



REMEDY

2020 FINANCIAL STATEMENT AND BOARD OF DIRECTOR'S REPORT

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FINANCIAL STATEMENT AND BOARD OF DIRECTOR'S REPORT

Report of the Board of Directors 1.1.–31.12.2022

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 330 game industry professionals from 34 different countries.

Relevant events during the fiscal year

Remedy signed an agreement of remake of Max Payne and Max Payne 2: The Fall of Max Payne video games with Rockstar Games. Remedy also signed a co-development and co-publishing

agreement with 505 Games for Control 2. During the reporting period, Remedy established a subsidiary in Sweden, Remedy Entertainment Sweden Ab. Trading in Remedy Entertainment Plc's shares was transferred from the First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki.

In 2022, Remedy's revenue mostly consisted of development fees received from partners as well as royalties recognized from the game sales revenue of Control. The revenue also included royalty income from previously released games.

Financial development and key figures

The group's revenue was 43 588 EUR thousand and profit for the fiscal year was -1 726 EUR thousand. Operating profit for the fiscal year was -563 EUR thousand, -1.3 % of revenue. The group's equity ratio at the end of the fiscal year was 88.8 %.

FISCAL YEAR, EUR thousand	2022	2021	2020
Revenue	43,588	44,726	41,086
Growth in revenue, %	-2.5%	8.9%	29.8%
EBITDA	1,905	14,450	13,953
Operating profit/loss	-563	11,407	7,248
Operating profit/loss %	-1.3%	25.5%	17.6%
Result for review period	-1,726	8,794	5,412
Result for review period, % of revenue	-4.0%	19.7%	13.2%
Balance sheet total	99,552	101,126	51,281
Cash flow from operations	11,069	6,052	12,586
Net cash	49,860	51,666	18,047
Cash position	49,034	51,384	23,690
Net gearing	-56.4%	-59.1%	-50.0%
Equity ratio	88.8%	86.4%	70.4%
Capital expenditures	10,657	9,602	6,346
Earnings per share, €	-0.13	0.67	0.45
Earnings per share, € diluted	-0.13	0.65	0.43
Number of shares at the end of the period	13,448,600	13,298,450	12,072,150

The group's salaries and compensations with employer contributions for the fiscal year were 23 949 EUR thousand and average number of personnel was 307.

FISCAL YEAR	2022	2021	2020
Salaries and other compensations including employer contributions	23,949	21,152	19,016
Average number of personnel	307	280	265
Headcount at the end of the period	334	294	275

Future financial development outlook

Remedy expects its revenue to decline from previous year and a negative operating result.

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. Remedy currently has five game projects in development and will have major game launches starting from 2023. The timing of individual game launches and new game development agreements may cause 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's success depends significantly on its ability to hire, train, and retain skilled personnel. If the it fails in these areas, it will be unable to effectively conduct its business.
- Remedy has entered into long-term publishing agreements with its key partners. If it failed to satisfy key contract

obligations, its partners could terminate their agreements with, or present claims to, Remedy.

- Remedy's business is subject to economic, market, and geopolitical conditions, which are beyond its control. Recently, the company has seen that its costs have been subject to inflationary pressures. If the company is unable to shift its increased costs to its partners or if these are not reflected in the retail prices of its games, this could have a negative impact on the company's profitability.

The above-mentioned risks might, if they materialize, have a significant negative impact on the Remedy's business operations, result, financial position, outlook and share price.

Changes in group structure

During the fiscal year, Remedy formed a subsidiary in Sweden, Remedy Entertainment Sweden Ab. Remedy Entertainment Plc, the parent company, owns 100% of the subsidiary's shares.

Events after the end of the reporting period

There haven't been any significant events after the reporting period.

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

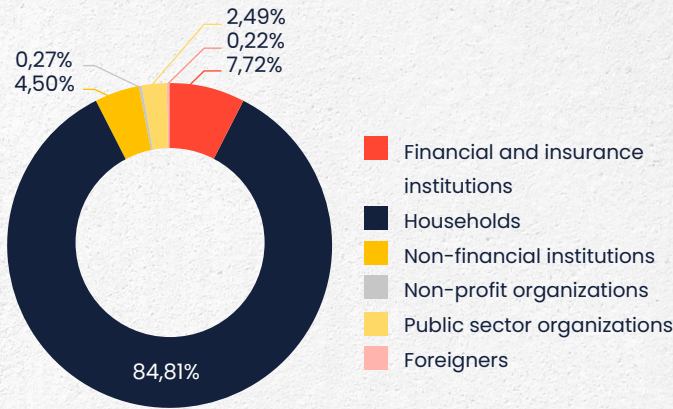
development expenses for new projects that are based on the company's own game brands. In 2022, the capitalized expenses were related to projects Codename Vanguard, Codename Condor and Control 2. Product development expenses for other projects were not capitalized during the reporting period. The company adheres to the IFRS product capitalization rules.

A total of 8 152 EUR thousand was capitalized during the fiscal year 1.1.–31.12.2022, 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.

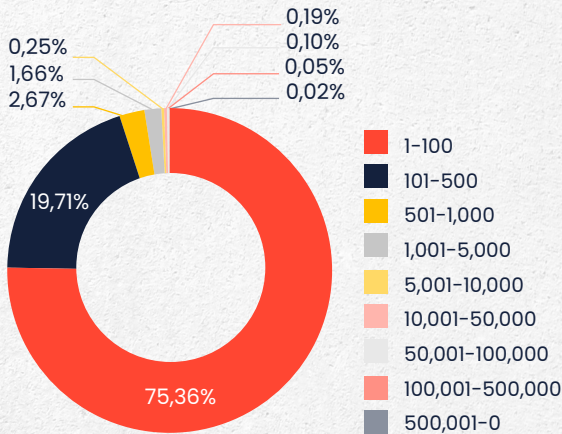
Company shares

Remedy Entertainment Plc does not own its own shares at the end of the fiscal year on 31 December 2022. The number of shares in the company was 13 448 600 on 31 December 2022. All shares are of the same series. The shares were included in the book-entry system as of 5 May 2017 (ISIN: FI4000251897). Increase in the number of shares was caused by new shares subscribed with the company's stock options 2018 and 2019.

Share distribution by sector on December 31, 2022



Distribution of shares on December 31, 2022



Major shareholders on December 31, 2022

NAME	SHARES	PERCENTAGE
Mäki Markus	3,197,000	23.8
Järvi Sami Antero	560,000	4.2
Virtala Tero Tapani	300,000	2.2
Lehtinen Saku Hermann	232,000	1.7
Erikoissijoitusrahasto Aktia Mikro Markka	156,056	1.2
Varma Mutual Pension Insurance Company	150,000	1.1
Evli Finnish Small Cap Fund	143,000	1.1
Sijoitusrahasto Aktia Capital	129,807	1.0
Paloheimo Johannes Alfred Gustaf	103,000	0.8
Fredrikson Karl Christian	101,400	0.8
10 largest shareholders total	5,072,363	37.7
Accendo Capital SICAV RAIF (nominee registered)	2,063,162	15.3
Other nominee registered	2,196,731	16.3
Other shares	4,116,344	30.6
Total	13,448,600	100.0%

The most major shareholder of Remedy Entertainment Plc is the Chairman of the Board, Markus Mäki, with the ownership of 23.8 % 31 December 2022 (31 December 2021: 24.00%). 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, 2022

NAME	SHARES	PERCENTAGE
Mäki Markus	3,197,000	23.8
Järvi Sami	560,000	4.2
Virtala Tero	300,000	2.2
Paloheimo Johannes	103,000	0.8
Fredriksson Christian	101,500	0.8
Kauppi Terhi	8,000	0.1
Öberg Mikaela	8,000	0.1
Österlund Henri	46,139	0.3
Salakka Kaisa	1,150	0.0
Laakkonen Jussi	-	-
Schmitz Christopher	-	-
Ängeslevä Sonja	-	-
Total	4,324,789	

Valid issuance authorizations

With its resolution on 13 April 2022, 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 1,300,000, 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 for five years from the date of the Annual General Meeting and it replaces the previous authorizations.

Authorization for the directed repurchase of own shares

On 13 April 2022, 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 500 000 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 until October 13, 2023, 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.

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 26 March 2018, decided at its meeting held on 8 June 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 1 June 2021 and ends on 31 May 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 1 March – 31 May 2018 with an addition of 10 %.

On 27 May 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 1 June 2021.

On 30 September 2021, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between 1 June and 15 September 2021, a total of 226 300 Remedy Entertainment

Plc's new shares were subscribed to 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 30 September 2021, as of which date the new shares carry shareholder rights.

On 27 January 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between 16 September and 31 December 2021, a total of 4 250 Remedy Entertainment Plc's shares were subscribed to 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 27 January 2022, as of which date the new shares carry shareholder rights.

On 29 September 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 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 78 624 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 29, 2022, as of which date the new shares will establish shareholder rights.

Option plan 2018 has 60 750 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 8 April 2019, decided at its meeting held on 11 July 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 1 June 2022 and ends on 31 May 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 1 April – 30 June 2019 with an addition of 10 %.

On 31 May 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 1 June 2022.

On 29 September 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.

Option plan 2019 has 236 300 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 6 April 2020, decided at its meeting held on 2 July 2020 to adopt an option plan "Option Plan 2020" directed to the key persons as decided separately by the Board of Directors.

The maximum total number of option rights issued is 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. The option rights will be granted without payment. The Board of Directors may allocate option rights until the beginning of the share subscription period. The share subscription period shall begin on 1 June 2023, and end on 31 May 2026. The share subscription price is EUR 22.21, 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 1 April – 30 June 2020, with an addition of 10 percent.

The Board of Directors has allocated 201 500 option rights until the end of the period under review, and 198 500 option rights

remain for the company to allocate later to key persons decided by the Board of Directors.

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 14 April 2021, decided at its meeting held on 20 September 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 1 June 2024 and ends on 31 May 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 1 June – 31 August 2021 with an addition of 10 %.

The Board of Directors has allocated 308 000 option rights until the end of the period under review, and 42 000 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 13 April 2022, decided at its meeting held on

20 September 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 1 June 2025 and ends on 31 May 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 1 June – 31 August 2022 with an addition of 10 %.

The Board of Directors has allocated 319 000 option rights until the end of the period under review, and 31 000 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 61 280 970,55 EUR on 31 December 2022, of which profit for the fiscal year was -1 818 929,75 EUR. The Board of Directors proposes to the Annual General Meeting on 14 April 2023 a dividend distribution of 0.10 EUR per share, resulting in a total amount of 1 344 860.00 EUR in the following way:

	EUR/share	EUR
Dividend distribution from the profit of the fiscal year and retained earnings	0.10	1,344,860.00
Remaining in non-restricted equity		59,936,110.55
Total		61,280,970.55

The ex-dividend date shall be on 14 April 2023. The dividend shall be paid to a shareholder who is registered in the shareholders’ register of the company maintained by Euroclear Finland Ltd on the dividend record date 17 April 2023. The payment date proposed by the Board of Directors for the dividend is 24 April 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 CEO Tero Virtala, CFO Terhi Kauppi, CTO Markus Mäki, Creative Director Sami Järvi, Chief People Officer Mikaela Öberg, Chief Commercial Officer Johannes Paloheimo and Chief Operating Officer Christopher Schmitz.

The company’s Board of Directors included Markus Mäki (Chair), Christian Fredrikson, Jussi Laakkonen, Henri Österlund, Kaisa Salakka and Sonja Ängeslevä. 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

	2022	2021	2020
Earnings per share, EUR	-0.13	0.67	0.45
Earnings per share, EUR (diluted)	-0.13	0.65	0.43
Shareholder's equity per share, EUR	6.57	6.57	2.99
Dividend per share, proposed, EUR	0.1	0.17	0.15
Dividend payout ratio, %	-76.90%	25.40%	33.30%
Effective dividend yield, %	0.50%	0.40%	0.40%
Price/earnings ratio	-168.08	59.25	86.67
Highest price, EUR	40.6	49.9	40.3
Lowest price, EUR	16.5	31.2	10
Share price at 31 December, EUR	21.85	39.7	39
Market value of shares, EUR	293,851,910	527,948,465	470,813,850
Number of share turnover	5,033,885	5,110,204	4,023,421
Share turnover, %	37.7%	39.2%	33.3%
Average number of shares	13,351,333	13,045,392	12,072,150
Number of shares at the end of the fiscal year	13,448,600	13,298,450	12,072,150
Weighted average adjusted number of shares during the financial period	13,585,980	13,617,931	12,647,302
Weighted average adjusted number of shares during the financial period, diluted	13,620,226	13,731,960	12,710,629

Tunnuslukujen laskentaperiaatteet

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	2022	2021	2020
Revenue for review period	43,588	44,726	41,086
Revenue for period preceding review period	44,726	41,086	31,645
Growth in revenue,%	-2.5%	8.9%	29.8%
Operating profit (EBIT)	-563	11,407	7,248
Depreciation and amortization	2,468	3,043	6,705
EBITDA	1,905	14,450	13,953
Operating profit (EBIT)	-563	11,407	7,248
Financial items	-625	-65	-219
Taxes	-538	-2,548	-1,617
Profit/(loss) for the reporting period	-1,726	8,794	5,412
Revenue for review period	43,588	44,726	41,086
Profit/(loss) for the reporting period,%	-4.0%	19.7%	13.2%

In EUR thousand	2022	2021	2020
Cash in hand and banks	49,034	51,384	23,690
Liquid investments	3,818	4,139	-
Interest-bearing liabilities	2,992	3,858	5,643
Lease agreements	1,155	1,103	1,969
Government loan	1,837	2,755	3,674
Net cash	49,860	51,666	18,047
Cash in hand and banks	49,034	51,384	23,690
Liquid investments	3,818	4,139	-
Interest-bearing liabilities	2,992	3,858	5,643
Lease agreements	1,155	1,103	1,969
Government loan	1,837	2,755	3,674
Shareholder's equity	88,356	87,419	36,098
Net gearing,%	-56.4%	-59.1%	-50.0%
Shareholder's equity	88,356	87,419	36,098
Balance sheet total	99,552	101,126	51,281
Equity ratio,%	88.8%	86.4%	70.4%

Consolidated Statement of Comprehensive Income

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Revenue	2, 3	43,588	44,726
Other operating income	6	19	1
Materials and services	4, 5	-11,751	-5,368
Personnel expenses	4, 7	-23,949	-21,152
Depreciation, amortisation and impairment	8	-2,468	-3,043
Other operating expenses	4, 9	-6,002	-3,757
Operating profit/(loss)		-563	11,407
Financial income	10	316	253
Financial expenses	10	-941	-318
Net financial expenses		-625	-65
Profit/(Loss) before income taxes		-1,188	11,342
Income tax expense	11	-538	-2,548
Profit/(Loss) for the financial year		-1,726	8,794

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
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		-1,726	8,794
Profit/(Loss) for the financial year attributable to			
Owners of the parent company		-1,726	8,794
Total comprehensive income/(expense) attributable to			
Owners of the parent company		-1,726	8,794
Earnings per share	12		
Basic earnings per share, euro		-0.13	0.67
Diluted earnings per share, euro		-0.13	0.65

Consolidated Statement of Financial Position

In thousands of euro	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets (development costs)	13	23,262	15,110
Tangible assets	14	3,142	3,178
Right-of-use assets	15	1,147	1,075
Investments	16	3,000	3,000
Non-current receivables	16, 21	828	705
Deferred tax assets	11	-	6
Total non-current assets		31,380	23,074
Current assets			
Inventory	16-17	13	17
Trade and other receivables	16-17	12,729	20,163
Contract assets	2	2,577	2,348
Other current financial assets	16	3,818	4,139
Cash and cash equivalents	16	49,034	51,384
Total current assets		68,172	78,052
Total assets		99,552	101,126

In thousands of euro	Note	31 Dec 2022	31 Dec 2021
EQUITY			
Share capital		80	80
Share premium		38	38
Invested non-restricted equity reserve		57,101	55,779
Retained earnings		31,137	31,522
Total equity	18	88,356	87,419
LIABILITIES			
Non-current liabilities			
Government loan	19, 21	918	1,837
Lease liabilities	15	227	218
Total non-current liabilities		1,145	2,055
Current liabilities			
Government loan	19, 21	919	919
Lease liabilities	15	928	884
Trade and other payables	19, 21-22	8,204	9,848
Total current liabilities		10,050	11,651
Total liabilities		11,196	13,706
Total equity and liabilities		99,552	101,126

Consolidated Cash Flow Statement

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from operating activities			
Cash generated from sales		51,126	26,864
Proceeds from other operating income		19	1
Paid other operating expenses		-38,775	-17,290
Interest received		282	109
Interest and other financial expenses paid		-622	-266
Income taxes paid		-961	-3,366
Net cash from operating activities (A)		11,068	6,052
Cash flows from investing activities			
Capitalized development costs	4	-8,152	-8,489
Acquisition of intangible and tangible assets		-2,505	-1,113
Investments	16	34	-7,000
Net cash used in investing activities (B)		-10,623	-16,602

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from financing activities			
Repayment of current loans and borrowings	19	-919	-919
Proceeds from non-current loans and borrowings		-1	2
Paid increase in share capital	18	1,352	41,992
Dividends paid	18	-2,261	-1,961
Repayment of lease liabilities	15	-966	-871
Net cash from financing activities (C)		-2,796	38,244
Net cash from (used in) operating, investing and financing activities (A+B+C)		-2,350	27,694
Net increase (decrease) in cash and cash equivalents		-2,350	27,694
Cash and cash equivalents at 1 January		51,384	23,690
Cash and cash equivalents at 31 December	16	49,034	51,384

Consolidated 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 2022		80	38	55,779	31,522	87,419
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

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 2021			38	13,748	22,232	36,098
Total comprehensive income						
Profit (Loss) for the financial year			-	-	8,794	8,794
Other comprehensive income			-	-	-	-
Total comprehensive income for the financial year			-	-	8,794	8,794
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-1,961	-1,961
Share options granted	7.3, 24.2	-	-	-	2,457	2,457
Increase in share capital		-	-	40,413	-	40,413
Share issue and other share subscriptions		-	-	1,618	-	1,618
Total transactions with owners of the company		-	-	42,032	496	42,528
Balance at 31 December 2021		80	38	55,779	31,522	87,419

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 330 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 9 February 2023. This Financial Statement document 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 31 December 2022. 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 2022, 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 1 January 2023 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 X 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 31st December 2022 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.

Judgements 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*)
- 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:

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.

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.

PBy 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, or equivalent, 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 include an one-time shipping bonus element which is also considered a 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 publishment 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 tight 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 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, since 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 judgement 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 judgement 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 quite much from accrual basis revenue recognized within the period.

2.3 Disaggregation of revenue

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

In thousands of euro	2022	2021
Europe	11,982	12,527
Rest of the world	31,606	32,199
Total	43,588	44,726

¹ Based on the geographic location of customers.

In thousands of euro	2022	2021
Development fees	39,126	36,012
Royalties	4,462	8,714
Total	43,588	44,726

2.4 Trade receivables and agreement assets

In thousands of euro	31.12.2022	31.12.2021
Receivables, which are included in Trade and other receivables (Note 16)	10,546	17,115
Agreement assets	2,577	2,348

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 2021-2022 all assets of the company resided in Finland. Segment revenue of geographic loacations has been based on the geographic location of customers and is disclosed in Note 2.2 *Disaggregation of revenue*.

3.2 Major clients

In the year ended Remedy had 3 major clients that individually accounted for at least 10 % of total revenues (2021: 3 clients).

4 Capitalization of development costs

The development costs capitalized during fiscal years 2021 and 2022 comprise the following:

In thousands of euro	2022	2021
Personnel costs	2,644	4,688
External services	5,508	3,081
Other costs	-	721
Total	8,152	8,489

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	2022	2021
External services	-17,207	-8,381
Capitalized development costs	5,508	3,081
Purchase expenses	-48	-85
Change in inventory	-4	17
Total	-11,751	-5,368

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.

¹ No such benefits were provided by Remedy during the financial years 2022 or 2021..

7.2 Expenses recognised in profit or loss

In thousands of euro	2022	2021
Wages and salaries	-18,799	-19,382
Capitalized development costs	2,644	4,688
Contributions to post-employment plans (defined contribution)	-3,473	-3,265
Other social security expenses	-719	-736
Share-based payment transactions (equity-settled)	-3,602	-2,457
Total	-23,949	-21,152
The average number of employees for the financial year totalled	317	280

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 five share-based incentive plans: Option plan 2018, Option plan 2019, Option plan 2020, Option plan 2021 and Option plan 2022. 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).

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 26 March 2018, decided at its meeting held on 8 June 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 1 June 2021 and ends on 31 May 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 1 March – 31 May 2018 with an addition of 10 %.

On 27 May 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 1 June 2021.

On 30 September 2021, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between 1 June and 15 September 2021, a total of 226 300 Remedy Entertainment Plc's new shares were subscribed to 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 30 September 2021, as of which date the new shares carry shareholder rights.

On 27 January 2022, Remedy Entertainment Plc announced share subscriptions based on stock options 2018. Between 16 September and 31 December 2021, a total of 4 250 Remedy

Entertainment Plc's shares were subscribed to 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 27 January 2022, as of which date the new shares carry shareholder rights.

On 29 September 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 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 78 624 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 29, 2022, as of which date the new shares will establish shareholder rights.

Option plan 2018 has 60 750 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 8 April 2019, decided at its meeting held on 11 July 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 1 June 2022 and ends on 31 May 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 1 April – 30 June 2019 with an addition of 10 %.

On 31 May 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 1 June 2022.

On 29 September 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.

Option plan 2019 has 236 300 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 6 April 2020, decided at its meeting held on 2 July 2020 to adopt an option plan "Option Plan 2020" directed to the key persons as decided separately by the Board of Directors.

The maximum total number of option rights issued is 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. The option rights will be granted without payment. The Board of Directors may allocate option rights until the beginning of the share subscription period. The share subscription period shall begin on 1 June 2023, and end on 31 May 2026. The share subscription price is EUR 22.21, 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 1 April – 30 June 2020, with an addition of 10 percent.

The Board of Directors has allocated 201 500 option rights until the end of the period under review, and 198 500 option rights remain for the company to allocate later to key persons decided by the Board of Directors.

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 14 April 2021, decided at its meeting held on 20 September 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 1 June 2024 and ends on 31 May 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 1 June – 31 August 2021 with an addition of 10 %.

The Board of Directors has allocated 308 000 option rights until the end of the period under review, and 42 000 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 13 April 2022, decided at its meeting held on 20 September 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 1 June 2025 and ends on

31 May 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 1 June – 31 August 2022 with an addition of 10 %.

The Board of Directors has allocated 319 000 option rights until the end of the period under review, and 31 000 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
Nature of the plan	Share option	Share option	Share option	Share option	Share option
Grant date	8 June 2018	10 Sept 2019	20 Oct 2020	6 Oct 2021	20 Sept 2022
Vesting period	3 years	3 years	3 years	3 years	3 years
Subscription period	1 June 2021–31 May 2024	1 June 2022–31 May 2025	1 June 2023–31 May 2026	1 June 2024–31 May 2027	1 June 2025–31 May 2028
Vesting condition	Employment requirement	Employment requirement	Employment requirement	Employment requirement	Employment requirement
Number of options	60,750	236,300	201,500	308,000	319,000
Current exercise price, euro	7.02	9.23	22.21	47.09	26.64
Share price at grant date, euro	8.30	10.60	33.50	40.10	19.48
Settlement	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
Grant date	8 June 2018	10 Sept 2019	20 Oct 2020	6 Oct 2021	20 Sept 2022
Volatility, %	27%	36%	54%	45%	46%
Option life, years	6 years	6 years	6 years	6 years	6 years
Risk-free interest rate, %	0%	0%	0%	0%	0%
Price at grant date, euro	8.30	10.60	33.50	40.10	19.48
Option value at grant date, euro	2.63	3.99	19.41	15.49	6.54

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 2021 and 2022.

2022

Pieces	Plan 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022
Outstanding at 1 January	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 31 December	60,750	236,300	201,500	308,000	319,000
Exercisable at 31 December	60,750	236,300			

2021

Pieces	Plan 2018	Plan 2019	Plan 2020	Plan 2021
Outstanding at 1 January	315,250	387,000	200,000	-
Granted during the year	-	-	10,500	309,500
Forfeited during the year	-	-	-	-
Returned during the year	-12,750	-12,000	-10,000	-
Exercised during the year	-226,300	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	76,200	375,000	200,500	309,500
Exercisable at 31 December	76,200	-	-	-

There were no cancellations or modifications to awards in 2022 or 2021.

8 Depreciation, amortisation and impairment

8.1 Depreciation, amortisation and impairment by asset categories

In thousands of euro	2022	2021
<i>Intangible assets</i>		
Development costs	-	-972
Total	-	-972
<i>Tangible assets</i>		
Machinery and equipment	-1,061	-734
Other tangible assets	-474	-472
Total	-1,535	-1,206
Total depreciation and amortisation, owned assets	-1,535	-2,178
<i>Right-of-use assets (leased assets) ¹</i>		
	-933	-865
Total depreciation and amortisation in profit or loss	-2,468	-3,043

¹ Refer to Note 15.3 Amounts recognised in profit or loss for the related analysis by class of right-of-use asset.

Remedy recognised no impairment losses in the financial years 2022 or 2021.

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	2022	2021
Voluntary personnel-related expenses	-1,395	-961
Office space expenses	-291	-118
IT software and hardware expenses	-1,709	-1,601
Travel expenses	-423	-121
Marketing expenses	-240	-64
Administrative expenses	-1,686	-1,521
Other expenses	-259	-91
Effect of capitalized development costs	-	721
Total	-6,002	-3,757

9.3 Auditor's fees

In thousands of euro	2022	2021
KPMG		
Audit fees	-102	-37
Tax advisory services	-8	-
Assignments referred to in 1.1.,2 § of Finnish Auditing Act	-2	-4
Other services	-	-33
Total	-113	-74

10 Financial income and expenses

10.1 Accounting policy

Remedy recognises interest income and interest expenses using the effective interest method. Remedy 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	2022	2021
Foreign exchange gains ¹	270	107
Interest income	13	2
Other financial income	34	144
Total	316	253

10.2.2 Financial expenses

In thousands of euro	2022	2021
Foreign exchange losses ¹	-195	-89
Interest expenses — financial liabilities measured at amortised cost ²	-184	-224
Other financial expenses	-562	-5
Total	-941	-318
Net financial expenses	-625	-65

¹ Net foreign exchange gains and losses amounted to EUR 74 thousand in 2022 (2021: -18 thousand).

² Includes the government loan and the lease liabilities.

³ Includes costs of the list transition of the parent company EUR 241 and decrease in fair value of equity fund investments EUR -177.

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 taken 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 Amounts recognised through profit or loss

In thousands of euro	2022	2021
Current tax for the reporting year	-565	-2,702
Change in deferred taxes	27	154
Total	-538	-2,548

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

In thousands of euro	2022	2021
Profit (Loss) before income tax in Finland	-1,188	11,342
Tax using the Finnish corporate tax rate (20 %)	238	-2,268
Non-deductible expenses, Finland	-35	-4
Share option plans	-720	-491
Tax of expenses related to paid increase in share capital	-	216
Effect of the foreign subsidiary	-8	-
Non deductible expenses, Sweden	-13	-
Income taxes in profit or loss	-538	-2,548

11.4 Movements in deferred tax asset and deferred tax liability balances
2022

In thousands of euro	At 1 Jan 2022	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At 31 Dec 2022
Deferred tax assets					
Lease Agreements	6	-6	0	0	0
Total	6	-6	0	0	0
Deferred tax liabilities					
Equity fund investment valuation	29	-29	0	0	0
Lease agreements	0	7	0	0	7
Total	29	-22	0	0	7

2021

In thousands of euro	At 1 Jan 2021	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At 31 Dec 2021
Deferred tax assets					
Lease Agreements	8	-2	0	0	6
Forward exchange contracts	11	-11	0	0	0
Total	19	-13	0	0	6
Deferred tax liabilities					
Development cost capitalizations	194	-194	0	0	0
Equity fund investment valuation	0	29	0	0	29
Total	194	-166	0	0	29

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 2022 Remedy has two (2021: three) 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

	2022	2021
<i>Basic earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-1,726	8,794
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,351	13,045
Basic earnings per share (euro/share)	-0.13	0.67
<i>Diluted earnings per share</i>		
Profit attributable to owners of the parent company, in thousands of euro	-1,726	8,794
Weighted average number of ordinary shares outstanding during the financial year (1,000 pcs)	13,351	13,045
Dilution from share options (1,000 pcs)	234	573
Weighted average number of shares adjusted for the effect of dilution (1,000 pcs)	13,586	13,618
Diluted earnings per share (euro/share)	-0.13	0.65

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

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 Vanguard, codename Condor and Control 2. 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. The amortization schedule of capitalized development costs is based on the revenue generated following the gross sales curve, i.e. sales profile. 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 24 months 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 where the related criteria are met (refer to 13.1 *Accounting policy* above). This requires management to make judgement 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 is business case. This applies also for game project investments. Business case is drafted at very early phase of game idea and concepting. As the scope of the project is drafted, a draft resource need calculation is drafted based on scope. Resourcing is drafted for internal manmonths and outsourcing. Also marketing effort are estimated and budget is calculated. 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 there would be a partner involved, the structure of the partnership deal is simulated. There are usually many different scenarios about deal structure. After a partner has been found, the actual deal terms and project timeline and budget is updated to business case. Also it is important to estimate the game sales, how many euros would result to Remedy based on partnership deal structure and terms. 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 so they are not unsure. Revenue share/royalties are unsure since they are based on 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, the capitalization percent is 100, since all of the returns are unsure as Remedy takes full development risk.

13.3 Reconciliation of carrying amounts

Capitalized development costs

In thousands of euro	2022	2021
Cost		
Balance at 1 January	25.085	16.596
Additions	8.152	8.489
Balance at 31 December	33.237	25.085
Accumulated amortization and impairment		
Balance at 1 January	-9,975	-9,003
Depreciation	-	-972
Balance at 31 December	-9,975	-9,975
Carrying amount at 1 January	15,110	7,593
Carrying amount at 31 December	23,262	15,110

13.4 Impairment testing of uncompleted development projects

At 31 December 2022 Remedy had capitalised 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.

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.

According to the testing, no impairment loss is recognized in 2022. In the calculations, the weighted average cost of capital (WACC) was 10.64 %.

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	
	2022	2021	2022	2021	2022	2021
Cost						
Balance at 1 January	4,734	3,639	1,918	1,900	6,652	5,539
Additions	1,499	1,095	-	18	1,499	1,113
Balance at 31 December	6,233	4,734	1,918	1,918	8,151	6,652
Accumulated depreciation and impairment						
Balance at 1 January	-2,154	-1,421	-1,319	-848	-3,474	-2,268
Depreciation	-1,061	-734	-474	-472	-1,535	-1,206
Balance at 31 December	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Carrying amount at 1 January				1,052	3,178	3,271
Carrying amount at 31 December				599	3,142	3,178

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.

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.

15.2 Assumptions and estimation uncertainties

Remedy management has used judgement 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

15.3 Amounts recognised in profit or loss

In thousands of euro	2022	2021
Expense relating to short-term leases for employee housing, gross	-1,539	-1,610
Expense relating to short-term leases for employee housing, net ¹	-42	-10
Expense relating to other short-term leases ²	-2	-10
Depreciation charge for right-of-use assets by class of underlying asset ³		
Office premises	-914	-844
Other assets	-19	-22
Total	-933	-866
	-24	-27
Interest expense ⁴ on lease liabilities		

¹ Net amount is the gross amount less the rents charged from related employees.

² Those expenses are included in the line item Other operating expenses.

³ Included in the line item Depreciation, amortisation and impairment.

⁴ Included in the line item Financial expenses.

15.4 Amounts presented in cash flow statement

In thousands of euro	2022	2021
Lease liability repayments	-966	-898
Interest on lease liabilities	-24	-27
Payments for short-term leases and leases of low-value assets	-45	-20
Total cash outflow for leases	-1,035	-945

15.5 Leased tangible assets

In thousands of euro	Office premises		Other assets		Total	
	2022	2021	2022	2021	2022	2021
Cost						
Balance at 1 January	3,579	3,575	63	63	3,643	3,639
Additions	1,006	4			1,006	4
Balance at 31 December	4,585	3,579	63	63	4,648	3,643
Accumulated depreciation and impairment						
Balance at 1 January	-2,524	-1,680	-44	-23	-2,568	-1,702
Depreciation	-914	-844	-19	-21	-933	-865
Balance at 31 December	-3,438	-2,524	-63	-44	-3,501	-2,568
Carrying amount at 1 January	1,055	1,896	19	40	1,075	1,936
Carrying amount at 31 December	1,147	1,055	-0	19	1,147	1,075

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	2022	2021
Current	928	884
Non-current	227	218
Total	1,155	1,103

The weighted average Remedy's incremental borrowing rate applied for discounting purposes was 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	2022	2021
Within three months	276	224
Between four months and one year	744	673
Between one year and two years	248	219
Total undiscounted cash flows	1,268	1,117

16 Financial assets

16.1 Accounting policy

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

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 by 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. Remedy used forward exchange contracts for hedging purposes during reporting period 2021. All of the forwards exchange contracts matured by the end of period 2021. 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	2022	2021
At amortised cost			
Loan receivables		43	43
Trade receivables	21,5	10,546	17,115
Cash and cash equivalents		49,034	51,384
Total		59,623	68,542
At fair value through profit or loss			
Investments		6,818	7,139
Current		3,818	4,139
Non-current		3,000	3,000
Total		66,441	75,682

Cash and cash equivalents consists of cash in banks.

17 Other receivables

In thousands of euro	Note	2022	2021
Contract assets	2,3	2,577	2,348
Accrued income and prepayments		3,982	2,690
Tax receivables		770	318
Other		792	702
Total		8,122	6,058

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 5 May 2017 (ISIN: FI4000251897). Remedy had no treasury shares in its possession in 2022 or 2021.

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.

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.

	Pieces	Restricted equity			Unrestricted equity			Total equity
		Share capital	Share premium	Total	Invested non-restricted equity reserve	Retained earnings	Total	
At 1 Jan 2021	12,072,150	80	38	118	13,748	22,232	35,980	36,098
Increase in share capital	1,000,000	-	-	-	40,413	-	40,413	40,413
Share issue and other share subscriptions	226,300	-	-	-	1,618	-	1,618	1,618
Divident distribution	-	-	-	-	-	-1,961	-1,961	-1,961
Share option plans	-	-	-	-	-	2,457	2,457	2,457
Profit for the financial year	-	-	-	-	-	8,794	8,794	8,794
At 31 Dec 2021	13,298,450	80	38	118	55,779	31,522	87,301	87,420
At 1 Jan 2022	13,298,450	80	38	118	55,779	31,522	87,301	87,420
Share issue and other share subscriptions	150,150	-	-	-	1,322	-	1,322	1,322
Dividend 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 31 Dec 2022	13,448,600	80	38	118	57,101	31,138	88,239	88,357

Share premium

The share premium accrued under the previous Finnish Limited Liability Companies Act. Under the current Act the share premium is classified as restricted equity and may no longer increase. The share premium may be reduced in accordance with the rules applying to decreasing share capital and can be used to increase the share capital as a reserve increase.

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 13 April 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 31 December 2021. The payment date was 26 April 2022.

On 14 April 2021 the Annual General Meeting decided a dividend of EUR 0.15 per share, i.e. EUR 1 960 822.50 in aggregate, to be paid for the financial year ended on 31 December 2020. The payment date was 26 April 2021.

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, 88.8 % at the end of financial year. The government loan does not involve financial covenants. There were no significant changes to capital management in 2022.

18.6 Authorisations

Authorization for the directed repurchase of own shares

On 13 April 2022, the Annual General Meeting authorized the Board of Directors to resolve on the directed repurchase of a maximum of 500,000 of the company's own shares in one or more instalments by using company's unrestricted equity. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than 13 October 2023 and it replaces the previous authorizations.

Valid issuance authorizations

With its resolution on 13 April 2022, the Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares against payment or issuances of option rights or special rights so that the number of shares to be issued can be at maximum 1,300,000. The issued shares can be new or treasury shares held by the company. Shares can be issued also in deviation from the shareholders' pre-emptive rights. The authorization is valid for five years from the date of the Annual General Meeting and it replaces the previous authorizations. On the signature date 27 April 2022, the unused authorization allowed the Board of Directors to issue 1,300,000 new shares.

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 has used forward exchange contracts for hedging purposes during reporting period 2021, but didn't have any active instruments at the end of reporting period 2021 or during reporting period 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	2022	2021
<i>At amortised cost</i>			
Non-current financial liabilities			
Government loan		918	1,837
Lease liabilities	15	227	218
Total		1,145	2,055
Current financial liabilities			
Government loan		919	919
Lease liabilities	15	928	884
Trade payables		3,422	1,332
Total		5,269	3,134
Total financial liabilities		6,414	5,190

19.3 Terms of loans and borrowings and repayment schedule

Remedy has EUR 1.84 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, 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	2022		2021	
	Lease liabilities	Government loan	Lease liabilities	Government loan
Balance at 1 January	1,103	2,755	1,969	3,674
Changes from financing cash flows	-	-	-	-
Repayment of government loan	-	-919	-	-919
Payment of lease liabilities	-966	-	-867	-
Total changes from financing cash flows	-966	-919	-867	-919
Other changes				
New leases (Note 15.5)	1,019	-	-	-
Balance at 31 December	1,155	1,837	1,103	2,755

20 Fair values of financial assets and financial liabilities

20.1 Accounting policy

Currently Remedy's financial assets and liabilities measured at fair value comprise of derivative assets and derivative liabilities and investments to equity funds. Those forward exchange contracts are for foreign currency and are classified at fair value level 2. They are valued based on public price follow up system which determine spot prices and interest rates for those specific currencies.

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.

The fair value of forward exchange contracts is recognised, depending on whether it is positive or negative, under assets or liabilities in the balance sheet. Asset or liability is booked as noncurrent, if derivative's execution time is over 12 months from the end of reporting period, or as current, if execution time is less than 12 months from the end of reporting period.

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).

		Carrying amount	Fair value			
At 31 December 2022			Level 1	Level 2	Level 3	Total
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

		Carrying amount	Fair value			
At 31 December 2021			Level 1	Level 2	Level 3	Total
In thousands of euro	Note					
		-	-	-	-	-
Financial assets measured at fair value						
Investments to equity funds	16	7,139	7,139	-	-	7,139
		7,139	7,139	-	-	7,139
Financial liabilities not measured at fair value						
Unsecured government loan	19	2,755	-	-	2,755	2,755
		2,755	-	-	2,755	2,755

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 define 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 form the basis together with possible equity or debt capital based new financing are the most important sources for future payments.

Group's cash position has been very good in past years (2022: EUR 49.0 million and 2021: EUR 51.4 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 31 December 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	-	-	-
At 31 December 2021							
<i>Non-derivative financial liabilities</i>							
Government loan	2,811	-	946	937	928	-	-
Trade payables	1,332	1,332	-	-	-	-	-
	4,142	1,332	946	937	928		
Total	4,142	1,332	946	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 31 December 2022					
Trade receivables	10,546	-	-	-	10,546
Cash and cash equivalents	48,681	286	67	-	49,034
Trade payables	-2,548	-238	-592	-44	-3,422
Net position	56,678	49	-525	-44	56,158
At 31 December 2021					
Trade receivables	16,232	883	-	-	17,115
Cash and cash equivalents	51,073	235	76	-	51,384
Trade payables	-936	-233	-135	-27	-1,332
Net position	66,370	885	-59	-27	67,168

21.3.2 Sensitivity analysis on exchange rate movements

1 000 euroa	At 31 December 2022		At 31 December 2021	
	Profit or loss		Profit or loss	
	strengthening	weakening	strengthening	weakening
Cash and cash equivalents				
+/- 10 % change in USD	29	-29	24	-24
+/- 10 % change in GBP	7	-7	8	-8
Trade payables				
+/- 10 % change in USD	24	-24	23	-23
+/- 10 % change in GBP	59	-59	14	-14
Total net effect	118	-118	68	-68

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 change of market interest rates. Possible change of 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, increase of the market risks could have effect on group's debt capital expenses. Increase of 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 caused by Business Finland loan which has a floating interest. Interest risk is not material due to small amount of debt. In additions the interest is three percentage below the basic interest, however always at least one percentage. Company has paid 132 EUR thousand negative deposit interests in financial year 2022 (160 EUR thousand in 2021). Negative interest is estimated to be 0% in the coming years.

Change of the market interest 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. Group has not used derivatives to hedge interest risk in financial years 2022 or 2021.

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 going on at the same time 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	
	31.12.2022	31.12.2021
Trade receivables		
Europe	3,539	829
Other countries	7,006	16,287
Total	10,546	17,115

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

In thousands of euro	At 31 Dec 2022		At 31 Dec 2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current (not past due)	10,006	-	16,292	-
Past due	-	-	-	-
1-30 days	250	-	412	-
31-60 days	289	-	412	-
61-90 days	-	-	-	-
More than 90 days past due	-	-	-	-
Total	10,546	-	17,115	-

Remedy has not recognized credit losses during 2022 or 2021.

22 Other payables and accruals

In thousands of euro	2022	2021
Current income tax liability	367	637
Accruals and deferred income	3,766	7,325
Total	4,133	7,962

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 2021 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	2022	2021
Other collaterals given by Remedy	784	662
Credit card limit	378	179
Amount used at 31 December	57	94

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 31 December 2022.

24 Related party transactions

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.
- Remedy Entertainment Sweden Ab

The major shareholders of Remedy Entertainment Plc include the Chairman of the Board, Markus Mäki, with the ownership of 23.8 % 31 December 2022 (31 December 2021: 24.00%). 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. The group has a voluntary supplementary pension plan for its Swedish employees, "lönevaxling", 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	2022	2021
<i>a) Remuneration of all key management personnel (including b), c) and d))</i>		
Salaries and other short-term employee benefits	1,305	1,309
Pension benefits (defined contribution plans)	209	193
Share-based payments	327	2,266
Total	1,841	3,768
<i>b) CEO</i>		
Salaries and other short-term employee benefits	283	277
Pension benefits (defined contribution plans)	50	47
Share-based payments	98	541
Total	431	864

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.

In thousands of euro	2022	2021
<i>c) Other Executive Team members</i>		
Salaries and other short-term employee benefits	898	861
Pension benefits (defined contribution plans)	159	146
Share-based payments	229	1,725
Total	1,286	2,732
<i>d) Board of Directors</i>		
<i>Salaries and other short-term employee benefits</i>		
Fredrikson Christian	36	32
Laakkonen Jussi	24	32
Mäki Markus	5	44
Pohjola Ossi	12	32
Salakka Kaisa	24	-
Ängeslevä Sonja	24	-
Österlund Henri	-	32
Salaries and other short-term employee benefits total	125	172
Pension benefits (defined contribution plans)	-	-
Share-based payments	-	-
Total	125	172

The Annual General Meetings held on 14 April 2021 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 13 April 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 2022 or 2021.

25 Events after the end of the financial year

There hasn't been any significant events after the end of the fiscal year.

Parent company's financial statement

Parent company's Statement of Comprehensive Income

In thousands of euro	Note	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Revenue	2, 3	43,588	44,726
Other operating income	6	19	1
Materials and services	4, 5	-13,526	-5,368
Personnel expenses	4, 7	-22,659	-21,152
Depreciation, amortisation and impairment	8	-2,430	-3,043
Other operating expenses	4, 9	-5,700	-3,757
Operating profit/(loss)		-709	11,407
Financial income	10	308	253
Financial expenses	10	-919	-318
Net financial expenses		-611	-65
Profit/(Loss) before income taxes		-1,321	11,342
Income tax expense	11	-498	-2,548
Profit/(Loss) for the financial year		-1,819	8,794

In thousands of euro	Note	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
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		-1,819	8,794
Profit/(Loss) for the financial year attributable to			
Owners of the parent company		-1,819	8,794
Total comprehensive income/(expense) attributable to			
Owners of the parent company		-1,819	8,794
Earnings per share	12		
Basic earnings per share, euro		-0.14	0.67
Diluted earnings per share, euro		-0.13	0.65

Parent Company's Statement of Financial Position

In thousands of euro	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets (Development costs)	13	23,262	15,110
Tangible assets	14	3,134	3,178
Right-of-use assets	15	1,119	1,075
Investments	16	3,003	3,000
Non-current receivables	16, 21	828	705
Deferred tax assets	11	-	6
Total non-current assets		31,346	23,074
Current assets			
Inventory	16-17	13	17
Trade and other receivables	16-17	13,138	20,163
Contract assets	2	2,577	2,348
Other current financial assets	16	3,818	4,139
Cash and cash equivalents	16	48,578	51,384
Total current assets		68,124	78,052
Total assets		99,470	101,126

In thousands of euro	Note	31 Dec 2022	31 Dec 2021
EQUITY			
Share capital		80	80
Share premium		38	38
Invested non-restricted equity reserve		57,101	55,779
Retained earnings		31,044	31,522
Total equity	18	88,263	87,419
LIABILITIES			
Non-current liabilities			
Government loan	19, 21	918	1,837
Lease liabilities	15	227	218
Deferred tax liabilities	11	-	-
Total non-current liabilities		1,145	2,055
Current liabilities			
Government loan	19, 21	919	919
Lease liabilities	15	900	884
Derivative instruments	19-21	-	-
Trade and other payables	19, 21-22	8,243	9,848
Total current liabilities		10,062	11,651
Total liabilities		11,207	13,706
Total equity and liabilities		99,470	101,126

Parent Company's Cash Flow Statement

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from operating activities			
Cash generated from sales		51,126	26,864
Proceeds from other operating income		19	1
Paid other operating expenses		-39,354	-17,290
Interest received		274	109
Interest and other financial expenses paid		-600	-266
Income taxes paid		-961	-3,366
Net cash from operating activities (A)		10,504	6,052
Cash flows from investing activities			
Capitalized development costs	4	-8,152	-8,489
Acquisition of intangible and tangible assets		-2,434	-1,113
Investments	16	34	-7,000
Net cash used in investing activities (B)		-10,552	-16,602

In thousands of euro	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from financing activities			
Repayment of current loans and borrowings	19	-919	-919
Proceeds from non-current loans and borrowings		-1	2
Paid increase in share capital	18	1,352	41,992
Dividends paid	18	-2,261	-1,961
Repayment of lease liabilities	15	-929	-871
Net cash from financing activities (C)		-2,758	38,244
Net cash from (used in) operating, investing and financing activities (A+B+C)		-2,807	27,694
Net increase (decrease) in cash and cash equivalents		-2,807	27,694
Cash and cash equivalents at 1 January		51,384	23,690
Cash and cash equivalents at 31 December	16	48,578	51,384

Parent Company's Statement of Changes in Equity

Equity attributable to owners of the 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
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			-	-	-2,261	-2,261
Share options granted			-	-	3,602	3,602
Increase in share capital			-	-	-	-
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	31,044	88,263

Equity attributable to owners of the company						
In thousands of euro	Note	Share capital	Share premium	Invested non-restricted equity reserve	Retained earnings	Total
Balance at 1 January 2021		80	38	13,748	22,232	36,098
Total comprehensive income						
Profit (Loss) for the financial year		-	-	-	8,794	8,794
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year			-	-	8,794	8,794
Transactions with owners of the company						
Dividend distribution	18	-	-	-	-1,961	-1,961
Share options granted	7.3, 24.2	-	-	-	2,457	2,457
Increase in share capital		-	-	40,413	-	40,413
Share issue and other share subscriptions		-	-	1,618	-	1,618
Total transactions with owners of the company		-	-	42,032	496	42,528
Balance at 31 December 2021		80	38	55,779	31,522	87,419

Parent company's notes

1. Accounting policy

Remedy Entertainment Plc's financial statement is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at 31 December 2022. 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.

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. For parent company's Note on revenue group financial statement's Note 2 *Revenue* is fully applied.

3. Operating segments

For parent company's Note on operating segments group financial statement's Note 3 *Operating segments* is fully applied.

4. Capitalization of development costs

Development cost capitalized during the reporting period or earlier periods match with parent company's capitalized development costs. Development costs capitalized in the balances are presented in group's financial statements'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	2022	2021
External services	-17,194	-8,381
Capitalized development costs	5,508	3,081
Purchase expenses	-48	-85
Change in inventory	-4	17
Services purchased from parent company	-1,789	-
Total	-13,526	-5,368

6. Other operating income

In thousands of euro	2022	2021
Other operating income	19	1
Total	19	1

7. Personnel expenses

In thousands of euro	2022	2021
Wages and salaries	-17,920	-19,382
Capitalized development costs	2,644	4,688
Contributions to post-employment plans (defined contribution)	-3,101	-3,265
Other social security expenses	-680	-736
Share-based payment transactions (equity-settled)	-3,602	-2,457
Total	-22,659	-21,152

8. Depreciation and amortisation

Group's depreciation consist totally of parent company's depreciation. For parent company's note on depreciation and amortisation group financial statement's Note 8 *Depreciation, amortisation and impairment* is fully applied.

9. Other operating expenses

In thousands of euro	2022	2021
Voluntary personnel-related expenses	-1,348	-961
Office space expenses	-264	-118
IT software and hardware expenses	-1,657	-1,601
Travel expenses	-348	-121
Marketing expenses	-240	-64
Administrative expenses	-1,585	-1,521
Other expenses	-257	-91
Effect of capitalized development costs	-	721
Total	-5,700	-3,757

10. Financial income and expenses

In thousands of euro	2022	2021
<i>Financial income</i>		
Foreign exchange gains ¹	261	107
Interest income	13	2
Other financial income	34	144
Total	308	253

In thousands of euro	2022	2021
<i>Financial expenses</i>		
Foreign exchange losses ¹	-174	-89
Interest expenses — financial liabilities measured at amortised cost ²	-182	-224
Other financial expenses	-563	-5
Total	-919	-318
Net financial expenses	-611	-65

¹ Net foreign exchange gains and losses amounted to EUR 87 thousand in 2022 (2021: 18 thousand).

² Includes the government loan and the lease liabilities.

11. Income taxes

Tulosvaikutteisesti kirjatut tuloverot

In thousands of euro	2022	2021
Current tax for the reporting year	-525	-2,702
Current tax adjustments for prior years	-	-
Change in deferred taxes	27	154
Total	-498	-2,548

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

In thousands of euro	2022	2021
Profit (Loss) before income tax in Finland	-1,321	11,342
Tax using the Finnish corporate tax rate (20 %)	264	-2,268
Non-deductible expenses, Finland	-35	-4
Share option plans	-720	-491
Tax of expenses related to paid increase in share capital	-	216
Other	-6	-
Income taxes in profit or loss	-498	-2,548

12. Earnings per share (EPS)

Earnings per share's accounting policy is presented in group's 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's financial statement's Note 13 *Intangible assets*.

14. Tangible assets

In thousands of euro	Machinery and equipment		Other tangible assets		Total	
	2022	2021	2022	2021	2022	2021
Cost						
Balance at 1 January	4,734	3,639	1,918	1,900	6,652	5,539
Additions	1,491	1,095	-	18	1,491	1,113
Balance at 31 December	6,225	4,734	1,918	1,918	8,143	6,652
Accumulated depreciation and impairment						
Balance at 1 January	-2,154	-1,421	-1,319	-848	-3,474	-2,268
Depreciation	-1,061	-734	-474	-472	-1,535	-1,206
Balance at 31 December	-3,215	-2,154	-1,793	-1,319	-5,009	-3,474
Carrying amount a 1 January	2,579	2,218	599	1,052	3,178	3,271
Carrying amount a 31 December	3,010	2,579	125	599	3,134	3,178

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

15. Leases

Amounts presented in cash flow statement

In thousands of euro	2022	2021
Lease liability repayments	-929	-898
Interest on lease liabilities	-24	-27
Payments for short-term leases and leases of low-value assets	-45	-20
Total cash outflow for leases	-997	-945

Leased tangible assets

1 000 euroa	Office premises		Other assets		Total	
	2022	2021	2022	2021	2022	2021
Cost						
Balance at 1 January	3,579	3,575	63	63	3,643	3,639
Additions	940	4	-	0	940	4
Balance at 31 December	4,519	3,579	63	63	4,583	3,643
Accumulated depreciation and impairment						
Balance at 1 January			-44	-23	-2,568	-1,702
Depreciation			-19	-21	-895	-865
Balance at 31 December			-63	-44	-3,463	-2,568
Carrying amount at 1 January	1,055	1,896	19	40	1,075	1,936
Carrying amount at 31 December	1,119	1,055	0	19	1,119	1,075

Lease liabilities

In thousands of euro	2022	2021
Current	900	884
Non-current	227	218
Total	1,127	1,103

Maturity analysis – contractual undiscounted cash-flows

In thousands of euro	2022	2021
Within three months	227	224
Between four months and one year	682	673
Between one year and two years	248	219
Between two and three years	-	-
Between three and four years	-	-
At least five years	-	-
Total undiscounted cash flows	1,157	1,117

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

16. Financial assets

In thousands of euro	2022	2021
<i>At amortised cost</i>		
Loan receivables	43	43
Trade receivables	10,546	17,115
Contract assets	-	-
Cash and cash equivalents	48,578	51,384
Total	59,167	68,542
<i>Financial assets</i>		
Investments	6,818	7,139
Current	3,818	4,139
Non-current	3,000	3,000
Total	65,985	75,682

Cash and cash equivalents consists of cash in banks.

17. Other receivables

In thousands of euro	2022	2021
Contract assets	2,577	2,348
Accrued income and prepayments	1,864	2,690
Tax receivables	719	318
Other	796	702
Total	5,957	6,058

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 1 Jan 2021	12,072,150	80	38	118	13,748	22,232	35,980	36,098
Increase in share capital	1,000,000	-	-	-	40,413	-	40,413	40,413
Share issue and other share subscription	226,300	-	-	-	1,618	-	1,618	1,618
Divident distribution	-	-	-	-	-	-1,961	-1,961	-1,961
Share option plans	-	-	-	-	-	2,457	2,457	2,457
Profit for the financial year	-	-	-	-	-	8,794	8,794	8,794
At 31 Dec 2021	13,298,450	80	38	118	55,779	31,522	87,301	87,420
At 1 Jan 2022	13,298,450	80	38	118	55,779	31,522	87,301	87,420
Increase in share capital	-	-	-	-	-	-	-	-
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
Profit for the financial year	-	-	-	-	-	-1,819	-1,726	-1,726
At 31 Dec 2022	13,448,600	80	38	118	57,101	31,044	88,145	88,263

Calculation of parent company's distributable funds ¹

In thousands of euro	2022	2021
Invested non-restricted equity reserve	57,101	55,779
Retained earnings	31,522	22,232
Divident distribution	-2,261	-1,961
Development expenses	-23,262	-15,110
Profit for the financial year	-1,819	8,794
Total	61,281	69,735

¹ Based on the Finnish Limited Liability Companies Act, Chapter 13, Subsection 5.

19. Financial liabilities

In thousands of euro	2022	2021
<i>At amortised cost</i>		
Non-current financial liabilities		
Government loan	918	1,837
Lease liabilities	227	218
Total	1,145	2,055
<i>Current financial liabilities</i>		
Government loan	919	919
Lease liabilities	900	884
Trade payables	3,759	1,332
Total	5,577	3,134
Total financial liabilities	6,722	5,190

Movements of liabilities to cash flows arising from financing activities

	2022		2021	
In thousands of euro	Lease liabilities	Government loan	Lease liabilities	Government loan
Balance at 1 January	1,103	2,755	1,969	3,674
Changes from financing cash flows	-	-919	-	-919
Payment of lease liabilities	-929	-	-867	-
Total changes from financing cash flows	-929	-919	-867	-919
Other changes				
New leases	953	-	-	-
Balance at 31 December	1,127	1,837	1,103	2,755

20. Fair values of financial assets and financial liabilities

For parent company'ss fair values of financial assets and financial liabilities group financial statement's Note 20 *Fair values of financial assets and financial liabilities* is fully applied.

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 31 December 2022							
<i>Non-derivative financial liabilities</i>							
Government loan		-	937	928	-	-	-
Trade payables		3,759	-	-	-	-	-
Total		3,759	937	928	-	-	-
At 31 December 2021							
<i>Non-derivative financial liabilities</i>							
Government loan		-	946	937	928	-	-
Trade payables		1,332	-	-	-	-	-
Total		1,332	946	937	928	-	-

Currency risk exposure

In thousands of euro	EUR	USD	GBP	SEK	Total
At 31 December 2022					
Trade receivables	10,546	-	-	-	10,546
Cash and cash equivalents	48,224	286	67	-	48,578
Trade payables	-2,929	-238	-592	-	-3,759
Net position	55,841	49	-525	-	55,365
At 31 December 2021					
Trade receivables	16,232	883	-	-	17,115
Cash and cash equivalents	51,073	235	76	-	51,384
Trade payables	-936	-233	-135	-27	-1,332
Net position	66,370	885	-59	-27	67,168

22. Other payables and accruals

In thousands of euro	2022	2021
Current income tax liability	328	637
Accruals and deferred income	3,603	7,325
Total	3,930	7,962

23. Provisions, contingencies and commitments

In thousands of euro	2022	2021
Other collaterals given by Remedy	784	662
Credit card limit	329	179
Amount used at 31 December	52	94

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

24. Related party disclosures

For parent company’s Note on related party disclosures group financial statement’s Note 24 *Revenue* is fully applied.

25. Events after the end of the financial year

There hasn’t been any significant events after the end of the fiscal year.

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

Remedy Entertainment Plc had distributable funds of 61 280 970,55 EUR on 31 December 2022, of which profit for the fiscal year was -1 818 929,75 EUR. The Board of Directors proposes to the Annual General Meeting on 14 April 2023 a dividend distribution of 0.10 EUR per share, resulting in a total amount of 1 344 860.00 EUR in the following way:

	EUR/share	EUR
Dividend distribution from the profit of the fiscal year and retained earnings	0.10	1,344,860.00
Remaining in non-restricted equity		59,936,110.55
Total		61,280,970.55

The ex-dividend date shall be on 14 April 2023. The dividend shall be paid to a shareholder who is registered in the shareholders’ register of the company maintained by Euroclear Finland Ltd on the dividend record date 17 April 2023. The payment date proposed by the Board of Directors for the dividend is 24 April 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 Financial Statements 2022

Espoo, on February 9 2023

Markus Mäki
Chairman of the Board

Karl-Christian Fredrikson
Board Member

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.

Espoo, on February 9 2023

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 Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Remedy Entertainment Oyj (business identity code 1017278-9) for the year ended 31 December 2022. 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 a summary of significant accounting policies.

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 International Financial Reporting Standards (IFRS) 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

Revenue recognition (Accounting principles, consolidated financial statements note 2 and parent company’s financial statement note 2)

- | | |
|---|--|
| <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">• We assessed 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. |
|---|--|

THE KEY AUDIT MATTER

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Capitalization and valuation of development costs (Accounting principles, consolidated financial statements note 13 and parent company’s financial statement note 13)

- | | |
|--|---|
| <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. | <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. |
|--|---|

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 International Financial Reporting Standards (IFRS) 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 on 2021, and our appointment represents a total period of uninterrupted engagement of 22 years. Remedy Entertainment Oyj has been a public interest entity since 4 May 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, 9 February 2023

KPMG OY AB

Petri Sammalisto
Authorised Public Accountant, KHT



Remedy Entertainment Plc.

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Finland