STARBREEZE

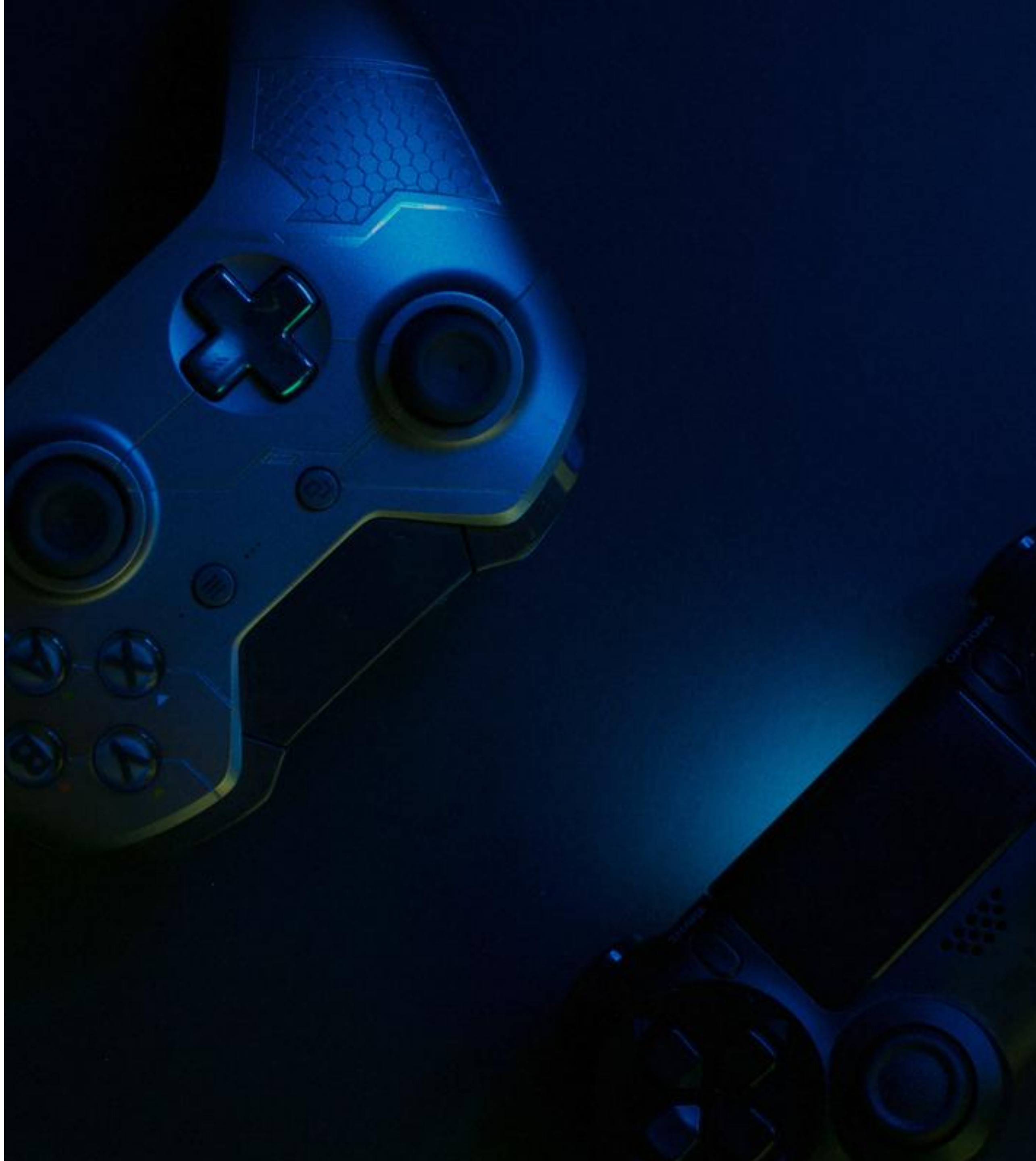
20.02.2026 07:00 CET

Christoffer Jennel
46731589555
christoffer.jennel@inderes.com

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

INDERES CORPORATE CUSTOMER

COMPANY REPORT



The path forward has narrowed

Starbreeze delivered Q4 revenue clearly below our expectations, with the shortfall primarily driven by a particularly weak PAYDAY 3 ("PD3") contribution. Profitability also came in significantly below our estimates, reflecting not only lower revenue but also a cost base that is adjusting more slowly than anticipated. While the Skills 2.0 release represented a major milestone, the muted impact on player activity and on revenue reinforces our view that fundamental engagement challenges remain unresolved. With visibility on the work-for-hire pipeline now even more limited, after management's cautious commentary and the conclusion of the KRAFTON partnership, we believe the path to 2026 cash-flow positivity has become increasingly uncertain. As Starbreeze operates as a single-IP studio with mounting execution pressure, we believe it still has much to prove before a stronger scenario can be priced in with confidence. We reiterate our Reduce recommendation and lower our target price to SEK 0.09 (was SEK 0.14).

Lower headline figures across the board

Q4 revenues reached 41 MSEK (Q4'24: 46 MSEK), which was 22% below our estimates. The shortfall was primarily driven by PD3's particularly weak performance, with lower-than-expected third-party publishing revenue providing an additional headwind. PAYDAY franchise revenue reached 23 MSEK (Inderes est.: 35 MSEK), with PD3 contributing 8 MSEK versus our 21 MSEK estimate. We find this especially concerning, given the December release of Skills 2.0, a major overhaul that management had positioned as an important milestone for retention and engagement ahead of the 2026 monetization push. PD2 delivered 15 MSEK, in line with our estimate, demonstrating continued resilience from the subscription model. We think the stark divergence between PD2's stability and PD3's decline highlights the fundamental challenges the company faces in its core strategic priority. Along with the revenue miss, EBIT amounted to -62 MSEK, well below our -10 MSEK estimate. Amortization levels and overall OPEX were higher than estimated, suggesting that the cost base is adjusting more slowly than anticipated following the Q3 rightsizing measures.

We revise our estimates downward following Q4

Following Q4, we have made material downward revisions to our estimates across the forecast period. For PD3, we have lowered our revenue assumptions for FY26-27 by around 50%. We think the muted response after the Skills 2.0 release suggests that achieving sustained improvement will be more challenging than previously assessed. Early player activity data on the January *Shopping Spree* release also suggests a similarly muted reception. We believe the persistent weakness showcases that there are no quick fixes and indicates the current content-driven strategy may be insufficient without more fundamental improvements to the game's core appeal or technical performance. For work-for-hire, we have reduced our FY26 assumptions following management's cautious commentary, now modeling a more modest contribution than the KRAFTON-scale engagement we had previously assumed. Despite higher-than-expected amortization and OPEX in Q4, we have kept our cost estimates largely unchanged for FY26, given the initiated rightsizing efforts in *Special Operations*. In aggregate, we have reduced our FY26-27 revenue estimate to 164-159 MSEK (was 260-252 MSEK, -37%), with FY26 EBIT down to -60 MSEK (was 39 MSEK).

Low valuation alone is insufficient to justify a more positive view

The Q4 outcome reinforced our cautious stance on Starbreeze and has lowered our confidence in the company's ability to execute on its strategic priorities in the near term. The shift toward operating as a single-IP studio has not yet translated into tangible improvements and instead highlights the considerable execution challenges that remain. Despite the low absolute valuation (2026e EV: ~100 MSEK, EV/S: 0.6x), we currently see limited near-term triggers. While the PAYDAY IP has big potential, in our view, Starbreeze still has much to prove after recent years' challenges with PD3. Our DCF now indicates a value per share of SEK 0.09 (was SEK 0.18), reflecting a scenario where we assume the company operates with a leaner cost base, stabilizes PD3 revenues at current levels rather than achieving meaningful growth, maintains PD2's contribution, and secures selective work-for-hire projects at reduced scope.

Recommendation
Reduce
(prev. Reduce)

Target price:
SEK 0.09
(prev. SEK 0.14)

Share price:
SEK 0.09

Business risk

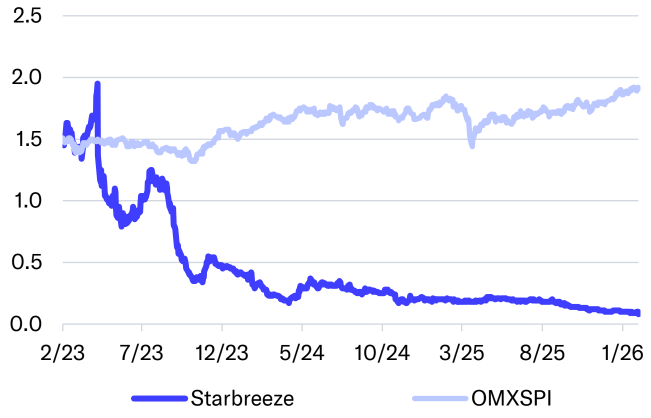
Valuation risk

	2025	2026e	2027e	2028e
Revenue	221	164	159	152
growth-%	19%	-26%	-3%	-5%
EBIT adj.	-96	-60	15	4
EBIT-% adj.	-43.6 %	-36.7 %	9.2 %	2.5 %
Net Income	-399	-62	13	2
EPS (adj.)	-0.06	-0.04	0.01	0.00
P/E (adj.)	neg.	neg.	11.2	64.9
P/B	0.8	0.9	0.8	0.8
EV/EBIT (adj.)	neg.	neg.	9.1	43.8
EV/EBITDA	2.2	2.0	1.8	2.7
EV/S	0.3	0.6	0.8	1.1

Source: Inderes

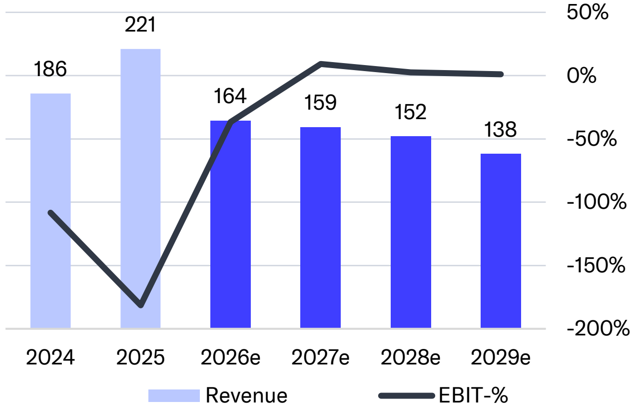
Guidance (Starbreeze provides no guidance)

Share Price



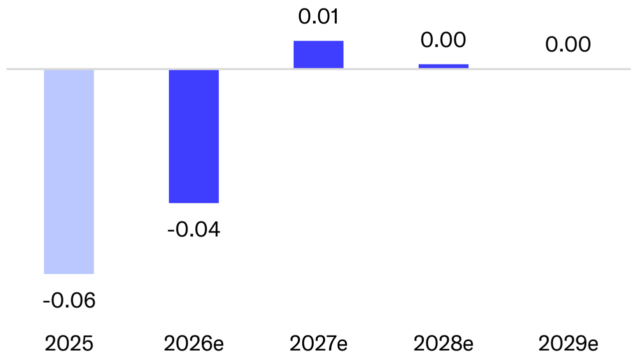
Source: Millistream Market Data AB

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
- New games and/or experiences that broaden the heisting genre beyond its core projects
- Successfully selecting profitable work-for-hire projects that enable competence development, brand expansion, and steady cash flows
- 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 the company's new strategic initiatives makes it hard to assess the company's long-term potential
- Commercial failure and/or delays in future projects
- Changes in expectations for future projects can cause significant volatility in the stock
- High development costs and a fixed cost base exert pressure on cash flows

Valuation	2026e	2027e	2028e
Share price	0.09	0.09	0.09
Number of shares, millions	1,624	1,624	1,624
Market cap	146	146	146
EV	103	133	164
P/E (adj.)	neg.	11.2	64.9
P/E	neg.	11.2	64.9
P/B	0.9	0.8	0.8
P/S	0.9	0.9	1.0
EV/Sales	0.6	0.8	1.1
EV/EBITDA	2.0	1.8	2.7
EV/EBIT (adj.)	neg.	9.1	43.8

Source: Inderes

Lower headline figures across the board 1/2

Revenue miss driven by weak PAYDAY 3 performance

Q4 revenues reached 41 MSEK (Q3'25: 58 MSEK, Q4'24: 46 MSEK), which was -22% below our 53 MSEK estimate and -11% lower than last year. The year-on-year decline was primarily driven by weak PAYDAY 3 performance and lower-than-expected third-party publishing revenue (1 MSEK vs Inderes estimate: 5 MSEK)

PAYDAY franchise revenue reached 23 MSEK, below our estimate of 35 MSEK. PAYDAY 3 revenue came in at around 8 MSEK versus our estimate of 21 MSEK, which is particularly concerning given the December release of Skills 2.0, a major overhaul of the progression system that was positioned as critical for retention ahead of the 2026 monetization push. The muted revenue contribution suggests that player engagement remains weak and that the Skills 2.0 release has yet to translate into sustained momentum. PAYDAY 2 delivered 15 MSEK, more or less in line our 14 MSEK estimate and therefore continues to show resilience and momentum following the subscription model that was introduced in Q3.

The KRAFTON work-for-hire partnership contributed 17 MSEK, which was above our estimate of 14 MSEK, reflecting a stronger final quarter contribution than expected. With KRAFTON now completed, visibility on new work-for-hire projects is increasingly clouded. The management noted in the report that it has taken rightsizing measures primarily within its *Special Operations* segment and emphasized that work-for-hire is a viable part of the business when the right opportunity comes. We believe this indirectly tells that a new work-for-hire project is not within the near-horizon, which will impact our revenue estimates for 2026.

Third-party publishing revenue came in at 1 MSEK versus our 5 MSEK estimate which, one the hand, is in line with the company's communicated strategy to deprioritize this segment, but the revenue drop was bigger than expected. We expect minimal contribution from this area also going forward.

While not disclosed explicitly, FX effects are likely to have impacted the top line negatively during the quarter and, given current FX rates, we expect the stronger Swedish krona (against USD and EUR) to weigh on the financials in Q1 as well.

Profitability was well below our estimates

Starbreeze reported Q4 EBIT of -62 MSEK (Q3'25: -24 MSEK, Q4'24: -52 MSEK), which was significantly below our -10 MSEK estimate. The shortfall was driven by the lower the revenue and higher-than-expected direct costs and SG&A costs, where amortization costs (46 MSEK) were well above our estimated 26 MSEK and SG&A costs amounted to 28 MSEK, versus our estimated 21 MSEK. We think this suggests that the cost base is adjusting more slowly than anticipated following the rightsizing measures in Q3. Starbreeze recorded an impairment of intangible assets in Q4. Based on our estimates, these were about 5 MSEK, which would correspond to a -57 MSEK in adjusted EBIT.

Estimates	Q4'24	Q4'25	Q4'25e	Q4'25e	Consensus		Difference (%)	2025
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actual
Revenue	46.4	41.1	52.6				-22%	221
EBITDA	19.7	-12.0	19.6				-161%	29.0
EBIT (adj.)	-52.0	-56.8	-10.3				-451%	-102.0
EBIT	-52.0	-61.9	-10.3				-501%	-400.9
EPS (reported)	-0.03	-0.04	-0.01				-502%	-0.25
Revenue growth-%	-33.0 %	-11.3 %	13.5 %				-24.8 pp	18.9 %
EBIT-% (adj.)	-112.1 %	-138.0 %	-19.6 %				-118.4 pp	-46.2 %

Source: Inderes

Lower headline figures across the board 2/2

Cash flow from operating activities after working capital changes was -3 MSEK (Q3'25: 22 MSEK, Q4'24: 0 MSEK), with investments totaling -25 MSEK, leading to free cash flow of -29 MSEK (Q3'25: -15 MSEK). The cash balance decreased by -32 MSEK to 103 MSEK (Q3'25: 135 MSEK), with virtually no debt excluding leasing obligations.

We think the continued cash outflow raises questions about achieving the 2026 cash flow positivity target. With the cash balance now at around 100 MSEK and the KRAFTON partnership concluding, visibility on new work-for-hire projects and improved PAYDAY 3 monetization becomes increasingly critical, in our view.

Estimates	Q4'24	Q4'25	Q4'25e	Q4'25e	Consensus		2025e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	46.4		52.6				232
EBITDA	19.7		19.6				60.5
EBIT (adj.)	-52.0		-10.3				-50.0
EBIT	-52.0		-10.3				-349.4
EPS (reported)	-0.03		-0.01				-0.21
Revenue growth-%	-33.0 %		13.5 %				25.1 %
EBIT-% (adj.)	-112.1 %		-19.6 %				-21.5 %

Source: Inderes

We revise our estimates downward following Q4

Estimate revisions

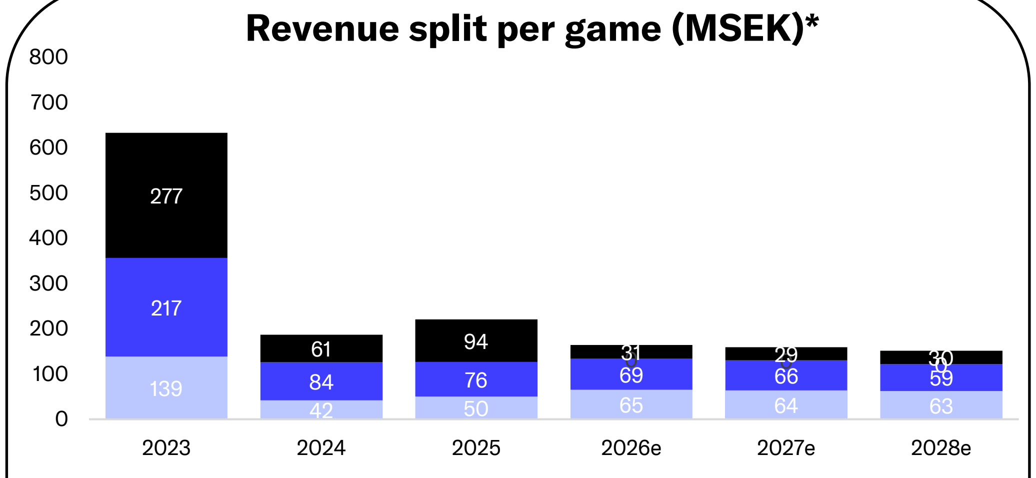
Following the Q4'25 results, we have made targeted revisions to our revenue and profitability estimates across the forecast period.

- For PAYDAY 3, we have significantly lowered our revenue assumptions for FY26-27 given the particularly weak Q4 outcome and the limited impact from Skills 2.0. With Q4 PD3 revenue sharply falling to 8 MSEK despite the December release of the major progression system overhaul, we feel the path to sustained revenue growth has become considerably more uncertain. While the monthly content cadence continues with releases like *Shopping Spree* (DLC), early player activity data suggests a similarly muted reception. We now model a more conservative revenue trajectory for PD3, reflecting our view that incremental content updates may be insufficient to drive meaningful engagement improvements without more fundamental changes to the game's core appeal or technical performance. The pace of any potential recovery remains highly uncertain given persistent player sentiment challenges. As such, we have lowered our PD3 revenue by ~50% for 2026-2027, with a follow-through effect on the rest of the forecast period.
- Our PAYDAY 2 estimates remain largely unchanged following Q4's in-line performance. The subscription model continues to provide stable baseline revenue at around 15 MSEK per quarter with minimal ongoing development investment, and we view PD2 as a more reliable revenue source for the foreseeable future.
- Management's commentary regarding rightsizing measures within the Special Operations segment and the emphasis that work-for-hire is "viable when the right opportunity comes" has led us to materially reduce our FY26-27 work-for-hire assumptions. We no longer model a new engagement of similar scope to KRAFTON in the near term and instead assume more modest and selective project contributions. As such, we lowered our FY26 work-for-hire revenue assumption by -47% considering increasing uncertainty to its revenue contribution in 2026.
- We have also lowered our revenue assumptions from third-party-publishing following the weak contributions in Q4.
- Our cost estimates for 2026 remain largely unchanged on a full-year basis, although we have made small quarterly adjustments.
- In aggregate, we lowered our FY26-27 revenue estimate by 37% to 164 MSEK (was 260 MSEK) and to 159 MSEK (was 252 MSEK). Primarily due to our significant revenue cuts, we now estimate EBIT of -60 MSEK in 2026 (was 39 MSEK) and 15 MSEK in 2027 (was 56 MSEK)

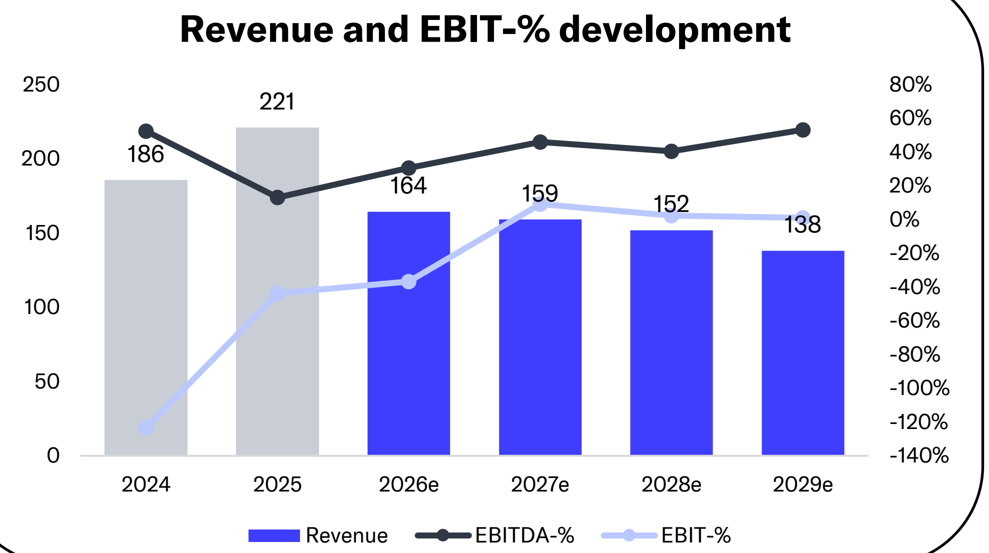
Estimate revisions MSEK / SEK	2025 Inderes	2025e Actualized	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	232	221	-5%	260	164	-37%	252	159	-37%
EBITDA	60.5	29.0	-52%	149	50.5	-66%	129	65.8	-49%
EBIT (exc. NRIs)	-50.0	-96.4	-93%	38.7	-60.4	-256%	56.1	14.7	-74%
EBIT	-349.4	-400.9	-15%	38.7	-60.4	-256%	56.1	14.7	-74%
EPS (excl. NRIs)	-0.03	-0.06	-95%	0.02	-0.04	-271%	0.03	0.01	-76%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

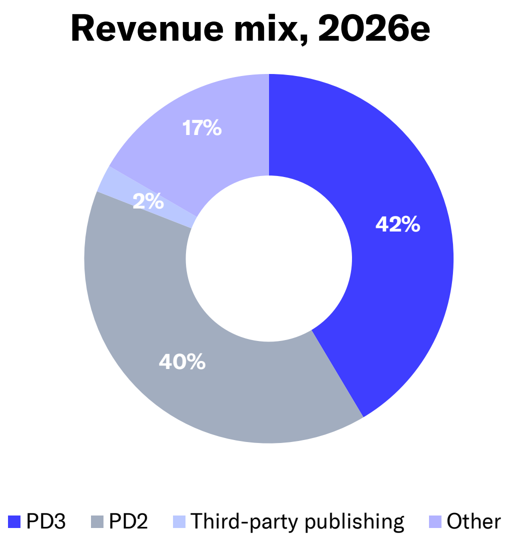
Source: Inderes

Underlying assumptions for revenue estimates



* "Other" primarily constitute of revenue received from the work-for-hire agreements and 3PP revenue. In 2023, previously received game financing was recorded as revenue.





Source: Starbreeze, Inderes estimates

Valuation 1/3

Lack of clear near-term triggers leads us to the sidelines

At the current valuation (EV 2026e: ~100 MSEK), we feel expectations for both the PAYDAY franchise and updated strategy as a whole are low for all the right reasons. The main risks that we see lie in execution and timing, given that PAYDAY 3 was launched two years ago and has struggled to reignite engagement at scale. Meanwhile, Starbreeze has put limited effort into PAYDAY 2 ever since, even though the title has held up surprisingly well, arguably benefiting from PAYDAY 3's shortcomings. There are no guarantees that the franchise will deliver a major turnaround following the company's strategic revision and renewed efforts. With the company's core focus directed at the PAYDAY franchise, expanding within the heisting genre, and continuing work-for-hire projects, we feel that Starbreeze has a lot to prove not only to players but also to investors going forward.

By concentrating nearly all resources on the PAYDAY franchise, Starbreeze is once again placing the bulk of its risk and opportunity into a single IP. The introduction of "Special Operations" (work-for-hire projects) as a strategic pillar, coupled with genre-adjacent expansion, does mitigate concentration risk somewhat, but the majority of revenues will still depend on one franchise that continues to face structural challenges. The revised strategy will also test Starbreeze's ability to consistently secure profitable work-for-hire contracts to support both utilization and cash flow stability.

In the near term, we are increasingly conservative about the company's doubling-down initiatives in the PAYDAY franchise, despite the promise of higher update cadence, refined player experience, and improved monetization models. In addition, the medium- to long-term outlook remains uncertain, and the path to sustained engagement at materially higher levels is not yet visible.

That said, we see underlying value in the IP. This is supported by the franchise's vast installed player base, strong community, the KRAFTON partnership, and the regained publishing rights for PAYDAY 3. However, we feel the path to sustained revenue growth has become considerably more uncertain following Q4. Thus, we believe it is prudent to remain on the sidelines until we see clearer evidence that the new strategy can deliver both sustainably higher engagement and improved monetization across the franchise. Hence, we reiterate our Reduce recommendation and lower our target price to SEK 0.09 (was SEK 0.14).

On another note, the company's low valuation and recent operational streamlining could make it a potential M&A target for a larger, better-capitalized publisher seeking to acquire proven IPs. However, we view such a scenario as speculative at this stage, albeit not implausible given the ongoing industry consolidation trend toward established franchises.

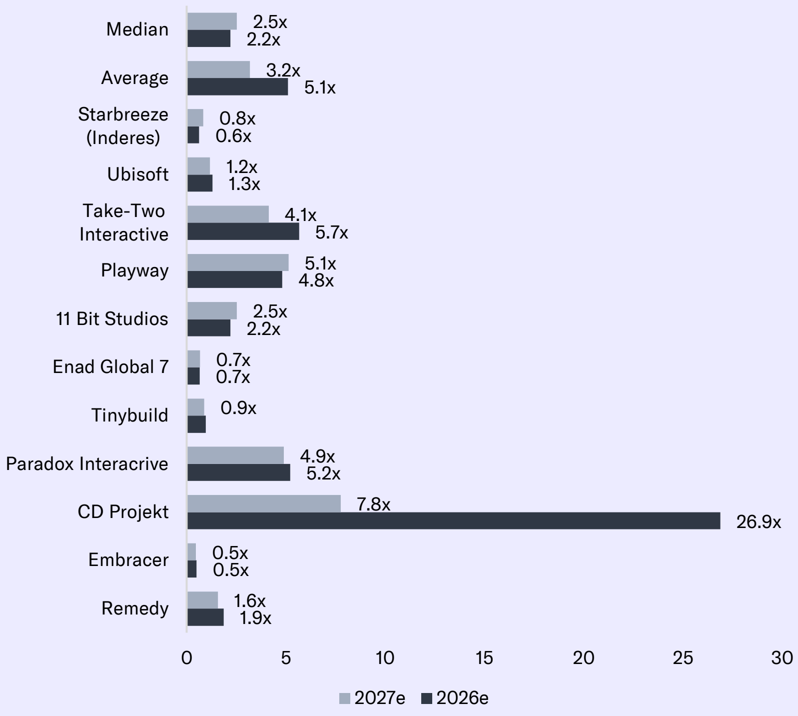
Multiple-based valuation suffers from fluctuating financials

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.

Valuation	2026e	2027e	2028e
Share price	0.09	0.09	0.09
Number of shares, millions	1,624	1,624	1,624
Market cap	146	146	146
EV	103	133	164
P/E (adj.)	neg.	11.2	64.9
P/E	neg.	11.2	64.9
P/B	0.9	0.8	0.8
P/S	0.9	0.9	1.0
EV/Sales	0.6	0.8	1.1
EV/EBITDA	2.0	1.8	2.7
EV/EBIT (adj.)	neg.	9.1	43.8

Source: Inderes

Starbreeze and peers' EV/S multiples, 2026-2027



Valuation 2/3

With our revenue estimates, the EV/S multiples for 2026-2027 are 0.6x-0.8x. This is lower than the peer group median of 2.2-2.5x for 2026-2027. However, a discount is reasonable as Starbreeze is significantly smaller than the peer group average and possesses a less diversified games portfolio, which in turn presents a higher degree of volatility in earnings and uncertainty regarding cash flows. 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.

DCF valuation

Our DCF model now implies a fair value of SEK 0.09 per share (was SEK 0.18). The model reflects a scenario where we assume Starbreeze operates with a leaner cost base, stabilizes PD3 revenues at current levels rather than achieving meaningful growth, maintains PD2's contribution, and secures selective work-for-hire projects at reduced scope. Over time, we expect PAYDAY-related revenue to face gradual pressure absent more successful engagement strategies.

In 2027-2029, we project revenue to decrease further as we expect the effects of near-term revitalization efforts within the PAYDAY ecosystem to fade, compounded by what we see as an increasingly uncertain long-term outlook. That said, we are incorporating revenue growth in 2030-2034 to account for any potential effects from launching new games or further experiences (e.g. spin-offs) within its core heisting genre.

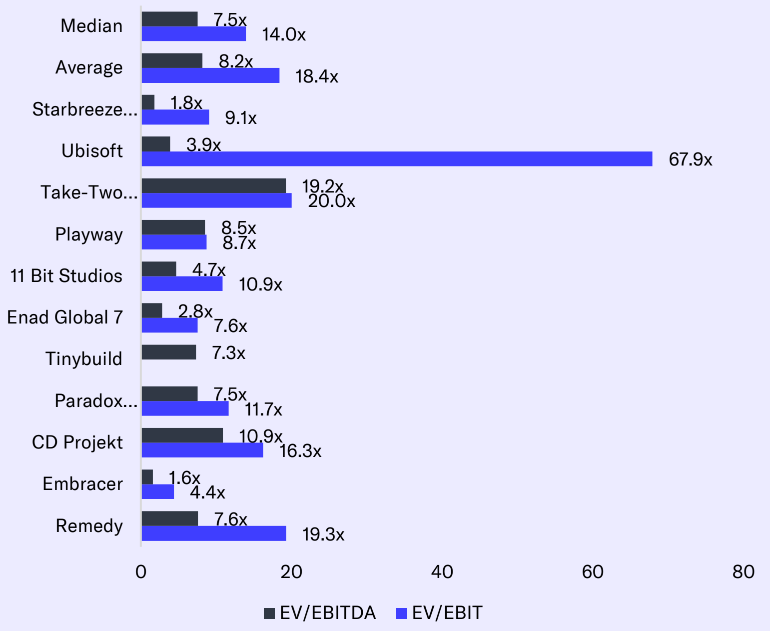
Scenario analysis

As our Starbreeze estimates are more heavily dependent on projections of one single franchise, 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 scenario, downside scenario, and upside scenario.

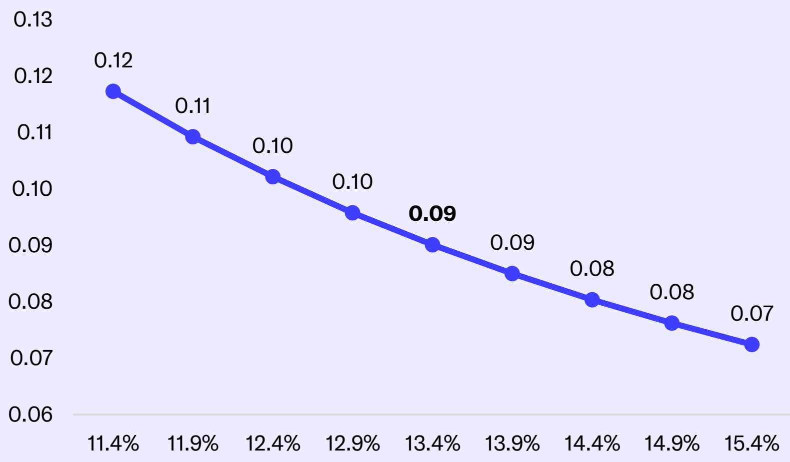
Our **baseline scenario** assumes that revenue from the PAYDAY franchise stabilizes somewhat at current levels despite increased update cadence, monetization efforts, and broader engagement initiatives, followed by a gradual decline fade over time. We also assume Starbreeze secures selective work-for-hire projects, though at reduced scope and frequency compared to the KRAFTON engagement, reflecting the limited near-term pipeline visibility management has indicated. Over the long term, we factor in revenue from new games and/or "heisting experiences" within the PAYDAY universe but take a conservative approach to their contributions. For the terminal period, we have used an EBIT margin of 16% and a revenue growth rate of 2.5%.

In the **downside scenario**, we account for a weaker execution on near-term turnaround efforts, resulting in continued revenue pressure and an inability to transition successfully to a live-engagement monetization model. In this scenario, the monthly content cadence proves insufficient to address fundamental issues with player sentiment or game appeal, and PD3 revenues decline further from current levels. We also assume work-for-hire opportunities remain scarce, with Starbreeze unable to secure projects of meaningful scope. This scenario also assumes similar investment levels, which would strain the company's cash flow position and potentially increase the likelihood of an equity raise within the forecast period. For the terminal period, we apply an EBIT margin of 12% and a growth rate of 2%, resulting in an estimated equity value of SEK 0.04 per share (was SEK 0.07).

Starbreeze and peers' 2027e EV/EBIT and EV/EBITDA



DCF value sensitivity



Valuation 3/3

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 strengthening its core IP to finance new projects and/or initiatives, as well as ongoing operations. In this downside case, one could also consider a scenario where Starbreeze decides to sell the PAYDAY franchise to a better capitalized game developer.

In our view, such a sale could potentially fetch a value higher than our DCF model suggests, depending on the state of the franchise at the time, the potential buyer, and other factors.

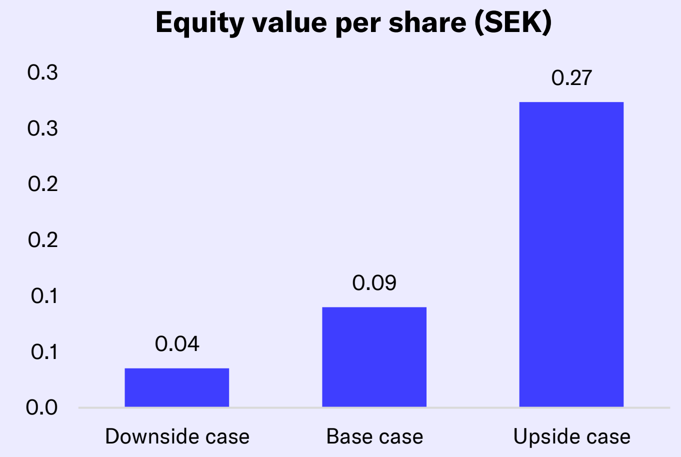
In the **upside scenario**, we assign a higher probability of Starbreeze successfully revitalizing both PAYDAY 3 and the broader franchise through new upgrades (incl. content), and experiences, while also being more successful in monetization and leveraging other content avenues (e.g. transmedia, emerging platforms). This would lead to stronger commercial performance than our base scenario, as reflected in the higher net revenue and earnings estimates in this scenario.

In this more optimistic outlook, we project an EBIT margin of 23% for the terminal period, compared to 16% in the baseline scenario. Based on these assumptions, we estimate a potential share price of SEK 0.27 (was SEK 0.39). 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	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	Term
Revenues	164	159	152	138	166	192	211	219	225	231	2.5 %
EBIT	-60	15	4	2	6	19	30	32	35	37	
EBIT-%	-37%	9%	2%	1%	4%	10%	14%	15%	16%	16%	16%

Downside Case	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	Term
Revenues	132	127	122	117	133	154	173	179	185	196	2.0 %
EBIT	-68	5	-1	0	1	9	16	18	23	24	
EBIT-%	-52%	4%	-1%	0%	1%	6%	9%	10%	12%	12%	12%

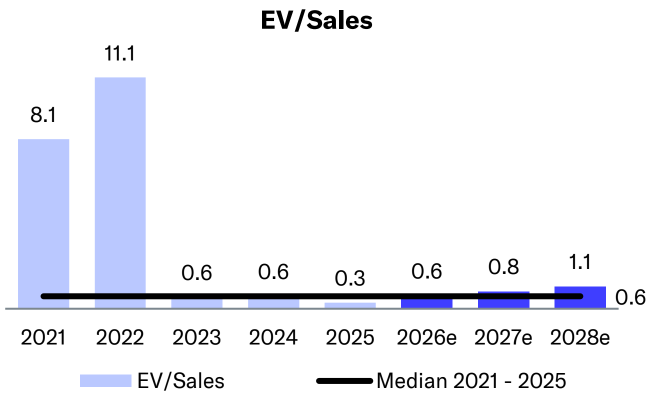
Upside Case	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	Term
Revenues	197	190	181	171	214	258	279	289	298	300	2.5 %
EBIT	-20	28	22	22	24	39	56	58	68	69	
EBIT-%	-10%	15%	12%	13%	11%	15%	20%	20%	23%	23%	23%

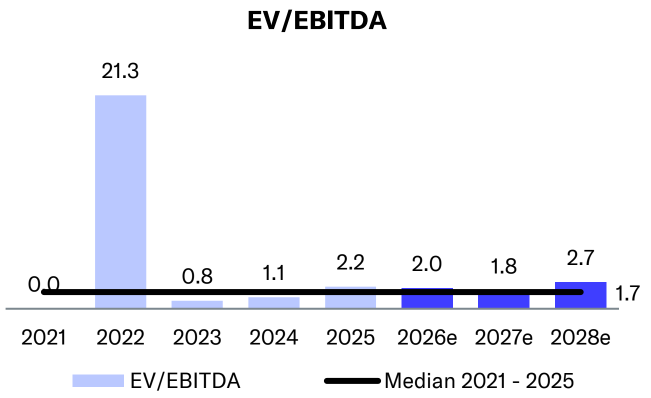


Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.00	1.58	0.47	0.21	0.10	**0.09**	**0.09**	**0.09**	**0.09**
Number of shares, millions	725	725	1,477	1,477	1,624	**1,624**	**1,624**	**1,624**	**1,624**
Market cap	727	1,142	699	304	166	**146**	**146**	**146**	**146**
EV	1,021	1,413	350	111	64	**103**	**133**	**164**	**175**
P/E (adj.)	neg.	neg.	2.5	neg.	neg.	**neg.**	**11.2**	**64.9**	**>100**
P/E	neg.	neg.	2.5	neg.	neg.	**neg.**	**11.2**	**64.9**	**>100**
P/B	5.9	20.1	0.8	0.5	0.8	**0.9**	**0.8**	**0.8**	**0.8**
P/S	5.8	8.9	1.1	1.6	0.8	**0.9**	**0.9**	**1.0**	**1.1**
EV/Sales	8.1	11.1	0.6	0.6	0.3	**0.6**	**0.8**	**1.1**	**1.3**
EV/EBITDA	>100	21.3	0.8	1.1	2.2	**2.0**	**1.8**	**2.7**	**2.4**
EV/EBIT (adj.)	68.3	>100	1.8	neg.	neg.	**neg.**	**9.1**	**43.8**	**>100**

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**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Remedy	193	964.7	19.3	11.7	7.6	1.9	1.6		26.0		0.4	3.6
Embracer	871	7.6	4.4	1.9	1.6	0.5	0.5	9.1	6.7			0.4
CD Projekt	5,537	79.3	16.3	60.5	10.9	26.9	7.8	78.6	15.8	0.5	0.4	7.2
Paradox Interacrive	1,063	14.0	11.7	8.2	7.5	5.2	4.9	18.8	15.8	4.3	4.6	4.8
Tinybuild	31			9.8	7.3	1.0	0.9	103.3	10.3			
Enad Global 7	129	12.1	7.6	2.8	2.8	0.7	0.7	13.4	20.4			0.4
11 Bit Studios	67	5.6	10.9	3.8	4.7	2.2	2.5	8.8				1.2
Playway	349	7.6	8.7	7.4	8.5	4.8	5.1	9.5	8.2	9.0	11.3	3.6
Take-Two Interactive	31,781	39.3	20.0	34.4	19.2	5.7	4.1	51.5	24.9			12.6
Ubisoft	1,997		67.9	4.8	3.9	1.3	1.2					0.3
Starbreeze (Inderes)	**10**	**-1.7**	**9.1**	**2.0**	**1.8**	**0.6**	**0.8**	**-2.4**	**11.2**	**0.0**	**0.0**	**0.9**
Average		**127.5**	**18.4**	**14.7**	**8.2**	**5.1**	**3.2**	**35.1**	**16.7**	**3.5**	**3.4**	**4.2**
Median		**14.0**	**14.0**	**8.2**	**7.5**	**2.2**	**2.5**	**18.8**	**15.8**	**2.4**	**0.4**	**3.6**
Diff-% to median		***-112%***	***-35%***	***-75%***	***-76%***	***-72%***	***-67%***	***-113%***	***-29%***	***-100%***	***-100%***	***-74%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**186**	**68**	**54**	**58**	**41**	**221**	**32**	**38**	**45**	**50**	**164**	**159**	**152**	**138**
EBITDA	**98**	**16**	**6**	**19**	**-12**	**29**	**-2**	**7**	**20**	**25**	**51**	**66**	**62**	**59**
Depreciation	-299	-45	-31	-305	-50	-430	-32	-26	-26	-27	-111	-51	-58	-58
EBIT (excl. NRI)	**-229**	**1**	**-17**	**-24**	**-57**	**-96**	**-34**	**-18**	**-5**	**-2**	**-60**	**15**	**4**	**2**
EBIT	**-201**	**-29**	**-25**	**-285**	**-62**	**-401**	**-34**	**-18**	**-5**	**-2**	**-60**	**15**	**4**	**2**
Share of profits in assoc. compan.	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	1	-1	-1	0	0	-2	0	0	0	-1	-2	-2	-1	-1
PTP	**-199**	**-29**	**-25**	**-286**	**-62**	**-403**	**-34**	**-19**	**-6**	**-3**	**-62**	**13**	**2**	**0**
Taxes	0	3	-1	1	0	3	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	**-199**	**-26**	**-26**	**-285**	**-62**	**-399**	**-34**	**-19**	**-6**	**-3**	**-62**	**13**	**2**	**0**
EPS (rep.)	**-0.13**	**-0.02**	**-0.02**	**-0.18**	**-0.04**	**-0.25**	**-0.02**	**-0.01**	**0.00**	**0.00**	**-0.04**	**0.01**	**0.00**	**0.00**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-70.7 %	19.5 %	33.8 %	36.8 %	-11.3 %	18.9 %	-53.4 %	-29.1 %	-23.2 %	21.5 %	-25.6 %	-3.1 %	-4.6 %	-9.1 %
Adjusted EBIT growth-%	-220.4 %	-103.0 %	-75.4 %	-62.7 %	9.2 %	-57.9 %	-2758.9 %	6 %	-76.9 %	-95.6 %	-37.4 %	-124.3 %	-74.5 %	-58.3 %
EBITDA-%	52.5 %	23.2 %	11.0 %	33.1 %	-29.1 %	13.1 %	-6.5 %	19.6 %	45.5 %	49.5 %	30.7 %	41.3 %	40.6 %	43.0 %
Adjusted EBIT-%	-123.2 %	1.9 %	-32.4 %	-40.3 %	-138.0 %	-43.6 %	-108.0 %	-48.3 %	-12.1 %	-5.0 %	-36.7 %	9.2 %	2.5 %	1.1 %
Net earnings-%	-107.2 %	-39.0 %	-48.4 %	-487.7 %	-150.9 %	-180.7 %	-109.0 %	-49.4 %	-13.0 %	-6.0 %	-37.7 %	8.2 %	1.5 %	0.1 %

Source: Inderes

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**402**	**184**	**175**	**218**	**251**
Goodwill	0	0	0	0	0
Intangible assets	372	130	131	178	209
Tangible assets	26	45	35	31	33
Associated companies	0	0	0	0	0
Other investments	0	0	0	0	0
Other non-current assets	4	7	7	7	7
Deferred tax assets	0	2	2	2	2
Current assets	**309**	**154**	**104**	**88**	**82**
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	117	51	61	56	52
Cash and equivalents	192	103	43	32	30
Balance sheet total	**712**	**337**	**279**	**305**	**333**

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**587**	**221**	**159**	**172**	**174**
Share capital	30	32	32	32	32
Retained earnings	-2,060	-2,460	-2,522	-2,508	-2,506
Hybrid bonds	0	0	0	0	0
Revaluation reserve	24	25	25	25	25
Other equity	2,593	2,623	2,623	2,623	2,623
Minorities	0	0	0	0	0
Non-current liabilities	**44**	**61**	**61**	**79**	**108**
Deferred tax liabilities	2	0	0	0	0
Provisions	0	0	0	0	0
Interest bearing debt	0	0	0	18	48
Convertibles	0	0	0	0	0
Other long term liabilities	42	61	61	61	61
Current liabilities	**81**	**56**	**59**	**54**	**50**
Interest bearing debt	0	0	0	0	0
Payables	81	56	59	54	50
Other current liabilities	0	0	0	0	0
Balance sheet total	**712**	**337**	**279**	**305**	**333**

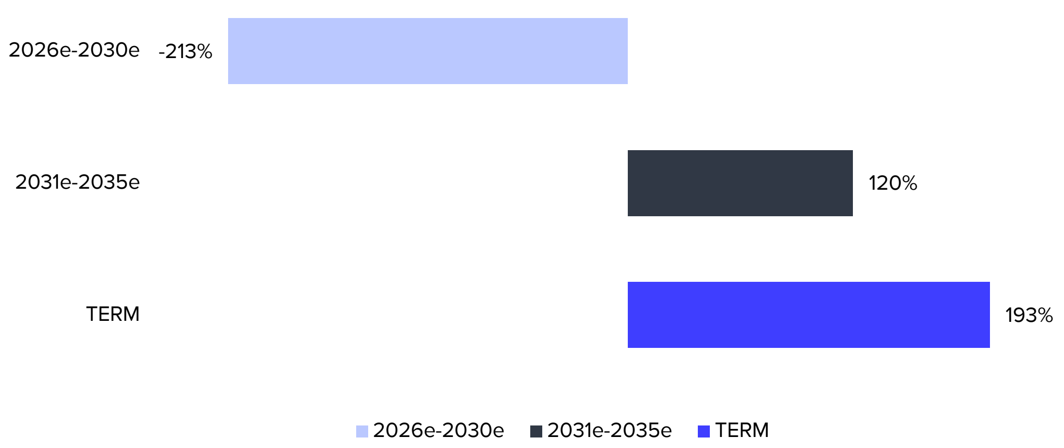
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	18.9 %	-25.6 %	-3.1 %	-4.6 %	-9.1 %	20.0 %	16.0 %	10.0 %	3.5 %	3.0 %	2.5 %	2.5 %
EBIT-%	-181.4 %	-36.7 %	9.2 %	2.5 %	1.1 %	3.8 %	9.9 %	14.0 %	14.8 %	15.5 %	16.0 %	16.0 %
EBIT (operating profit)	**-401**	**-60**	**15**	**4**	**2**	**6**	**19**	**30**	**32**	**35**	**37**	
+ Depreciation	430	111	59	58	72	84	85	83	78	79	79	
- Paid taxes	0	0	0	0	0	0	-4	-6	-6	-7	-7	
- Tax, financial expenses	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	
- Change in working capital	42	-7	0	0	3	7	1	1	0	0	0	
Operating cash flow	**70**	**44**	**73**	**62**	**76**	**98**	**102**	**107**	**104**	**107**	**109**	
+ Change in other long-term liabilities	18	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-210	-102	-101	-91	-86	-84	-78	-74	-80	-80	-78	
Free operating cash flow	**-121**	**-58**	**-28**	**-29**	**-10**	**13**	**24**	**33**	**24**	**28**	**31**	
+/- Other	33	0	0	0	0	0	0	0	0	0	0	
FCFF	-88	-58	-28	-29	-10	13	24	33	24	28	31	0
Discounted FCFF		**-52**	**-22**	**-21**	**-6**	**7**	**12**	**14**	**9**	**9**	**9**	**85**
Sum of FCFF present value		44	96	118	138	144	137	126	112	103	94	85
Enterprise value DCF		**44**										
- Interest bearing debt		0										
+ Cash and cash equivalents		103										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		**146**										
Equity value DCF per share		**0.09**										

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	1.40%
Risk free interest rate	2.5 %
Cost of equity	**13.4 %**
Weighted average cost of capital (WACC)	**13.4 %**

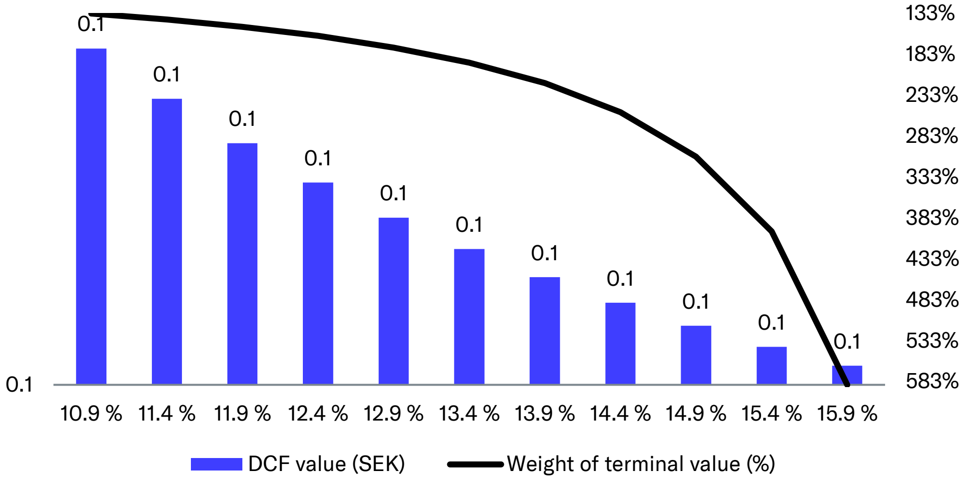
Source: Inderes

Cash flow distribution

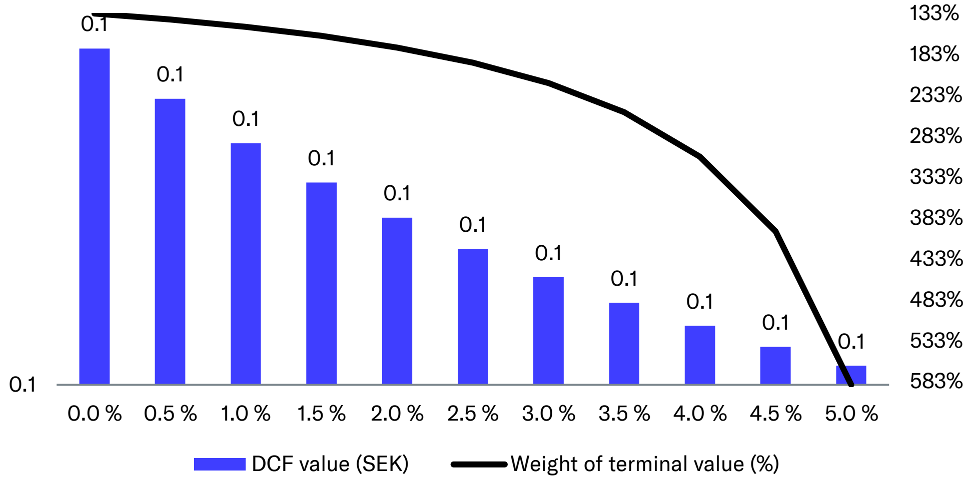


DCF sensitivity calculations and key assumptions in graphs

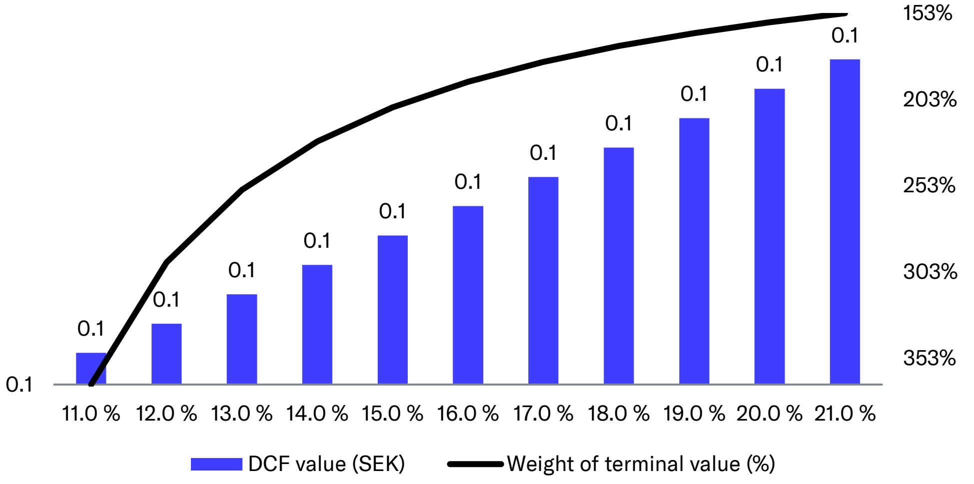
Sensitivity of DCF to changes in the WACC-%



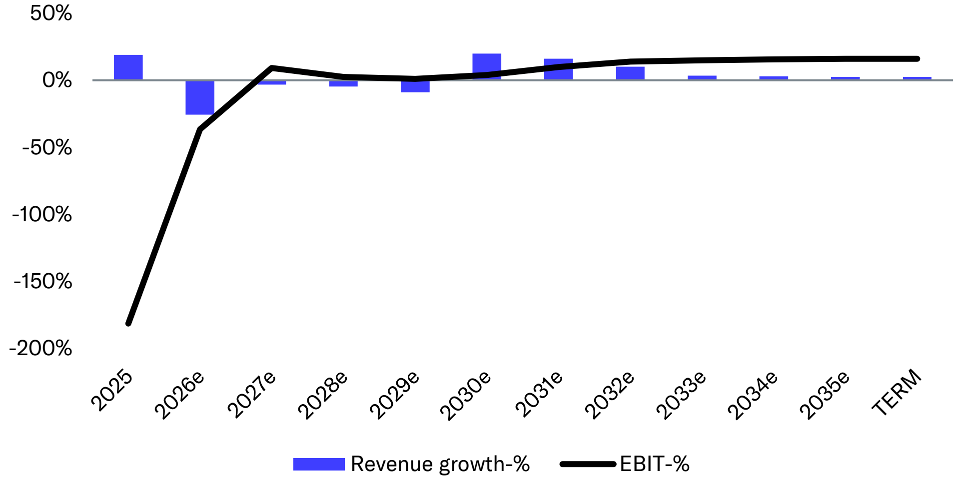
Sensitivity of DCF to changes in the risk-free rate



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	2023	2024	2025	2026e	2027e
Revenue	634	186	221	**164**	**159**
EBITDA	439	98	29	**51**	**73**
EBIT	190	-201	-401	**-60**	**15**
PTP	208	-199	-403	**-62**	**13**
Net Income	208	-199	-399	**-62**	**13**
Extraordinary items	0	28	-305	**0**	**0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	1,111	712	337	**279**	**305**
Equity capital	895	587	221	**159**	**172**
Goodwill	47	0	0	**0**	**0**
Net debt	-348	-192	-103	**-43**	**-14**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	439	98	29	**51**	**73**
Change in working capital	-262	-25	42	**-7**	**0**
Operating cash flow	177	73	70	**44**	**73**
CAPEX	-201	-165	-210	**-102**	**-101**
Free cash flow	-28	-51	-88	**-58**	**-28**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.6	0.6	0.3	**0.6**	**0.8**
EV/EBITDA	0.8	1.1	2.2	**2.0**	**1.8**
EV/EBIT (adj.)	1.8	neg.	neg.	**neg.**	**9.1**
P/E (adj.)	2.5	neg.	neg.	**neg.**	**11.2**
P/B	0.8	0.5	0.8	**0.9**	**0.8**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.19	-0.13	-0.25	**-0.04**	**0.01**
EPS (adj.)	0.19	-0.15	-0.06	**-0.04**	**0.01**
OCF / share	0.16	0.05	0.04	**0.03**	**0.05**
OFCF / share	-0.03	-0.03	-0.05	**-0.04**	**-0.02**
Book value / share	0.82	0.40	0.14	**0.10**	**0.11**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	396%	-71%	19%	**-26%**	**-3%**
EBITDA growth-%	562%	-78%	-70%	**74%**	**45%**
EBIT (adj.) growth-%	2721%	-220%	-58%	**-37%**	**-124%**
EPS (adj.) growth-%	-329%	-181%	-62%	**-35%**	**-121%**
EBITDA-%	69.3 %	52.5 %	13.1 %	**30.7 %**	**46.1 %**
EBIT (adj.)-%	30.0 %	-123.2 %	-43.6 %	**-36.7 %**	**9.2 %**
EBIT-%	30.0 %	-108.2 %	-181.4 %	**-36.7 %**	**9.2 %**
ROE-%	43.6 %	-26.9 %	-98.9 %	**-32.6 %**	**7.9 %**
ROI-%	28.6 %	-27.0 %	-99.1 %	**-31.8 %**	**8.4 %**
Equity ratio	80.5 %	82.5 %	65.5 %	**57.0 %**	**56.4 %**
Gearing	-38.9 %	-32.7 %	-46.4 %	**-26.9 %**	**-7.9 %**

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.

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

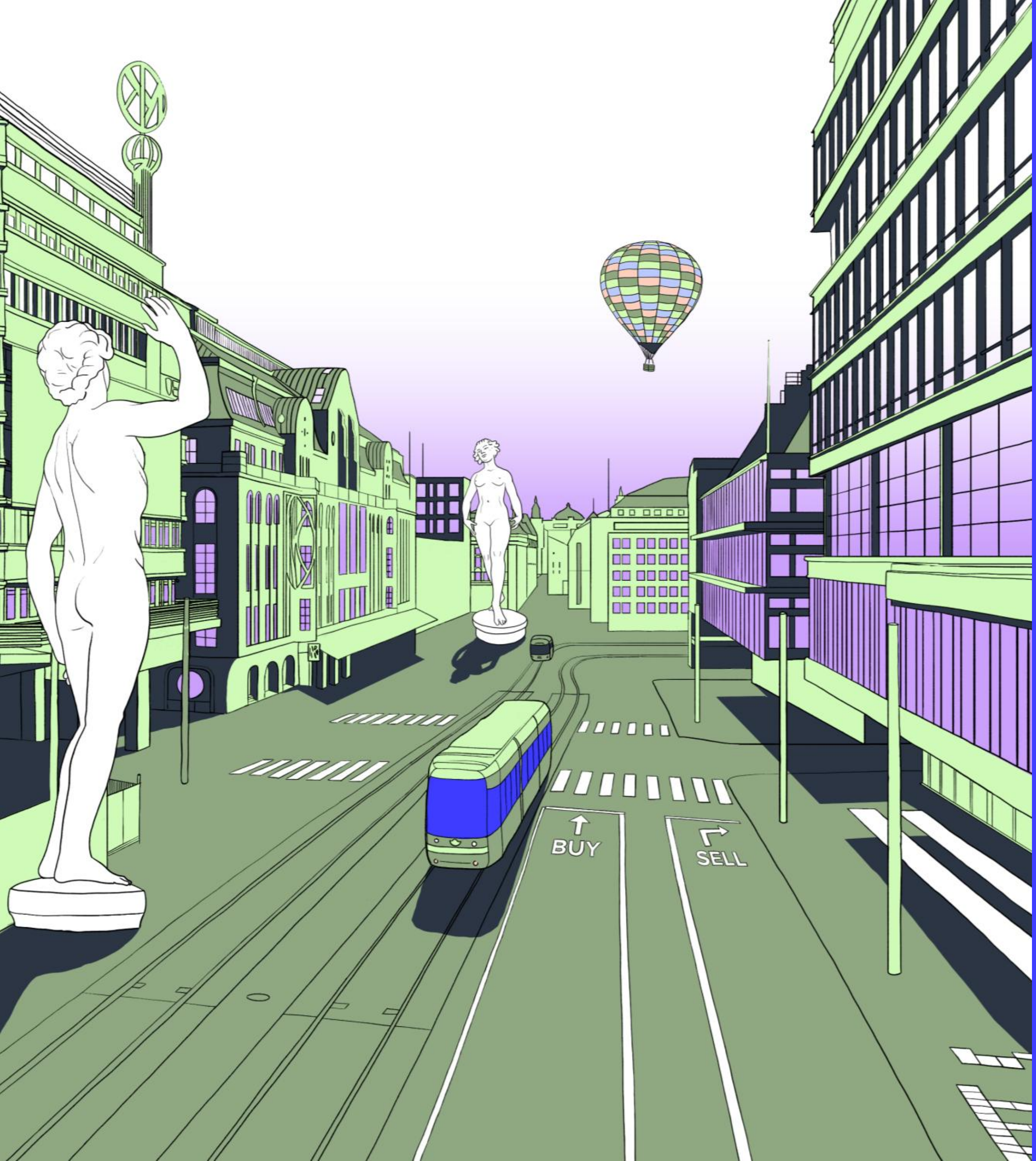
Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

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
2025-10-07	Reduce	0.15 SEK	0.16 SEK
2025-11-12	Reduce	0.14 SEK	0.13 SEK
2025-02-20	Reduce	0.09 SEK	0.09 SEK



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

inde
res.