

# REMEDY

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INDERES CORPORATE CUSTOMER  
**COMPANY REPORT**



# Accelerating toward the next game releases

We reiterate our Buy recommendation and EUR 17.0 target price for Remedy. Given the preliminary information and profit warning, the Q3 figures were already known for the main lines, and the report did not result in any significant changes to our estimates. With the change in CEO, Remedy is looking to accelerate its operations, though, in the big picture, the company's strategy remains unchanged. We still see a high probability of success for the upcoming Max Payne and Control 2 games in the release pipeline, and if they are successful, we believe the stock has significant potential from current levels.

## Q3 figures were already known with preliminary data

Remedy's Q3 revenue decreased by 32% to 12.2 MEUR and EBITDA was 0.7 MEUR. The write-down of FBC: Firebreak's development costs weighed on EBIT, bringing it to -16.4 MEUR. Development fees for the quarter (6.1 MEUR) were lower than our expectations (8.0 MEUR), while own game sales and royalties (6.0 MEUR) came as a positive surprise. Here, FBC: Firebreak's B2B payments were a key driver as expected, but Alan Wake 2 royalties exceeded our expectations. The game has recently been launched in China, and according to the company, preliminary results are promising. The company's cash flow from operating activities for the quarter (11.3 MEUR) was strong, reflecting, among other things, payments received from FBC: Firebreak's B2B contracts. This strengthened Remedy's financial position, and the current cash position (36.5 MEUR) provides flexibility for developing and publishing future games.

## Changing the CEO to gain momentum

Remedy announced the change in its CEO just over a week ago, which we have already commented on [here](#). The change was made because the board was not entirely satisfied with the management of Remedy's game projects and wanted to speed up the general decision-making process. No changes to the strategy are planned, so, as expected, Remedy is focusing on its bread and butter, the development of story-driven, single-player games.

## Estimates updated after the profit warning remain unchanged

In its lowered outlook following the profit warning, Remedy estimates that revenue will grow from the previous year and EBIT will be negative and decline from the previous year. We did not make any significant changes to our forecasts based on the Q3 report, as we had already updated them in connection with the profit warning. While we no longer forecast revenue from game sales for FBC: Firebreak, we estimate that the game will generate approximately 4 MEUR in B2B payments from Sony and Microsoft between Q4'25-Q2'26. Previously, we estimated that the company would reduce its workforce to downsize its game team, but now we expect cost adjustments to be achieved more through a reduction in subcontracting and, to some extent, through natural attrition. Thus, our previous assumptions regarding the overall cost structure remain unchanged. Our forecast for this year expects revenue of 58.7 MEUR (+16%) and EBIT of -14.0 MEUR. We estimate EBITDA to be positive at 12.2 MEUR, and development will be supported in Q4, for example, by Alan Wake 2 being the PlayStation Plus monthly game in October.

## Valuation is attractive considering the potential of upcoming major game releases

We believe in Remedy's ability to create multiple high-quality and successful games in the long term, and considering the growth and profitability potential this offers, the valuation of the share (2027e EV/EBITDA 6.6x) is attractive. The long-term potential is also indicated by the value of the baseline scenario of the DCF model (EUR 21.2). However, the model is very sensitive to the success of future games due to the fixed cost structure and self-publishing. For Remedy's share, the most crucial factor for value creation is the successful release of Control 2, which we estimate is less than 2 years away. We believe that at some point in the next few years, Remedy's stock will begin to more accurately reflect the company's long-term potential as game projects move toward release.

## Recommendation

**Buy**  
(was Buy)

**Target price:**  
**EUR 17.00**  
(was EUR 17.00)

**Share price:**  
EUR 12.94

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
Revenue	50.7	58.7	49.7	96.0
growth-%	49%	16%	-15%	93%
EBIT adj.	-4.3	-14.0	0.6	10.0
EBIT-% adj.	-8.4 %	-23.9 %	1.2 %	10.4 %
Net Income	-3.6	-12.3	0.1	7.8
EPS (adj.)	-0.27	-0.90	0.01	0.56
P/E (adj.)	neg.	neg.	>100	23.0
P/B	2.8	3.1	3.2	2.8
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	neg.	>100	16.5
EV/EBITDA	65.9	13.1	32.3	6.6
EV/S	3.3	2.7	3.4	1.7

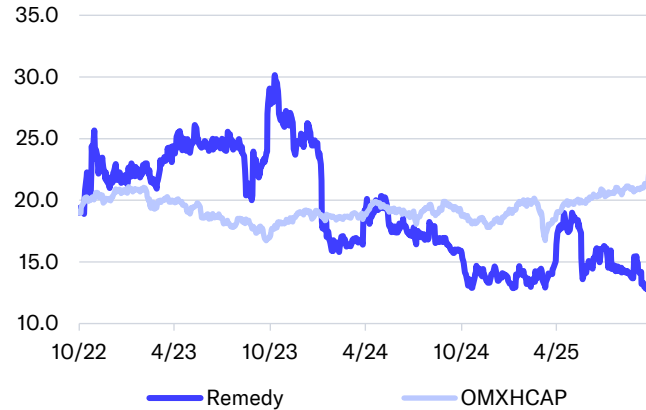
Source: Inderes

## Guidance

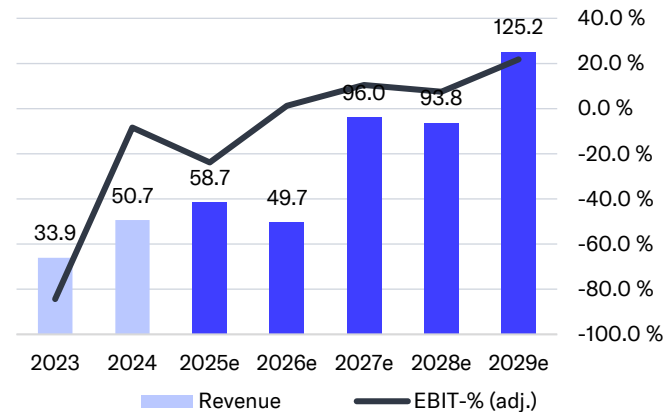
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"Remedy now estimates that revenue will grow from the previous year and EBIT will be negative and decline from the previous year."

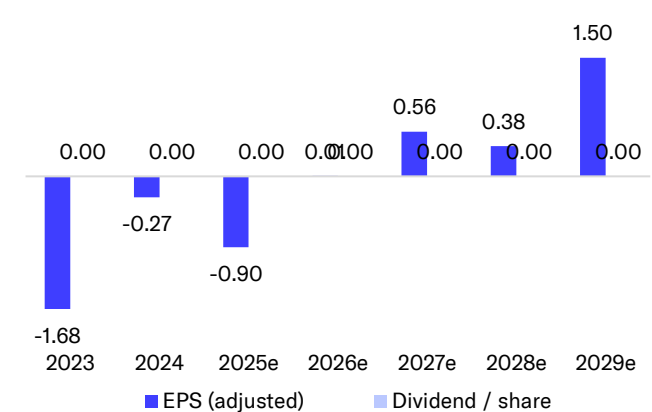
## Share price



## Revenue and EBIT %



## EPS and dividend



## Value drivers

- Self-owned game brands (Alan Wake and Control)
- Multi-project model creates continuity and diversifies risks
- Strong track record of developing high-quality games
- Own game engine and game development tools create scalability and a competitive advantage
- Attractive position in the value chain considering industry trends and consolidation

## Risk factors

- Commercial failure of future games
- Delays in game projects
- Dependency on publishing partners
- Fierce competition for top talent and players' time and money in the games industry
- Technology and market trends
- Changes in expectations for future games can cause significant volatility in the stock

Valuation	2025e	2026e	2027e
Share price	12.9	12.9	12.9
Number of shares, millions	13.6	13.7	13.8
Market cap	177	178	179
EV	160	171	165
P/E (adj.)	neg.	>100	23.0
P/E	neg.	>100	23.0
P/B	3.1	3.2	2.8
P/S	3.0	3.6	1.9
EV/Sales	2.7	3.4	1.7
EV/EBITDA	13.1	32.3	6.6
EV/EBIT (adj.)	neg.	>100	16.5
Payout ratio (%)	0.0 %	0%	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes



# Q3 figures for main items were already known with preliminary data

## Royalties and sales of own games exceeded our expectations

In line with the preliminary data, Remedy's Q3 revenue was 12.2 MEUR, representing a 32% decrease from the comparison period, which included an exceptionally high amount of development fees due to the Annapurna agreement for Control 2. Adjusted for currency effects, revenue declined by -29%.

Development fees recognized in the quarter from the Max Payne subcontracting project and Control 2 (6.1 MEUR) were lower than our forecast (8.0 MEUR). There are fluctuations in development fees on a quarterly basis, so no major conclusions can be drawn from the Q3 figures.

Royalties and sales of own games totaled 6.0 MEUR for the quarter, in turn exceeding our estimate (4.2 MEUR). According to Remedy, Alan Wake 2 royalties were at their highest level of the year in the quarter, a positive surprise compared to our expectations. The game was launched in the Chinese market, and according to the company,

preliminary results were promising. A large portion of the quarter's game sales came from payments related to FBC: Firebreak's B2B agreements, while sales of the game itself remained sluggish. Considering its age, the Control game has also continued to sell well, although we think its contribution to the overall picture has been pretty small.

## Cash flow for the quarter was good

In line with preliminary data, EBITDA was 0.7 MEUR in Q3 and the write-down of FCB: Firebreak's development costs (-14.9 MEUR) pushed EBIT into the red at -16.4 MEUR.

Remedy commented that it has moved developers from FBC: Firebreak to other projects, and the team of around 50 people has now shrunk considerably. However, game development will continue with a small team, which we estimate is likely related to the terms defined in the B2B agreements. The company seemed to remain satisfied with its current headcount, and there do not appear to be any plans for major reductions. In part, the company can balance its own personnel with external development

work, and the amount of external development in Q3 was smaller than in the previous quarter. Naturally, the need for external development also varies depending on the development phases of the projects.

Cash flow from business operations (Q3'25: 11.3 MEUR) was strong and, as expected, supported by payments received from FBC: Firebreak's B2B contracts. According to the company, in terms of cash flow, most of the B2B contracts have now been recognized in the company's cash but the revenue is still allocated over the entire contract period (we assume 12 months). We would like to remind that fluctuations in cash flow from one quarter to the next are very typical for Remedy due to the timing of when royalties, game sales, and development fees are received.

Remedy's cash and liquid assets (Q3'25: 36.5 MEUR) grew significantly from the previous quarter (27.6 MEUR), reflecting strong cash flow. Overall, the company's financial position is on solid footing for implementing its strategy.

Estimates MEUR / EUR	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	17.9	12.2	12.2				0%	58.7
EBITDA	6.7	0.7	0.7				-4%	12.2
EBIT (adj.)	2.4	-16.4	-16.4				0%	-14.0
EPS (reported)	0.14	-0.99	-0.96				-2%	-0.90
Revenue growth-%	128.5 %	-32.0 %	-31.7 %				-0.2 pp	15.9 %
EBIT-% (adj.)	13.4 %	-135.1 %	-134.3 %				-0.8 pp	-23.9 %

Source: Inderes

# No material changes to estimates updated after the profit warning

## Looking ahead to releases of Max Payne and Control 2

In its lowered outlook following the profit warning, Remedy estimates that revenue will grow from the previous year and EBIT will be negative and decline from the previous year. Previously, the company still guided for a positive EBIT for this year. We did not make any significant changes to our forecasts based on the Q3 report, as we had already updated them in connection with the [profit warning](#). While we no longer forecast revenue from game sales for FBC: Firebreak, we estimate that the game will generate approximately 4 MEUR in B2B payments from Sony and Microsoft between Q4’25-Q2’26. Previously, we estimated that the company would reduce its workforce to downsize its game team, but now we expect cost adjustments to be achieved more through a reduction in subcontracting and, to some extent, through natural attrition. Thus, our previous assumptions regarding the overall cost structure remain largely unchanged.

Our forecast for this year expects revenue of 58.7 MEUR (+16%) and EBIT of -14.0 MEUR. We estimate EBITDA to be positive at 12.2 MEUR, and development will be supported in Q4, for example, by Alan Wake 2 being the PlayStation Plus monthly game in October.

We estimate that the key major game releases for Remedy's investment story (Max Payne and especially Control 2) will be released in 2026 and 2027. According to Remedy, their development has progressed as planned, but the company did not provide a detailed update on the projects at this time. Going forward, the company intends to comment less on the interim stages of game projects anyway because quarterly commentary is not always particularly fruitful for multi-year projects. Naturally, major developments will continue to be communicated in the future as well. As for the Max Payne remake, we expect to hear some potential news fairly soon. The game has been in full production for 6 quarters now, so the product should

be quite far along. However, marketing activities related to the game are in the hands of the publisher Rockstar.

A new, unnamed game project that was previously in the concept phase moved to the proof-of-concept stage during the quarter. Remedy is not currently disclosing any information about this project, but things are still moving forward with a small team at this stage for that project too. We believe this project will likely be Alan Wake 3.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	58.7	58.7	0%	49.7	49.7	0%	96	96.0	0%
EBITDA	12.2	12.2	0%	5.1	5.3	4%	25.3	25.0	-1%
EBIT (exc. NRIs)	-14.0	-14.0	0%	0.4	0.6	50%	10.2	10.0	-2%
EBIT	-14.0	-14.0	0%	0.4	0.6	50%	10.2	10.0	-2%
PTP	-14.5	-14.7	-1%	-0.1	0.1	198%	9.7	9.5	-2%
EPS (excl. NRIs)	-0.88	-0.90	-2%	-0.01	0.01	198%	0.58	0.56	-2%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# Strategy in light of game projects

	2023	2024	2025	2026	2027	2028	2029	2030	2031
Control	Royalties \$	\$	\$	\$	\$				
Alan Wake Remastered	Royalties \$	\$	\$	\$	\$	\$			
Alan Wake 2	Development fees \$\$\$	Royalties \$	Royalties \$\$\$	\$\$/\$\$\$	\$\$	\$\$	\$	\$	\$
FBC: Firebreak	Development fees \$/\$\$		Release in Q2 \$\$	\$					
Control 2	Development fees \$\$	Development fees \$\$\$	Development fees \$\$\$	Development fees \$\$\$	Release in H1 \$\$\$	\$\$\$	\$\$\$	\$\$/\$\$\$	\$/\$\$
Max Payne	Development fees \$\$	Development fees \$\$\$	Development fees \$\$\$	Release in H1 \$\$\$	Royalties \$\$/\$\$\$	\$\$/\$\$\$	\$\$/\$\$\$	\$/\$\$	\$
Next game projects*		New project in preliminary conception	New project in conceptualization				"Alan Wake 3" publication \$\$\$	\$\$\$	\$\$\$
				New project in conceptualization			"Control 3" publication \$\$\$		\$\$\$
					New project in conceptualization				"Game X" publication \$\$\$

Source: Inderes, \*Inderes' estimates of future projects

# Underlying assumptions for revenue estimates 1/2

## Alan Wake 2 assumptions

	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26	2027	2028
Average price (€)	40	40	40	40	40	35	35	35	30	25
Sales volume (millions of copies)	0.16	0.14	0.17	0.17	0.15	0.12	0.12	0.15	0.60	0.50
Project income (MEUR)	4.0	3.6	4.3	4.3	3.8	2.6	2.6	3.3	11.3	7.9
B2B contracts (MEUR)				2.5						
<b>Remedy's royalties (MEUR)</b>	<b>2.0</b>	<b>1.8</b>	<b>2.1</b>	<b>4.6</b>	<b>1.9</b>	<b>1.3</b>	<b>1.3</b>	<b>1.6</b>	<b>5.7</b>	<b>3.9</b>
Cumulative copies sold (million)	2.3	2.4	2.6	2.7	2.9	3.0	3.1	3.3	3.9	4.4

## FBC: Firebreak assumptions

	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26	2027	2028
Average price (€)	35	30	30	30	30	30	30	30	25
Sales volume (millions of copies)	0.05	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
In-game purchases (MEUR)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B2B contracts (MEUR)	5.5	2	2.5	1.0	1.0				
<b>Remedy's total revenue</b>	<b>7.1</b>	<b>2.5</b>	<b>2.5</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Current projects under development

### Control 2 (self-publication, 50% funded by Annapurna)

Marketing budget 15 MEUR  
Production budget 50 MEUR

	2027	2028	2029
Sales volume (millions of copies)	1.8	2.2	1.1
Average price (€)	60	50	45

### Max Payne 1&2 (subcontracting)

Marketing budget 25 MEUR  
Production budget 60 MEUR  
Remedy's share of royalties 15%

	26-27	2028	2029
Sales volume (millions of copies)	4.1	1.5	1.2
Average price (€)	60	50	45

## Assumptions of future game projects

### "Alan Wake 3" (self-publication)

Marketing budget 20 MEUR

	2029	2030	2031
Sales volume (millions of copies)	1.5	1.8	1.2
Average price (€)	60	55	50

### "Control 3" (self-publication)

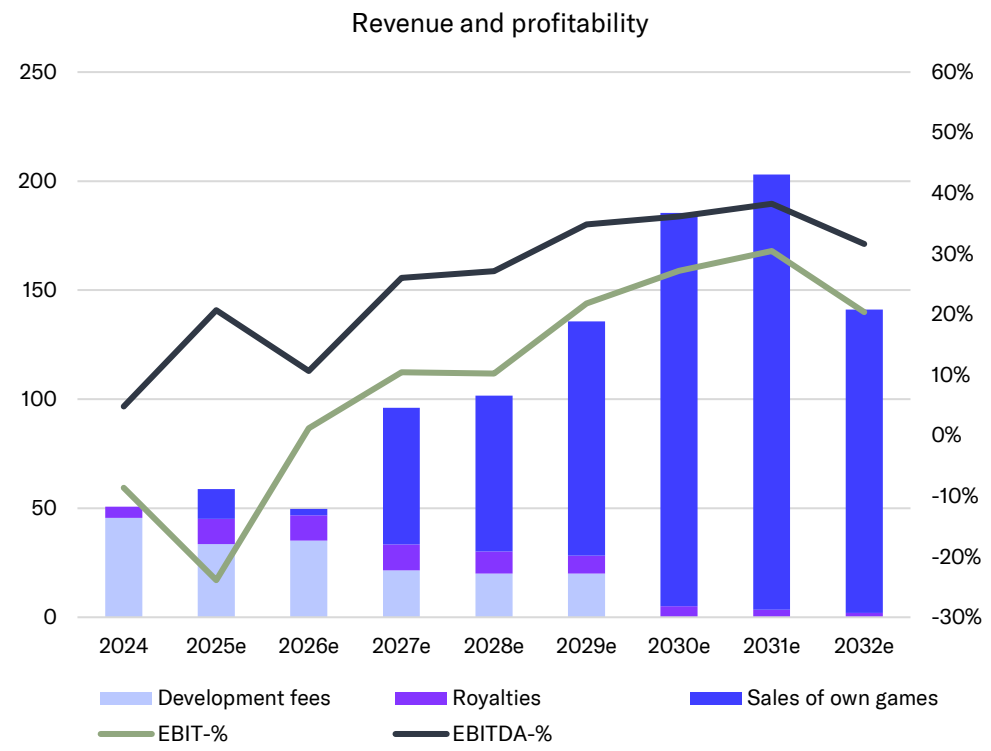
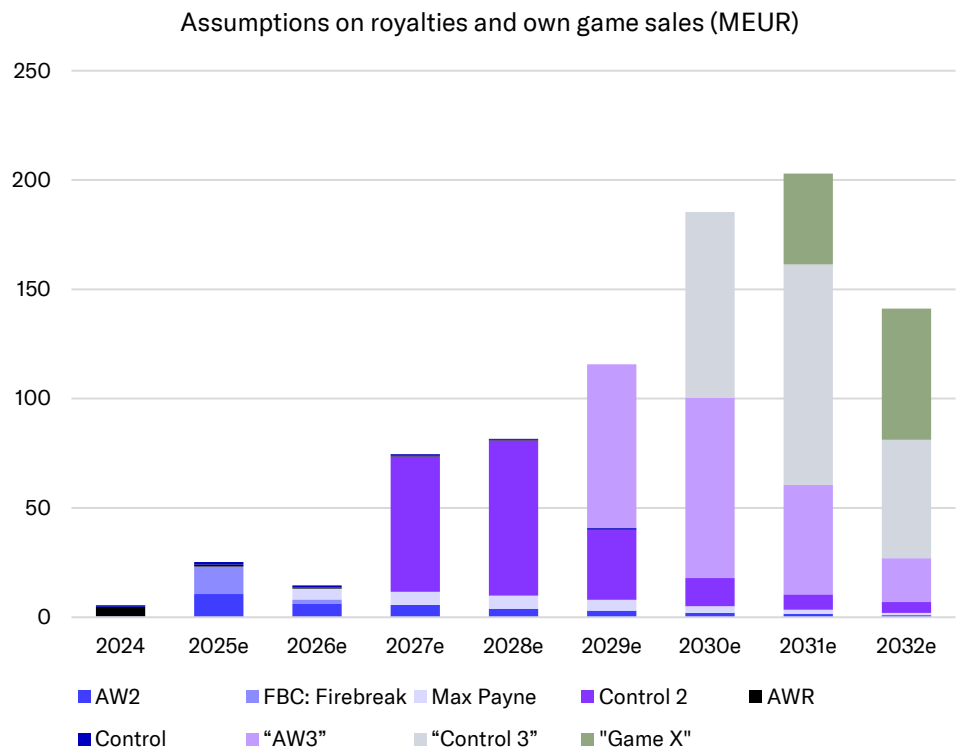
Marketing budget 20 MEUR

	2030	2031	2032
Sales volume (millions of copies)	1.7	2.2	1.3
Average price (€)	60	55	50

Underlying assumptions for the calculations:


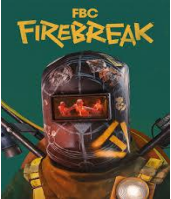

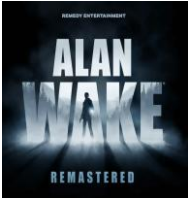
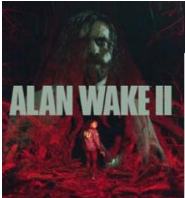

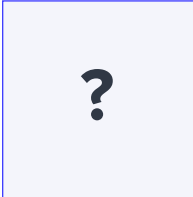






- Value added tax 20%
- Distribution cost 25%
- We expect Remedy to be able with its current organization (with assumed increase in costs) to start and self-publish the next game projects

# Underlying assumptions for revenue estimates 2/2





# Remedy's game projects and partners

										
	<b>Control</b>	<b>FBC: Firebreak</b>	<b>Control 2</b>				<b>Alan Wake Remastered</b>	<b>Alan Wake 2</b>	<b>Max Payne 1&amp;2 remake</b>	<b>Project #4</b>
	Released Q3'19	Released Q2'25	Production				Released Q4'21	Released Q3'23	Production	Proof-of-concept
	Budget ~30 MEUR	Budget ~30 MEUR	Budget ~50 MEUR				Budget ~8 MEUR <sup>1</sup>	Budget ~60 MEUR <sup>1</sup>	Budget ~60 MEUR <sup>1</sup>	
Remedy's share of the production budget:	45% <sup>4</sup>	100%	50%				0% <sup>3</sup>	0%	0%	
Remedy's share of revenue:	100% <sup>4</sup>	100%	60-75% <sup>5</sup>				50%	10-30% <sup>1</sup>	10-30% <sup>1</sup>	
Recoup <sup>2</sup> before the royalties to Remedy?							✓	✓	✓	
									 Rockstar Games	

Source: Inderes, <sup>1</sup> Inderes' rough estimates of the production budgets and profit splits.

<sup>2</sup> The production and marketing budget financed by the distributor must be recouped in whole or in part before royalties accrue to Remedy.

<sup>3</sup> Remedy also provided some funding for Alan Wake 2 towards the end of production to ensure the game's high quality.

<sup>4</sup> Old publishing agreement with 505 Games, as of 2025 Remedy's share of net sales 100%

<sup>5</sup> Remedy will be the publisher of the game and will be responsible for marketing costs, thus getting a bigger share of the game sales. The game's revenue will be split equally until the game's production budget is recouped.

# Valuation

## Remedy's long-term potential is attractive

In the long term, the ability of Remedy's team to launch high-quality games, favorable market trends and an attractive position in the value chain offer the company good preconditions to grow into a significantly larger game developer than currently. A multi-project model that has been built with controlled risks also brings attractive optionality from the viewpoint of the risk/reward ratio of the company's business model. Looking at the current game projects, we believe the likelihood of a completely failed release is low but a future project can become an actual hit game. The revenue potential of a single game from Remedy's perspective ranges from tens of millions to hundreds of millions of euros, depending on the publishing or self-publication, so the range of possible outcomes is wide. With the successful ramp-up of the multi-project model, the pace of game releases will quicken and the number of "success options" will rise in the future. We estimate that even with only relatively well succeeding games, Remedy's growth outlook is good far into the future.

## Valuation multiples fluctuate with game releases

Remedy is strategically moving from the investment phase to the growth phase, which is still reflected in elevated valuation multiples in the short term, although at the EBITDA level, the valuation is already starting to be supported to some extent by this year's earnings (2025e EV/EBITDA 13x). Due to the timing of game releases, Remedy's earnings performance, and therefore valuation multiples, will fluctuate with our forecasts for several years to come. The amortization of capitalized development costs at the EBIT level is likely to continue to affect the figures for the rest of the decade. The smoother and strong earnings

development enabled by the multi-project model will be reflected in EBITDA from 2027 onwards, when the EV/EBITDA multiples (2027e-2028e: ~6.6-6.5x) are very low, driven by the success of Control 2, as we forecast.

## Next two game releases mark turning point in Remedy's investment story

Following the failed release of FBC: Firebreak and the profit warning, sentiment toward Remedy's stock is currently sour. However, we expect the news flow to improve over the next year as major game projects, which are crucial to Remedy's investment case, (Max Payne and, in particular, Control 2) approach their release. We see a good probability of success for both games, and if this materializes, the stock has significant potential from current levels.

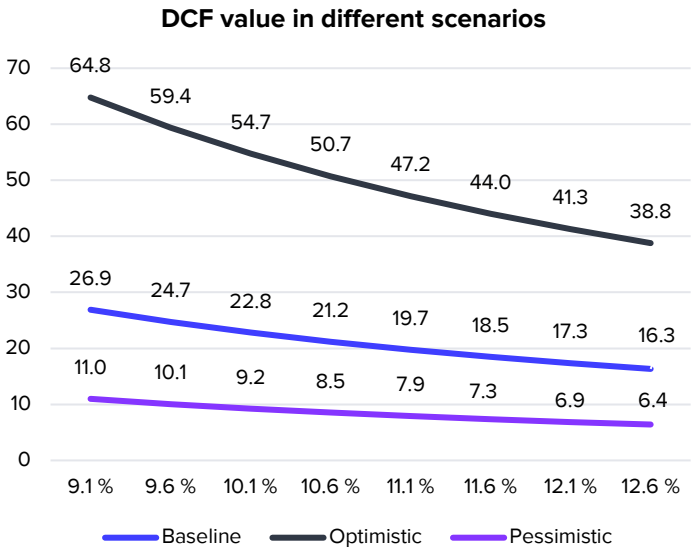
We also still believe in Remedy's ability to create more quality and successful games in the long term, which makes the current valuation of the stock very attractive. In the DCF scenarios and multiple-based scenario analysis on the following pages, we have assessed the company's potential. We believe that at some point in the next few years, Remedy's stock will begin to more accurately reflect the company's long-term potential as game projects move toward release.

We remind investors that they must continue to be prepared to tolerate the high price volatility that changes in expectations for future games can cause. The release of FBC: Firebreak is a good example of this, and Remedy's share has seen significant volatility during the year. From current levels, we see the risks in this regard leaning more toward the positive, as upcoming news and trailers for the next games dominate the news flow in the coming years.

Valuation	2025e	2026e	2027e
Share price	12.9	12.9	12.9
Number of shares, millions	13.6	13.7	13.8
Market cap	177	178	179
EV	160	171	165
P/E (adj.)	neg.	>100	23.0
P/E	neg.	>100	23.0
P/B	3.1	3.2	2.8
P/S	3.0	3.6	1.9
EV/Sales	2.7	3.4	1.7
EV/EBITDA	13.1	32.3	6.6
EV/EBIT (adj.)	neg.	>100	16.5
Payout ratio (%)	0.0 %	0%	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

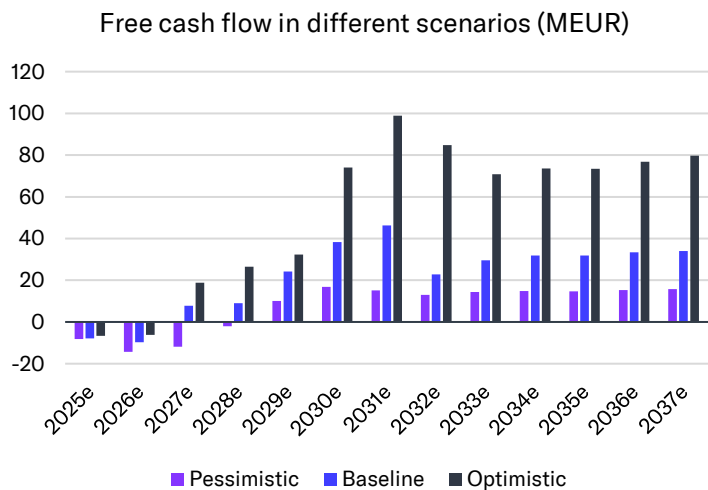
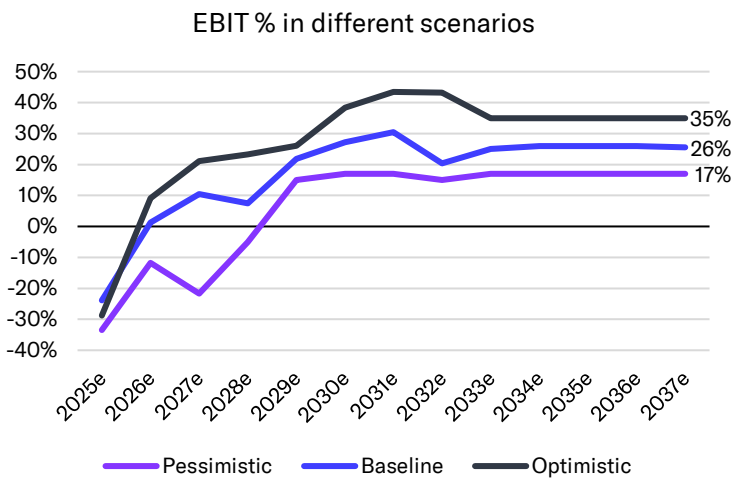
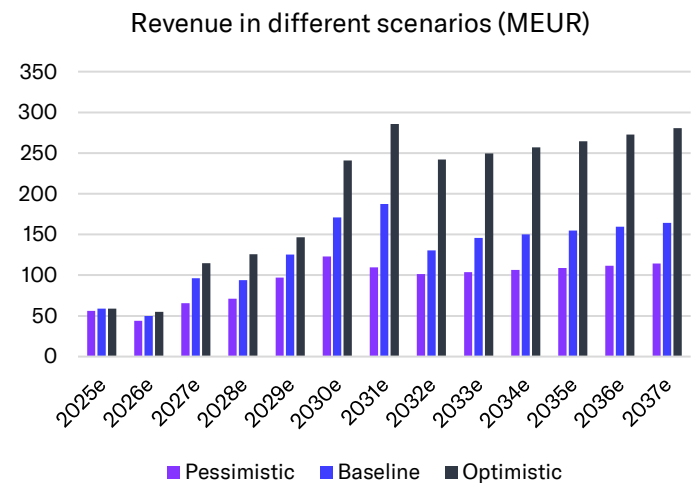
Source: Inderes

# DCF scenarios



## Underlying assumptions for the calculations:

- In the baseline scenario, we assume that the major AAA games will sell an average of around 5 million copies in the first three years.
- In the optimistic scenario, we expect the major AAA projects to sell around 7 million copies on average over three years, and we expect Max Payne to outperform the baseline.
- In the pessimistic scenario, we expect the major AAA game projects to sell an average of about 3 million copies in three years, and Max Payne to be significantly below the baseline. In this case, we estimate that Remedy would need to reduce its cost structure below the baseline to achieve reasonable profitability.



# Gauging long-term potential

## Share price in different scenarios

EV/EBIT 12x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	21.3	26.3	31.3	36.3	41.3
30%	25.3	31.3	37.3	43.3	49.3
35%	29.3	36.3	43.3	50.3	57.3
40%	33.3	41.3	49.3	57.3	65.3

EV/EBIT 16x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	28.0	34.7	41.3	48.0	54.7
30%	33.3	41.3	49.3	57.3	65.3
35%	38.7	48.0	57.3	66.7	76.0
40%	44.0	54.7	65.3	76.0	86.7

EV/EBIT 20x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	34.7	43.0	51.3	59.7	68.0
30%	41.3	51.3	61.3	71.3	81.3
35%	48.0	59.7	71.3	83.0	94.7
40%	54.7	68.0	81.3	94.7	108.0

## Annual expected return 2030

EV/EBIT 12x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	10%	15%	19%	22%	25%
30%	14%	19%	23%	26%	30%
35%	17%	22%	26%	30%	33%
40%	20%	25%	30%	33%	37%

EV/EBIT 16x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	16%	21%	25%	29%	32%
30%	20%	25%	30%	33%	37%
35%	24%	29%	33%	37%	41%
40%	27%	32%	37%	41%	44%

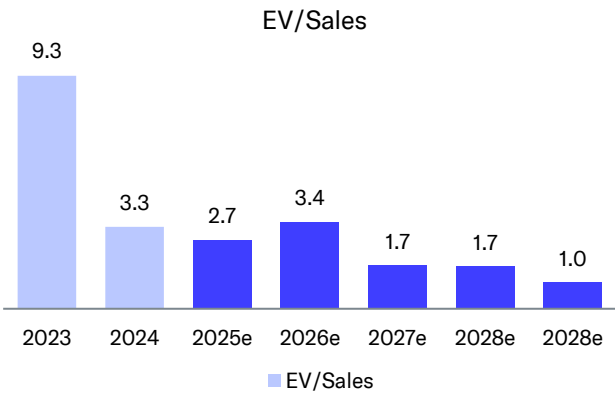
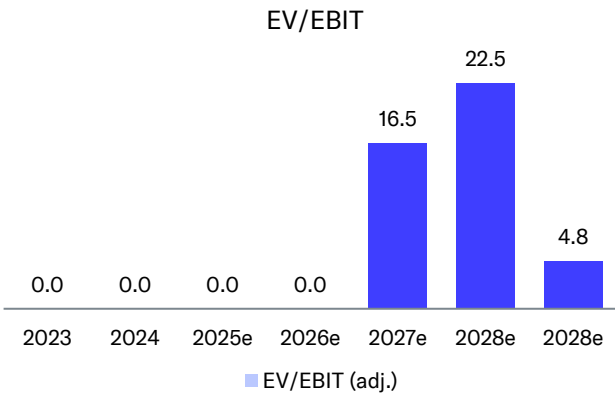
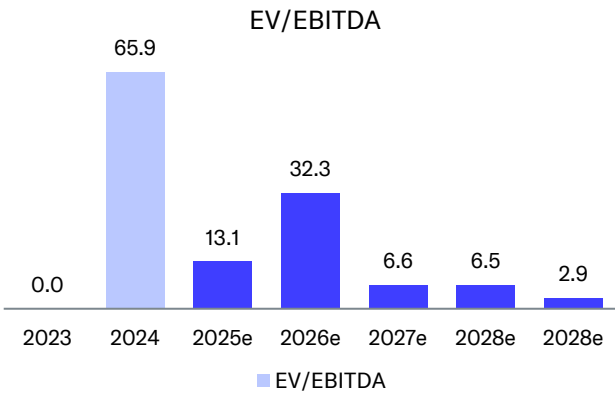
EV/EBIT 20x					
Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	21%	26%	31%	34%	38%
30%	25%	31%	35%	39%	43%
35%	29%	34%	39%	43%	47%
40%	32%	38%	43%	47%	51%

- The scenarios aim to illustrate the expected return on Remedy's share if the company achieves a revenue of 100-200 MEUR with an EBIT margin of 25-40% by 2030.
- If the company's game projects perform well, we see the revenue and profitability potential to reach these levels.
- The scenarios assume Remedy's net cash to be 20 MEUR and number of shares to be 15 million (accounting for the dilution of stock option schemes and convertible bond).
- In terms of valuation multiples, we believe that an EV/EBIT multiple of 12x would reflect a scenario where Remedy's future growth outlook would be weak, good at 16x and excellent at 20x.

# Valuation table

Valuation	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Share price	39.7	21.9	25.4	14.1	12.9	12.9	12.9	12.9	12.9
Number of shares, millions	13.1	13.4	13.5	13.5	13.6	13.7	13.8	13.9	14.9
Market cap	528	294	343	191	177	178	179	180	192
EV	473	241	316	166	160	171	165	158	130
P/E (adj.)	59.0	neg.	neg.	neg.	neg.	>100	23.0	33.9	8.6
P/E	59.0	neg.	neg.	neg.	neg.	>100	23.0	33.9	8.6
P/B	6.0	3.3	5.1	2.8	3.1	3.2	2.8	2.6	1.8
P/S	11.8	6.7	10.1	3.8	3.0	3.6	1.9	1.9	1.5
EV/Sales	10.6	5.5	9.3	3.3	2.7	3.4	1.7	1.7	1.0
EV/EBITDA	32.8	>100	neg.	65.9	13.1	32.3	6.6	6.5	2.9
EV/EBIT (adj.)	41.5	neg.	neg.	neg.	neg.	>100	16.5	22.5	4.8
Payout ratio (%)	25.7 %	neg.	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.4 %	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Lv:n kasvu-%		EBIT-%	
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e
Frontier Developments	221	194	19.7	25.3	5.0	5.0	1.9	1.8	2%	4%	10%	7%
Embracer	2028	1642	4.9	8.5	2.9	3.2	0.7	0.9	-40%	-22%	14%	11%
Starbreeze	19	10		2.2	1.6	0.7	0.5	0.4	28%	15%	-117%	19%
CD Projekt	6122	5862	72.5	101.3	59.1	71.6	26.2	30.1	5%	-13%	36%	30%
Paradox Interactive	1598	1520	26.2	18.8	11.3	10.2	7.0	6.7	13%	4%	27%	36%
Playway	420	362	8.4	7.9	8.3	7.8	5.3	5.0	-7%	4%	63%	64%
11 Bit Studios	103	88	4.7	5.4	3.4	5.5	2.1	2.6	23%	-19%	45%	49%
Enad Global 7	149	143	69.3	11.8	6.2	3.0	0.9	0.7	-6%	36%	1%	6%
Thunderful Group	8	17				2.1	0.8	0.7	-22%	25%	-67%	-7%
Tinybuild	32	28			13.0	8.8	0.9	0.9	-2%	8%	-10%	-2%
CI Games	133	137		6.6		6.6	8.8	2.3	-21%	282%	-6%	35%
Electronic Arts	42839	43057	24.1	20.3	20.9	17.8	7.0	6.4	-5%	11%	29%	31%
Take-Two Interactive	39806	40677	75.8	68.6	60.9	52.5	8.4	7.7	6%	10%	11%	11%
Ubisoft	1069	2246			2.9	3.9	1.2	1.2	-14%	-4%	-2%	-1%
Remedy (Inderes)	177	160	-11.4	285.5	13.1	32.3	2.7	3.4	16%	-15%	-24%	1%
Average			33.9	25.2	16.3	14.2	5.1	4.8	-3%	24%	2%	21%
Median			24.1	11.8	7.2	6.0	2.0	2.1	-4%	6%	11%	15%
Diff-% to median			-147%	2326%	81%	435%	36%	67%				

Source: Refinitiv / Inderes

# Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	33.9	10.8	10.3	17.9	11.7	50.7	13.4	16.9	12.2	16.2	58.7	49.7	96.0	93.8
Development fees	28.8	9.0	9.4	17.0	10.2	45.6	10.7	7.4	6.1	9.3	33.6	35.2	21.5	20.0
Royalties	5.2	1.8	0.9	0.8	1.5	5.1	2.6	2.1	2.1	4.7	11.6	11.5	12.0	10.2
Own game sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	3.9	2.2	13.6	3.0	62.6	71.4
EBITDA	-17.0	-1.2	-2.4	6.7	-0.6	2.5	2.6	4.2	0.7	4.7	12.2	5.3	25.0	24.2
Depreciation	-11.7	-0.9	-0.9	-4.3	-0.8	-6.8	-1.3	-4.7	-17.1	-3.1	-26.2	-4.7	-15.0	-17.2
EBIT (excl. NRI)	-28.6	-2.1	-3.2	2.4	-1.4	-4.3	1.3	-0.5	-16.4	1.6	-14.0	0.6	10.0	7.0
EBIT	-28.6	-2.1	-3.2	2.4	-1.4	-4.3	1.3	-0.5	-16.4	1.6	-14.0	0.6	10.0	7.0
Net financial items	1.1	0.1	0.3	0.0	0.1	0.5	-0.2	-0.1	-0.3	-0.1	-0.7	-0.5	-0.5	-0.5
PTP	-27.5	-2.0	-2.9	2.4	-1.3	-3.8	1.1	-0.6	-16.7	1.5	-14.7	0.1	9.5	6.5
Taxes	4.9	0.0	0.7	-0.5	0.0	0.2	-0.5	0.0	3.2	-0.3	2.4	0.0	-1.7	-1.2
Net earnings	-22.7	-2.0	-2.2	1.9	-1.3	-3.6	0.6	-0.6	-13.5	1.2	-12.3	0.1	7.8	5.3
EPS (adj.)	-1.68	-0.15	-0.16	0.14	-0.09	-0.27	0.04	-0.04	-0.99	0.09	-0.90	0.01	0.56	0.38
EPS (rep.)	-1.68	-0.15	-0.16	0.14	-0.09	-0.27	0.04	-0.04	-0.99	0.09	-0.90	0.01	0.56	0.38

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-22.2 %	56.2 %	16.2 %	128.5 %	13.1 %	49.3 %	24.1 %	63.5 %	-32.0 %	39.2 %	15.9 %	-15.3 %	93.1 %	-2.4 %
EBITDA-%	-50.0 %	-11.2 %	-22.7 %	37.3 %	-5.0 %	5.0 %	19.3 %	24.9 %	5.7 %	28.8 %	20.7 %	10.6 %	26.1 %	25.8 %
Adjusted EBIT-%	-84.4 %	-19.3 %	-31.0 %	13.4 %	-11.8 %	-8.4 %	9.7 %	-2.7 %	-135.1 %	9.7 %	-23.9 %	1.2 %	10.4 %	7.5 %
Net earnings-%	-66.8 %	-18.5 %	-21.4 %	10.6 %	-10.9 %	-7.1 %	4.4 %	-3.4 %	-110.7 %	7.3 %	-20.9 %	0.2 %	8.1 %	5.7 %

Source: Inderes

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	35.8	45.1	51.4	40.9	45.3
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	23.3	32.9	36.8	27.3	32.4
Tangible assets	6.5	5.8	5.2	4.2	3.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	1.0	1.0	1.0	1.0	1.0
Deferred tax assets	5.0	5.4	8.4	8.4	8.4
Current assets	47.4	47.3	43.4	31.2	44.6
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	17.0	6.2	10.6	8.5	14.4
Cash and equivalents	30.4	41.1	32.9	22.8	30.2
Balance sheet total	79.3	99.3	85.3	81.4	93.8

Source: Inderes

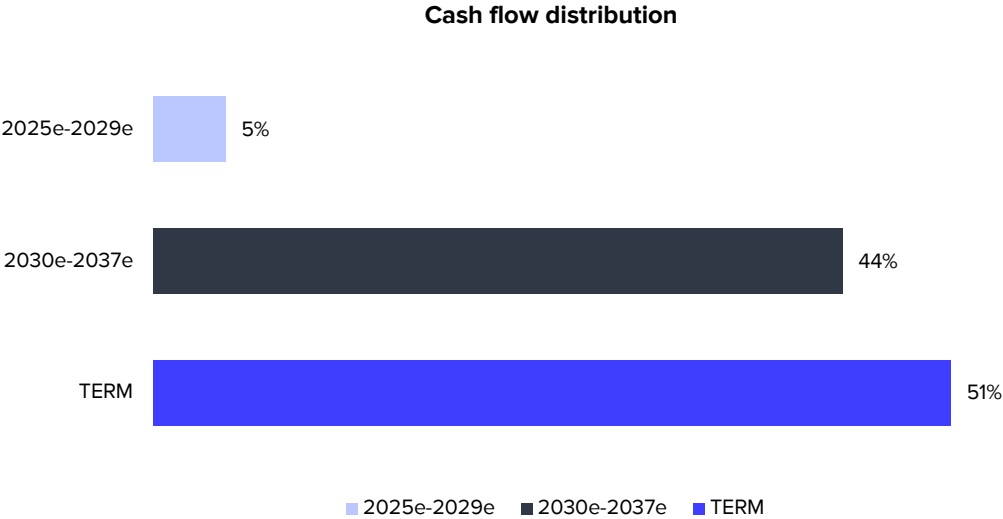
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	67.8	68.5	56.3	56.4	64.2
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	9.8	10.1	-2.2	-2.1	5.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	57.8	58.3	58.3	58.3	58.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1.5	14.6	15.1	15.1	16.0
Deferred tax liabilities	0.1	0.1	0.1	0.1	0.1
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	1.4	14.5	15.0	15.0	15.9
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	10.0	16.2	13.9	10.0	13.6
Interest bearing debt	2.2	1.4	1.0	1.0	0.2
Payables	7.8	14.8	12.9	9.0	13.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	79.3	99.3	85.3	81.4	93.8

# DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	TERM
Revenue growth-%	49.3 %	15.9 %	-15.3 %	93.1 %	-2.4 %	33.5 %	36.6 %	9.5 %	-30.5 %	12.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
EBIT-%	-8.4 %	-23.9 %	1.2 %	10.4 %	7.5 %	21.8 %	27.2 %	30.5 %	20.3 %	25.0 %	26.0 %	26.0 %	26.0 %	25.5 %	25.5 %
EBIT (operating profit)	-4.3	-14.0	0.6	10.0	7.0	27.3	46.5	57.0	26.5	36.5	39.1	40.2	41.4	41.9	
+ Depreciation	6.8	26.2	4.7	15.0	17.2	17.7	16.7	15.8	15.9	16.0	16.0	16.0	16.5	16.8	
- Paid taxes	-0.1	-0.6	0.0	-1.7	-1.2	-4.9	-8.4	-10.2	-4.8	-6.5	-7.0	-7.2	-7.4	-7.5	
- Tax, financial expenses	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	17.8	-6.3	-1.9	-1.5	0.0	-0.9	-1.5	-0.3	1.1	-0.3	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	20.3	5.1	3.3	21.8	22.9	39.2	53.3	62.3	38.8	45.6	47.9	48.9	50.4	51.0	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-26.6	-13.0	-13.0	-14.0	-14.0	-15.0	-15.0	-16.0	-16.0	-16.0	-16.0	-17.0	-17.0	-17.0	
Free operating cash flow	-6.3	-7.9	-9.7	7.8	8.9	24.2	38.3	46.3	22.8	29.6	31.9	31.9	33.4	34.0	
+/- Other	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.3	-7.9	-9.7	7.8	8.9	24.2	38.3	46.3	22.8	29.6	31.9	31.9	33.4	34.0	
Discounted FCFF		-7.7	-8.6	6.2	6.5	15.9	22.7	24.8	11.1	13.0	12.7	11.4	10.8	10.0	135
Sum of FCFF present value		263	271	280	274	267	251	229	204	193	180	167	156	145	135
Enterprise value DCF		263													
- Interest bearing debt		-15.8													
+ Cash and cash equivalents		41.1													
-Minorities		0.0													
-Dividend/capital return		0.0													
Equity value DCF		289													
Equity value DCF per share		21.2													

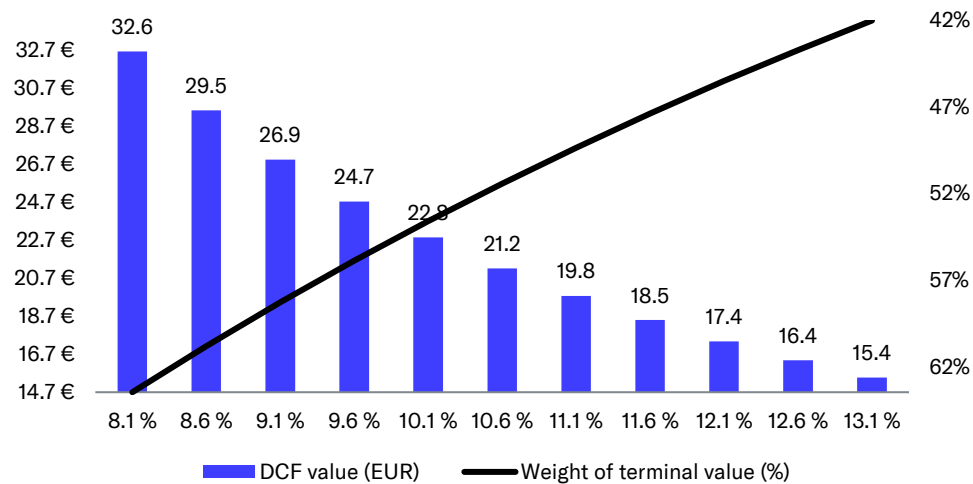
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	10.6 %
Weighted average cost of capital (WACC)	10.6 %

Source: Inderes

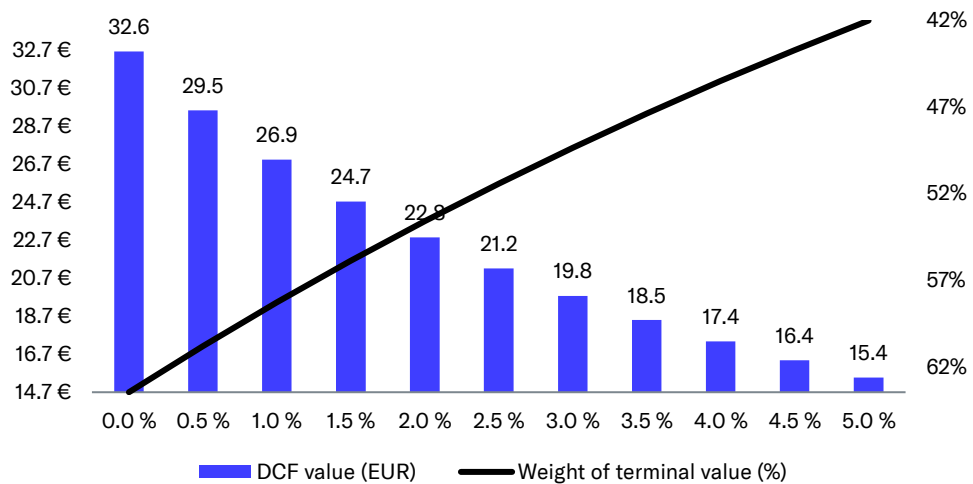


# DCF sensitivity calculations and key assumptions in graphs

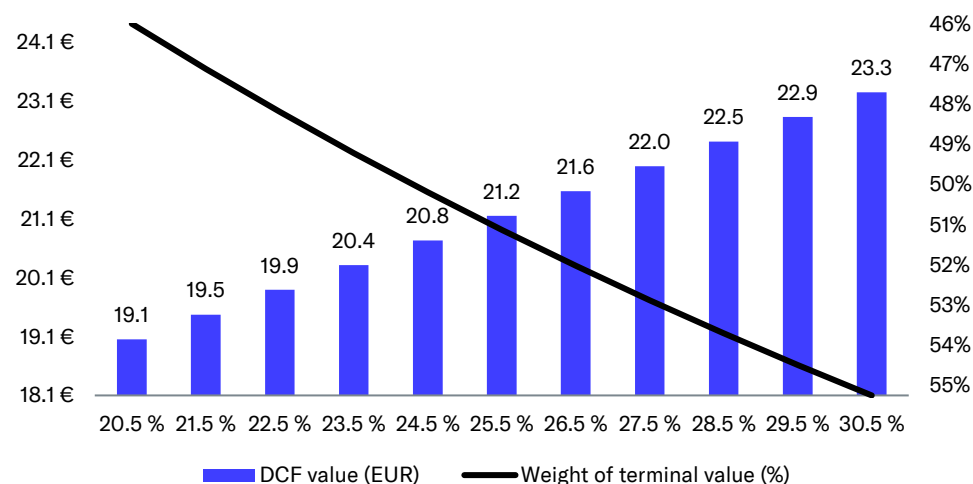
Sensitivity of DCF to changes in the WACC-%



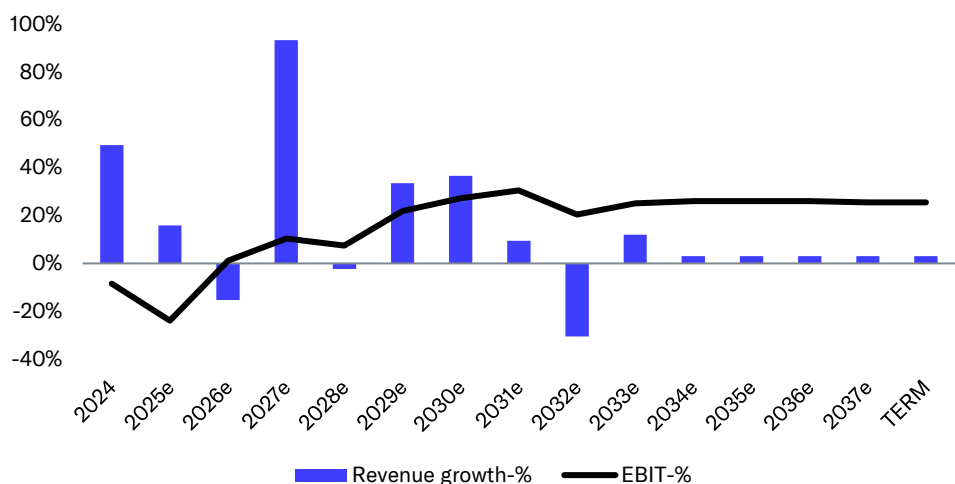
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.



# Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	43.6	33.9	50.7	58.7	49.7	EPS (reported)	-0.13	-1.68	-0.27	-0.90	0.01
EBITDA	1.9	-17.0	2.5	12.2	5.3	EPS (adj.)	-0.13	-1.68	-0.27	-0.90	0.01
EBIT	-0.6	-28.6	-4.3	-14.0	0.6	OCF / share	0.51	-1.40	1.50	0.38	0.24
PTP	-1.2	-27.5	-3.8	-14.7	0.1	OFCF / share	-0.29	-2.15	-0.10	-0.58	-0.70
Net Income	-1.7	-22.7	-3.6	-12.3	0.1	Book value / share	6.57	5.02	5.06	4.13	4.10
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.10	0.00	0.00	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	99.6	79.3	99.3	85.3	81.4	Revenue growth-%	-3%	-22%	49%	16%	-15%
Equity capital	88.4	67.8	68.5	56.3	56.4	EBITDA growth-%	-87%	-990%	-115%	384%	-56%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-105%	4985%	-85%	227%	-104%
Net debt	-52.9	-26.8	-25.3	-16.9	-6.8	EPS (adj.) growth-%	-119%	1209%	-84%	238%	-101%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	4.4 %	-50.0 %	5.0 %	20.7 %	10.6 %
EBITDA	1.9	-17.0	2.5	12.2	5.3	EBIT (adj.)-%	-1.3 %	-84.4 %	-8.4 %	-23.9 %	1.2 %
Change in working capital	5.6	-2.1	17.8	-6.3	-1.9	EBIT-%	-1.3 %	-84.4 %	-8.4 %	-23.9 %	1.2 %
Operating cash flow	6.8	-18.9	20.3	5.1	3.3	ROE-%	-2.0 %	-29.0 %	-5.3 %	-19.6 %	0.1 %
CAPEX	-10.8	-10.1	-26.6	-13.0	-13.0	ROI-%	-0.6 %	-35.2 %	-5.5 %	-17.9 %	0.8 %
Free cash flow	-4.0	-29.0	-1.3	-7.9	-9.7	Equity ratio	88.8 %	85.5 %	70.9 %	66.0 %	69.2 %
						Gearing	-59.8 %	-39.5 %	-36.9 %	-29.9 %	-12.0 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	5.5	9.3	3.3	2.7	3.4						
EV/EBITDA	>100	neg.	65.9	13.1	32.3						
EV/EBIT (adj.)	neg.	neg.	neg.	neg.	>100						
P/E (adj.)	neg.	neg.	neg.	neg.	>100						
P/B	3.3	5.1	2.8	3.1	3.2						
Dividend-%	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/15/2022	Accumulate	26.00 €	22.15 €
10/31/2022	Buy	25.00 €	18.14 €
12/27/2022	Accumulate	25.00 €	21.50 €
2/13/2023	Accumulate	25.00 €	22.70 €
4/19/2023	Accumulate	25.00 €	24.20 €
4/27/2023	Accumulate	25.00 €	23.10 €
6/12/2023	Reduce	25.00 €	26.10 €
8/14/2023	Reduce	25.00 €	25.55 €
9/14/2023	Reduce	24.00 €	22.50 €
10/27/2023	Accumulate	30.00 €	27.00 €
11/1/2023	Accumulate	30.00 €	27.95 €
11/16/2023	Reduce	29.00 €	28.85 €
2/7/2024	Reduce	21.00 €	21.60 €
2/13/2024	Accumulate	21.00 €	17.62 €
2/19/2024	Accumulate	19.00 €	17.02 €
3/21/2024	Accumulate	19.00 €	16.70 €
4/30/2024	Accumulate	20.00 €	19.20 €
8/12/2024	Accumulate	20.00 €	17.20 €
9/5/2024	Accumulate	21.00 €	17.50 €
11/4/2024	Accumulate	19.00 €	15.32 €
11/20/2024	Buy	19.00 €	12.90 €
12/18/2024	Buy	19.00 €	14.00 €
2/13/2025	Buy	19.00 €	13.98 €
5/2/2025	Buy	20.00 €	16.42 €
8/1/2025	Accumulate	18.00 €	16.06 €
8/13/2025	Accumulate	18.00 €	15.94 €
9/25/2025	Buy	18.00 €	13.68 €
10/13/2025	Buy	17.00 €	13.20 €
10/30/2025	Buy	17.00 €	12.94 €



# CONNECTING INVESTORS AND COMPANIES.

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