

REMEDY

8/13/2025 2:54 pm EEST

This is a translated version of "FBC: Firebreakin kanssa tekemistä riittää" report, published on 8/13/2025



Atte Riikola
+358 44 593 4500
atte.riikola@inderes.fi

INDERES CORPORATE CUSTOMER
COMPANY REPORT



Hands full with FBC: Firebreak

We reiterate our Accumulate recommendation and EUR 18.0 target price for Remedy. The company's Q2 figures were in line with our expectations in terms of key figures, though there were some discrepancies in surface figures. FBC: Firebreak's game sales were modest initially, but B2B agreements with Sony and Microsoft significantly support the game's short-term revenue. Remedy remains confident that the game's challenges (e.g., the first-time experience for new players and replayability) will be resolved, and the next important step in this process will be a major update scheduled for release in September. We assess the uncertainty surrounding FBC: Firebreak is weighing on the stock's valuation in the short term, but we still find the stock appealing given the company's longer-term potential. Therefore, we remain cautiously optimistic about the stock.

Q2 figures met our expectations for the main lines, but FBC: Firebreak sales were disappointing

Remedy's Q2 revenue (16.9 MEUR) and EBITDA (4.2 MEUR) were well in line with our forecasts, although a significantly larger portion than we had anticipated of FBC: Firebreak's revenue came from B2B agreements rather than game sales. We estimate that Firebreak's game sales amounted to approximately 1.5-1.6 MEUR, which roughly translates to only 50,000 copies sold during the first two weeks. The majority of the game's over one million players have therefore come through subscription services. According to Remedy, they managed to attract a significant number of players to the game's website on the release date, but the initial players' very poor reviews quickly took the wind out of sales, which is why marketing activities were also quickly put on hold. The main reason for the negative reviews has been the game's poor initial impression, with most of the negative reviews coming from people who played the game for less than two hours. Among those who have played the game for a little longer, the average rating rises to a reasonable level. According to Remedy, the game's poor initial experience was already somewhat apparent during testing, but

the company decided to prioritize fixing other issues instead, which, in hindsight, seems like a clear mistake.

Guidance remained unchanged despite FBC: Firebreak's weak start

Remedy still expects its revenue to grow and its EBIT to be positive this year, even though the company has also lowered its estimates for FBC: Firebreak. The company still seems to believe in the game's potential for a comeback, with the first critical step being a major update to the game in September. Marketing activities surrounding the game will also increase then. The belief in the game's potential is reinforced by the fact that the basic gameplay experience is functional and enjoyable, especially for players who have invested more time in the game. However, the task will not be easy. We have lowered our estimates for FBC: Firebreak, as reflected by the decline in earnings estimates for the coming years (2025e EBIT 1.7 MEUR).

You're only as good as your last game

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 7x) is attractive. The long-term potential is also indicated by the value of the baseline scenario of the DCF model (EUR 25.3). However, the model is very sensitive to the success of future games due to the fixed cost structure and self-publishing. In the short term, though, the share valuation remains elevated, and FBC: Firebreak's release fell far short of original expectations. The game still has the potential to make a comeback, but we believe that the uncertainty surrounding the turnaround is weighing on Remedy's share price. However, the most important thing for creating shareholder value is to succeed in the Control 2 release, which we estimate is fewer 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

Accumulate

(was Accumulate)

Target price:

EUR 18.00

(was EUR 18.00)

Share price:

EUR 15.94

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	50.7	64.9	62.3	105.4
growth-%	49%	28%	-4%	69%
EBIT adj.	-4.3	1.7	-0.3	11.5
EBIT-% adj.	-8.4 %	2.6 %	-0.5 %	11.0 %
Net Income	-3.6	0.5	-0.7	9.1
EPS (adj.)	-0.27	0.04	-0.05	0.65
P/E (adj.)	neg.	>100	neg.	24.4
P/B	2.8	3.2	3.2	2.9
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	>100	neg.	17.0
EV/EBITDA	65.9	14.4	21.4	6.7
EV/S	3.3	3.1	3.3	1.9

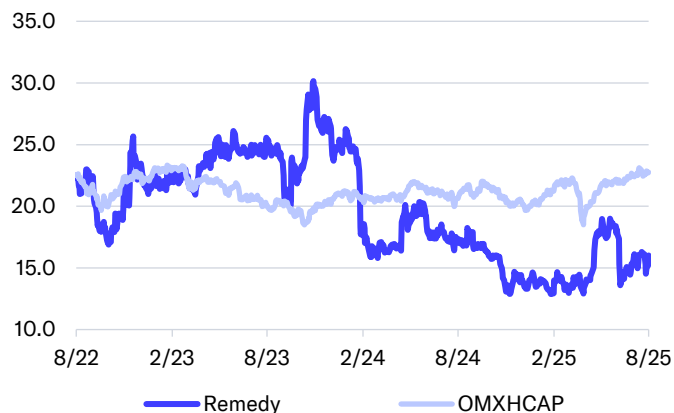
Source: Inderes

Guidance

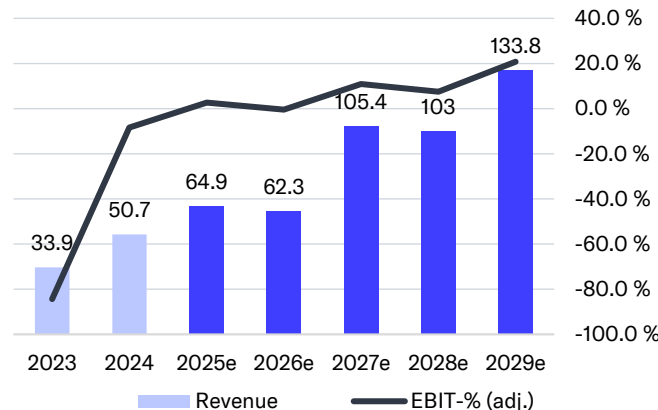
(Unchanged)

"Remedy expects its revenue and operating profit (EBIT) to increase from the previous year and operating profit (EBIT) to be positive."

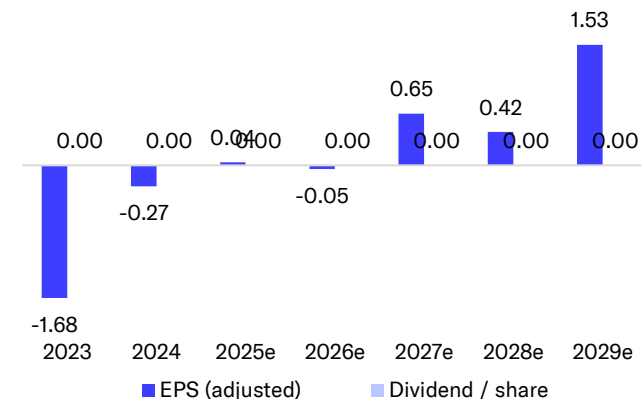
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Alan Wake 2 and FBC: Firebreak sales development
- 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 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	15.9	15.9	15.9
Number of shares, millions	13.7	13.8	13.9
Market cap	218	219	221
EV	199	206	196
P/E (adj.)	>100	neg.	24.4
P/E	>100	neg.	24.4
P/B	3.2	3.2	2.9
P/S	3.4	3.5	2.1
EV/Sales	3.1	3.3	1.9
EV/EBITDA	14.4	21.4	6.7
EV/EBIT (adj.)	>100	neg.	17.0
Payout ratio (%)	0.0 %	0%	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Q2 figures met our expectations for the main lines 1/2

Revenue in line with expectations, although our assumptions were off beneath the surface

Remedy's Q2 revenue grew by 63.5% to 16.9 MEUR, which was close to our 17.1 MEUR estimate. Remedy now reports sales and royalties from its own games as a single item, "Game sales and royalties," which totaled 9.5 MEUR. Development fees amounted to 7.4 MEUR in the quarter, which was less than our forecast (9.6 MEUR). Consequently, game sales and royalties exceeded our expectations. We estimate that this occurred due to payments received from Sony and Microsoft for FBC: Firebreak's B2B agreements, which we had estimated would be distributed evenly over the 12 months following release. However, these contracts already provide a certain amount of compensation for making the game available on subscription services from day one. This has already been recognized in Q2, but according to Remedy, a significant portion of the revenue from the agreements will still be recognized later during the contract period. Remedy now reports distribution costs from self-published games (Control and FBC: Firebreak) separately in its cost structure, amounting to 474 TEUR in Q2. Based on this, we can roughly estimate that, with an

assumed distribution cost of 25%, FBC: Firebreak would have sold for around 1.5-1.6 MEUR, assuming that Control sold for around 0.3 MEUR. This would mean sales of only around 50,000 copies, a dismal performance compared to expectations. We estimate that royalties from the Alan Wake games amounted to around 2.1 MEUR for the quarter, which would mean that revenue from the B2B agreements would have been approximately 5.5 MEUR. Thus, FBC: Firebreak's total revenue for Q2 would have been 7.1 MEUR, while our forecast focused on game sales was 4.9 MEUR.

We estimate that most of development fees are from the Max Payne subcontracting project currently in production. Control 2, which entered full production in February, has also generated development fees (Annapurna finances 50% of the estimated production budget of around 50 MEUR). According to Remedy, both projects are progressing well in production.

EBITDA in line with our expectations

In Q2, Remedy's EBITDA was 4.2 MEUR (Q2'24 - 2.4 MEUR), which was in line with our forecast of 4.1 MEUR. Remedy began to depreciate FBC: Firebreak's activated

development costs (as well as acquired Control rights) faster than we expected already in Q2, causing the EBIT (-0.5 MEUR) to fall significantly short of our forecast (2.7 MEUR). Otherwise, the operational cost structure was in line with our expectations, including the capitalization of development costs (Q2'25: 3.1 MEUR). All in all, the development of Remedy's cost structure has clearly calmed down over the past year or so, thanks to the ramp-up of the multi-project model.

Cash flow from business operations (Q2'25: 3.1 MEUR) was good after a weak Q1, although cash flow for H1 (-3.5 MEUR) is still negative. According to Remedy, FBC: Firebreak did not yet generate any cash flow in Q2, so this should provide support in the coming quarters. 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 (Q2'25: 27.6 MEUR) remained stable quarter-on-quarter, but we expect cash growth as a result of cash flow in the coming quarters. Overall, the company's financial position is favorable for implementing its strategy.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	10.3	16.9	17.1				-1%	64.9
EBITDA	-2.4	4.2	4.1				2%	13.8
EBIT (adj.)	-3.2	-0.5	2.7				-117%	1.7
EPS (reported)	-0.16	-0.04	0.15				-128%	0.04
Revenue growth-%	16.2 %	63.5 %	65.3 %				-1.9 pp	28.1 %
EBIT-% (adj.)	-31.0 %	-2.7 %	15.6 %				-18.3 pp	2.6 %

Source: Inderes

Q2 figures met our expectations for the main lines 2/2

Guidance remained unchanged despite FBC: Firebreak's weak start

In its guidance, Remedy estimates revenue (2024: 50.7 MEUR) and EBIT (-4.3 MEUR) to increase compared to the previous year and that EBIT will be positive. The release of FBC: Firebreak is naturally a central driver of growth, but in addition, royalties from Alan Wake 2 and other older games create a base for revenue. The Max Payne project and Control 2 will continue to generate significant development fees this year. Remedy has also strengthened its self-publishing team to best support sales of already released older games in digital channels. Regarding Control in particular, the company continues to see opportunities in emerging markets.

Remedy commented that it has lowered its expectations for FBC: Firebreak's sales curve but still sees a positive EBIT as possible. The company still seems to believe in the game's potential for a comeback, with the first critical step being a major update to the game in September. Marketing activities surrounding the game will also increase then. The belief in the game's potential is reinforced by the fact that the basic gameplay experience is functional and enjoyable, especially for players who have invested more time in the game. In addition, playing with friends works much better than playing with strangers. Technically, the game is also functional and could handle even larger crowds of players. Remedy's [blog post](#) in July already revealed the company's future plans for FBC: Firebreak. If the company can improve the poor initial experience and enhance the game's replayability, there's a chance player numbers will recover. However, the task is not easy. In the big picture, though, the game hasn't reached nearly all potential players yet, so there's still hope.

We believe Remedy will continue developing FBC: Firebreak at least for the period agreed upon in the B2B agreements (we assume 12 months). If the game's trajectory cannot be reversed within that time, we believe the company must seriously consider whether to continue developing the game or to focus all development efforts on future single-player projects. However, these are Remedy's bread and butter and key for the company's value creation potential.

Estimates for FBC: Firebreak revised down

Estimate revisions

- We have lowered our already rather cautious assumptions regarding FBC: Firebreak sales. In contrast, we also revised our assumption regarding income from B2B agreements to 14 MEUR (was 10 MEUR).
- Additionally, we made changes to our cost estimates. In particular, our earlier assumption about cost increases for 2027 seemed too aggressive in light of current developments. Thus, despite FBC: Firebreak's lowered expectations, the earnings forecast did not decline all that sharply.
- We made some minor negative adjustments regarding the royalties for Alan Wake 2.
- Our expectations for other game projects remain largely unchanged.
- Our H2 revenue forecast assumes that FBC: Firebreak will generate 9.7 MEUR in revenue, of which 5.5 MEUR will come from B2B agreements. This means that sales of approximately 150,000 copies at an average price of EUR 30 would be required to reach the remainder.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	69.7	64.9	-7%	71.5	62.3	-13%	113	105	-7%
EBITDA	15.7	13.8	-12%	14.1	9.6	-31%	32.6	29.5	-10%
EBIT (exc. NRIs)	7.9	1.7	-79%	4.1	-0.3	-108%	13.4	11.5	-14%
EBIT	7.9	1.7	-79%	4.1	-0.3	-108%	13.4	11.5	-14%
PTP	7.4	1.2	-84%	3.6	-0.8	-123%	12.9	11.0	-15%
EPS (excl. NRIs)	0.41	0.04	-90%	0.21	-0.05	-123%	0.76	0.65	-15%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

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	0.14	0.27	0.15	0.12	0.12	0.15	0.60	0.50
Project income (MEUR)	4.0	3.6	3.5	6.8	3.8	2.6	2.6	3.3	11.3	7.9
Remedy's royalties (MEUR)	2.0	1.8	1.8	3.4	1.9	1.3	1.3	1.6	5.7	3.9
Cumulative copies sold (million)	2.3	2.4	2.5	2.8	3.0	3.1	3.2	3.4	4.0	4.5

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	0.05	0.10	0.10	0.10	0.10	0.10	0.40	0.40
In-game purchases (MEUR)	0.1	0.1	0.3	0.2	0.2	0.2	0.2	0.8	1.0
B2B contracts (MEUR)	5.5	3	2.5	1.5	1.5				
Remedy's total revenue	7.1	4.4	5.3	4.2	4.2	2.7	2.7	9.3	7.7

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)

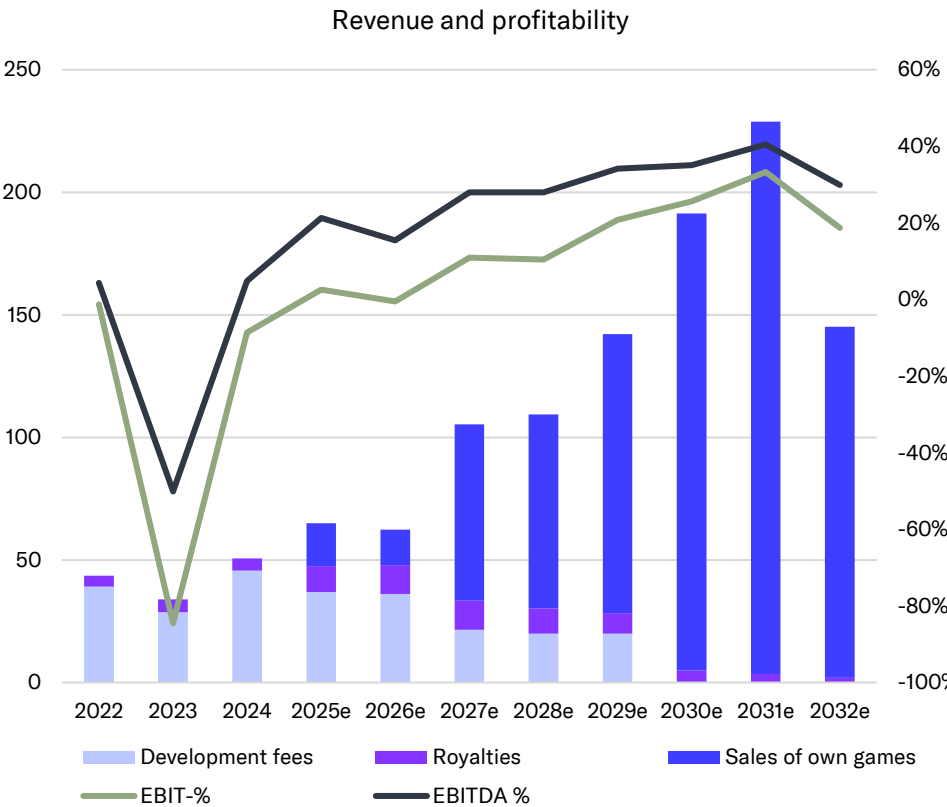
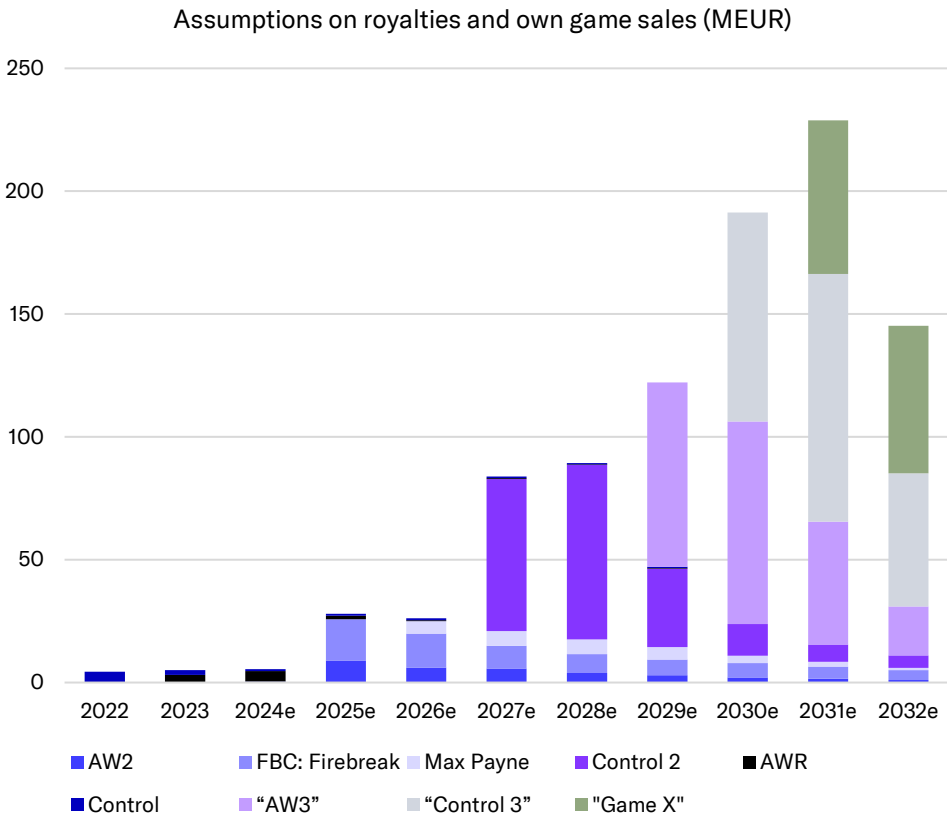
Marketing budget 20 MEUR

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


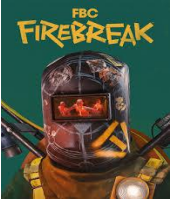

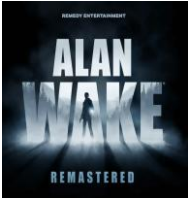


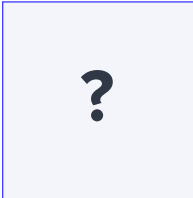






Underlying assumptions for the calculations:

- 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

							
Control	FBC: Firebreak	Control 2	Alan Wake Remastered	Alan Wake 2	Max Payne 1&2 remake	Project #4	
Released Q3'19	Released 6/17/2025	Production	Released Q4'21	Released Q3'23	Production	Conceptualization	
Budget ~30 MEUR	Budget ~30 MEUR	Budget ~50 MEUR	Budget ~8 MEUR ¹	Budget ~60 MEUR ¹	Budget ~60 MEUR ¹		
Remedy's share of the production budget: 45% ⁴	100%	50%		0% ³	0%		
Remedy's share of revenue: 45% ⁴	100%	60-75% ⁵		50%	10-30% ¹		
Recoup ² before the royalties to Remedy?			✓	✓	✓		
					 Rockstar Games		

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

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

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

⁴ Old publishing agreement with 505 Games, as of 2025 Remedy's share of royalties 100%

⁵ 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 efficiently, favorable market trends and an attractive position in the value chain offer the company extremely good preconditions to grow into a significantly larger game developer than currently. A multi-project model that has been built with controlled risks and is well-managed also brings attractive optionality from the viewpoint of the risk/reward ratio of the company's business model. We believe the likelihood of complete failures in game projects 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 14x). 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: ~7x) are very low, driven by the success of Control 2, as we forecast.

FBC: Firebreak's poor start weighs on short-term valuation

We 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. In the short term, though, the share valuation remains elevated, and FBC: Firebreak's release fell far short of original expectations. The game still has the potential to make a comeback, but we believe that the uncertainty surrounding the turnaround is weighing on Remedy's share price ("You're only as good as your last game").

However, the most important thing for creating shareholder value is to succeed in the Control 2 release, which we estimate is fewer 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.

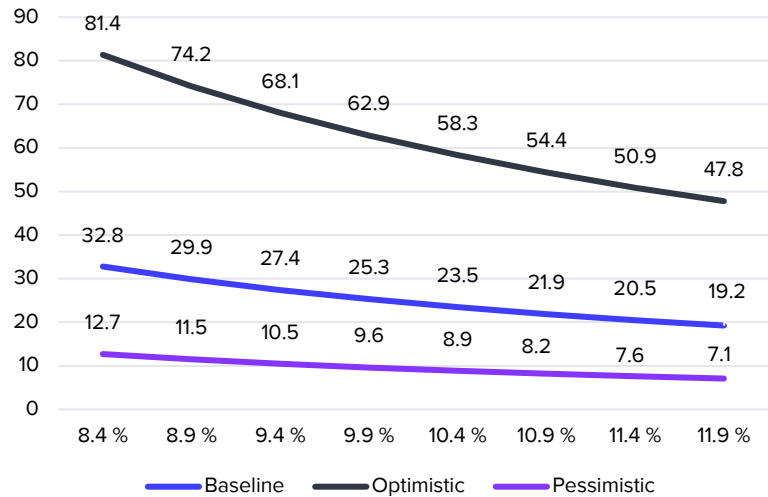
We remind investors that they must continue to be prepared to tolerate the high price volatility that changes in expectations for future games can cause. The release of FBC: Firebreak is a good example of this, as Remedy's share price rose from EUR 13 to around EUR 19 before the release, only to fall back close to its starting point within the first week of release. Since then, the stock has recovered somewhat. Relative to Remedy's longer-term potential, we still see the stock's current valuation as interesting.

Valuation	2025e	2026e	2027e
Share price	15.9	15.9	15.9
Number of shares, millions	13.7	13.8	13.9
Market cap	218	219	221
EV	199	206	196
P/E (adj.)	>100	neg.	24.4
P/E	>100	neg.	24.4
P/B	3.2	3.2	2.9
P/S	3.4	3.5	2.1
EV/Sales	3.1	3.3	1.9
EV/EBITDA	14.4	21.4	6.7
EV/EBIT (adj.)	>100	neg.	17.0
Payout ratio (%)	0.0 %	0%	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

DCF scenarios

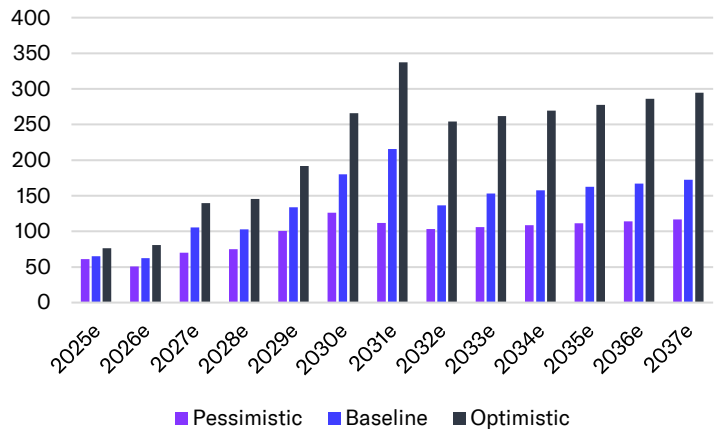
DCF value in different scenarios



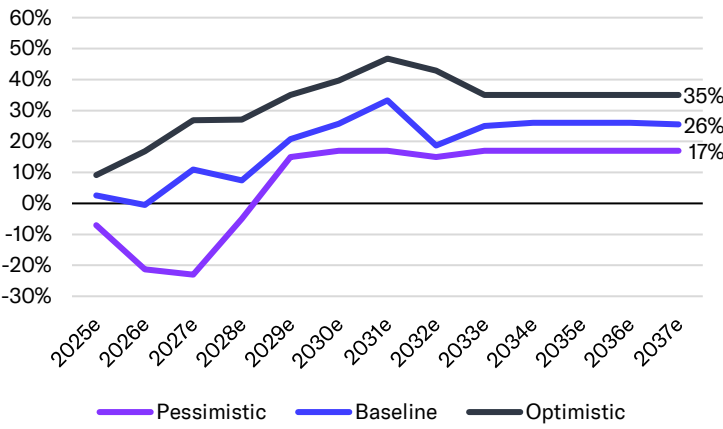
Underlying assumptions for the calculations:

- 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 assume that major AAA projects will sell an average of around 7 million copies in three years, and we also assume that FBC: Firebreak and Max Payne projects will perform better than in the baseline scenario.
- In the pessimistic scenario, we expect large AAA gaming projects to sell around 3 million copies on average in three years and FBC: Firebreak and Max Payne are clearly weaker than in the baseline scenario. In this case, we estimate that Remedy would need to reduce its cost structure below the baseline to achieve reasonable profitability.

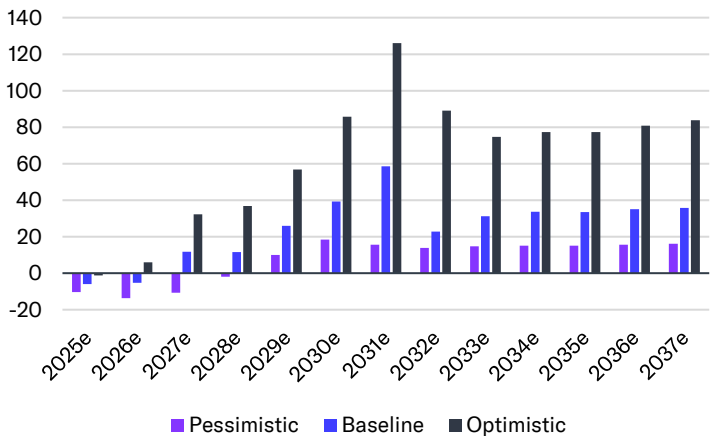
Revenue in different scenarios (MEUR)



EBIT % in different scenarios



Free cash flow in different scenarios (MEUR)



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%	6%	10%	13%	17%	19%
30%	9%	13%	17%	20%	23%
35%	12%	17%	20%	24%	27%
40%	15%	19%	23%	27%	30%

EV/EBIT 16x Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	11%	16%	19%	23%	26%
30%	15%	19%	23%	27%	30%
35%	18%	23%	27%	30%	34%
40%	21%	26%	30%	34%	37%

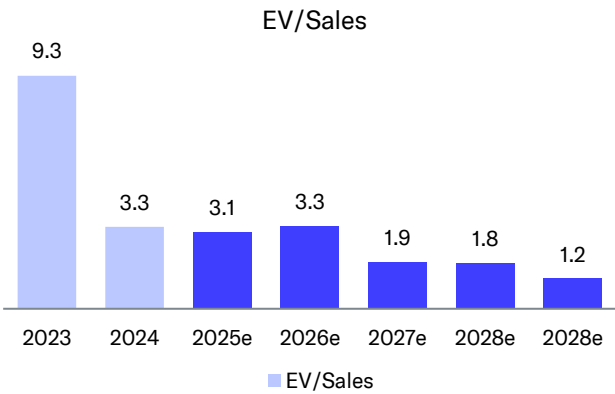
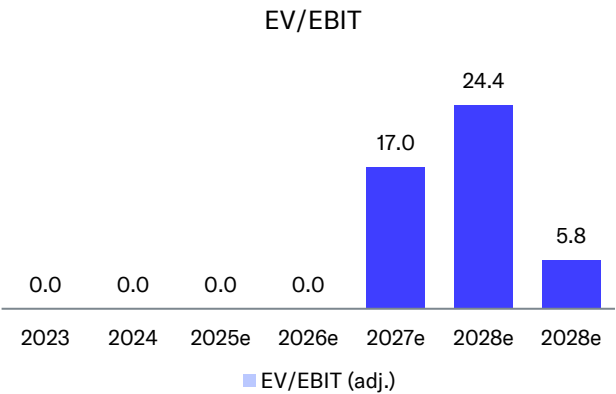
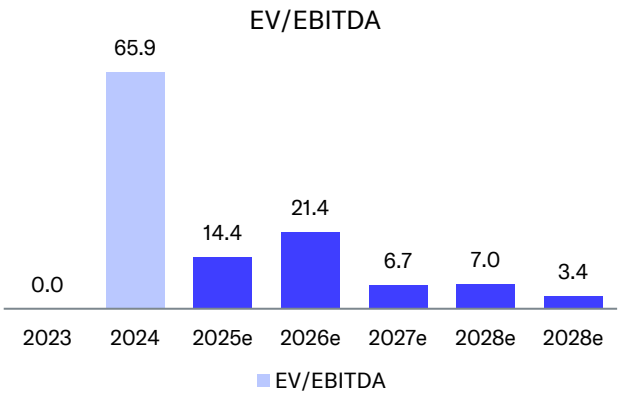
EV/EBIT 20x Revenue (MEUR)					
EBIT-%	100	125	150	175	200
25%	16%	20%	24%	28%	31%
30%	19%	24%	28%	32%	35%
35%	23%	28%	32%	36%	39%
40%	26%	31%	35%	39%	43%

- 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	15.9	15.9	15.9	15.9	15.9
Number of shares, millions	13.1	13.4	13.5	13.5	13.7	13.8	13.9	14.0	14.9
Market cap	528	294	343	191	218	219	221	223	237
EV	473	241	316	166	199	206	196	187	161
P/E (adj.)	59.0	neg.	neg.	neg.	>100	neg.	24.4	37.8	10.4
P/E	59.0	neg.	neg.	neg.	>100	neg.	24.4	37.8	10.4
P/B	6.0	3.3	5.1	2.8	3.2	3.2	2.9	2.7	2.0
P/S	11.8	6.7	10.1	3.8	3.4	3.5	2.1	2.2	1.8
EV/Sales	10.6	5.5	9.3	3.3	3.1	3.3	1.9	1.8	1.2
EV/EBITDA	32.8	>100	neg.	65.9	14.4	21.4	6.7	7.0	3.4
EV/EBIT (adj.)	41.5	neg.	neg.	neg.	>100	neg.	17.0	24.4	5.8
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	171	163	16.3	26.5	4.1	4.7	1.6	1.5	2%	2%	10%	6%
Embracer	1979	1561	4.8	6.7	2.8	2.7	0.7	0.8	-40%	-16%	14%	12%
Starbreeze	28	11	6.1		1.2	0.7	0.5	0.4	37%	52%	8%	-21%
CD Projekt	6001	5730	73.7	98.6	56.1	74.7	26.3	30.3	3%	-14%	36%	31%
Paradox Interactive	1549	1462	21.9	16.4	10.7	9.4	6.8	6.3	15%	8%	31%	38%
Playway	418	366	9.2	8.7	9.1	8.6	4.7	4.5	5%	4%	51%	52%
11 Bit Studios	104	89	4.4	5.0	3.3	5.6	2.1	2.7	27%	-22%	47%	54%
Enad Global 7	95	79	5.6	4.7	2.2	1.9	0.5	0.4	12%	5%	8%	9%
Thunderful Group	2	6			3.6	1.7	0.2	0.2	-2%	5%	-43%	-13%
Tinybuild	29	26				10.0	0.9	0.8	0%	6%	-8%	-2%
CI Games	147	151		7.3		7.3	10.5	2.6	-27%	313%	-15%	35%
Electronic Arts	37997	38216	21.3	17.4	18.4	15.8	6.2	5.6	-5%	10%	29%	32%
Take-Two Interactive	35420	36296	67.2	60.7	54.1	46.6	7.5	6.9	6%	9%	11%	11%
Ubisoft	1240	2417			3.2	4.2	1.3	1.3	-14%	-4%	-2%	-1%
Remedy (Inderes)	218	199	117.8	-657.0	14.4	21.4	3.1	3.3	28%	-4%	3%	-1%
Average			23.1	25.2	14.1	13.8	5.0	4.6	1%	26%	13%	17%
Median			12.8	12.6	3.8	6.5	1.8	2.0	3%	5%	11%	12%
Diff-% to median			823%	-5324%	275%	230%	68%	63%				

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	33.9	10.8	10.3	17.9	11.7	50.7	13.4	16.9	16.1	18.5	64.9	62.3	105	103
Development fees	28.8	9.0	9.4	17.0	10.2	45.6	10.7	7.4	9.5	9.3	36.9	36.2	21.5	20.0
Royalties	5.2	1.8	0.9	0.8	1.5	5.1	2.6	2.1	2.1	3.7	10.5	11.6	12.0	10.2
Own game sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	4.6	5.5	17.5	14.5	71.9	79.1
EBITDA	-17.0	-1.2	-2.4	6.7	-0.6	2.5	2.6	4.2	2.8	4.2	13.8	9.6	29.5	26.8
Depreciation	-11.7	-0.9	-0.9	-4.3	-0.8	-6.8	-1.3	-4.7	-3.1	-3.1	-12.2	-10.0	-17.9	-19.2
EBIT (excl. NRI)	-28.6	-2.1	-3.2	2.4	-1.4	-4.3	1.3	-0.5	-0.3	1.1	1.7	-0.3	11.5	7.7
EBIT	-28.6	-2.1	-3.2	2.4	-1.4	-4.3	1.3	-0.5	-0.3	1.1	1.7	-0.3	11.5	7.7
Net financial items	1.1	0.1	0.3	0.0	0.1	0.5	-0.2	-0.1	-0.1	-0.1	-0.5	-0.5	-0.5	-0.5
PTP	-27.5	-2.0	-2.9	2.4	-1.3	-3.8	1.1	-0.6	-0.4	1.0	1.2	-0.8	11.0	7.2
Taxes	4.9	0.0	0.7	-0.5	0.0	0.2	-0.5	0.0	0.1	-0.2	-0.6	0.2	-2.0	-1.3
Net earnings	-22.7	-2.0	-2.2	1.9	-1.3	-3.6	0.6	-0.6	-0.3	0.8	0.5	-0.7	9.1	5.9
EPS (adj.)	-1.68	-0.15	-0.16	0.14	-0.09	-0.27	0.04	-0.04	-0.02	0.06	0.04	-0.05	0.65	0.42
EPS (rep.)	-1.68	-0.15	-0.16	0.14	-0.09	-0.27	0.04	-0.04	-0.02	0.06	0.04	-0.05	0.65	0.42

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-%	-22.2 %	56.2 %	16.2 %	128.5 %	13.1 %	49.3 %	24.1 %	63.5 %	-9.9 %	58.6 %	28.1 %	-3.9 %	69.0 %	-2.4 %
EBITDA-%	-50.0 %	-11.2 %	-22.7 %	37.3 %	-5.0 %	5.0 %	19.3 %	24.9 %	17.5 %	22.9 %	21.3 %	15.5 %	28.0 %	26.1 %
Adjusted EBIT-%	-84.4 %	-19.3 %	-31.0 %	13.4 %	-11.8 %	-8.4 %	9.7 %	-2.7 %	-1.8 %	6.1 %	2.6 %	-0.5 %	11.0 %	7.5 %
Net earnings-%	-66.8 %	-18.5 %	-21.4 %	10.6 %	-10.9 %	-7.1 %	4.4 %	-3.4 %	-1.9 %	4.5 %	0.8 %	-1.0 %	8.6 %	5.7 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	35.8	45.1	48.2	48.8	52.2
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	23.3	32.9	36.8	38.4	42.4
Tangible assets	6.5	5.8	5.1	4.0	3.4
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	5.4	5.4	5.4
Current assets	47.4	47.3	46.6	39.9	56.5
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	11.7	10.6	15.8
Cash and equivalents	30.4	41.1	35.0	29.3	40.7
Balance sheet total	79.3	99.3	99.5	95.8	108

Source: Inderes

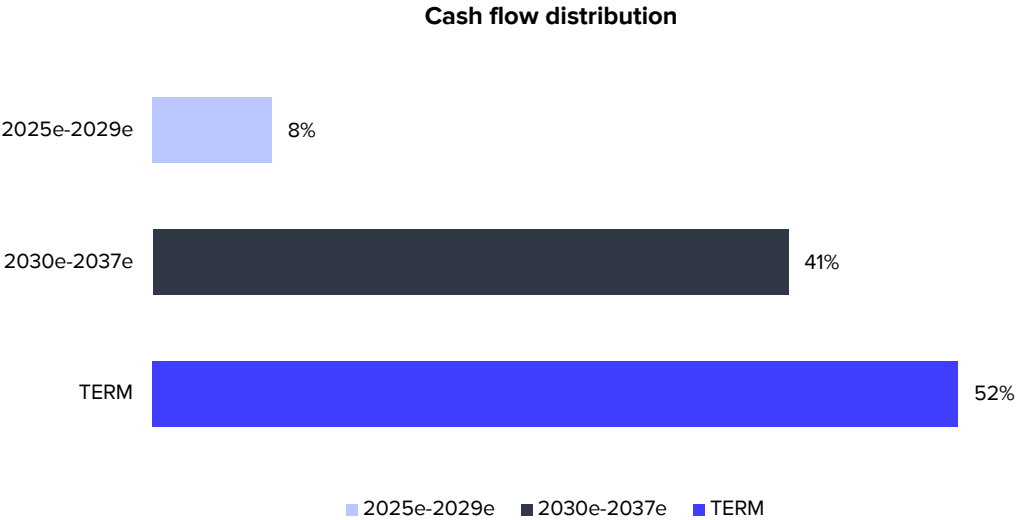
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	67.8	68.5	69.1	68.4	77.5
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	9.8	10.1	10.6	10.0	19.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	57.8	58.3	58.3	58.3	58.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current 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	15.3	12.2	15.0
Interest bearing debt	2.2	1.4	1.0	1.0	0.2
Payables	7.8	14.8	14.3	11.2	14.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	79.3	99.3	99.5	95.8	108

DCF-calculation

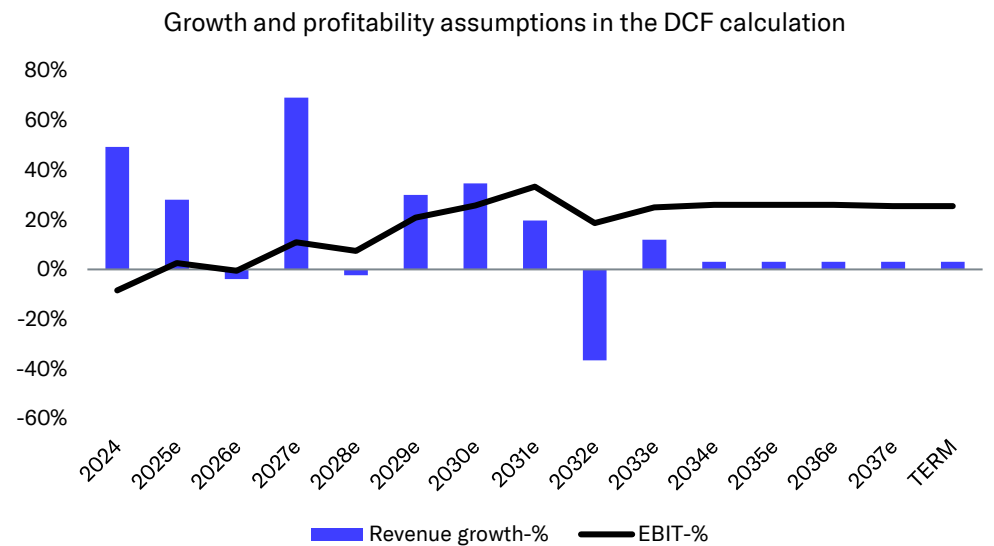
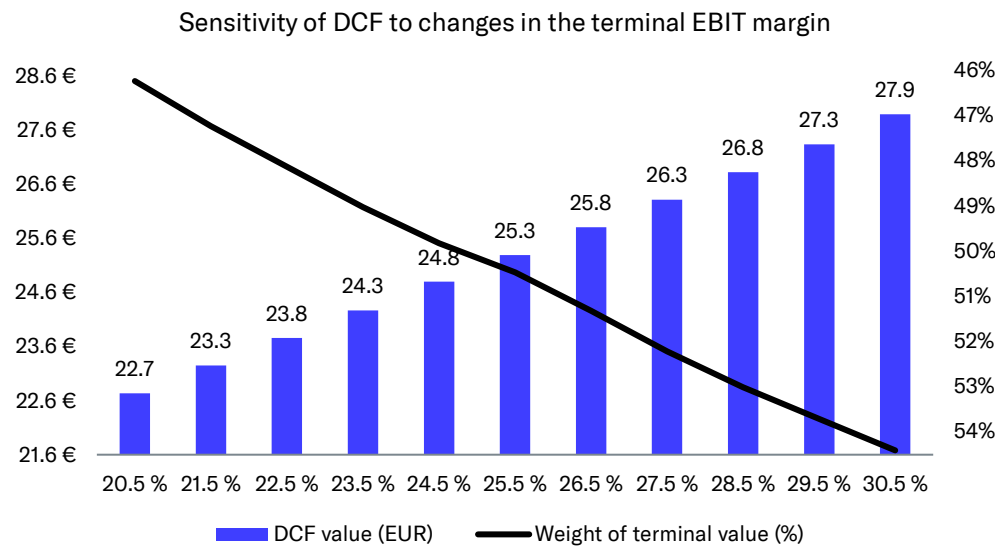
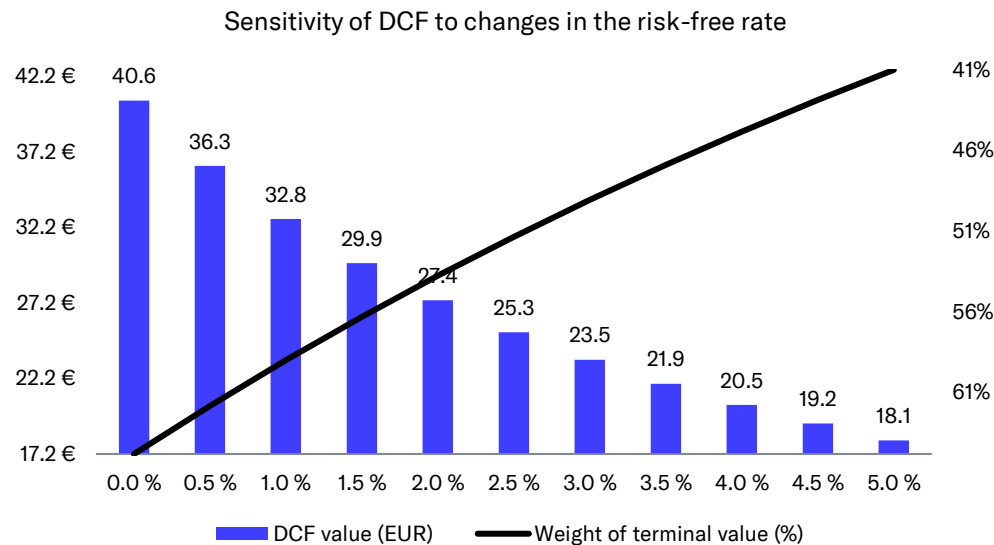
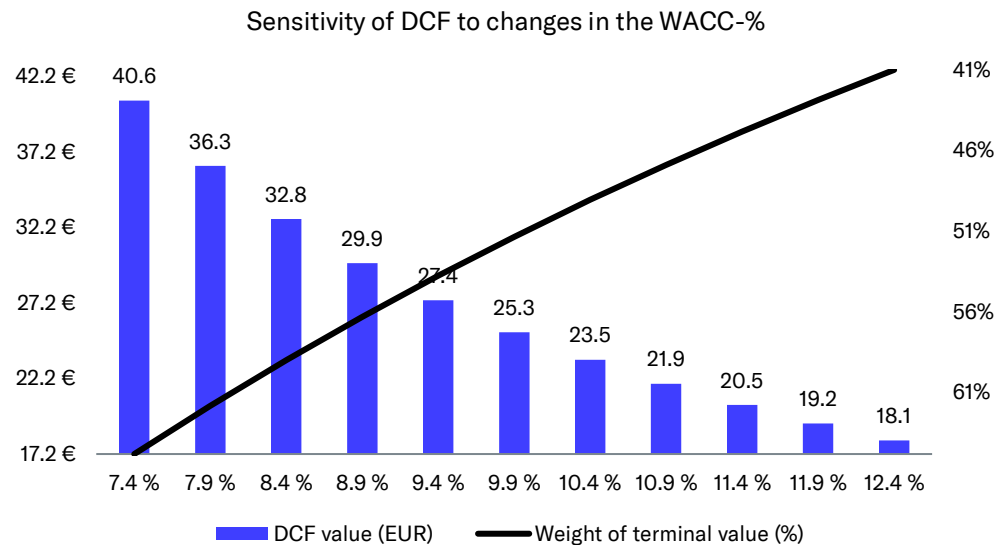
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	TERM
Revenue growth-%	49.3 %	28.1 %	-3.9 %	69.0 %	-2.4 %	30.0 %	34.6 %	19.6 %	-36.6 %	12.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
EBIT-%	-8.4 %	2.6 %	-0.5 %	11.0 %	7.5 %	20.8 %	25.7 %	33.3 %	18.7 %	25.0 %	26.0 %	26.0 %	26.0 %	25.5 %	25.5 %
EBIT (operating profit)	-4.3	1.7	-0.3	11.5	7.7	27.8	46.2	71.7	25.5	38.3	41.0	42.2	43.5	43.9	
+ Depreciation	6.8	12.2	10.0	17.9	19.2	19.1	17.9	16.5	16.2	16.1	16.1	16.0	16.5	16.8	
- Paid taxes	-0.1	-0.6	0.2	-2.0	-1.3	-5.0	-8.3	-12.9	-4.6	-6.9	-7.4	-7.6	-7.8	-7.9	
- 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	-6.0	-2.0	-1.7	0.0	-1.0	-1.6	-0.7	1.6	-0.3	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	20.3	7.1	7.7	25.7	25.5	40.9	54.2	74.5	38.8	47.2	49.6	50.6	52.1	52.7	
+ 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	-5.9	-5.3	11.7	11.5	25.9	39.2	58.5	22.8	31.2	33.6	33.6	35.1	35.7	
+/- 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	-5.9	-5.3	11.7	11.5	25.9	39.2	58.5	22.8	31.2	33.6	33.6	35.1	35.7	
Discounted FCFF		-5.7	-4.6	9.3	8.3	17.1	23.6	32.0	11.3	14.1	13.8	12.6	12.0	11.1	165
Sum of FCFF present value		320	326	331	321	313	296	272	240	229	215	201	188	176	165
Enterprise value DCF		320													
- Interest bearing debt		-15.8													
+ Cash and cash equivalents		41.1													
-Minorities		0.0													
-Dividend/capital return		0.0													
Equity value DCF		346													
Equity value DCF per share		25.3													

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	9.9 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



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	64.9	62.3	EPS (reported)	-0.13	-1.68	-0.27	0.04	-0.05
EBITDA	1.9	-17.0	2.5	13.8	9.6	EPS (adj.)	-0.13	-1.68	-0.27	0.04	-0.05
EBIT	-0.6	-28.6	-4.3	1.7	-0.3	OCF / share	0.51	-1.40	1.50	0.52	0.56
PTP	-1.2	-27.5	-3.8	1.2	-0.8	OFCF / share	-0.29	-2.15	-0.10	-0.43	-0.38
Net Income	-1.7	-22.7	-3.6	0.5	-0.7	Book value / share	6.57	5.02	5.06	5.05	4.97
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	99.5	95.8	Revenue growth-%	-3%	-22%	49%	28%	-4%
Equity capital	88.4	67.8	68.5	69.1	68.4	EBITDA growth-%	-87%	-990%	-115%	451%	-30%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-105%	4985%	-85%	-139%	-119%
Net debt	-52.9	-26.8	-25.3	-19.0	-13.3	EPS (adj.) growth-%	-119%	1209%	-84%	-115%	-218%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	4.4 %	-50.0 %	5.0 %	21.3 %	15.5 %
EBITDA	1.9	-17.0	2.5	13.8	9.6	EBIT (adj.)-%	-1.3 %	-84.4 %	-8.4 %	2.6 %	-0.5 %
Change in working capital	5.6	-2.1	17.8	-6.0	-2.0	EBIT-%	-1.3 %	-84.4 %	-8.4 %	2.6 %	-0.5 %
Operating cash flow	6.8	-18.9	20.3	7.1	7.7	ROE-%	-2.0 %	-29.0 %	-5.3 %	0.8 %	-0.9 %
CAPEX	-10.8	-10.1	-26.6	-13.0	-13.0	ROI-%	-0.6 %	-35.2 %	-5.5 %	2.0 %	-0.4 %
Free cash flow	-4.0	-29.0	-1.3	-5.9	-5.3	Equity ratio	88.8 %	85.5 %	70.9 %	69.4 %	71.4 %
						Gearing	-59.8 %	-39.5 %	-36.9 %	-27.5 %	-19.4 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	5.5	9.3	3.3	3.1	3.3						
EV/EBITDA	>100	neg.	65.9	14.4	21.4						
EV/EBIT (adj.)	neg.	neg.	neg.	>100	neg.						
P/E (adj.)	neg.	neg.	neg.	>100	neg.						
P/B	3.3	5.1	2.8	3.2	3.2						
Dividend-%	0.5 %	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. Per-share figures are calculated using the number of shares at year-end.

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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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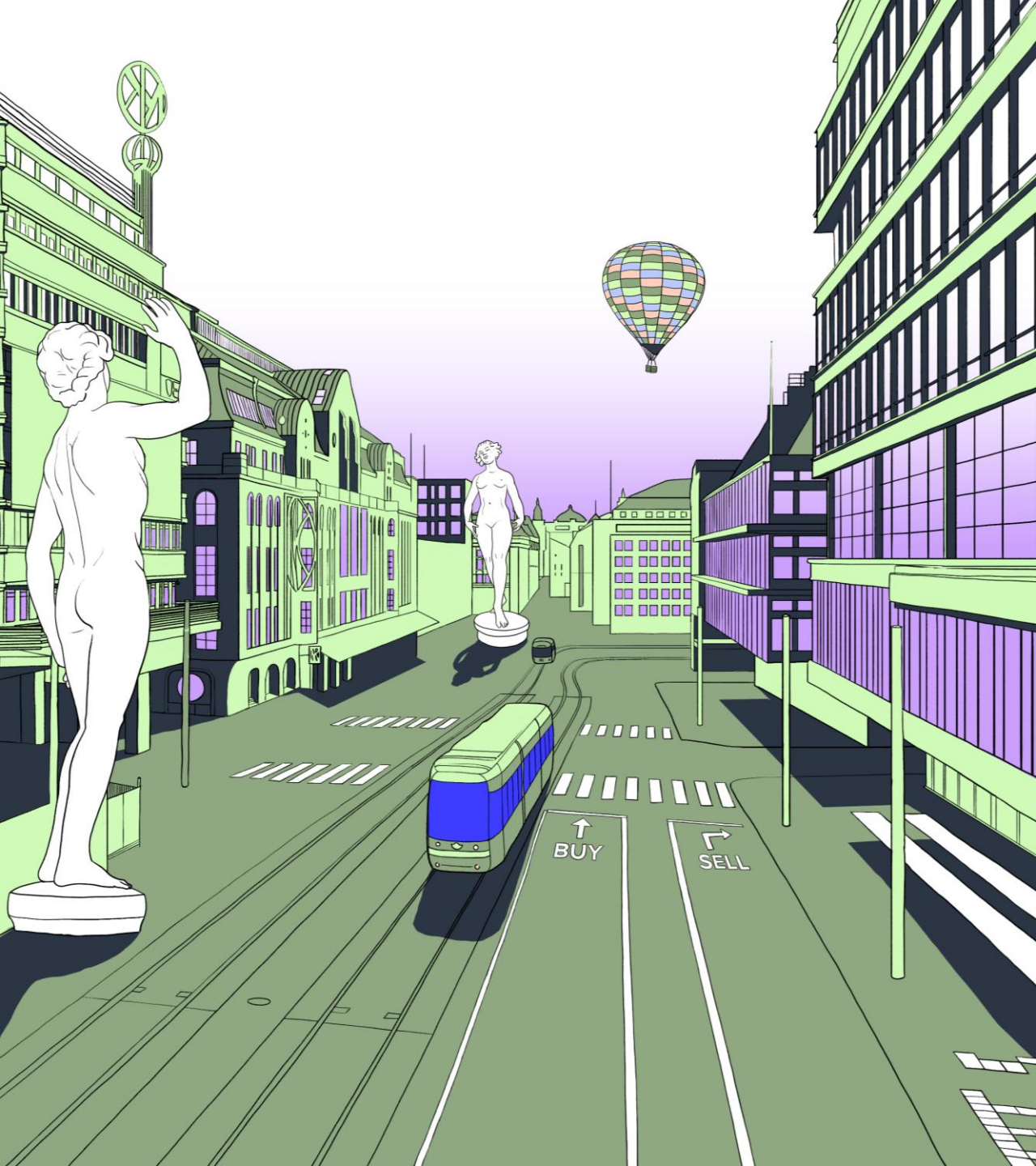
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Recommendation history (>12 mo)

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 €



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Inderes Ab
Brunnsgatan
Stockholm
+358 10 219 4690

inderes.se

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