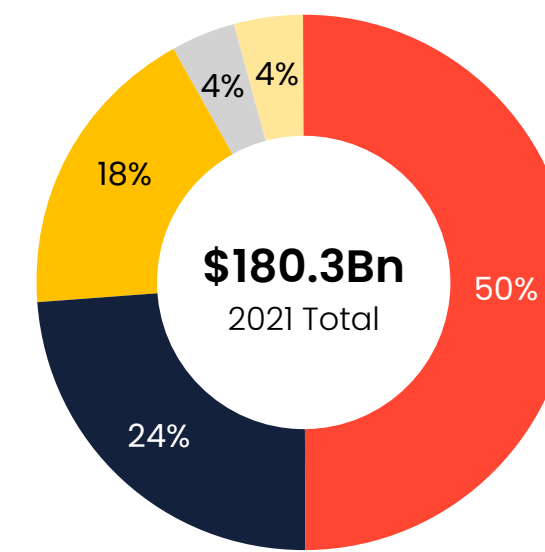
The investments to the metaverse have increased and can be expected to continue as more large games companies have started to probe into the topic and how to best utilize first mover advantage. The metaverse is broadly defined as a network of virtual worlds focused on social connection. The metaverse is often associated with new social modes of in-game engagement and behavior, merging of different game worlds and IP, growing importance of in-game identity and customization options, blending of digital and physical worlds, innovations in content delivery, technology and game design and rising popularity of tokenized in game assets or NFTs (non-fungible tokens). While there is no universal definition of how to make metaverse into reality, this can be expected to be a trend shaping the industry for years to come.

2021 Global Games Market Per Segment



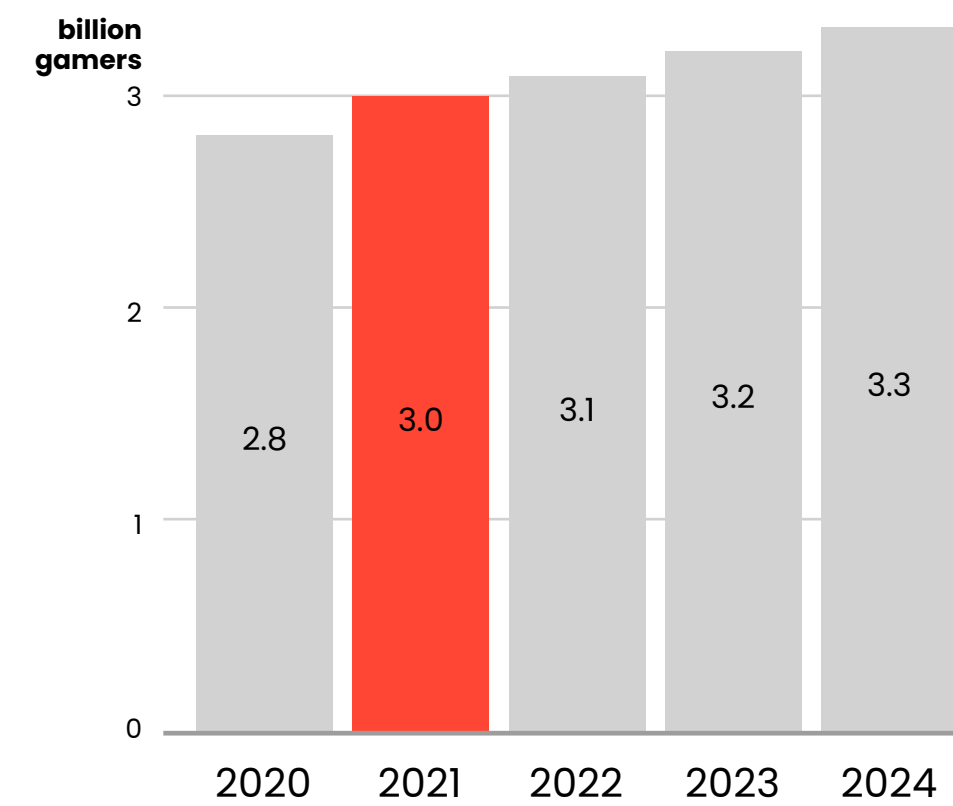
Smartphone	\$81.5Bn
Console	\$50.4Bn
Downloaded/Box PC	\$34.1Bn
Tablet	\$11.7Bn
Browser PC	\$2.6Bn

2021 Global Games Market Per Region

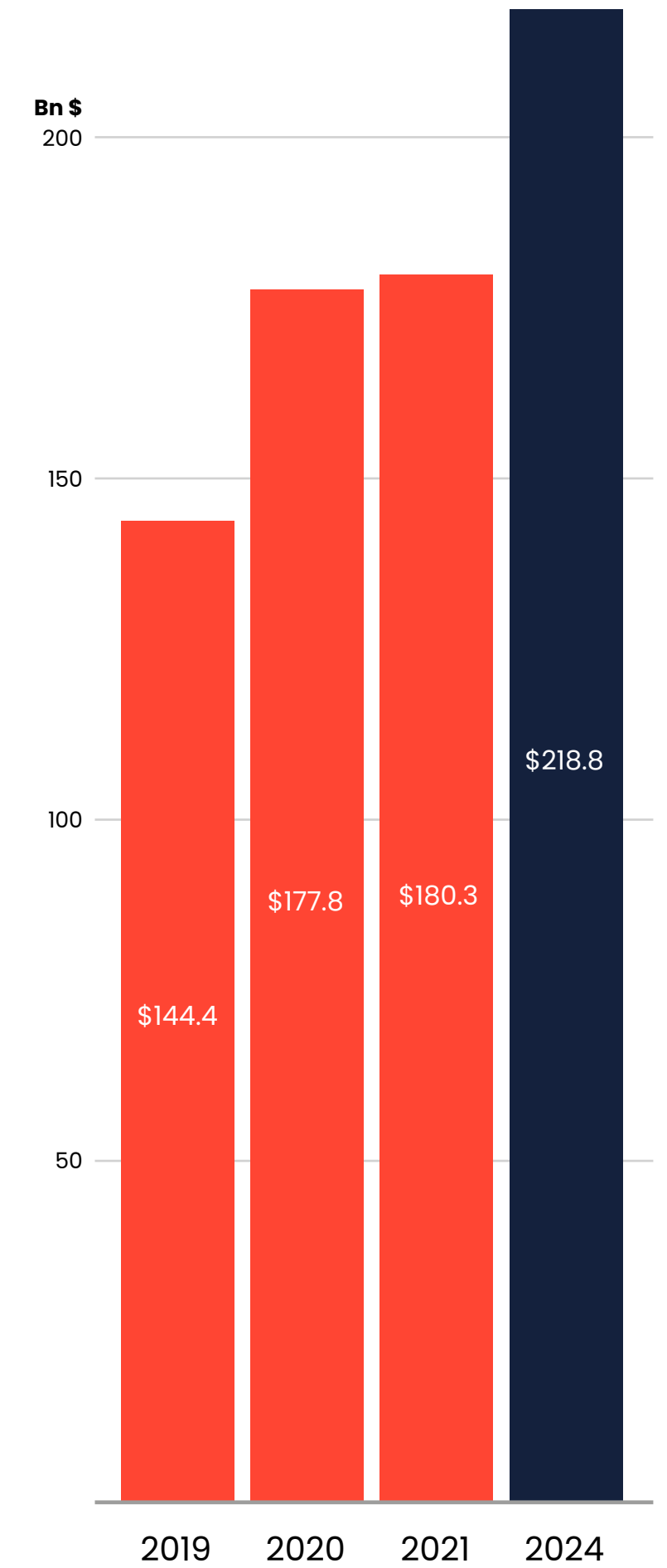


Asia-Pacific	\$90.0Bn
North America	\$44.2Bn
Europe	\$32.3Bn
Latin America	\$7.4Bn
Middle East & Africa	\$6.4Bn

Global Player Forecast 2020-2024



Global Games Market Forecast Toward 2024



*source: Global Games Market Report 2021

Remedy's Business Model

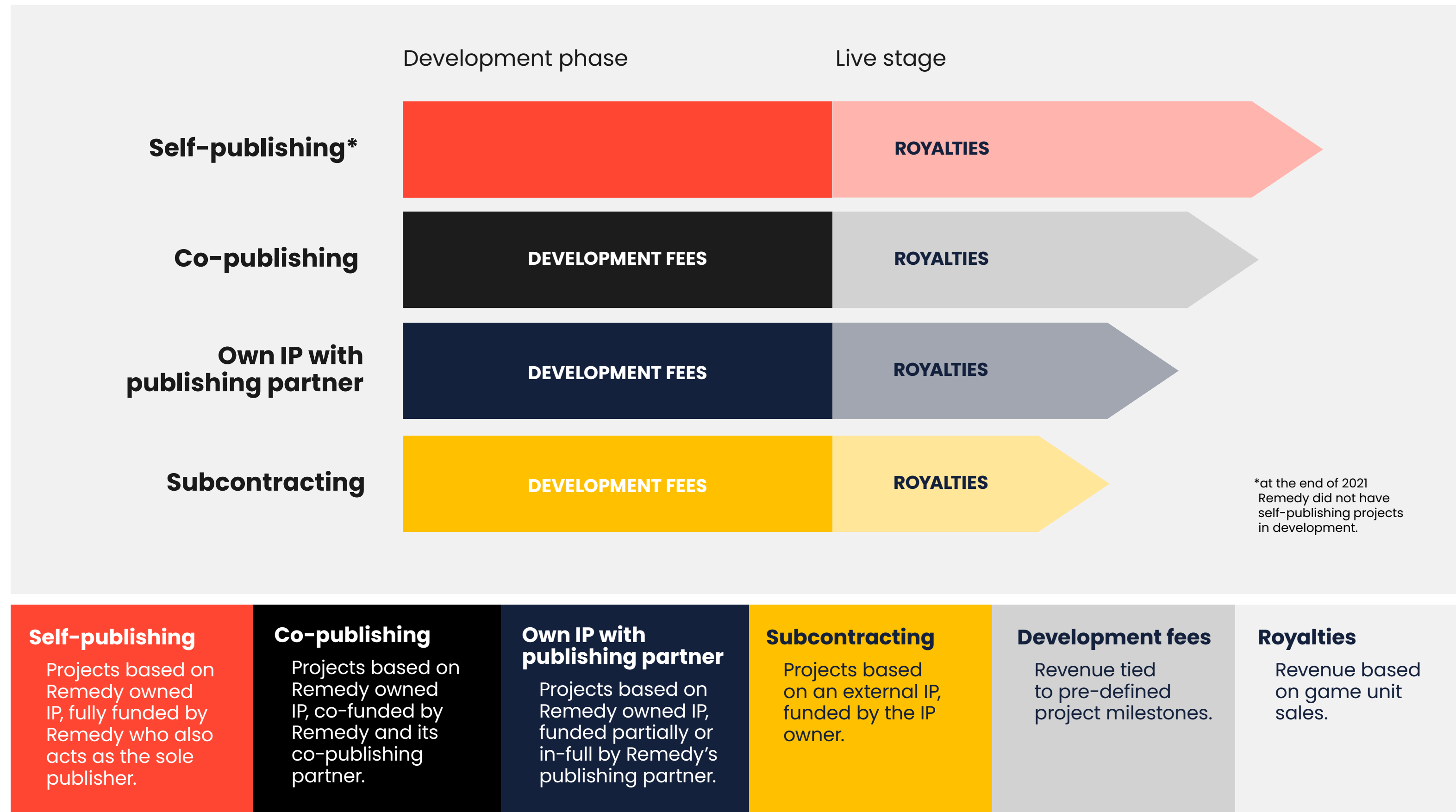
From a risk reward standpoint Remedy's current operations can be divided into three categories: subcontracting, own-IP projects with a publishing partner and co-publishing projects.

In subcontracting projects Remedy's partner funds the development and Remedy develops the game to an agreed specification. Remedy receives milestone payments, with a margin, according to performed development work. Remedy or the partner originates the game concept, retains control of the intellectual property rights to the game and publishes, distributes, and markets the game. The project can include a royalty opportunity for Remedy that is tied to the game's success. Subcontracting projects carry low financial risk for Remedy but participation to the game's success is also limited.

In own-IP projects Remedy's partner funds the development, partially or in full. Remedy creates and retains intellectual property rights of the game and is responsible for the development of the game. The partner publishes, distributes

and markets the game. During project development Remedy receives milestone payments for development work as it is performed. These milestone payments are typically without margin as they are intended to cover Remedy's development expenses. Once the game is launched, the milestone payments, partner's marketing budget and other costs may be recoupable against game sales. After the game is released and possible recoupment is full, Remedy receives a share of revenue from game sales. Own-IP projects carry a higher financial risk, but also a greater royalty potential for Remedy.

In co-publishing projects Remedy and the partner co-fund the development of the game. Remedy carries the main responsibility for the development while publishing, distributing and marketing responsibilities are distributed between



the two companies as per agreed terms. For Remedy, co-publishing projects carry a relatively high financial risk, but also a greater royalty potential, with Remedy being more involved in the commercialization of the game. Usually the royalty potential reflects the split in the project financing.

Self-publishing is a potential future publishing model for Remedy and it has the highest financial risk, but also the greatest revenue potential through game royalties. In these projects Remedy fully funds the game development and marketing. As Remedy also acts as the game publisher, all royalties can directly be realized as revenues after deducting fees related to e.g. store fees, value added taxes, quality assurance and localization. At the end of 2021 Remedy did not have self-publishing projects in development.

Remedy games can be categorized into three groups by business model: premium fixed price games with additional payable downloadable content; service-based fixed price games with additional payable downloadable content; and service-based free to play games with live operations.

Premium fixed price games with additional payable downloadable content form the majority of Remedy's existing games. Games such as Control, as well as part of the games in pipeline, such as Alan Wake 2 are these types of games. These games are AAA titles and are typically published and distributed by a publisher that Remedy teams up with during the development of a game.

Remedy is, however, in a strategic transition to expand into new business models that will complement its game development business. An example of this transition is service-based fixed price games with additional payable downloadable content, such as codename Condor, a multiplayer spin-off game of Control, designed to be developed and played for years. These are premium games with a lower initial price point but with a long tail of revenues from expansions.

Another form of this transition is service based free to play games with live operations, such as codename Vanguard. These are games in which a heavy emphasis is placed on the post launch live operations phase. These games are very long-lasting experiences where monetization is based typically on microtransactions or subscriptions and players are kept engaged by providing new expansions and updates on a regular basis.



Games roadmap composed of projects with different risk reward profiles.



PROJECTS

The visibility into our future games roadmap is excellent and our ability to execute on that roadmap is stronger than ever before.

Stage Gate Process

A disciplined way to turn a vision of a game into reality.

Our stage gate process describes how we define the Remedy way to take a game from idea into reality. The stage gate process is divided into 6 development stages and the live stage. The model described below applies to Remedy owned AAA games. The process for games based on partner IPs may differ from this description. Also, the development of service-based games such as Condor and Vanguard may deviate from this process.

MANDATE	HIGH CONCEPT	CONCEPT	PROOF OF CONCEPT	PRODUCTION READINESS	FULL PRODUCTION	LIVE STAGE » 1-2 years with 1-3 DLCs
TEAM SIZE: » Studio management and Executive Producer DURATION: » A few days to weeks	TEAM SIZE: » 3-10 DURATION: » 1-3 months	TEAM SIZE: » 20-30 DURATION: » 3-6 months	TEAM SIZE: » 30-50 DURATION: » 3-6 months	TEAM SIZE: » 50-70 DURATION: » 3-6 months	TEAM SIZE: » 100+ and external staff totaling up to 200 DURATION: » Takes 1-2 years to Alpha stage with full game ready, followed by Beta stage taking between 3-6 months for clearing bugs and quality assurance.	TEAM SIZE: » 10-20 working on updates, 20-30 working on DLCs

MANDATE	HIGH CONCEPT	CONCEPT	PROOF OF CONCEPT	PRODUCTION READINESS	FULL PRODUCTION	LIVE STAGE
<p>This is the start of the game project. Here we set the high-level goals and constraints to the game. This phase typically involves the Executive Producer of the game and selected members of the future core leadership team, sharing the vision with the studio management. We strive to find the alignment of what we are aspiring to create, what is the target audience, why do we want to make the game and how we will execute the project. In addition, we define the initial project budget, timeline, motive, and the required resources.</p>	<p>In this stage we define the high-level idea of the game and the gameplay. We define the theme and the visual identity to crystallize the creative vision of the game. On top of this we build understanding into the project's business and technical requirements to assess the feasibility of the project and to determine the project budget in more detail.</p>	<p>Here the vision turns into a more precise and comprehensive creative vision. We define what the game is all about including a more detailed description of the narrative direction, theme, and key characters. We go further in determining the art style, the game design as well as the core gameplay elements. Through these decisions we make a simplified game prototype that allows us to test and iterate the concept further. Typically, the first concrete partner discussions are initiated in the concept stage.</p>	<p>This stage is about producing a piece of the game that is close to final quality. This way we strive to validate the game concept in software, and to determine how the game will be developed. We also map out the biggest risks and potential bottlenecks to the game project. In addition, we define the components and capabilities that are needed to get the project to completion. We outline a detailed project management plan and create a playable demo of the game to further iterate the idea. This is demonstrated to our potential partners in publishing negotiations, which are typically concluded in this stage.</p>	<p>As we get closer to production mode, we define the crafts needed for the project and set up the game team accordingly. We optimize staffing both internally and externally. We finalize the production plan and finish designing and implementing the production pipelines to fully understand the needs to scale up the project into full production.</p>	<p>This stage is divided into Alpha and Beta stage. The Alpha stage is about executing the production plan and to pass the development gates at high quality and in a timely manner. The goal is to create the full game with content complete, matching the creative vision of the team. In the Beta stage we make the final quality assurance clearing bugs resulting in a finetuned and polished gameplay experience.</p>	<p>Once the game is launched, we analyze player behavior and review the learnings in order to further update and develop the game. We optimize player engagement to keep the players within the game for as long as possible to maximize the lifetime value per player. Our AAA games typically warrant for at least 1-3 expansions, whereas games based on Games-as-a-Service business model will be live operated on an on-going basis.</p>

Control

Visually stunning third-person action-adventure that will keep you on the edge of your seat.

Blending open-ended environments with Remedy's signature world-building and storytelling, Control presents an expansive and intensely gratifying gameplay experience.

A corruptive presence has invaded the Federal Bureau of Control. Only Jesse Faden has the power to stop it. The world is now her weapon in an epic fight to annihilate an ominous enemy through unpredictable environments. Containment has failed, humanity is at stake. Unfold an epic supernatural struggle, filled with unexpected characters and bizarre events, as you search for Jesse's missing brother, and discover the truth that has brought her here.

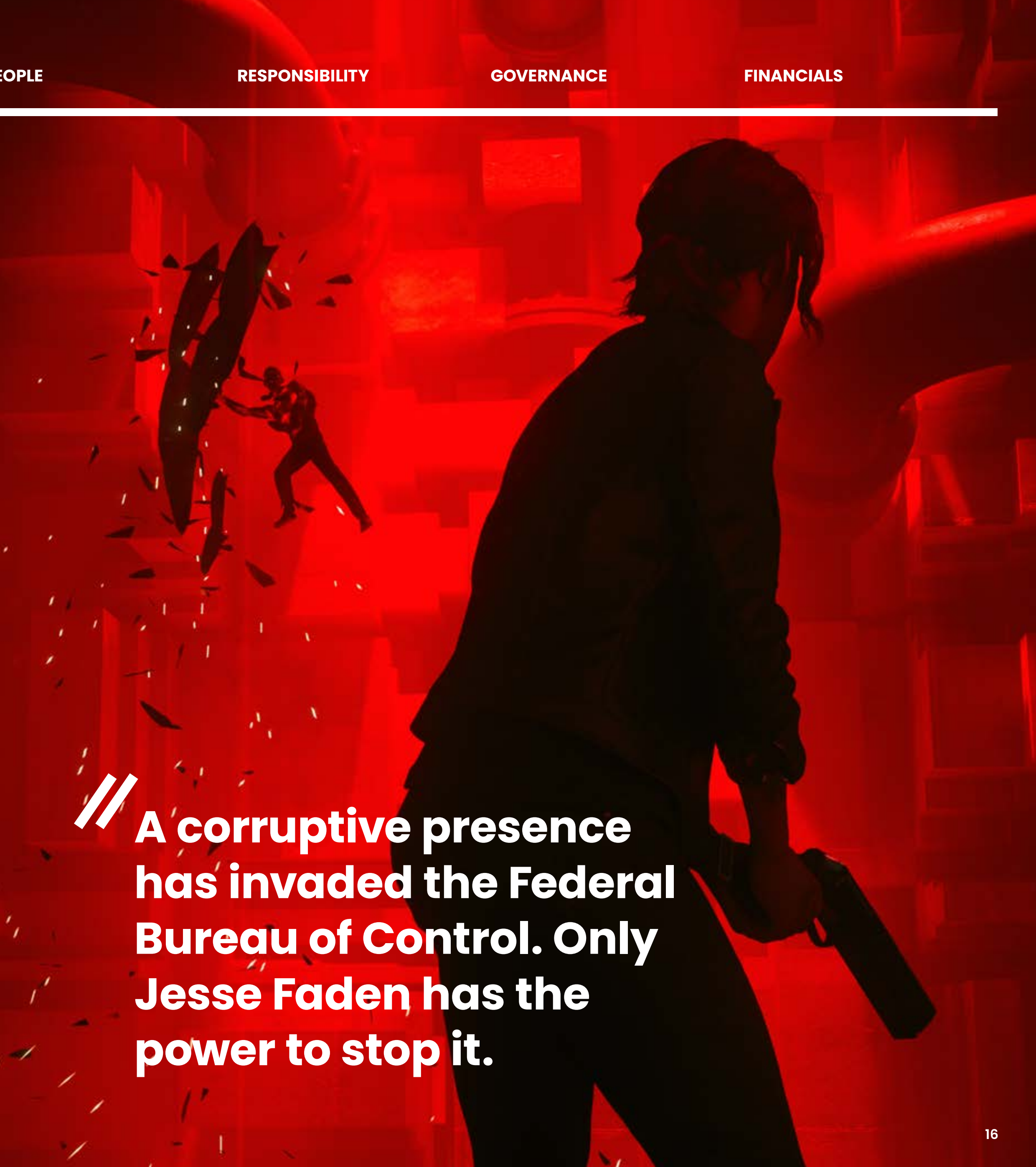
This sandbox-style, gameplay-driven experience built on the proprietary Northlight engine challenges players to uncover mysteries, unleash destruction through transforming weaponry and telekinetic powers, and delve deep into the shifting, ominous expanse of a secretive government agency.

The development of Control started gradually in February 2016 with the desire to create a top-quality gameplay-driven game, set in an immersive world filled with mystery. Control was launched on the 27th of August 2019 on PC, PS4 and Xbox One, later to be followed by other platforms such as PlayStation 5 and Xbox Series X|S as

well as streaming platforms Amazon Luna, Google Stadia and Nintendo Switch (Cloud Version).

At launch, Control was a new original IP developed and owned by Remedy. Control was critically acclaimed and has formed a large and growing fanbase. By the end of 2021, the game has been played by approximately 15m players worldwide and sold more than 3.0m copies. Control continues to evolve into new games, and in June 2021 Remedy and 505 Games announced the development of a Control spinoff game codenamed Condor, and a bigger new Control game codenamed Heron.

Control was developed by Remedy and published by 505 Games. The development budget was around EUR 30m and was financed 50/50 by Remedy and 505 Games. Remedy is entitled to a 45% share of the net revenue from the games' sales.



“ A corruptive presence has invaded the Federal Bureau of Control. Only Jesse Faden has the power to stop it. ”



Codenames Condor and Heron

Expanding the Control IP to new games offering fans new ways to explore the world of Control.

Codename Condor

Codename Condor is a four-player co-operative PVE (player vs enemy) multiplayer game. It's a spin-off of Control, aiming to build on the franchise's strengths, and to bring a new and exciting experience set in the world of Control for players through co-operative multiplayer.

Condor is being built on Remedy's Northlight engine and tools. At the end of 2021, the game was in the proof-of-concept stage.

Condor's initial development budget amounts to EUR 25 million. The

development and marketing investments will be equally split between 505 Games and Remedy Entertainment, as will the future net revenues generated by the game.

Codename Heron

505 Games and Remedy have outlined the high-level collaboration terms on the development of a new Control experience, codenamed Heron, to expand the franchise. Details will be agreed on in the future.

At the end of the 2021, the game was in the concept stage.

Alan Wake Remastered

The best-selling writer Alan Wake's wife Alice mysteriously vanishes during their vacation to the idyllic town of Bright Falls. As Wake begins to find pages of a thriller he does not remember writing, Bright Falls becomes much more sinister. A malevolent dark presence begins possessing the townspeople and taunting Wake, driving him to the brink of sanity as he tries to unravel a deepening mystery and find Alice.

Alan Wake Remastered brings next-generation technology to the classic thriller, originally published in 2010, for a more beautiful and immersive experience than ever, including refined cinematics and textures, improved character models, and support for up to 4K/60fps graphics. The game is available on PC on the Epic Games Store, Xbox, and for the first time in the franchise's history, PlayStation consoles.

Alan Wake is an IP created and owned by Remedy Entertainment. The development of Alan Wake Remastered was done in collaboration with D3t, a UK-based studio, specializing in remasters and published by Epic Games Publishing on 5th of October 2021. The Remaster was well received by players and critics alike and has been successful in rejuvenating the existing

Alan Wake fan base as well as attracting new audiences particularly on new platforms.

The game is the smaller of the two multi-platform publishing deals Remedy and Epic Games Publishing announced in March 2020. Epic Games Publishing has fully funded the game's development and marketing costs. Remedy is entitled to a 50% share of the net revenue from the games' sales after Epic Games Publishing has entirely recouped the development and marketing expenses.



// Alan Wake has been successful in rejuvenating the existing Alan Wake fan base as well as attracting new audiences particularly on new platforms.

Alan Wake 2

Remedy makes its survival horror debut with long awaited sequel.

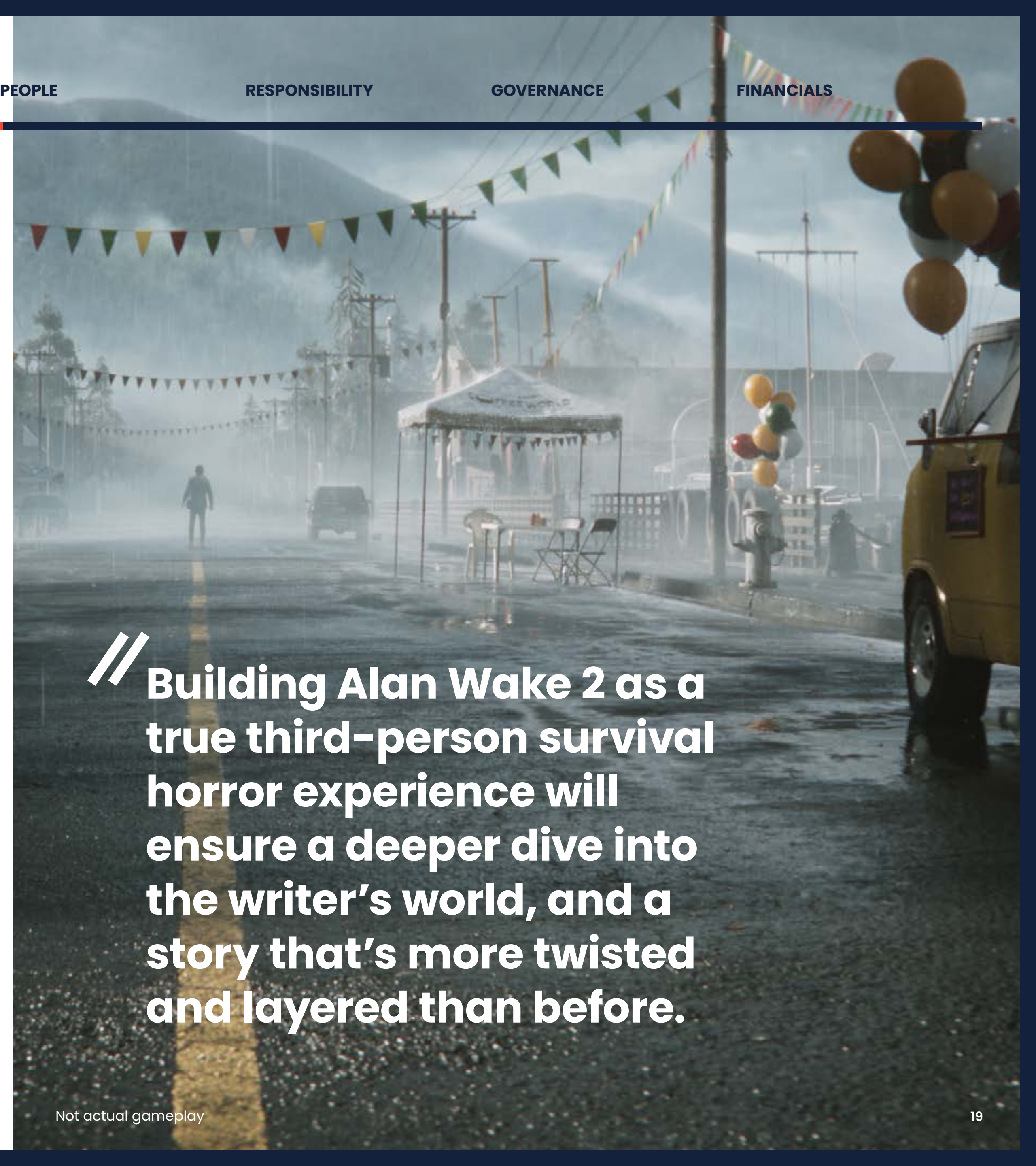
Alan Wake 2 is the long-awaited sequel to Remedy's award-winning 2010 psychological thriller. Announced at The Game Awards in 2021, Alan Wake 2 will be Remedy Entertainment's first survival horror game.

At Remedy, there's always been an ambition to return to Alan Wake's story. Building Alan Wake 2 as a true third-person survival horror experience will ensure a deeper dive into the writer's world, and a story that's more twisted and layered than before. The shift in genre will continue Remedy's tradition of creating highly atmospheric, emotionally evocative stories, while delivering on compelling gameplay.

In March 2020, Remedy Entertainment announced that it had signed to publish two new multi-platform games with Epic Games, retaining full creative freedom and IP ownership. It has since been revealed that those projects are Alan Wake Remastered (released 2021), and Alan Wake 2.

Alan Wake 2 is being published by Epic Games. The game will be available in 2023 for PC on the Epic Games Store, PlayStation 5, and Xbox Series X|S. At the end of 2021, the game was in full production.

Alan Wake 2 is the larger of the two multi-platform publishing deals Remedy and Epic Games Publishing announced in March 2020. Epic Games Publishing is fully funding the game's development and marketing costs. Remedy is entitled to a 50% share of the net revenue from the games' sales after Epic Games Publishing has entirely recouped the development and marketing expenses.



// Building Alan Wake 2 as a true third-person survival horror experience will ensure a deeper dive into the writer's world, and a story that's more twisted and layered than before.



Vanguard

Service-based co-op multiplayer game with live operations for years to come.

Codename Vanguard is a free-to-play co-operative game. It will be a service-based multiplayer experience that combines action gameplay with Remedy's renowned talent in world-building and narrative. The game is being developed for PC and console platforms on the Unreal Engine. At the end of 2021, the game was in the proof-of-concept stage.

In December 2021, Remedy announced that it had signed a global development, license, and distribution agreement with Tencent for Vanguard. Under the agreement, Remedy will develop and publish the game worldwide, excluding selected Asian markets, where Tencent will localize and publish it. Vanguard will be free-to-play and mark Remedy's first entry into the Games As a Service business model.

As part of the agreement, Remedy also licensed Tencent worldwide rights to develop and publish a mobile version of Vanguard. Tencent will cover the costs for developing and publishing the mobile version, and the parties have agreed on a separate revenue sharing scheme for it.

Vanguard's development budget up to the end of the first year of live operations will be in the range of a typical Remedy AAA game budget, which is between EUR 30m to 60m. Remedy and Tencent will co-finance the development of the game. Remedy and Tencent will be responsible for their own publishing and game operating costs in their respective territories, while sharing a portion of revenue with the other party after the recoupment of the development costs.



Crossfire's HD & CrossfireX

Expanding the greater Crossfire universe.

Crossfire is a legendary PC franchise which explores the global conflict between Global Risk and Black List, two of the world's most formidable private military factions. Crossfire has been a PC-only multiplayer experience that has been popular for well over a decade, with 650 million registered users and 8 million daily players.

CrossfireX is developed and published by Smilegate Entertainment. CrossfireX was available on Xbox One and Xbox Series X|S on February 10th 2022.

Remedy Entertainment created the single-player campaign for CrossfireX, bringing years of Crossfire lore to life. The campaign gives background to the warring private military factions (Black List and Global Risk) and builds out the greater Crossfire universe.

Crossfire's HD is developed by Smilegate Entertainment and published by Tencent for the Crossfire audience in China on PC. Crossfire's HD features a single-player story mode developed by Remedy Entertainment.

Remedy has developed both projects single-player campaigns using our proprietary Northlight technology and tools.

Crossfire project revenues are based on development fees from the publisher with a royalty opportunity.

Fostering creative talent forms the bedrock of our operations.

PEOPLE



People

People are at the heart of everything we do.

At Remedy we really care about our people. Remedy has set out to be the most attractive gaming industry employer in Europe. To reach our goal, we continue to support and empower our people, give our talent development possibilities and internal career paths, support competence and knowledge sharing as well as improve leadership skills.

We believe that talented and healthy employees working in well-functioning teams are essential for successful business. We have been able to attract world-class talent from all over the world. In 2021 our headcount grew by 7% and reached 294 employees, 52% of which represent 32 different nationalities, the rest being Finns. 21% of our personnel are women and 79% are men. Remedy's average age of employees in 2021 was 35 years.

32 | **79/21%**
Nationalities | Male / Female

Mikaela Öberg
HR Director

Our culture

Top talent chooses us for our games and working culture. When asking our people what they consider most important in our culture at Remedy, they say they appreciate their colleagues, who are passionate about what they do, have very high standards when it comes to quality and have diverse backgrounds. They also appreciate the work-life balance at Remedy, that we are a people centric company and have a culture of trust. Already during the recruitment process, we get feedback, that people feel like being treated as individuals, not only as one candidate amongst others.

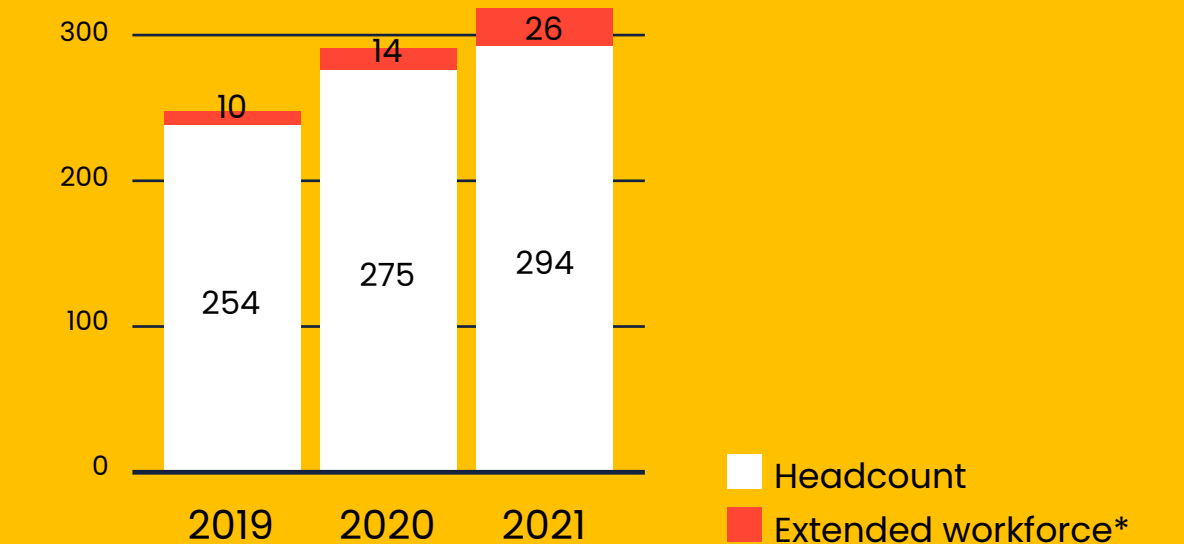
We systematically measure our people's engagement. The reason why we do that, is to know where we are as a company and what we can do to become an even better employer. In 2021, our Employee Engagement Score was 7.8 on a 0-10 scale. The overall engagement decreased slightly from 2020, but this happened in many other companies as well due to the ongoing pandemic.

Hybrid work and Talent Hub

Due to the Covid-19 pandemic, the majority of Remedy's employees continued to work remotely during 2021. Our people stayed healthy and productive both from

home and at the studio throughout the year. The flexible working conditions are here to stay, and when asking our people how they prefer to work in the future, they appreciate flexibility as well. That is why we have empowered our teams and game projects to figure out their hybrid model for the next phase with a focus on integrating and connecting teams and people. A big step during 2021, has also been to pilot a talent hub outside of Finland. Regarding this, we were successful of attracting talent from Stockholm, Sweden. We will continue growing the talent hub and open an office in Sweden during 2022.

Total Headcount



* people who work in Remedy's projects but are not employed by Remedy.



“To create truly immersive worlds, you need to live in that world.”

Arhi Makkonen

Level Designer

Games are an adventure. They can be an unforgettable experience. Players live in that world; act and react. My passion is to create those experiences. Hand tailor moments for players to love or sometimes to struggle almost to frustration, only to finally overcome. Lure players to look in the right direction to see the beautiful landscape. Hint to find that almost impossibly well-hidden secret. But sometimes players do something unexpected, go away from the road and surprise me in a way I never imagined. To be honest, that is the best part. I feel unspeakably proud when they are playing my level, but in the end it's not about me. It's only about the game and the player. It's everyone's own experience. Knowing that somebody enjoys the game, means the world to me.

Brooke Maggs

Senior Narrative Designer

Narrative design in Remedy's games is about designing unforgettable moments where the gameplay and narrative cross and bring the player deeper into the game world. We are champions of the story and the narrative world. We design and track all narrative aspects of the game including on-screen text, dialogue, cinematics, and scripts during recording sessions with actors. In my daily work, I collaborate with writers and other disciplines to shape how players experience the story across the game experience, making sure it's as immersive and impactful as possible. Remedy is known for its modern but weird worlds and depth of storytelling that comes through in its intriguing narrative items, memorable characters, live-action footage and attention to detail in the environment. Narrative designers have a hand in all these elements, creatively and technically.

"We work with the game team to develop an exciting story, interesting characters and deep game worlds for players to explore."



“Only the best is good enough for the animation team”



Henri Blåfield *Head of Animation*

Character animation connects the player with the game world on familiar terms, via human motion. At its core, animation is about creating an illusion of life for game characters. While animation is only one part of this illusion of life on screen, it is one of the few elements that can sustain that illusion when removed from all other visual elements. Initially captured human motion is simply dots moving through space. You can still easily recognize it as a moving character. We do our best to maintain and enhance that connection. When our game character performs fantastical feats, these all are tied to an actual human performance as a starting point. You could say that in animation, we elevate mundane performances to fantastic heights. While part of this process is artistic in nature, the technical side plays a major role as well. This combination of art and tech is what makes animation an endlessly interesting discipline for me.

Inka Timonen

Junior QA Tester

Working as a QA tester in game development may be seen as repeating the same thing over and over, nitpicking every possible thing that is wrong, but it is a very narrow view in my opinion. You get a first-row seat on seeing how a game is created from start to finish. It is fascinating to see the ups and downs of development and how much work it takes to make a fully functional game. Making games is hard, but it is also very rewarding. The best feeling is seeing people enjoy something you helped to create. Video games are for everyone, and they should be made for everyone to enjoy, regardless of background, orientation, gender or physical restrictions. Everyone's work is important. At Remedy, I feel like my work is valued and all my team members are supportive. I love that I can communicate with so many different people through my work, help to develop amazing games and of course, find fun bugs.



“If something doesn't break, I'm not doing my job right.”

Sam Hughes

Audio Designer

The audio team at Remedy creates high-quality soundscapes that enhance the immersion and storytelling of the games we make. We record and design unique sounds, collaborating with our other talented departments to ensure a truly extraordinary player experience. Audio is one of the most fun and creative departments to work in, especially here at Remedy. We are free to go beyond the visual realm and enhance the player's voyage into our weird and wonderful worlds, with great stories and interesting characters. With sound, you're not limited to viewing the space of the screen and can fully envelop the player, placing them directly into the games' worlds. As a team, we bring these worlds to life, making them compelling and believable. Working with the games that Remedy develops, is an extraordinary experience. The style of the games we make, opens doorways to many exciting opportunities for audio design.



“For Control, we even recorded authentic Finnish sauna sounds including birch branch whips!”

We nurture a work culture based on diversity, inclusion and mutual respect.

RESPONSIBILITY

Corporate Responsibility

Diversity, equality, inclusion and well-being are the cornerstones for high-quality work and success.

Our responsibility efforts include supporting employee commitment and well-being, maintaining an atmosphere where all employees feel safe, minimising our environmental impacts and ensuring high game quality, safety and compliance.

Our actions to support employee commitment and well-being

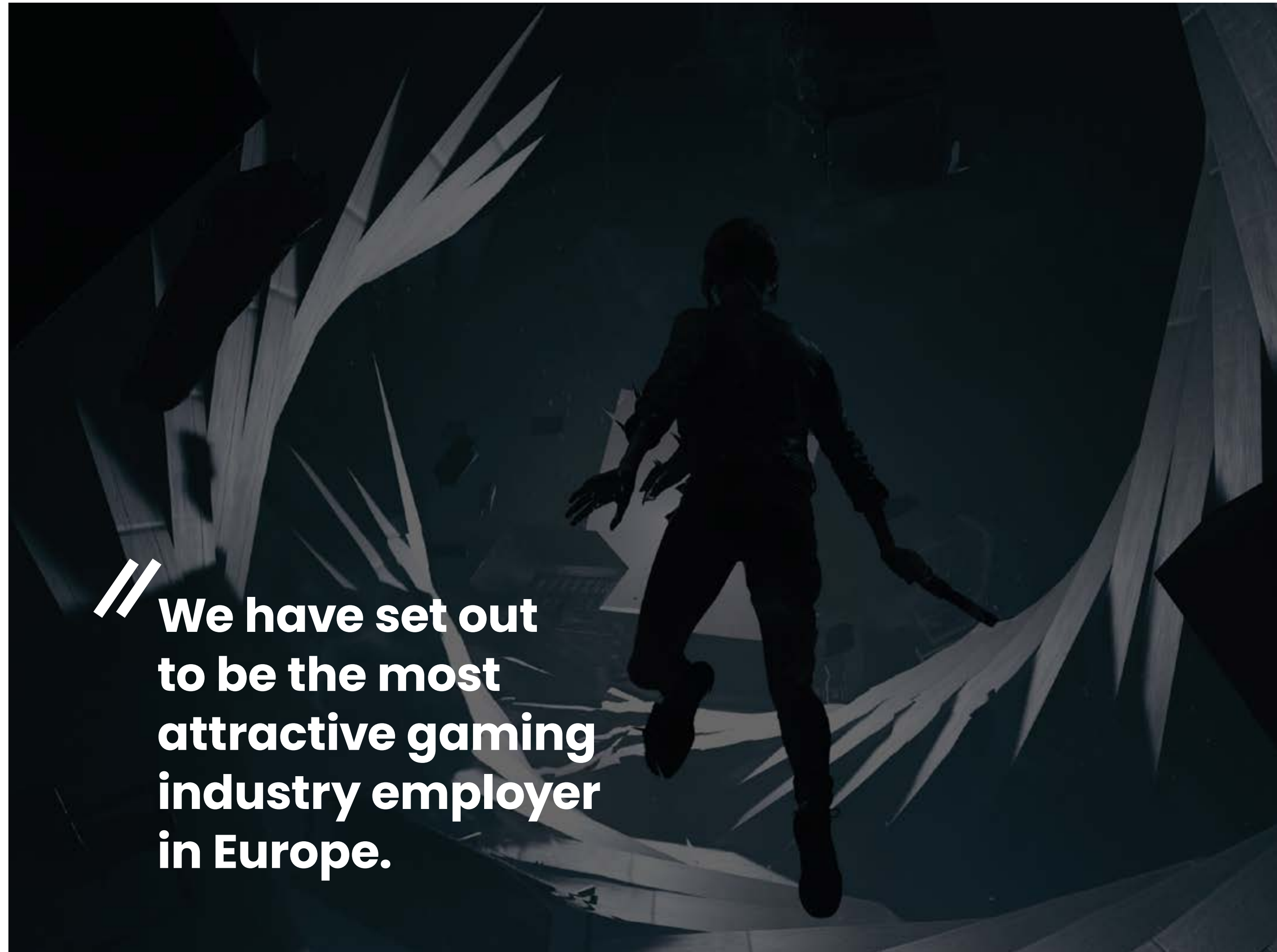
We have set out to be the most attractive gaming industry employer in Europe. Because our success is directly related to our ability to attract and retain top talent, we are committed to maintain a working environment that values employee diversity, equality, inclusion and well-being.

The market for top talent in the video game industry is very competitive. Thus, to succeed in our mission to be the most attractive gaming industry employer in Europe, we need to offer competitive benefits and support employee career progression to enable personal growth. For many years,

our principle has been to share the success of Remedy with our employees.

We also want to ensure our employees' mental and physical wellbeing both at work and home. As part of this, we offer flexible working hours and work closely with occupational health professionals to proactively address any potential employee well-being issues. We constantly follow employee engagement with a survey tool Peakon and maintain an open dialog with employees to ensure a high level of satisfaction. To lower the feedback barrier, our tools offer a possibility for anonymous discussion with the HR team.

During the Covid era, we have paid extra attention to mental well-being. As a part of this, we have provided our employees with a possibility to use mental healthcare services more extensively than before. We have also offered remote sports lessons and personal trainer services.



// **We have set out to be the most attractive gaming industry employer in Europe.**

For many years, we have also supported gender equality by encouraging both mothers and fathers to keep parental leave and have provided them with nine weeks paid absence no matter the gender. We also have an extensive occupational health care service package in place for all our employees.

Our team consists of 320 people divided into headcount of 294 and extended workforce of 26. The Headcount represents 32 nationalities. Out of these, 48% are of Finnish nationality and 52% are other nationalities, whereas 21% of our personnel are women and 79% are men. The proportion of women has risen by 8 percentage points from the end of 2017. In 2021, our average employee was 35 years old. 50% of our employees were under 35 years old, 49% 35-50 years old and 1% over 50 years old.

We train our leaders and measure satisfaction. To succeed in our mission to be the most attractive gaming industry employer in Europe, we also need to train our leaders to successfully manage teams that consist of people with different backgrounds. We expect our leaders to nurture a work culture based on diversity, inclusion, and mutual respect and require them to set the standards for all new employees entering Remedy.

For many years, we have organized an ongoing leadership development program. In late

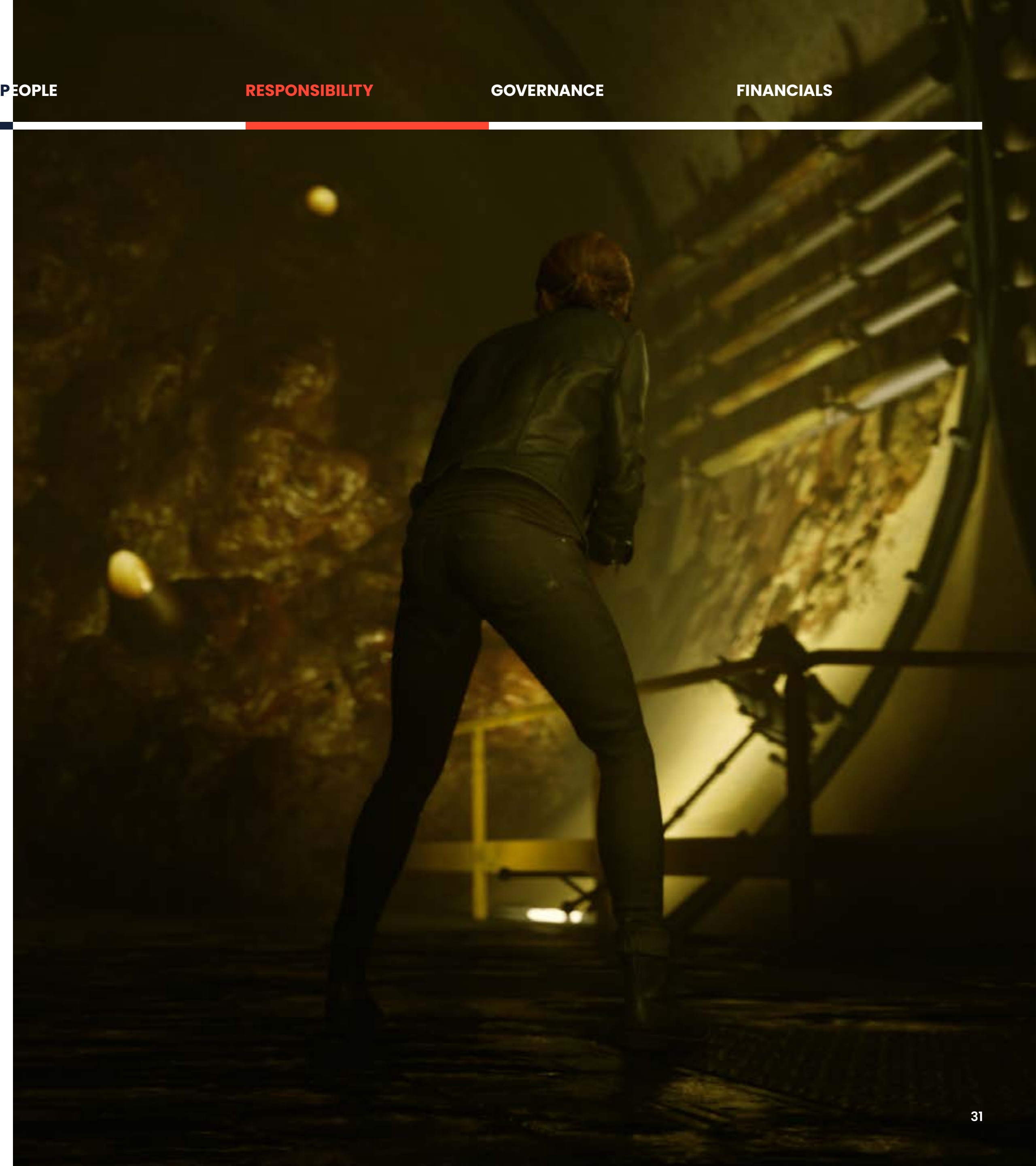
2021, we also introduced a more intensive leadership program that was attended by some 90 supervisors and leaders.

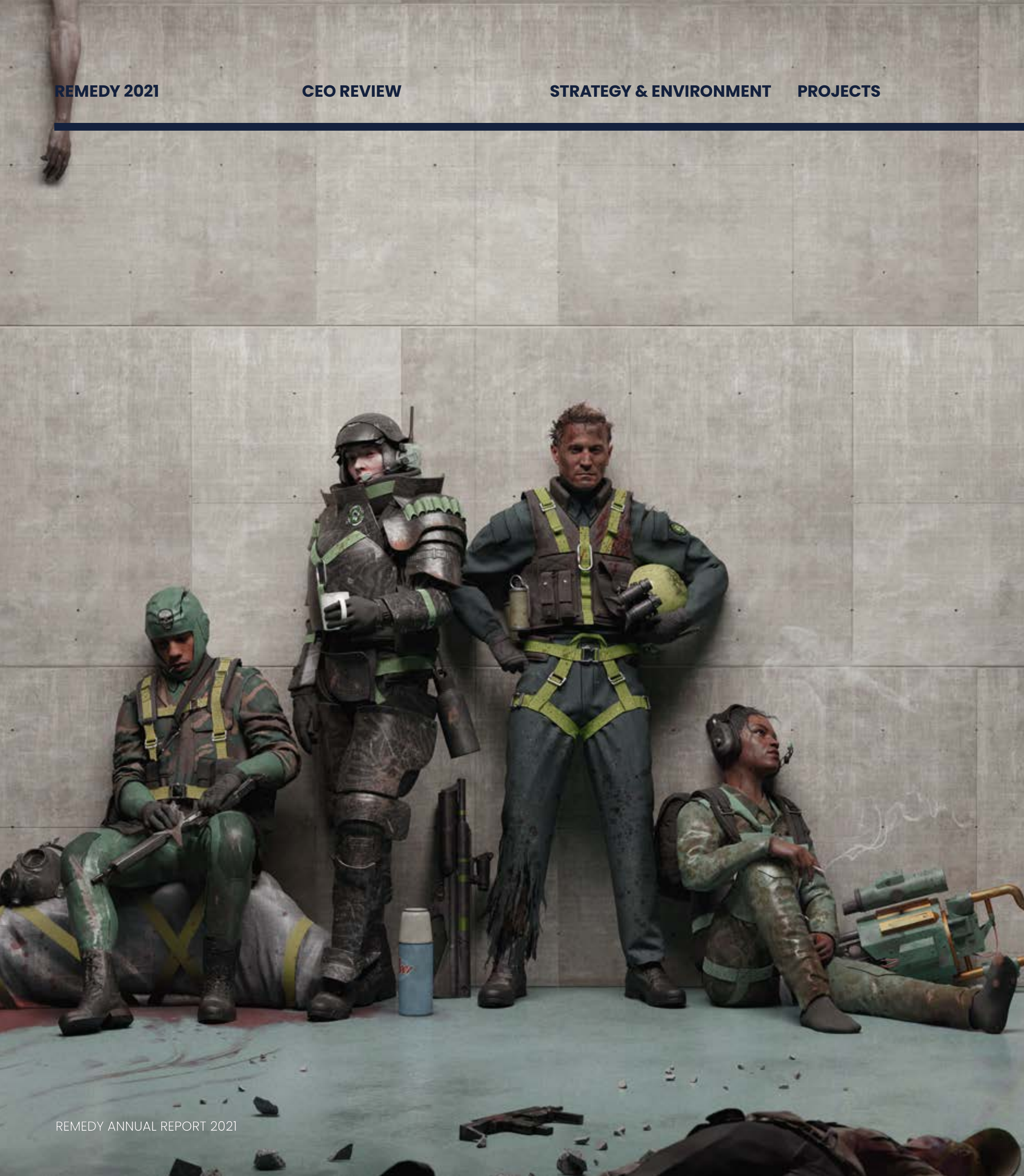
Additionally, our leaders regularly arrange one-on-one discussions with their team members. All employees complete a survey on average every nine weeks so that we can measure job satisfaction and determine which areas need further improvement. Results are discussed with supervisors in one-one-one meetings, which our HR department conducts with all supervisors.

Our anti-harrasment policy and code of conduct

To succeed in our mission to be the most attractive gaming industry employer in Europe, we also need to maintain an atmosphere where all employees feel safe and comfortable when they interact with each other. As our written Anti-Harassment Policy and Equality Plan makes clear, we have a zero-tolerance policy against all types of harassment and discrimination based on gender, race, color, nationality, religion, sexual orientation, age, or any other similar characteristic, whether it is verbal or physical.

This applies broadly to, for example, recruitment and hiring, compensation, working conditions, terms of employment, access to training, promotion, termination of employment or retirement. These policies also





provide that we do not accept any inappropriate or toxic behavior.

Additionally, our Board of Directors has adopted a Code of Conduct that reflects our core values and forms a guide to ethical conduct. The Code is applicable to our entire organization and covers anti-corruption, anti-bribery, human rights issues, among others. Accordingly, we also have a zero-tolerance policy for all kinds of corruption and bribery, and do not tolerate human rights abuses in our workplace or supply chain. Risks related to corruption, bribery, human rights, and discrimination are assessed annually as part of our risk management procedure.

Our efforts to prevent and minimize environmental impact

We also aim to prevent and minimize the negative environmental impacts of our operations. Our aim is to take environmental aspects into account in all our actions and promote sustainable solutions.

Remedy's main environmental impacts stem from office and computer hardware energy consumption and, indirectly, product distribution. We pay an increasing amount of attention to the energy efficiency of our business premises. Our office in Espoo obtains 85% of its power from renewable energy sources. The location of the premises enable public transportation usage and employees can use company bicycles when travelling during the workday. We use online meetings as much as possible and consider all air travel needs

carefully. Additionally, all our games are available as digital downloads, which do not require physical packaging and which, thus, reduces material consumption and carbon emissions produced by manufacturing and distribution. The risks of any significant environmental damage due to our operations are minimal, however.

Our efforts to ensure game quality, safety and compliance

Responsible gaming is becoming a more important focus area of our corporate responsibility efforts. Our aim is to ensure high game quality, safety, and compliance. Most of our games are action-adventures designed for mature audiences, so we pay careful attention to appropriate reviews and labelling. Before their release, our games are reviewed in relevant market territories by video game entertainment ratings bodies, such as PEGI and ESRB. This helps us label our products and marketing materials with appropriate age ratings and content categories, which act as guidelines for both consumers and companies. In Finland, we are a member of Neogames through which we support and participate in the development of Finland's game industry.

We are in the process of structurally mapping out further areas of corporate responsibility improvement and expect to take new steps in 2022.



Board of Directors



Markus Mäki
Chairman of the Board
of Directors (since 1998)



Christian Fredrikson
Member of the Board
of Directors (since 2013)



Jussi Laakkonen
Member of the Board
of Directors (since 2017)



Ossi Pohjola
Member of the Board
of Directors (since 2016)



Henri Österlund
Member of the Board
of Directors (since 2017)

Core Management Team



Tero Virtala
Chief Executive Officer



Markus Mäki
Chief Technology Officer



Sami Järvi
Creative Director



Terhi Kauppi
Chief Financial Officer



Mikaela Öberg
HR Director



Johannes Paloheimo
Chief Commercial Officer



Christopher Schmitz
Chief Operating Officer

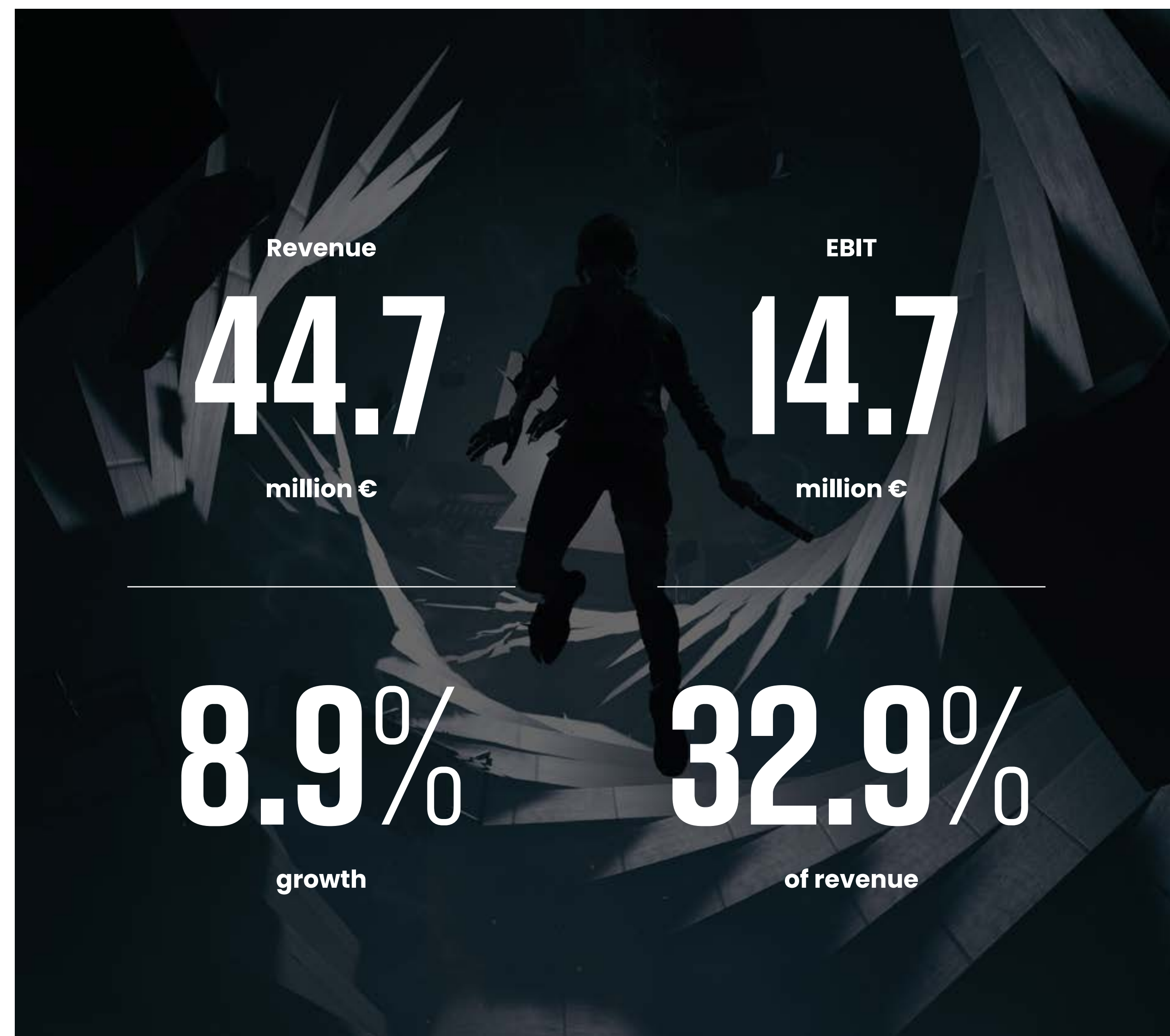
A person in silhouette is shown from the side, holding a globe. The background is a vibrant red with falling confetti or particles. The word "FINANCIALS" is written in large, white, bold, sans-serif capital letters across the center of the image.

FINANCIALS

2021 was a record year for Remedy, both on revenues and profitability supported by new co-publishing agreements. We continued to expand our operations and build new capabilities to meet the needs of our multi project model for the long term.

Key figures 2021

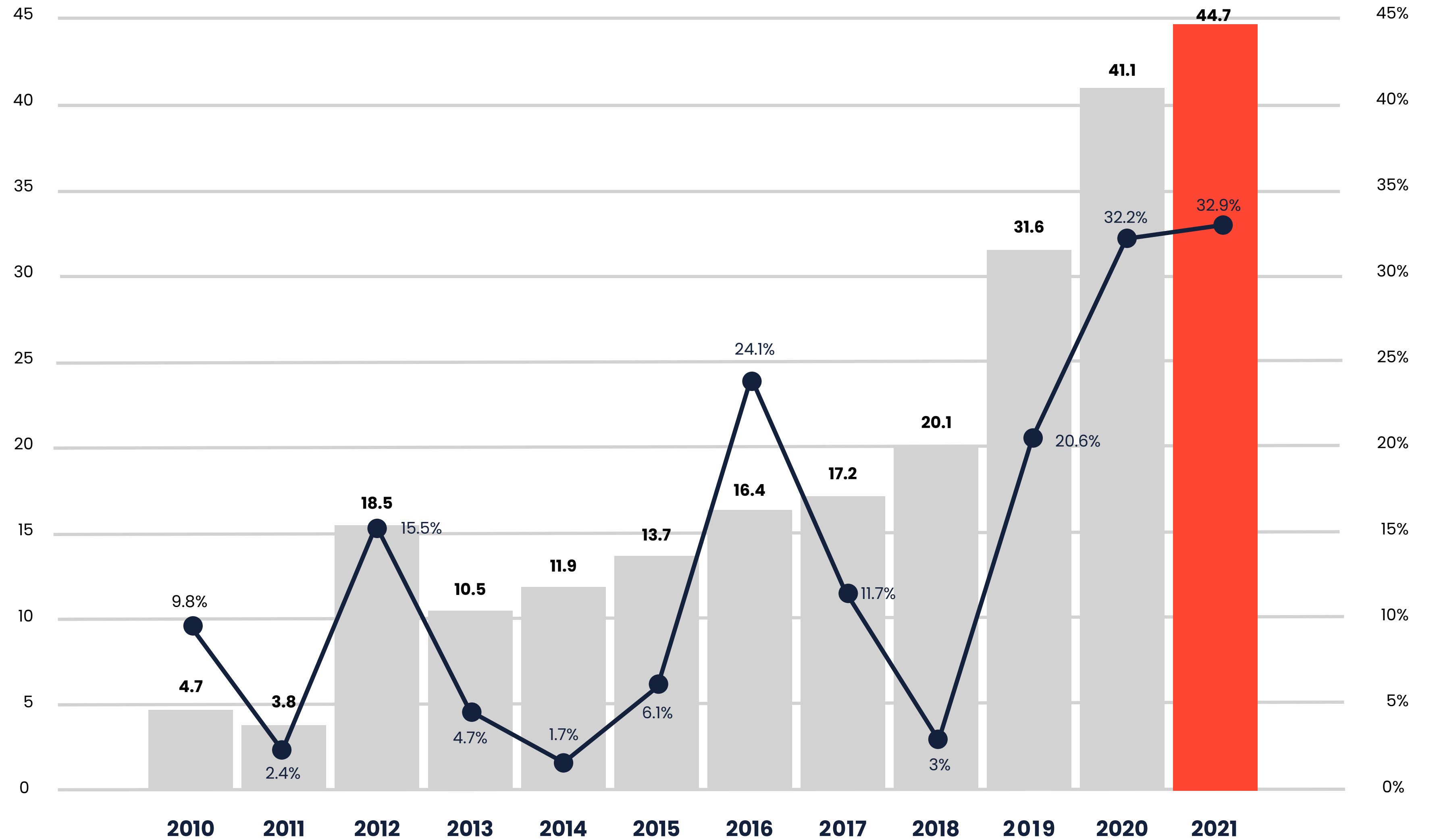
FAS, audited EUR thousand	2021	2020
Revenue	44 726	41 086
Revenue growth, %	8.9%	29.8%
EBITDA	15 913	14 313
Operating profit (EBIT)	14 708	13 245
Operating profit, % of revenue	32.9%	32.2%
Result for review period	10 777	10 337
Result for review period, % of revenue	24.1%	25.2%
Balance sheet total	99 901	48 355
Cash flow from operations	5 182	11 806
Net cash	48 629	20 016
Cash position	51 384	23 690
Net gearing, %	-55.7%	-56.6%
Equity ratio, %	87.4%	73.2%
Capital expenditures	9 602	6 346
Average number of personnel during review period (FTE)	280	265
Personnel (headcount) at the end of the period	294	275
Earnings per share, €	0.810	0.856
Earnings per share, € (diluted)	0.756	0.797
Number of shares at the end of period	13 298 450	12 072 150



Financial development

Revenue and profitability between 2010-2021

Revenue (M€)
EBIT, %



More information for investors



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REMEDY 



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