

STARBREEZE

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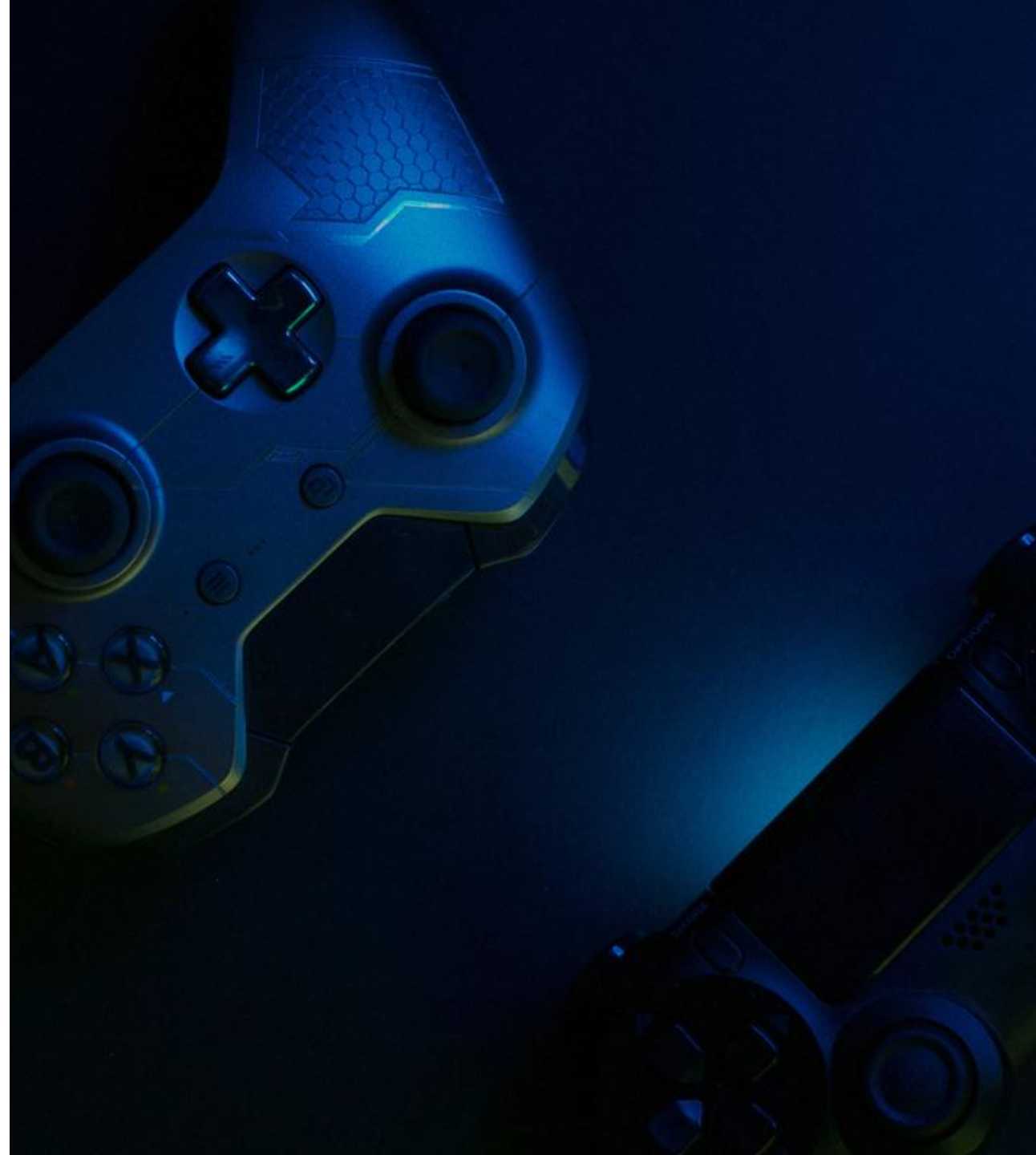


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INDERES CORPORATE CUSTOMER
COMPANY REPORT



The contrarian case remains - for now

Starbreeze delivered Q2 revenue and EBIT below our expectations, primarily driven by softer PAYDAY 3 (“PD3”) and third-party publishing (“3PP”) revenue, as well as a higher cost base than expected. No concrete details or news around a more thorough PD3 outlook or advancements with potential partners for Project Baxter were revealed in the report. The company did, however, communicate down prioritizing focus on 3PP in favor for the PAYDAY franchise, in-house projects, and work-for-hire. This, together with the Q2 outcome, has led us to revise our near-term estimates down, with smaller changes to our long-term forecasts. Despite this, we still feel the very low expectations on both PD3 and the Baxter release reflected in the current valuation, present an opportunity to be a contrarian. As such, we reiterate our Accumulate recommendation but lower the target price to SEK 0.22 (was SEK 0.26).

Q2 headline figures were below our estimates

Starbreeze’s Q2 revenue amounted to 54 MSEK, which fell clearly short of our estimates (65 MSEK). While the work-for-hire contribution exceeded our forecast, the revenue miss was mainly driven by softer PAYDAY-related sales and a weaker-than-expected contribution from the 3PP title Roboquest following its platform expansion. PAYDAY 3 revenue was particularly soft at 18 MSEK versus our 30 MSEK estimate. We acknowledge, however, that our assumptions may have been too front-loaded regarding the timing effect from the acquisition of full publishing rights, which enables Starbreeze to retain all PD3-related revenue going forward. We think the reported quarter largely reflected the previous revenue-share structure with PLAION, and that PD3 revenue would have been higher if the new structure had been in place from the beginning of Q2, as we had anticipated. Adjusted EBIT amounted to -17 MSEK, which was well below our estimated 9 MSEK. The shortfall was driven not only by lower revenues but also by higher direct costs (game amortization and development expenses) and OPEX compared to our forecast. On the balance sheet, the cash position increased by 26 MSEK to 156 MSEK,

mainly due to delayed game-related cash inflows from Q1 as well as the 33 MSEK directed share issue completed in Q2.

Strategic refocus drives changes to revenue mix estimates

After the Q2 report and management’s comments on deprioritizing 3PP in favor of greater focus on the PAYDAY franchise, in-house projects, and work-for-hire, we have revised our estimates. Our PAYDAY-related revenue estimates for FY25 have been cut by 15%, with smaller reductions across the remaining forecast period. We continue to view a significant resurgence in the player base and revenues as unlikely. Following management’s comments and refocus, we have substantially lowered our 3PP revenue estimates, while raising our expectations of the contribution from the KRAFTON agreement this year. In addition, we now also assign some probability to future work-for-hire revenues, which had a modest mitigating effect on our reduced 3PP estimates. Following the Q2 results, we have also increased our direct cost estimates and, to a lesser extent, OPEX. Coupled with the downward revisions to revenue, this had a negative impact on our profitability forecasts.

We remain cautiously optimistic about the stock

Following our estimate revisions, we arrive at a DCF value of SEK 0.38 (was SEK 0.44). However, our DCF value reflects a moderately optimistic scenario and should be viewed with caution. We still believe the DCF provides limited near-term support as the share price remains closely tied to the performance of PD3s (and PAYDAY IP in general), which remains soft, and the upcoming Baxter release, where visibility is still low. That said, we continue to see underlying value in the PAYDAY IP, and the recent publishing rights deal gives Starbreeze more levers to pull than before, with a more detailed plan for the franchise yet to be shared. However, given the current low absolute valuation and reduced cash flow pressure enabled by the KRAFTON work-for-hire agreement, we continue to believe that Starbreeze could be an interesting, albeit high-risk, investment over the next 12 months.

Recommendation

Accumulate

(prev. Accumulate)

Target price:

SEK 0.22

(prev. SEK 0.26)

Share price:

SEK 0.18

Business risk



Valuation risk



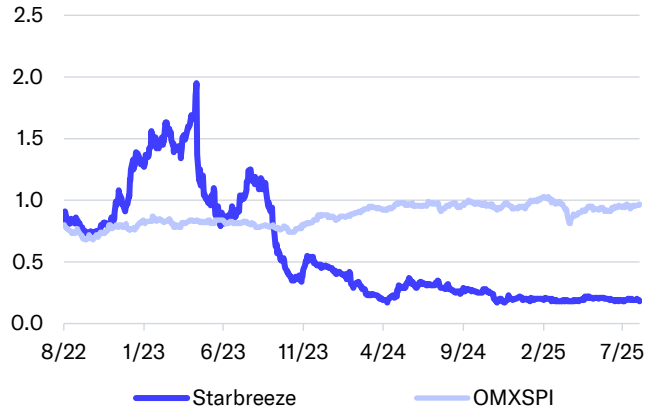
	2024	2025e	2026e	2027e
Revenue	186	232	371	259
growth-%	-71%	25%	60%	-30%
EBIT adj.	-229	-28	-87	-53
EBIT-% adj.	-123.2 %	-12.0 %	-23.4 %	-20.6 %
Net Income	-199	-64	-91	-56
EPS (adj.)	-0.15	-0.02	-0.06	-0.03
P/E (adj.)	neg.	neg.	neg.	neg.
P/B	0.4	0.4	0.5	0.6
EV/EBIT (adj.)	neg.	neg.	neg.	neg.
EV/EBITDA	1.1	2.0	0.9	1.8
EV/S	0.6	0.6	0.4	0.7

Source: Inderes

Guidance

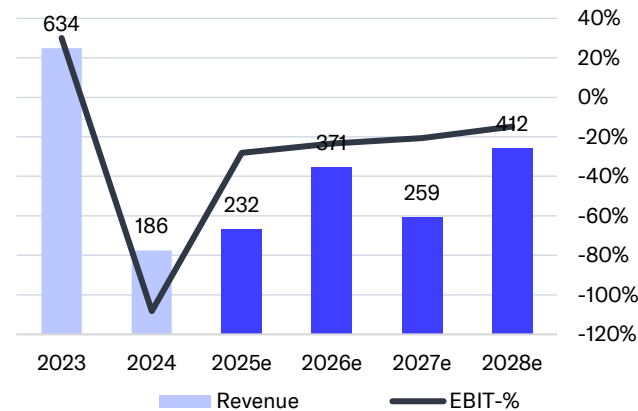
(Starbreeze provides no guidance)

Share Price



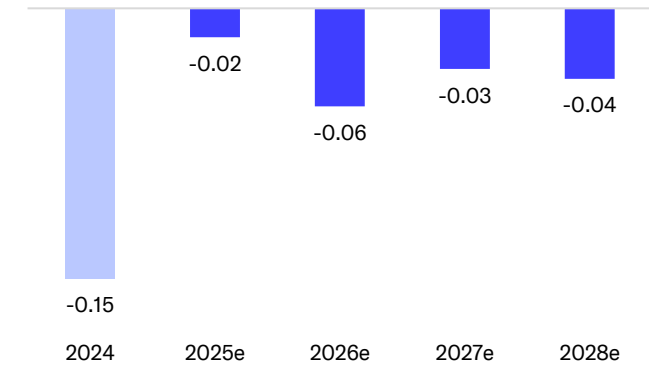
Source: Millistream Market Data AB

Revenues and operating profit-%



Source: Inderes

Earnings per share



Source: Inderes

Value drivers

- The company's main asset is its ownership of the PAYDAY game franchise
- If Starbreeze can entice players to return to PAYDAY 3, the company's financial outlook, as well as its potential to expand and/or license the IP, would improve significantly
- A successful 2026 launch of Project Baxter would improve Starbreeze's financial position and overall outlook notably
- Third-party publishing operations and adding new platforms for existing titles
- Highly scalable business model with successful launches

Risk factors

- If PAYDAY-related revenue continues to decline, alongside weakening player sentiment and activity, the IP's value and Starbreeze's overall financial position would deteriorate noticeably
- Limited visibility into Project Baxter and the 2028 game release makes it hard to assess the company's long-term potential
- Commercial failure and/or delays in future game projects
- Changes in expectations for future games can cause significant volatility in the stock
- High development costs and fixed-cost base exert pressure on cash flows

Valuation	2025e	2026e	2027e
Share price	0.18	0.18	0.18
Number of shares, millions	1,624	1,624	1,624
Market cap	297	297	297
EV	132	166	180
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.4	0.5	0.6
P/S	1.3	0.8	1.1
EV/Sales	0.6	0.4	0.7
EV/EBITDA	2.0	0.9	1.8
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes

Lower PAYDAY revenue and higher cost base than expected behind Q2 miss

PAYDAY revenue well below estimates, while work-for-hire contribution exceeded expectations

Q2 revenues reached 54 MSEK (Q1'25: 68 MSEK, Q2'24: 40 MSEK), which was 18% below our estimates and 34% higher than last year. The year-on-year revenue growth primarily stems from the work-for-hire partnership with KRAFTON, which contributed 20 MSEK to revenue. Revenue from PD3 decreased by -20% year-on-year to 18 MSEK (Q2'24: 22 MSEK) and by -46% quarter-on-quarter as Q1'25 was boosted by a one-off effect from the PlayStation Plus deal. PD2 revenue declined compared to previous quarter and amounted to 8 MSEK (Q1'25: 11 MSEK), while being relatively stable year-on-year (Q2'24: 9 MSEK). Following the expansion of Roboquest to PlayStation 4 and 5, third-party publishing ("3PP") revenue increased by 4 MSEK (q/q) to 7 MSEK (Q1'25: 3 MSEK, Q2'24: 9 MSEK).

While the work-for-hire contribution during the quarter was above our estimates of 17 MSEK, PAYDAY-related revenue fell clearly short of our estimates, particularly regarding PD3 (Inderes'

estimate 30 MSEK). We believe much of this deviation was timing-related, as the full effect of the acquired publishing rights (under which Starbreeze retains all game-related revenue) materialized later in the quarter than expected. Third-party publishing ("3PP") revenue was also below our estimate of 10 MSEK, where we had expected that the expansion of Roboquest to PS4/5 to convert to higher 3PP revenue given the strong reception and reviews on other platforms.

Lower revenue growth and higher cost base than expected behind EBIT miss

Starbreeze reported a Q2 operating result (EBIT) of -25 MSEK (adj. Q1'25: -1 MSEK, Q2'24: -71 MSEK) and adjusting for items affecting comparability ("IAC"), adjusted EBIT was -17 MSEK. This was well below our expectations of 9 MSEK. While the report did not specify the composition of IAC, we believe, given observed staff reductions in the quarter (-12% q/q, -17% y/y), this was related to downsizing. Even when adjusting for these items, OPEX was higher than expected. This, together with higher overall direct

costs and weaker revenue growth, led to the lower-than-expected EBIT.

Delayed Q1 cash impact and share issue contributed positively to cash balance in Q2

Cash flow from operating activities after WC changes was 39 MSEK (Q2'24: 3 MSEK) and investments for the quarter totaled 52 MSEK, leading to a free cash flow of -12 MSEK (Q1'25/Q2'24: -65 MSEK). The quarter's operating cash flow was positively impacted by the delayed cash payments from Q1 related to game sales. Cash balance increased by 26 MSEK quarter-on-quarter to 156 MSEK (Q1'25: 130 MSEK), with virtually no debt (excl. leasing). In addition to the improved operating cash flow, the increase was primarily driven by the direct share issue of 33 MSEK that was carried out during Q2, as well as the receiving of game financing of 11 MSEK. A partner deal regarding Baxter is still our base case as it would alleviate cash flow pressures, likely at the expense of revenue potential.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus	Difference (%)	2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Revenue	40.2	53.8	65.4			-18%	232
EBITDA	8.1	5.9	30.3			-80%	66.5
EBIT (adj.)	-70.8	-17.5	8.6			-303%	-27.9
EBIT	-70.8	-24.8	8.6			-389%	-65.4
EPS (reported)	-0.05	-0.02	0.01			-478%	-0.04
Revenue growth-%	-7.0 %	33.8 %	62.8 %			-29 pp	25.0 %
EBIT-% (adj.)	-176.2 %	-32.5 %	13.2 %			-45.6 pp	-12.0 %

Source: Inderes

An operational refocus prompted us to revise our revenue mix estimates

Estimate changes

- Following the Q2'25 revenue mix, we have revised our FY25 PD3 revenue estimate down by 15%, and slightly lowered PD2 forecasts due to weaker-than-expected Q2 performance. For PD3, we believe our Q2 revenue estimates may have been too front-loaded in terms of the effects from the publishing rights acquisition, and that part of the shortfall was timing-related rather than structural. This explains our relatively modest adjustment for FY25 despite the Q2 deviation (18 MSEK vs. Inderes' estimate 30 MSEK). In total, our PAYDAY franchise revenue forecast for FY25 is down 14%, with a modest carryover effect in subsequent years.
- Q2 commentary indicates Starbreeze is sharpening its focus on the PAYDAY franchise, its own in-house projects, and work-for-hire, while deprioritizing the 3PP business, at least in the short-to-medium term. We interpret this to mean maintaining the current 3PP portfolio rather than pursuing new titles is the new strategic focus. Combined with weaker Q2 revenues, we

cut our 3PP forecasts by 36-67% for 2025-2027, with follow-through effects over the forecast period.

- Conversely, work-for-hire revenues once again exceeded our estimate, prompting us to lean toward the higher end of our projected KRAFTON contribution in 2025 (~70 MSEK*). While no new agreements have been signed and management has provided limited details on the scope of future work-for-hire projects, we think the Q2 communication suggests additional projects could also emerge beyond 2025. We, therefore, factor in some probability of this materializing in our forecast period and have raised our estimates for 'Other' revenue, which includes work-for-hire.
- Overall, these adjustments reduce our Group revenue forecasts by 9% in FY25, and by 4-7% in 2026–2027.
- Starbreeze's EBIT came in well below our estimates, mainly due to higher direct costs and OPEX. The latter included one-off costs ("IAC"**), which we believe, given observed staff

reductions in the quarter (-12% q/q, -17% y/y), were related to downsizing. Even excluding these, OPEX was above expectations, which led us to raise our FY25 estimates. We also increased our direct cost estimates, primarily due to higher game amortization and development costs recorded in Q2. Combined with lower revenues, this led us to cut our FY25 EBIT estimate to -28 MSEK (from 19 MSEK), while the impact on longer-term forecasts was more limited.

- According to our understanding, the ~29 MSEK publishing-rights acquisition was settled through claims against PLAION, which reduces our pre-Q2 FY25 CAPEX by the same amount.

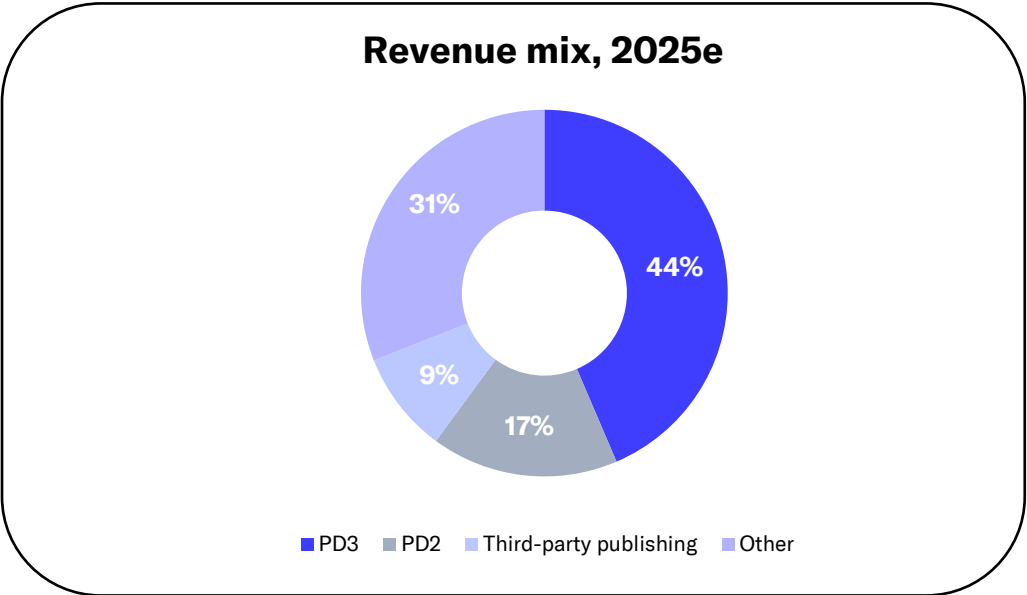
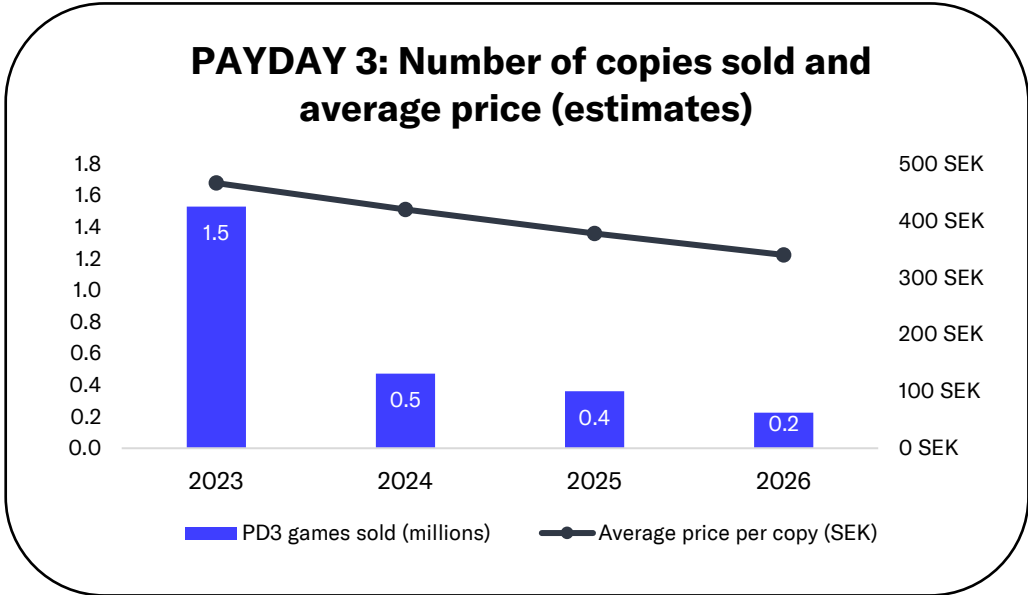
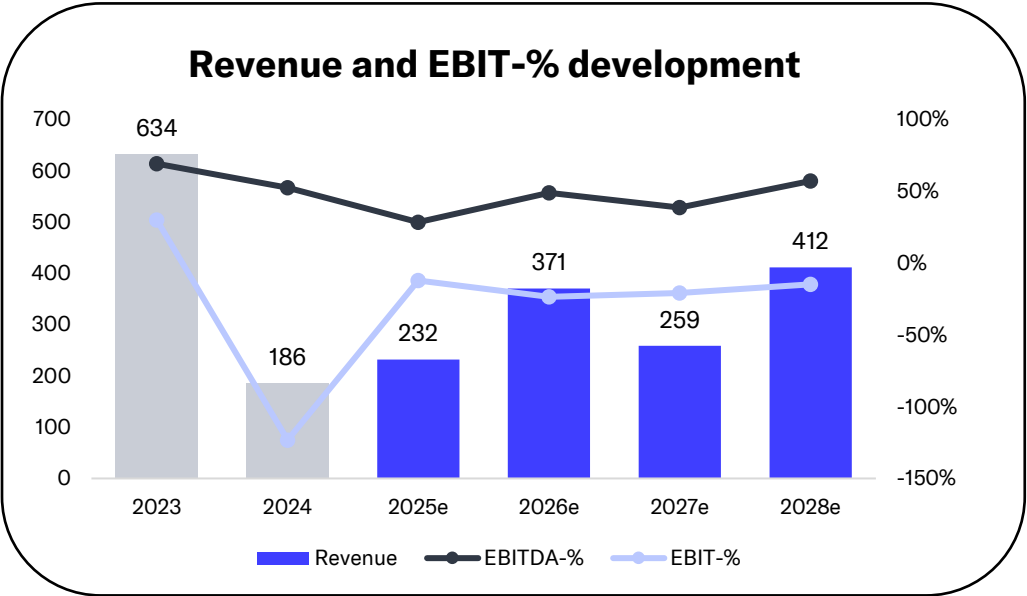
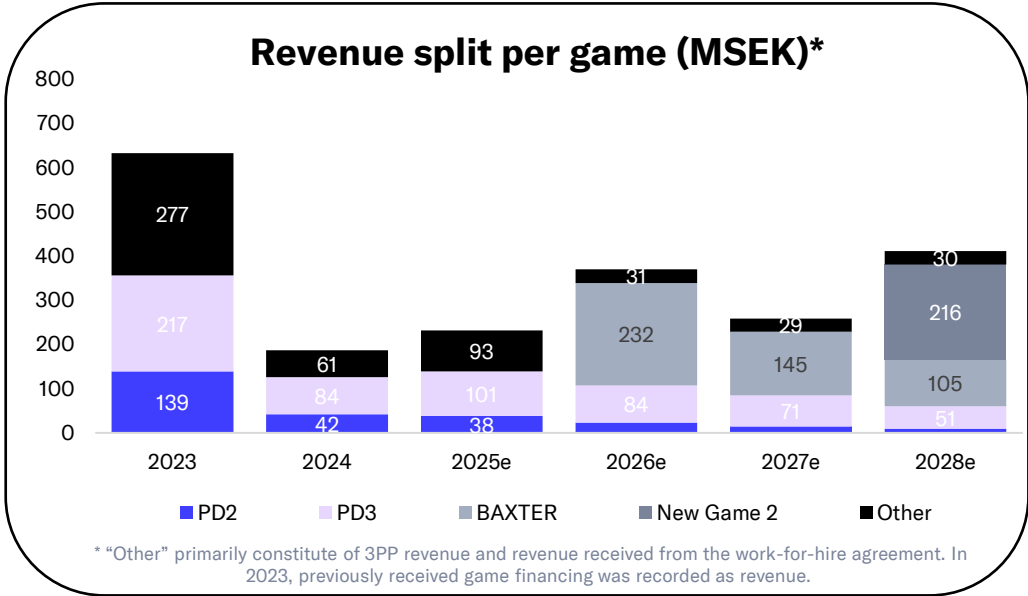
Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	254	232	-9%	386	371	-4%	279	259	-7%
EBITDA	99.8	66.5	-33%	209	182	-13%	118	100	-15%
EBIT (exc. NRIs)	19.4	-27.9	-244%	-82.2	-86.7	-5%	-47.2	-53.4	-13%
EBIT	-10.7	-65.4	-512%	-82.2	-86.7	-5%	-47.2	-53.4	-13%
EPS (excl. NRIs)	0.01	-0.02	-223%	-0.05	-0.06	-5%	-0.03	-0.03	-12%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

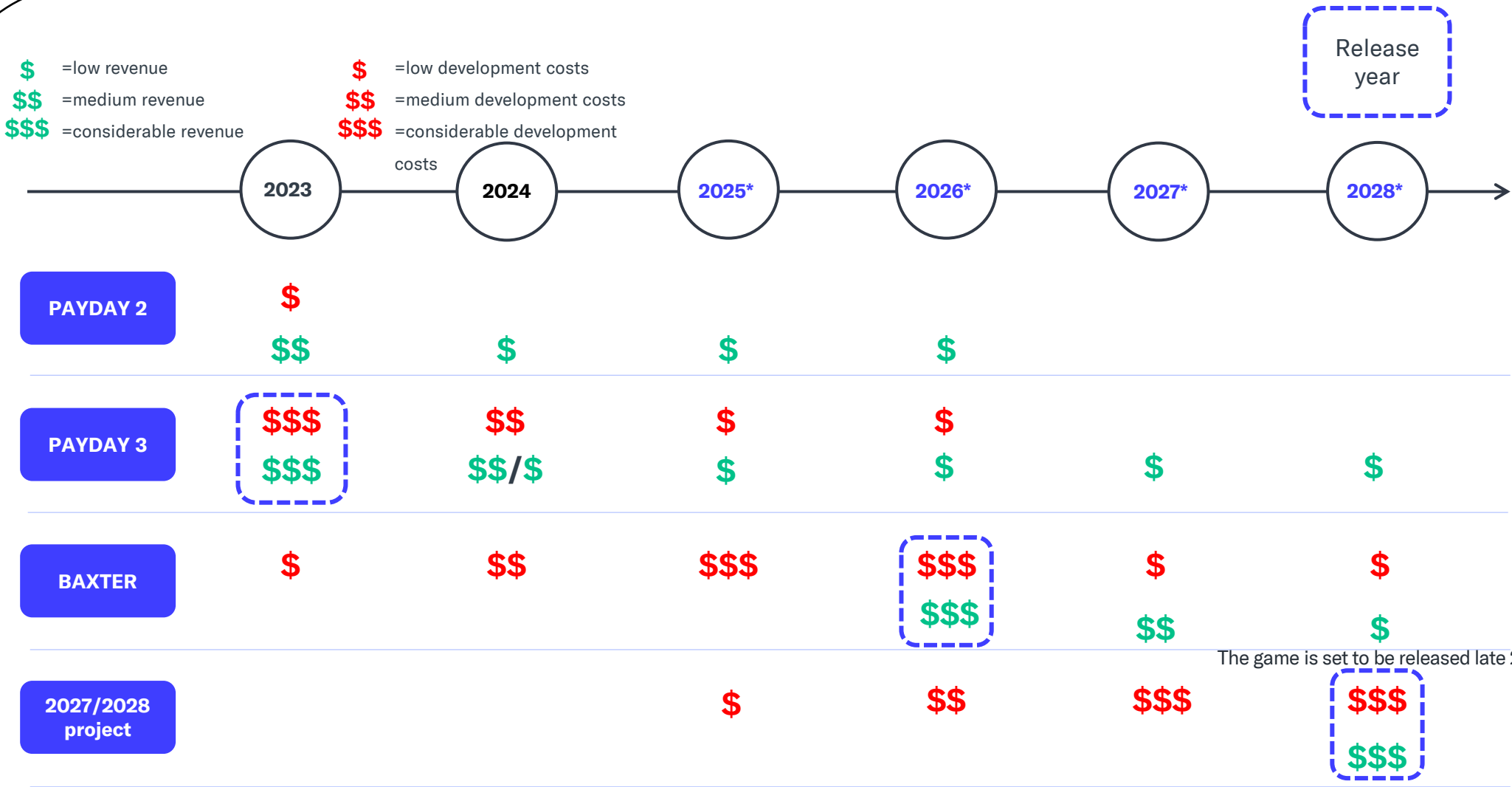
*At the time of the KRAFTON partnership, we estimated that the agreement could result in Starbreeze generating additional 60-70 MSEK in revenue in 2025. Our previous estimate, before Q2, was 65 MSEK.

**Items affecting comparability

Underlying assumptions for revenue estimates



Timeline for internal game projects



The game is set to be released late 2027/2028

Source: Inderes, *Inderes' estimates

Valuation 1/3

Low enterprise value mitigates the downside risk

Starbreeze’s current valuation remains low both in absolute terms and relative to its potential, particularly if the company successfully reignites player interest in PD3 and achieves a strong launch for Project Baxter. As it stands, we believe the current share price reflects the market’s skepticism about the likelihood of these events materializing.

Considering Starbreeze's current net cash position (Q2’25: 156 MSEK) and a market cap of around 300 MSEK, the enterprise value is low, which should help mitigate downside risk at current share price levels. While we remain unconvinced of a PD3 turnaround, regaining full ownership of PD3 publishing rights allows Starbreeze to retain all game-related revenues, while also providing greater control over the game and the broader IP. While costs will increase moderately, the uplift in revenue is proportionally greater and enables an improved overall profitability profile of the game. In addition, the work-for-hire partnership with KRAFTON provides Starbreeze with additional revenue streams in 2025, helping the company to reduce cash outflows ahead of the 2026 release. We also think the partnership showcases that the PAYDAY IP remains attractive in the gaming industry despite its troubled launch and the current state of the game.

While we continue to believe that Starbreeze’s current cost structure and heavy investments in game development for 2025 will strain its cash position, the positive cash flow effect from the partnership puts Starbreeze in a better financial position going forward, all things being equal. At the current valuation, expectations for both the PAYDAY franchise and the upcoming 2026 release are low for all the right reasons, in our view. That said, we continue to see this as an opportunity to be contrarian.

Hence, we reiterate our Accumulate recommendation, while reducing our target price to SEK 0.22 (was SEK 0.26) due to our estimate changes.

However, our patience is limited. Should PD3 activity decline further, interest in Project Baxter prove weak as marketing ramps up, or the financial situation worsen, we will not hesitate to change our view.

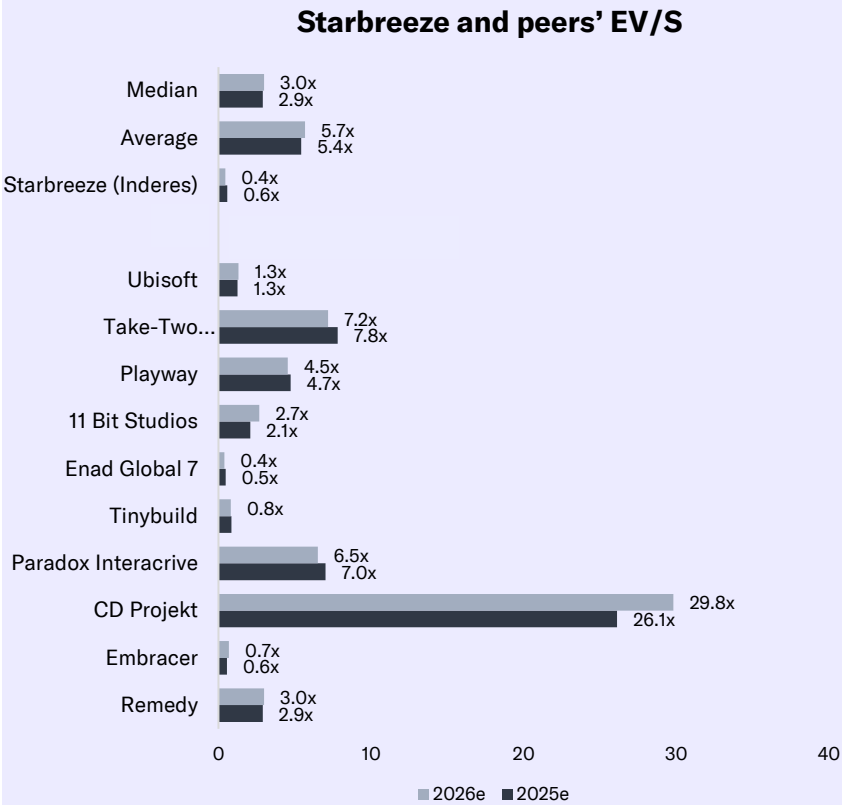
Multiple-based valuation suffers from fluctuating financials

Starbreeze's fluctuating revenues and earnings naturally result in variance in multiples. Depreciation and amortization will also fluctuate based on the timing of game releases. In addition, it is not easy to determine an appropriate multiple for Starbreeze. For instance, EBITDA multiples do not fully account for game development costs and paint an overly rosy picture. Meanwhile, EV/EBIT and P/E suffer from uneven D&A costs related to game releases. This essentially leaves us with sales-based multiples (P/S and EV/S) in the short term, of which EV/S is more appropriate as it accounts for net debt. However, even EV/S is problematic given how revenue fluctuations linked to game release cycles can distort comparisons.

With our revenue estimates, the EV/S multiples for 2025 and 2026 are 0.7x and 0.5x, respectively. These multiples are lower than the peer group median of 2.9-3.0x for 2025-2026. However, a discount is reasonable as Starbreeze is significantly smaller than the peer group average and possesses a less diversified games portfolio as of today, which in turn presents a higher degree of volatility in earnings and uncertainty regarding cash flows.

Valuation	2025e	2026e	2027e
Share price	0.18	0.18	0.18
Number of shares, millions	1,624	1,624	1,624
Market cap	297	297	297
EV	132	166	180
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/B	0.4	0.5	0.6
P/S	1.3	0.8	1.1
EV/Sales	0.6	0.4	0.7
EV/EBITDA	2.0	0.9	1.8
EV/EBIT (adj.)	neg.	neg.	neg.

Source: Inderes



Valuation 2/3

In addition, there are significant company-specific differences in the multiples, and we currently do not see the peer group multiples having a meaningful impact on Starbreeze's valuation.

Normalized multiples

For a more meaningful relative valuation of Starbreeze, it makes sense to assess its position further into the future, when the company is expected to be more established. By 2029, we estimate that Starbreeze could have a more mature profile, with three active, revenue-generating games in the market. However, it would still be less mature compared to the broader peer group.

To address potential earnings volatility during this period, we could smooth the earnings estimates by using the average EBIT estimate of around 44 MSEK over 2029-2034. In our view, an appropriate EV/EBIT multiple for Starbreeze at this stage would likely be between 9x and 12x, reflecting the lower portfolio diversification compared to peers. The actual multiple would depend on the company's growth outlook and market sentiment at that time. Applying this range to the projected EBIT results in an estimated equity value per share between SEK 0.31 and SEK 0.40 at the end of 2029.

That said, this valuation approach has inherent limitations. It relies heavily on a specific future scenario with limited visibility and is influenced by variability in peer group multiples. Consequently, there is a considerable degree of uncertainty in these estimates.

DCF valuation

Our DCF model indicates a share price of SEK 0.38 (was SEK 0.44). However, the DCF model represents a long-term scenario in which the next two games are moderately successful (which

cannot be taken for granted). At the current stage of the company's development, the model's assumptions are subject to considerable uncertainty and the cash flows are concentrated far in the future. Consequently, we do not view the DCF valuation offering strong near-term support, as Starbreeze's valuation remains closely tied to PD3's near-term performance and the upcoming Baxter release.

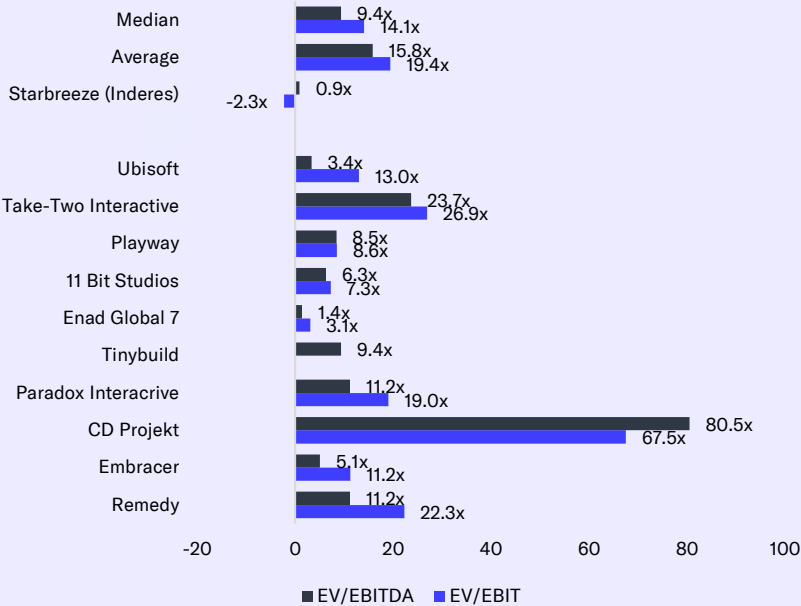
Scenario analysis

As our Starbreeze estimates are heavily dependent on projections of PD3 and future game projects, there is quite a bit of uncertainty in these estimates. Therefore, to support our valuation, we have conducted a DCF valuation for the following three scenarios: baseline case, downside case, and upside case.

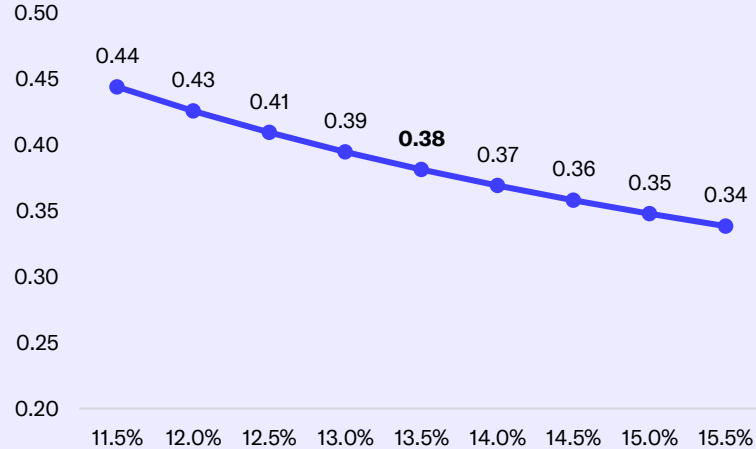
The **baseline case** assumes that PD3 does not experience a significant recovery. However, upcoming game releases in 2026 and 2028 are expected to achieve moderate success, generating decent revenue streams without becoming blockbuster hits. From 2029 onward, we project that Starbreeze will have evolved into a more established game developer, with three key revenue-generating titles. As a result, revenue and earnings growth will be steadier, with less volatility. For the terminal period, we have used an EBIT margin of 18% and a revenue growth rate of 2.5%.

In the **downside case**, we assume that the current struggles with PD3 persist, preventing any meaningful recovery, and that future game releases fail to achieve commercial success. While these releases would still generate a short-term revenue boost in the year of their launches, overall revenues and EBIT would be significantly lower over the next decade.

Starbreeze and peers' 2025e EV/EBIT and EV/EBITDA



DCF value sensitivity to assumed WACC



Valuation 3/3

For the terminal period, we have used an EBIT margin of 14% and a revenue growth rate of 2%. In this scenario, the equity value per share falls to SEK 0.12.

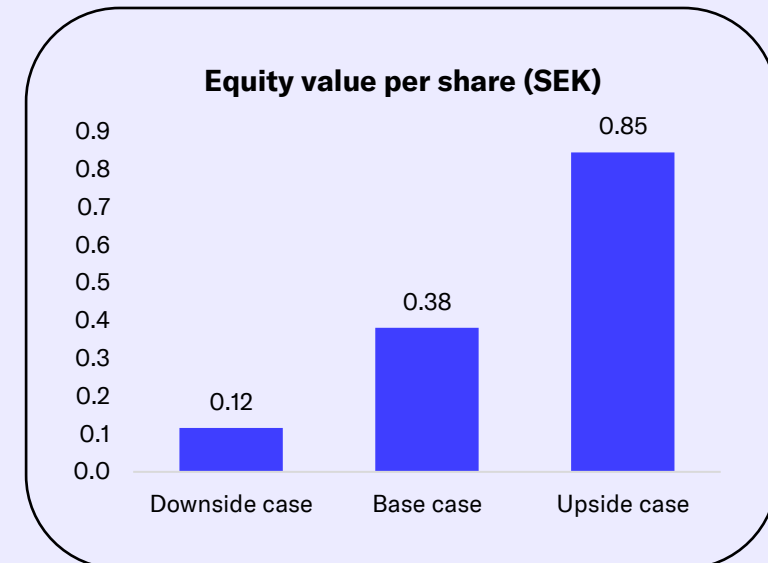
This illustrates the inherent downside risk of investing in binary cases like Starbreeze. Given the company's current low diversification and the volatile nature of the gaming industry, Starbreeze's future hinges on the success of its game launches to finance new projects. In this scenario, we anticipate that Starbreeze may not have sufficient cash to fund its upcoming titles, making it increasingly likely that the company will need to onboard an external publisher under less favorable terms due to its weakened position.

In this downside case, one could also consider a scenario where Starbreeze decides to sell the PAYDAY franchise. Such a sale could potentially fetch a value higher than our DCF model suggests, depending on the current state of the franchise at the time, the potential buyer, and other factors.

In the **upside case**, Starbreeze succeeds in revitalizing PD3 through new content and ongoing updates, leading to stronger commercial performance. Additionally, future game launches are assumed to achieve significant success. By turning PD3 around, Starbreeze would be in a stronger position to secure a larger share of future revenues, as reflected in the higher net revenue and earnings estimates in this scenario.

In this more optimistic outlook, we project an EBIT margin of 25% for the terminal period, compared to 18% in the baseline scenario. Based on these assumptions, we estimate a potential share price of SEK 0.85. However, the current market valuation suggests that investors assign a relatively low probability to this scenario materializing. Nonetheless, we believe it is important to consider this possibility, as Starbreeze remains a highly binary case, where fortunes could shift dramatically and unexpectedly, given the nature of the gaming industry.

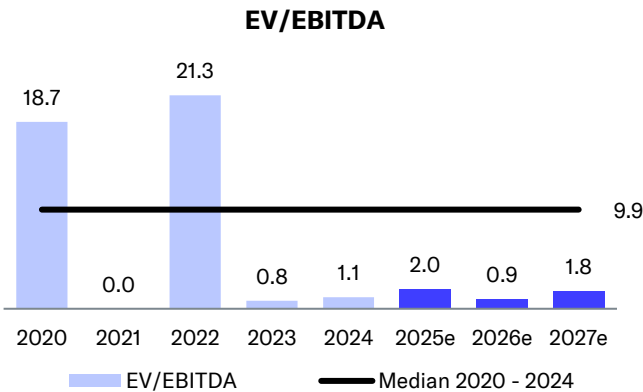
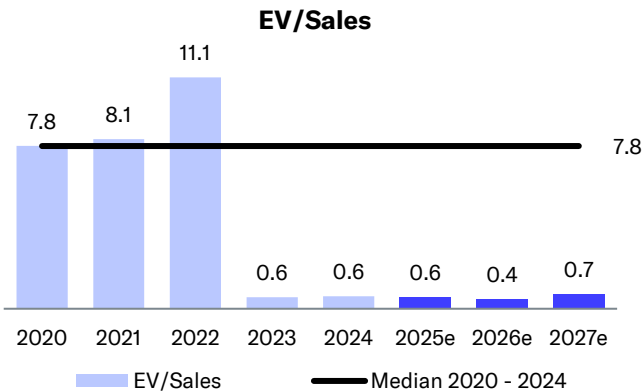
Base Case	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	Term
Revenues	232	371	259	412	325	385	443	483	500	512	2.5 %
EBIT	-65	-87	-53	-61	27	-17	18	67	76	93	
EBIT-%	-28%	-23%	-21%	-15%	8%	-4%	4%	14%	15%	18%	18%
Downside Case	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	Term
Revenues	197	315	168	309	228	262	288	314	325	333	2.0 %
EBIT	-109	-180	-79	-99	-61	-68	-14	16	39	47	
EBIT-%	-55%	-57%	-47%	-32%	-27%	-26%	-5%	5%	12%	14%	14%
Upside Case	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	Term
Revenues	279	537	362	576	423	520	589	642	665	681	2.5 %
EBIT	22	-54	-29	23	68	62	118	154	166	170	
EBIT-%	8%	-10%	-8%	4%	16%	12%	20%	24%	25%	25%	25%



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	1.09	1.00	1.58	0.47	0.21	0.18	0.18	0.18	0.18
Number of shares, millions	725	725	725	1,477	1,477	1,624	1,624	1,624	1,624
Market cap	784	727	1,142	699	304	297	297	297	297
EV	919	1,021	1,413	350	111	132	166	180	323
P/E (adj.)	neg.	neg.	neg.	2.5	neg.	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	2.5	neg.	neg.	neg.	neg.	neg.
P/B	3.4	5.9	20.1	0.8	0.4	0.4	0.5	0.6	0.6
P/S	6.6	5.8	8.9	1.1	1.6	1.3	0.8	1.1	0.7
EV/Sales	7.8	8.1	11.1	0.6	0.6	0.6	0.4	0.7	0.8
EV/EBITDA	18.7	>100	21.3	0.8	1.1	2.0	0.9	1.8	1.4
EV/EBIT (adj.)	84.5	68.3	>100	1.8	neg.	neg.	neg.	neg.	neg.

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	EV		EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2025e
Remedy	186	56.5	133.1	12.4	15.5	2.9	3.0	96.0	288.0				2.8
Embracer	1,268	3.9	6.1	2.3	2.4	0.6	0.7	9.0	8.5				0.4
CD Projekt	5,725	73.8	94.3	56.0	73.2	26.1	29.8	77.3	96.1	0.4	0.5		8.4
Paradox Interacrive	1,514	22.6	17.0	11.1	9.7	7.0	6.5	32.9	22.5	2.5	2.8		6.3
Tinybuild	26				10.1	0.9	0.8						
Enad Global 7	77	10.5	4.0	2.7	1.6	0.5	0.4	10.8	8.9				0.2
11 Bit Studios	90	4.4	5.0	3.3	5.7	2.1	2.7	4.3	5.8				1.4
Playway	367	9.2	8.7	9.1	8.6	4.7	4.5	10.8	10.3	7.8	8.3		4.1
Take-Two Interactive	37,647	70.2	62.1	56.5	49.0	7.8	7.2	92.7	81.9				7.2
Ubisoft	2,392			3.1	4.1	1.3	1.3						0.6
Starbreeze (Inderes)	12	-4.7	-1.9	2.0	0.9	0.6	0.4	-11.1	-3.3	0.0	0.0		0.4
Average		30.2	38.5	17.4	17.7	5.4	5.7	39.9	60.3	2.8	3.0		3.7
Median		20.4	16.5	10.1	9.7	2.9	3.0	25.8	20.8	1.5	1.7		3.4
Diff-% to median		-123%	-112%	-80%	-91%	-80%	-85%	-143%	-116%	-100%	-100%		-87%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	634	57	40	43	46	186	68	54	59	52	232	371	259	412
EBITDA	439	48	8	21	20	98	16	6	25	20	66	182	100	236
Depreciation	-249	-72	-79	-76	-72	-299	-45	-31	-28	-29	-132	-268	-154	-297
EBIT (excl. NRI)	190	-43	-71	-63	-52	-229	1	-17	-4	-8	-28	-87	-53	-61
EBIT	190	-23	-71	-55	-52	-201	-29	-25	-4	-8	-65	-87	-53	-61
Share of profits in assoc. compan.	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Net financial items	17	1	0	-4	3	1	-1	-1	0	0	-1	-4	-3	-4
PTP	208	-21	-71	-59	-49	-199	-29	-25	-4	-8	-67	-91	-56	-65
Taxes	0	0	0	0	0	0	3	-1	0	0	2	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	208	-21	-71	-58	-49	-199	-26	-26	-4	-8	-64	-91	-56	-65
EPS (rep.)	0.19	-0.01	-0.05	-0.04	-0.03	-0.13	-0.02	-0.02	0.00	-0.01	-0.04	-0.06	-0.03	-0.04

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	396.5 %	112.3 %	-7.0 %	-91.4 %	-33.0 %	-70.7 %	19.5 %	33.8 %	37.4 %	12.5 %	25.0 %	59.5 %	-30.1 %	59.0 %
Adjusted EBIT growth-%	2721.0 %	272.7 %	2300.2 %	-121.0 %	-45.3 %	-220.4 %	-103.0 %	-75 %	-94.4 %	-84.2 %	-87.8 %	210.7 %	-38.4 %	14.2 %
EBITDA-%	69.3 %	85.7 %	20.1 %	50.2 %	42.4 %	52.5 %	23.2 %	11.0 %	41.8 %	39.0 %	28.6 %	49.0 %	38.8 %	57.3 %
Adjusted EBIT-%	30.0 %	-76.3 %	-176.2 %	-147.7 %	-112.1 %	-123.2 %	1.9 %	-32.4 %	-6.0 %	-15.7 %	-12.0 %	-23.4 %	-20.6 %	-14.8 %
Net earnings-%	32.8 %	-37.1 %	-175.9 %	-136.8 %	-106.1 %	-107.2 %	-39.0 %	-48.4 %	-6.1 %	-15.9 %	-27.7 %	-24.4 %	-21.7 %	-15.9 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	537	521	642	582	636
Goodwill	47	0	0	0	0
Intangible assets	472	491	583	531	592
Tangible assets	11	26	55	47	39
Associated companies	1	0	0	0	0
Other investments	0	0	0	0	0
Other non-current assets	7	4	4	4	4
Deferred tax assets	0	0	0	0	0
Current assets	574	309	293	242	208
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	226	117	128	111	91
Cash and equivalents	348	192	165	131	117
Balance sheet total	1,111	830	934	824	844

Source: Inderes

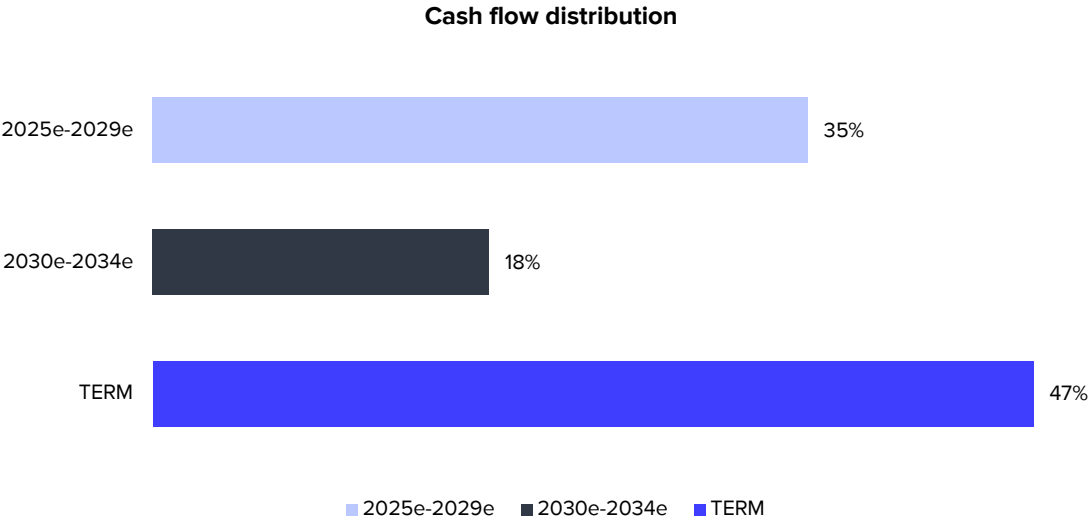
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	895	705	674	584	527
Share capital	30	30	32	32	32
Retained earnings	-1,742	-1,942	-2,006	-2,097	-2,153
Hybrid bonds	0	0	0	0	0
Revaluation reserve	14	24	24	24	24
Other equity	2,593	2,593	2,623	2,623	2,623
Minorities	0	0	0	0	0
Non-current liabilities	2	3	111	108	200
Deferred tax liabilities	1	2	2	2	2
Provisions	0	0	0	0	0
Interest bearing debt	0	0	0	0	0
Convertibles	0	0	0	0	0
Other long term liabilities	1	1	109	106	198
Current liabilities	215	122	149	132	116
Interest bearing debt	0	0	0	0	0
Payables	208	104	139	122	106
Other current liabilities	7	18	10	10	10
Balance sheet total	1,111	830	934	824	844

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-70.7 %	25.0 %	59.5 %	-30.1 %	59.0 %	-21.0 %	18.5 %	15.0 %	9.0 %	3.5 %	2.5 %	2.5 %
EBIT-%	-108.2 %	-28.2 %	-23.4 %	-20.6 %	-14.8 %	8.2 %	-4.4 %	4.1 %	13.8 %	15.2 %	18.1 %	18.1 %
EBIT (operating profit)	-201	-65	-87	-53	-61	27	-17	18	67	76	93	
+ Depreciation	299	132	268	154	297	206	204	191	192	190	185	
- Paid taxes	0	2	0	0	0	0	0	-3	-13	-15	-18	
- Tax, financial expenses	0	0	0	0	0	0	0	-1	-1	-1	-1	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	16	17	0	4	1	-10	1	1	1	0	0	
Operating cash flow	115	86	181	105	237	222	188	206	246	250	259	
+ Change in other long-term liabilities	0	108	-3	92	-178	0	0	0	0	0	0	
- Gross CAPEX	-284	-252	-208	-208	-197	-188	-194	-195	-186	-177	-193	
Free operating cash flow	-169	-59	-30	-11	-139	34	-6	11	60	73	66	
+/- Other	0	33	156	0	259	0	0	0	0	0	0	
FCFF	-169	-26	125	-11	120	34	-6	11	60	73	66	0
Discounted FCFF		-25	106	-8	79	20	-3	5	24	25	20	186
Sum of FCFF present value		428	452	347	355	276	257	260	255	231	206	186
Enterprise value DCF		428										
- Interest bearing debt		0										
+ Cash and cash equivalents		192										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		620										
Equity value DCF per share		0.38										

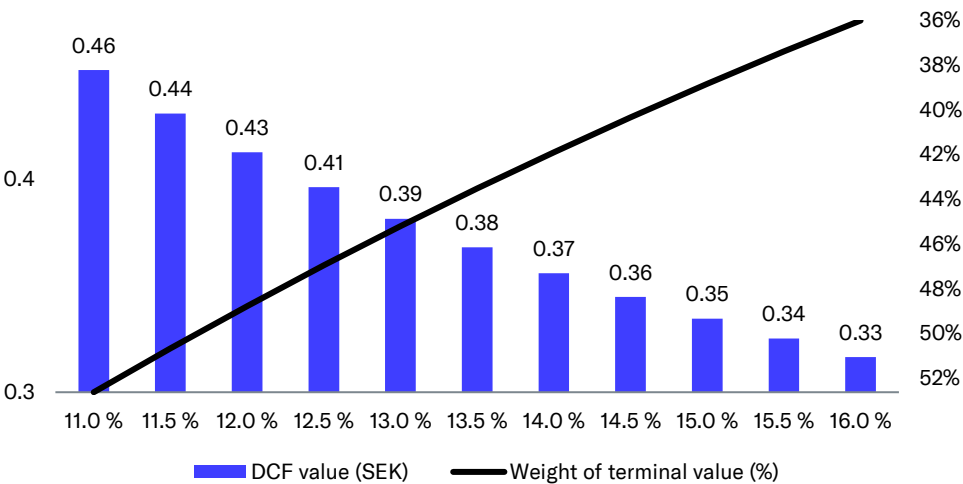
WACC	
Tax-% (WACC)	20.6 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	8.0 %
Equity Beta	2.00
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	13.5 %
Weighted average cost of capital (WACC)	13.5 %

Source: Inderes

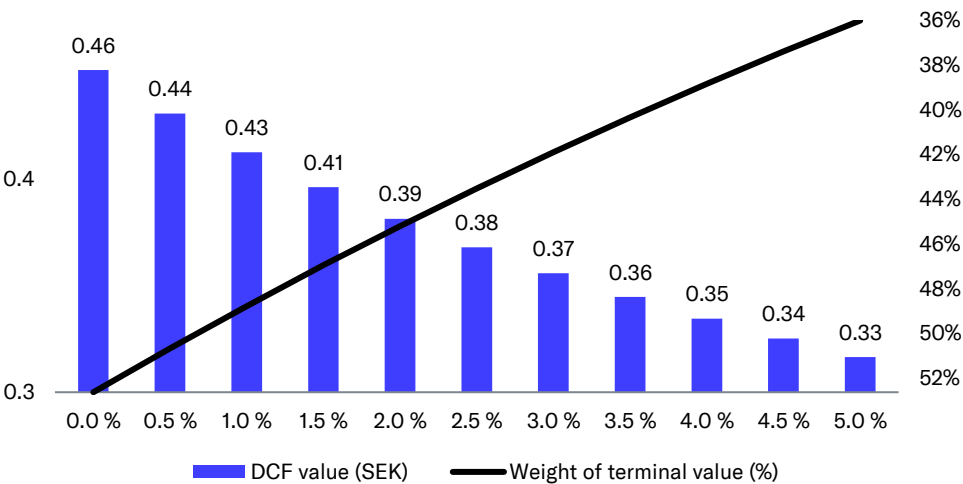


DCF sensitivity calculations and key assumptions in graphs

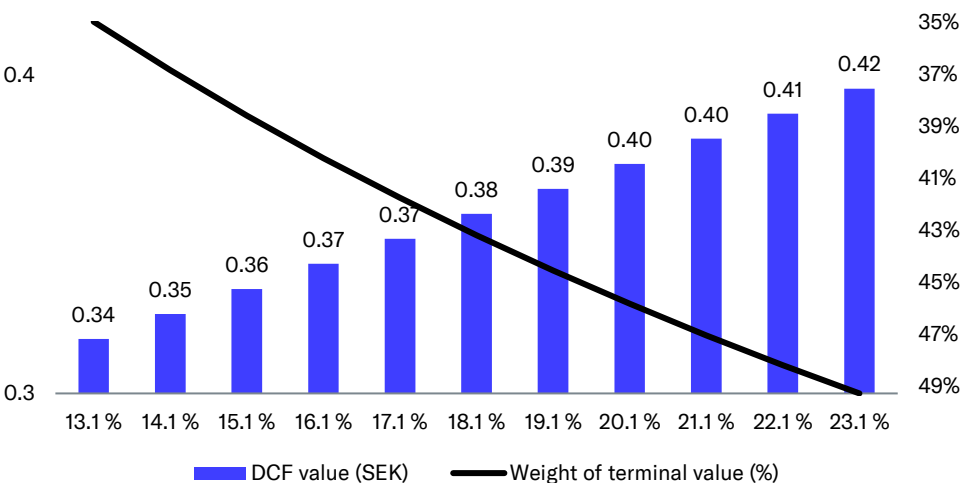
Sensitivity of DCF to changes in the WACC-%



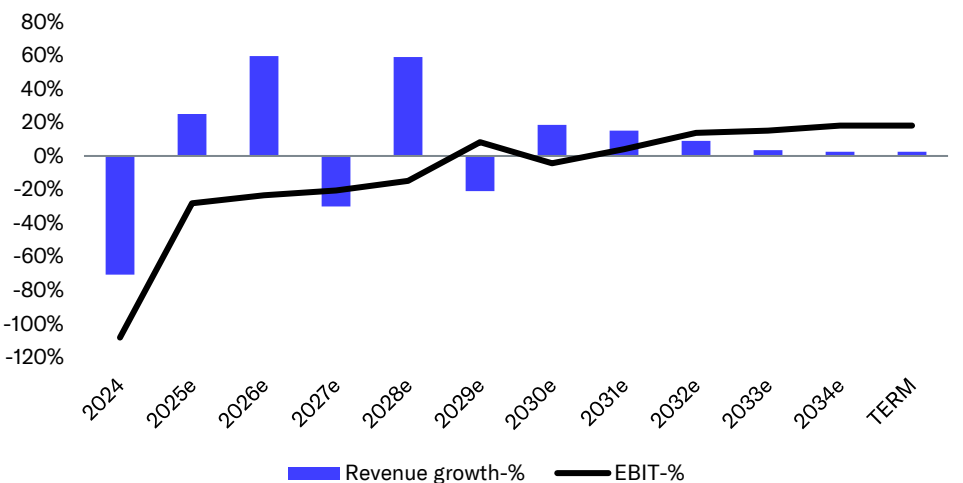
Sensitivity of DCF to changes in the risk-free rate



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	128	634	186	232	371	EPS (reported)	-0.08	0.19	-0.13	-0.04	-0.06
EBITDA	66	439	98	66	182	EPS (adj.)	-0.08	0.19	-0.15	-0.02	-0.06
EBIT	7	190	-201	-65	-87	OCF / share	0.09	0.16	0.08	0.05	0.11
PTP	-54	208	-199	-67	-91	OFCF / share	-0.14	-0.03	-0.11	-0.04	0.08
Net Income	-60	208	-199	-64	-91	Book value / share	0.08	0.82	0.48	0.42	0.36
Extraordinary items	0	0	28	-38	0	Dividend / share	0.00	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	746	1,111	830	934	824	Revenue growth-%	2%	396%	-71%	25%	60%
Equity capital	57	895	705	674	584	EBITDA growth-%	958%	562%	-78%	-32%	173%
Goodwill	48	47	0	0	0	EBIT (adj.) growth-%	-55%	2721%	-220%	-88%	211%
Net debt	271	-348	-192	-165	-131	EPS (adj.) growth-%	72%	-329%	-181%	-89%	239%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	52.0 %	69.3 %	52.5 %	28.6 %	49.0 %
EBITDA	66	439	98	66	182	EBIT (adj.)-%	5.3 %	30.0 %	-123.2 %	-12.0 %	-23.4 %
Change in working capital	-8	-262	16	17	0	EBIT-%	5.3 %	30.0 %	-108.2 %	-28.2 %	-23.4 %
Operating cash flow	65	177	115	86	181	ROE-%	-66.6 %	43.6 %	-24.9 %	-9.3 %	-14.4 %
CAPEX	-151	-201	-284	-252	-208	ROI-%	1.4 %	28.6 %	-25.0 %	-9.3 %	-13.8 %
Free cash flow	-102	-28	-169	-59	125	Equity ratio	7.6 %	80.5 %	85.0 %	72.2 %	70.8 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	478.0 %	-38.9 %	-27.2 %	-24.5 %	-22.4 %
EV/S	11.1	0.6	0.6	0.6	0.4						
EV/EBITDA	21.3	0.8	1.1	2.0	0.9						
EV/EBIT (adj.)	>100	1.8	neg.	neg.	neg.						
P/E (adj.)	neg.	2.5	neg.	neg.	neg.						
P/B	20.1	0.8	0.4	0.4	0.5						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-05-30	Accumulate	1.15 SEK	1.03 SEK
2023-08-18	Reduce	1.15 SEK	1.19 SEK
2023-09-12	Accumulate	1.15 SEK	0.95 SEK
2023-10-02	Buy	0.85 SEK	0.60 SEK
2023-11-17	Accumulate	0.55 SEK	0.44 SEK
2024-02-16	Reduce	0.35 SEK	0.35 SEK
Change of Analyst			
2024-05-15	Reduce	0.30 SEK	0.27 SEK
2024-08-21	Reduce	0.30 SEK	0.28 SEK
2024-09-30	Reduce	0.30 SEK	0.28 SEK
2024-11-15	Reduce	0.22 SEK	0.20 SEK
2024-12-06	Accumulate	0.22 SEK	0.17 SEK
2025-02-19	Accumulate	0.24 SEK	0.20 SEK
2025-05-09	Accumulate	0.26 SEK	0.22 SEK
2025-05-14	Accumulate	0.26 SEK	0.21 SEK
2025-08-20	Accumulate	0.22 SEK	0.18 SEK



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