STARBREEZE

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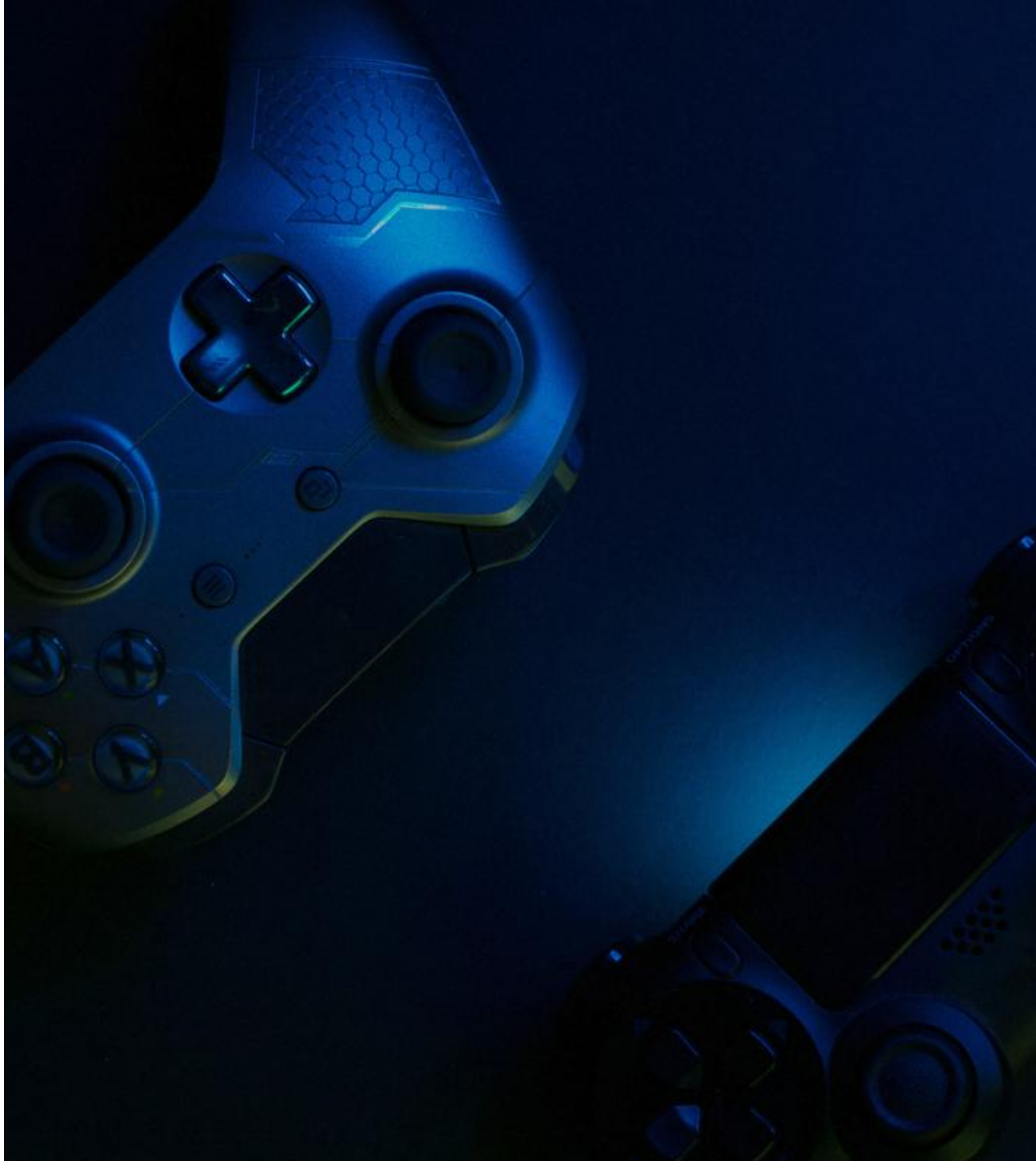
Christoffer Jennel, Analyst
46731589555
christoffer.jennel@inderes.com


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

INDERES CORPORATE CUSTOMER

COMPANY REPORT



Turnaround thesis lacks evidence

Starbreeze's Q1 results missed our already-cautious estimates on both revenue and profitability, with player engagement remaining weak despite recent game updates. We think the below-estimate outcome raises the uncertainty around the company's ability to achieve its stated goal of cash flow positivity in 2026 and suggests that the franchise stabilization we had cautiously anticipated is not yet materializing. With work-for-hire pipeline visibility limited and the cash runway narrowing, we believe Starbreeze is entering a critical execution period where missteps could quickly escalate into a balance sheet concern. While the recently announced partnerships are strategically sensible for long-term brand building, we believe they offer limited near-term financial relief, with the PAYDAY crossover in PUBG launching in Q2'26 standing out as the most concrete near-term test. We believe Starbreeze still has much to prove on execution before a more constructive scenario can be justified. We reiterate our Reduce recommendation while lowering our target price to SEK 0.08 (was SEK 0.09) on downgraded estimates.

Revenue mix weaker than expected despite KRAFTON tail providing some cushion

Starbreeze reported Q1 revenue of 27 MSEK (Q1'25: 68 MSEK), falling about 16% short of our 32 MSEK estimate. The sharp year-on-year decline was largely anticipated due to a tough comparison period that included PAYDAY 3's addition to PlayStation Plus and higher contributions from the KRAFTON work-for-hire partnership. The PAYDAY franchise delivered 21 MSEK (Inderes est.: 27 MSEK), with PD2 showing a notable q/q decline from the ~15 MSEK quarterly run-rate established in H2'25 following the subscription model rollout, while PD3 revenue remained at low levels. We think the muted revenue level, despite the progression system overhaul in late Q4, Q1 content drops, and overall game improvements, indicates that fundamental engagement challenges persist. Reported EBIT of -56 MSEK (Q1'25 adjusted: 1 MSEK) came in well below our -34 MSEK estimate, primarily due to, in addition to lower revenue, restructuring costs and higher-than-expected amortization. However, adjusted EBITDA reached 6 MSEK versus our -2 MSEK estimate, indicating the underlying OpEx trajectory is actually tracking slightly better than we had assumed.

Cash flow sustainability remains the critical question

We have revised our estimates downward following the Q1 miss, primarily reflecting a more cautious view on PD2's trajectory and higher amortization, partially offset by validation of Q4 cost measures. Our updated estimates stand at 143-140 MSEK revenue for FY26-27 (was 164-159 MSEK), with FY26 adj. EBIT of -99 MSEK (was -60 MSEK). We believe the company's 2026 cash flow positive target is looking increasingly challenging. While the full effect of Q4 rightsizing measures should materialize from Q3 onwards and provide sequential cost relief, the magnitude of the revenue headwind means any path to sustainable profitability remains heavily dependent on franchise execution, which has yet to show meaningful improvement.

Execution pressure intensifies as single-IP strategy is tested

We view the Q1 result confirming that Starbreeze is navigating a difficult transitional period, now operating largely as a single-IP studio following the work-for-hire wind-down with KRAFTON. While management has taken appropriate steps to rightsize the cost base and pursue strategic brand expansion, we believe the near-term investment case hinges almost entirely on the PAYDAY franchise delivering sustained improvement. Despite the low absolute valuation (2026e EV: ~140 MSEK, EV/S: 1.0x), we believe caution is warranted given the lack of concrete evidence of PD3 stabilization and the unclear path to cash flow sustainability. Our DCF-derived value per share of SEK 0.08 reflects a scenario where Starbreeze operates with a leaner cost base, stabilizes PAYDAY revenues, and secures either selective work-for-hire projects at reduced scope or modest contributions for strategic partnerships. Until we see sustained execution on franchise performance and cash flow improvement, we remain cautious on the investment case.

Recommendation
Reduce
(prev. Reduce)

Target price:
SEK 0.08
(prev. SEK 0.09)

Share price:
SEK 0.11

Business risk
●●●●○

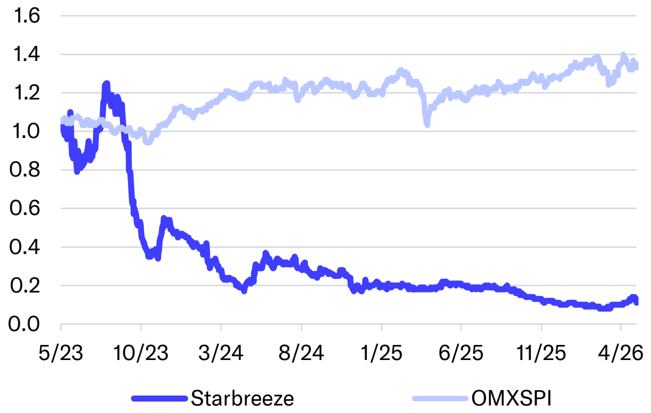
Valuation risk
●●●○○

	2025	2026e	2027e	2028e
Revenue	221	143	140	138
growth-%	19%	-36%	-2%	-1%
EBIT adj.	-96	-99	7	7
EBIT-% adj.	-43.6 %	-69.7 %	5.4 %	5.1 %
Net Income	-399	-110	6	6
EPS (adj.)	-0.06	-0.06	0.00	0.00
P/E (adj.)	neg.	neg.	29.1	31.5
P/B	0.8	1.6	1.5	1.5
EV/EBIT (adj.)	neg.	neg.	24.5	30.3
EV/EBITDA	2.2	3.8	3.1	3.9
EV/S	0.3	1.0	1.3	1.5

Source: Inderes

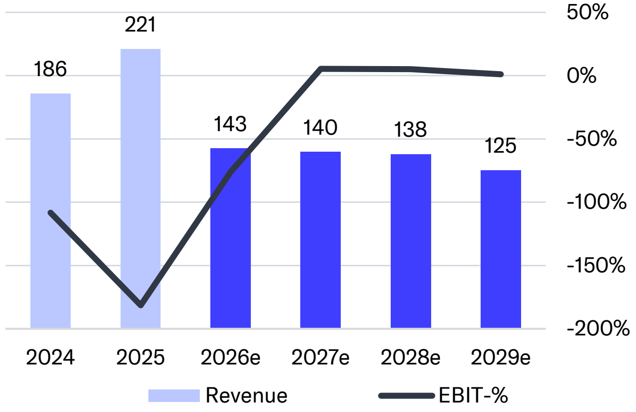
Guidance (Starbreeze provides no guidance)

Share Price



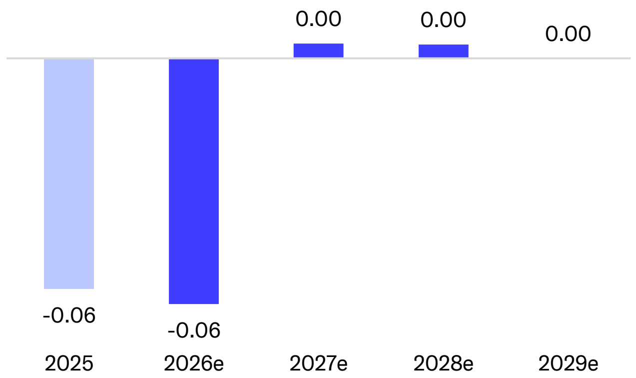
Source: Millistream Market Data AB

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	0.11	0.11	0.11
Number of shares, millions	1,624	1,624	1,624
Market cap	177	177	177
EV	144	182	211
P/E (adj.)	neg.	28.9	31.3
P/E	neg.	28.9	31.3
P/B	1.6	1.5	1.4
P/S	1.2	1.3	1.3
EV/Sales	1.0	1.3	1.5
EV/EBITDA	3.8	3.1	3.9
EV/EBIT (adj.)	neg.	24.3	30.1

Source: Inderes

PAYDAY softness drives broad-based miss

Broad-based PAYDAY softness drove revenue miss

Starbreeze reported Q1 revenue of 27 MSEK (Q1'25: 68 MSEK), falling about 16% short of our 32 MSEK estimate. The sharp year-on-year decline was largely anticipated due to a tough comparison period that included PAYDAY 3's addition to PlayStation Plus and higher contributions from the KRAFTON work-for-hire partnership, which still generated 6 MSEK during the quarter and therefore reflected a longer tail than we had anticipated. However, the core PAYDAY franchise (Q1'26: 21 MSEK) drove the top-line miss against our estimate of 27 MSEK. PAYDAY 3 revenue remained depressed at 10 MSEK, trailing our 12 MSEK estimate, which we believe signals that the Skills 2.0 release (December, 2025) and the monthly update cadence established in late H2'25 have yet to translate into a meaningful inflection in player engagement and monetization. Furthermore, PAYDAY 2 delivered 11 MSEK, below our ~15 MSEK estimate and somewhat softer than the run rate seen in recent quarters following the introduction of the subscription model in Q3'25.

Strategically, Starbreeze continues to broaden the franchise through external partnerships, including a transmedia collaboration with VICE Studios, a VR title with Fast Travel Games, and Gamefan for Roblox. While we view these initiatives as sensible ways to leverage the brand without heavy internal capital commitments, we expect their near-term financial impact will be modest.

Elevated amortization and restructuring costs sink profitability

Operating profit (EBIT) plunged to -56 MSEK (Q4'25: -62 MSEK, Q1'25: -29 MSEK), landing significantly below our -34 MSEK expectation. While the lower revenue level contributed to the miss, the shortfall versus our estimate was also driven by 9 MSEK of restructuring costs related to completed personnel changes and higher-than-expected amortization (49 MSEK vs our estimate of 28 MSEK for PD3 amortization). Consequently, reported EBITDA came in at -4 MSEK compared to our -2 MSEK estimate, though the company noted that underlying EBITDA adjusted for restructuring items was positive at 5.5 MSEK. SG&A came in at 16 MSEK, meaningfully below the Q4'25 level (-28 MSEK), signaling that the rightsizing measures initiated in Q4 are starting to materialize, with management noting that full effect from the implemented changes will be visible from Q3 onwards.

Path to cash flow-positivity appears increasingly mudded

Cash flow from operating activities after working capital changes was 2 MSEK (Q4'25: -3 MSEK, Q1'25: -12 MSEK), with investments totaling -27 MSEK, leading to free cash flow of -25 MSEK (Q4'25: -29 MSEK). The cash balance decreased by -28 MSEK to 75 MSEK (Q4'25: 103 MSEK), with virtually no debt excluding leasing obligations. While operating cash flow turned positive, the continued investment burden in own game development keeps free cash flow firmly negative, and with the cash balance now at 75 MSEK, the path toward the 2026 cash flow positivity target looks increasingly tight in our view. We believe that the expected full effect of the cost measures from Q3, combined with a stabilization in PAYDAY 3 monetization, will be critical to bridge the gap.

Estimates MSEK / SEK	Q1'25 Comparison	Q1'26 Actualized	Q1'26e Inderes	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	67.7	26.6	31.5	-16%	143
EBITDA	15.7	-3.6	-2.1	-77%	38.3
EBIT (adj.)	1.3	-46.8	-34.0	-37%	-99.4
EBIT	-28.8	-55.9	-34.0	-64%	-108.4
PTP	-29.4	-56.4	-34.3	-64%	-109.9
EPS (adj.)	-0.02	-0.03	-0.02	-42%	-0.06
Revenue growth-%	19.5 %	-60.8 %	-53.4 %	-7.3 pp	-35.5 %
EBIT-% (adj.)	1.9 %	-176.1 %	-108.0 %	-68.1 pp	-69.7 %

Source: Inderes

We lower our PAYDAY estimates after Q1 (1/2)

Estimate revisions

Following the Q1'26 results, we have made targeted revisions to our revenue and profitability estimates across the forecast period.

- For PAYDAY 3, we have made downward adjustments to our revenue assumptions for FY26-27. Q1 PD3 revenue of 10 MSEK came in below our 12 MSEK estimate, with the muted reception to the January Shopping Spree release reinforcing our view that incremental content updates are unlikely to drive a meaningful engagement inflection in the near term. While management's monthly update cadence continues and further improvements to mission clarity and heist reworks are in the pipeline, we have yet to see tangible evidence that these efforts are translating into sustained monetization. We have therefore lowered our quarterly PD3 estimates across the remainder of 2026 (FY26: -12%), while preserving the broader directional assumption that some sequential improvement materializes in H2 as the cumulative effect of monthly updates and the upcoming PAYDAY crossover in PUBG (launching in Q2'26) should give some support to engagement and player acquisition.
- We have also trimmed our 2026 PAYDAY 2 estimates to 53 MSEK (was 65 MSEK) following the Q1 report. Q1 PD2 revenue came in at 11 MSEK, notably below the ~15 MSEK quarterly run-rate established in H2'25 following the subscription model rollout. As we had previously viewed PD2 as the most reliable baseline within the franchise, we believe the softness shown in Q1 cast some uncertainty to this thesis going forward. While the CEO's commentary points to plans to expand and further improve the game through the external development partnership, we adopt a more conservative stance until there is clearer evidence that the subscription model coupled with ongoing efforts to further improve and expand the game can sustain engagement and monetization.
- For work-for-hire (Special Operations), Q1 came in at 6 MSEK versus our 4 MSEK estimate, reflecting a longer KRAFTON tail than we had assumed. We have kept our FY26 assumptions for this line broadly intact. While management's Q1 commentary didn't suggests that a new work-for-hire engagement of meaningful scope is within the near-term horizon (as we had anticipated), we believe our current estimates implicitly capture some potential value from the recently announced licensing partnerships with VICE Studios (transmedia), Fast Travel Games (PAYDAY: Aces High VR), and Gamefam (Roblox), as well as the upcoming PAYDAY crossover in PUBG with KRAFTON. Of these, we view the PUBG crossover as the most concrete near-term test given its Q2'26 launch, with the others representing more long-dated optionality that supports the broader franchise narrative rather than 2026 numbers.

Estimate revisions MSEK / SEK	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	164	143	-13%	159	140	-12%	152	138	-9%
EBITDA	50.5	38.3	-24%	65.8	51.4	-22%	61.6	54.4	-12%
EBIT	-60.4	-108.4	-80%	14.7	7.5	-49%	3.7	7.0	88%
PTP	-62.0	-109.9	-77%	13.1	6.1	-53%	2.3	5.7	152%
EPS (excl. NRIs)	-0.04	-0.06	-63%	0.01	0.00	-53%	0.00	0.00	152%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

Source: Inderes

We lower our PAYDAY estimates after Q1 (2/2)

- On the cost side, Q1 provided early validation that the rightsizing measures initiated in Q3'25 are starting to materialize, with SG&A coming in meaningfully below the Q4'25 level. Management noted that the full effect of the implemented changes will be visible from Q3'26 onwards, which is broadly consistent with our prior assumptions. We have made small adjustments to our quarterly OpEx trajectory, reducing our full-year (SG&A-) cost estimates by ~15%. Amortization, however, came in materially above our estimate in Q1 (49 MSEK vs our ~28 MSEK estimate), and we have lifted our FY26 amortization assumption accordingly, which weighs on reported EBIT despite a lower expected underlying operating cost trajectory.
- In aggregate, we have lowered our FY26-27 revenue estimates to 143 MSEK (was 164 MSEK) and 140 MSEK (was 159 MSEK). Due to our higher amortization assumption and lower revenue base, we now estimate adj. EBIT* of -99 MSEK in 2026 (was -60 MSEK) and 7 MSEK in 2027 (was 15 MSEK).

On EBITDA (adjusted*), the impact on our 2026 estimates was less pronounced at -6%.

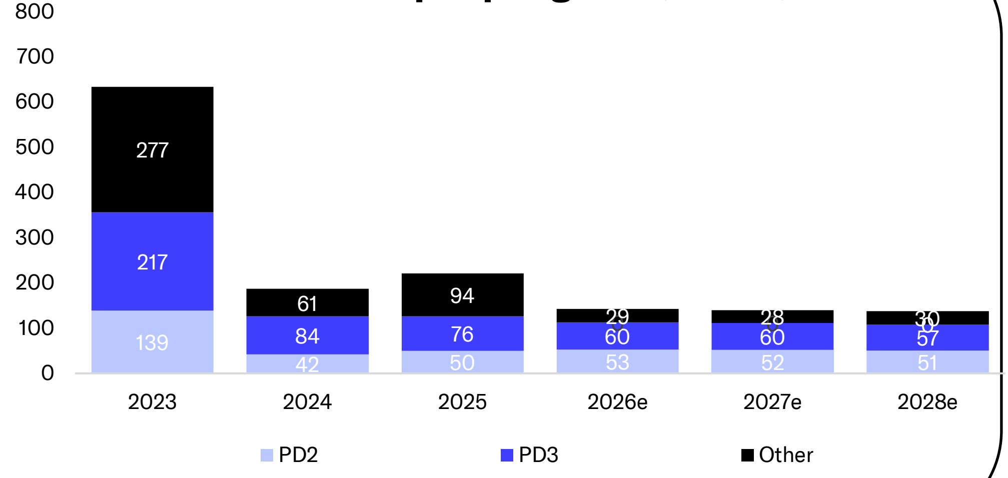
Estimate revisions MSEK / SEK	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	164	143	-13%	159	140	-12%	152	138	-9%
EBITDA	50.5	38.3	-24%	65.8	51.4	-22%	61.6	54.4	-12%
EBIT	-60.4	-108.4	-80%	14.7	7.5	-49%	3.7	7.0	88%
PTP	-62.0	-109.9	-77%	13.1	6.1	-53%	2.3	5.7	152%
EPS (excl. NRIs)	-0.04	-0.06	-63%	0.01	0.00	-53%	0.00	0.00	152%
DPS	0.00	0.00	0%	0.00	0.00	0%	0.00	0.00	0%

Source: Inderes

*Adjusted for 9 MSEK of restructuring costs related to completed personnel changes

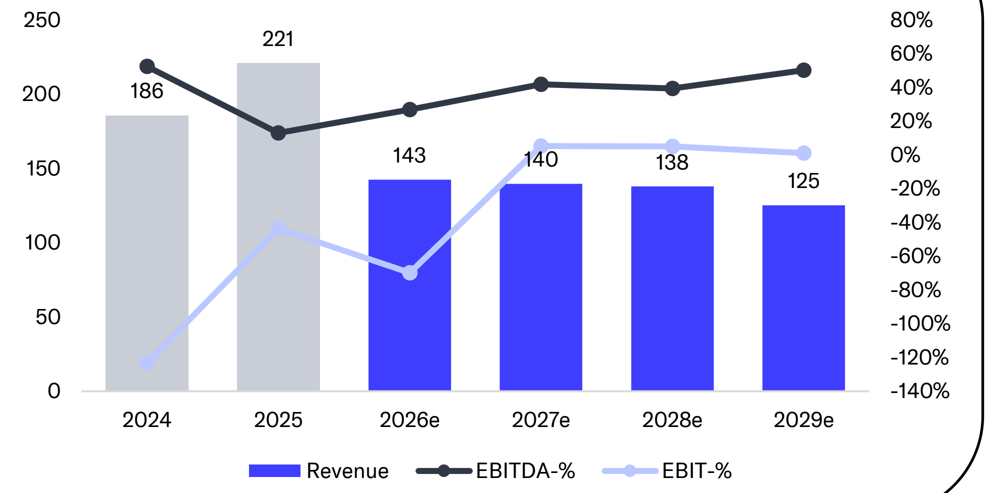
Overview of estimates and financial development

Revenue split per game (MSEK)*



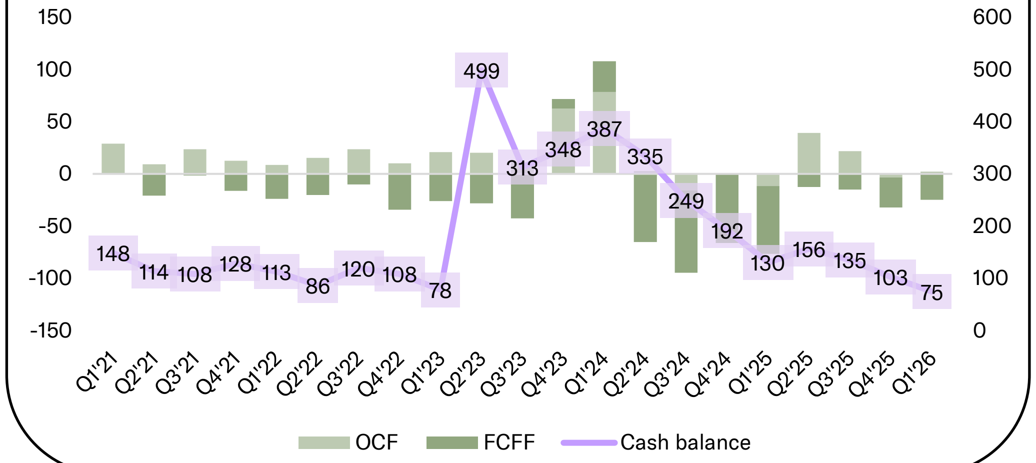
* "Other" primarily constitute of revenue received from the work-for-hire agreements and 3PP revenue. In 2023, previously received game financing was recorded as revenue.

Revenue and EBIT-% development



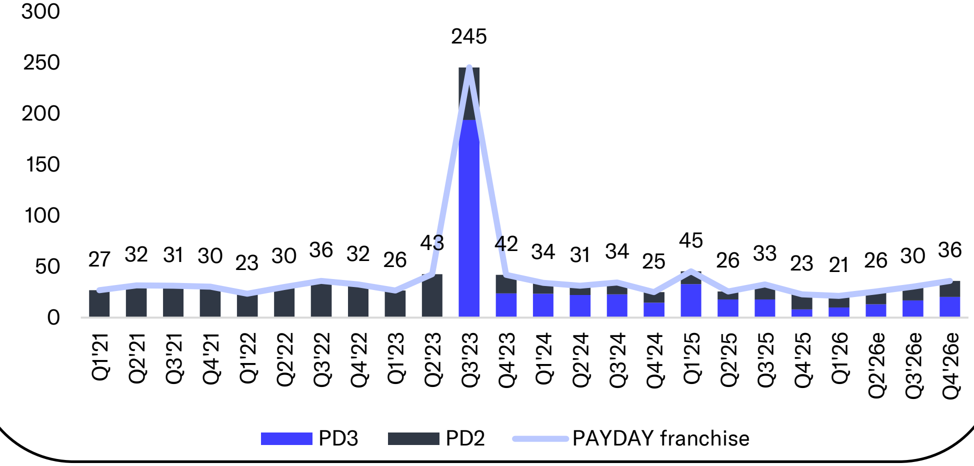
Cash development

Operating and free cash flow, cash balance (MSEK)



PAYDAY franchise revenue

Q1'21-Q4'26e



Source: Starbreeze, Inderes estimates

Valuation (1/3)

Q1 report does little to increase our conviction to the case

At the current valuation (EV 2026e: ~140 MSEK), we feel expectations for both the PAYDAY franchise and the updated strategy are low for all the right reasons. The main risks that we see lie in execution and timing, given that PAYDAY 3 was launched more than 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 selective work-for-hire projects, we feel that Starbreeze has a lot to prove not only to players but also to investors going forward.

As nearly all of the company's resources is concentrated on the PAYDAY franchise, the bulk Starbreeze's risk and opportunity is tied into a single IP. While the company had established "Special Operations" (work-for-hire projects) as a strategic pillar to mitigate concentration risk, we think the Q4'25 rightsizing measures within this segment have reduced near-term visibility on new engagements following the wind-down of the KRAFTON partnership. This means the majority of revenues will now depend almost entirely on the PAYDAY franchise, which continues to face structural engagement challenges. The revised strategy will test Starbreeze's ability to stabilize and grow the franchise while managing a leaner cost base and navigating toward cash flow positivity with limited alternative revenue streams.

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, and the regained publishing rights for PAYDAY 3. The recently announced partnerships with VICE Studios for transmedia adaptations, Fast Travel Games for the VR title PAYDAY: Aces High, and Gamefam for a second PAYDAY game on Roblox signal strategic efforts to leverage the brand's equity across new formats and audiences. While these initiatives are unlikely to contribute materially to near-term financials, they demonstrate that the IP retains appeal for external partners and could support long-term franchise building. However, we feel the path to sustained revenue growth and cash flow sustainability is clouded, with the Q1 report doing little to increase conviction on the trajectory. 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 for PAYDAY 3 and tangible progress toward cash flow positivity. Hence, we reiterate our Reduce recommendation while lowering our target price of SEK 0.08 (was SEK 0.09).

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.

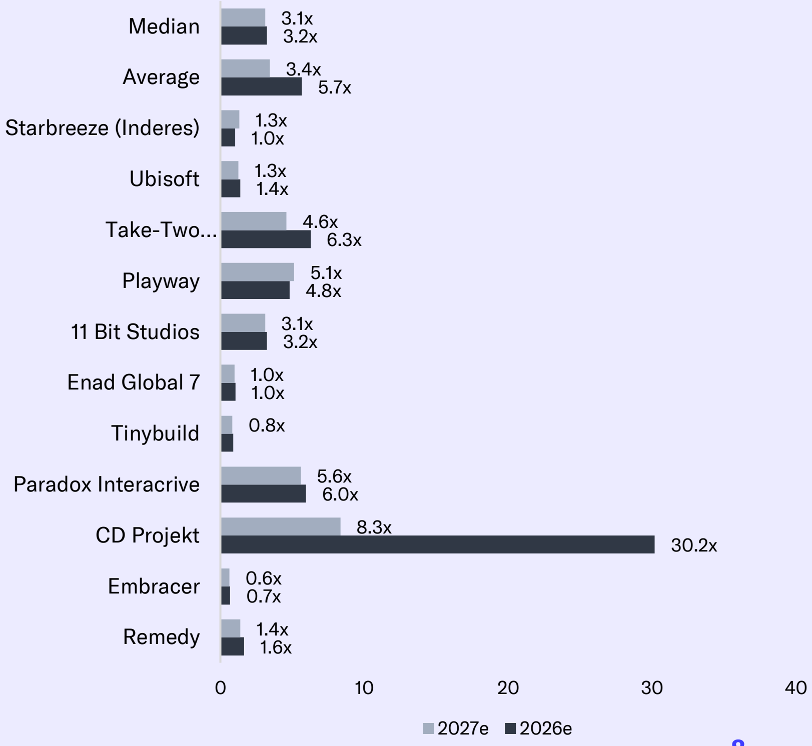
Multiple-based valuation suffers from fluctuating financials

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.

Valuation	2026e	2027e	2028e
Share price	0.11	0.11	0.11
Number of shares, millions	1,624	1,624	1,624
Market cap	177	177	177
EV	144	182	211
P/E (adj.)	neg.	28.9	31.3
P/E	neg.	28.9	31.3
P/B	1.6	1.5	1.4
P/S	1.2	1.3	1.3
EV/Sales	1.0	1.3	1.5
EV/EBITDA	3.8	3.1	3.9
EV/EBIT (adj.)	neg.	24.3	30.1

Source: Inderes

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



Valuation 2/3

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 2026-2027 are 1.0x-1.3x. This is lower than the peer group median of 3.2-3.1x 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 yields a fair value of SEK 0.08 per share (was SEK 0.09). 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 either selective work-for-hire projects at reduced scope or modest contributions for strategic partnerships. Over time, we expect PAYDAY-related revenue to face gradual pressure over time given the lack of evidence that current strategies can meaningfully improve player engagement.

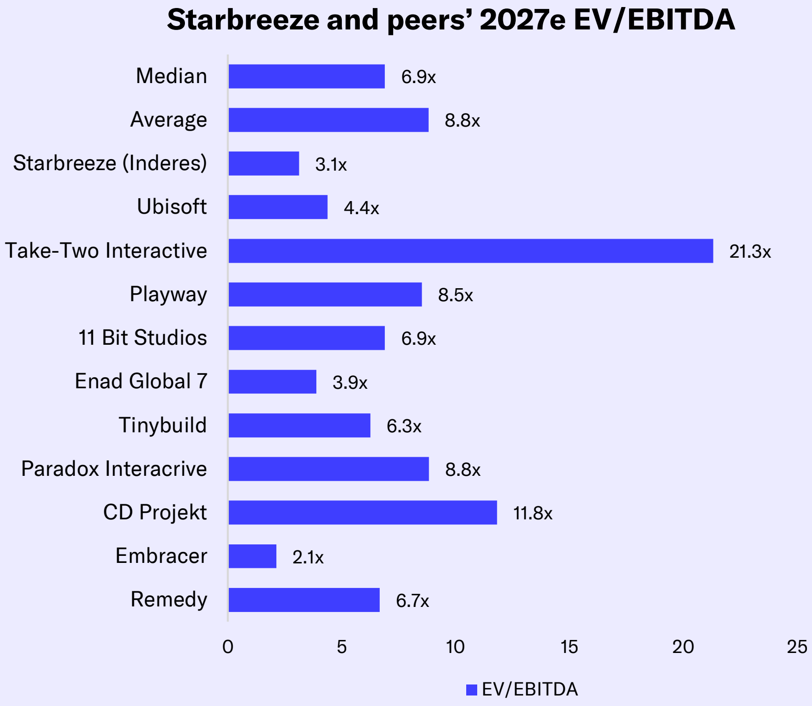
In 2027-2029, we project revenue to decrease further as we expect the effects of near-term revitalization efforts within the PAYDAY ecosystem to fade, compounded by what we see as an increasingly uncertain long-term outlook. That said, we are incorporating revenue growth in 2030-2034 to account for any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

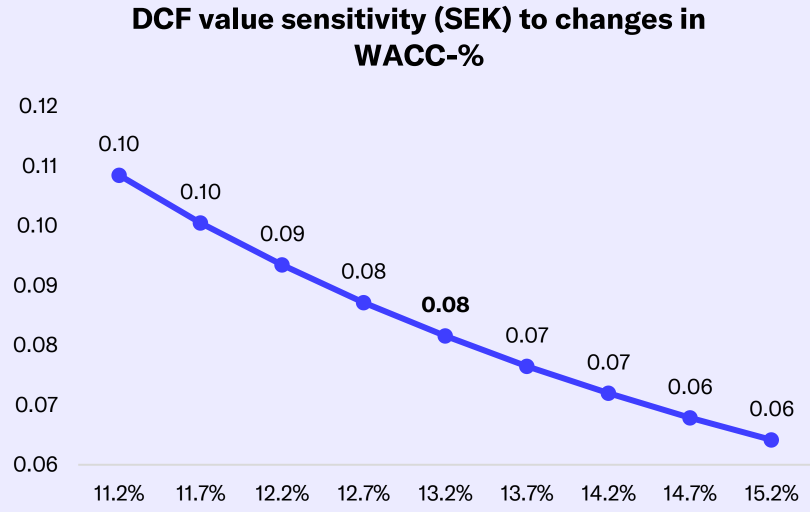
Scenario analysis

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 0.04).





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.

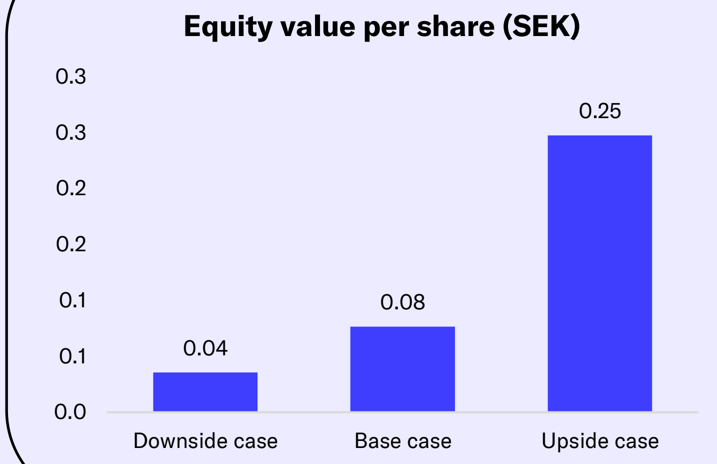
In the **upside scenario**, we assign a higher probability of Starbreeze successfully revitalizing both PAYDAY 3 and the broader franchise through new upgrades (incl. content), and experiences, while also being more successful in monetization and leveraging other content avenues (e.g. transmedia, emerging 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 0.25 (was SEK 0.27). 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	143	140	138	125	150	175	192	199	206	211	2.5 %
EBIT	-108	7	7	1	11	20	29	30	33	34	
EBIT-%	-76%	5%	5%	1%	7%	12%	15%	15%	16%	16%	16%

Downside Case	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	Term
Revenues	121	115	113	107	120	143	157	163	181	192	2.0 %
EBIT	-97	5	-1	0	1	9	14	16	22	24	
EBIT-%	-80%	4%	-1%	0%	1%	6%	9%	10%	12%	12%	12%

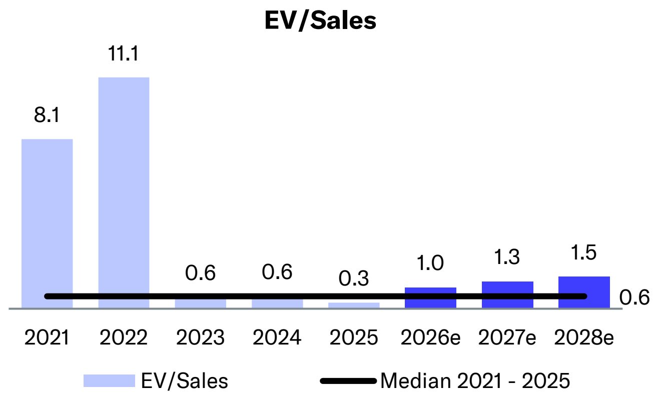
Upside Case	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	Term
Revenues	171	166	164	155	194	234	253	258	271	278	2.5 %
EBIT	-77	25	20	20	21	35	51	52	64	65	
EBIT-%	-45%	15%	12%	13%	11%	15%	20%	20%	23%	23%	23%

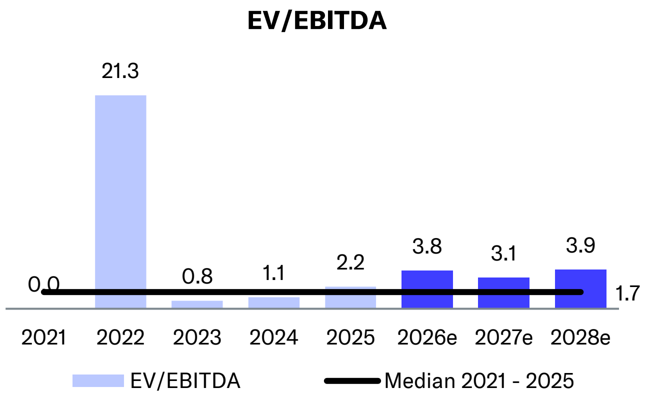


Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.00	1.58	0.47	0.21	0.10	**0.11**	**0.11**	**0.11**	**0.11**
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	**177**	**177**	**177**	**177**
EV	1,021	1,413	350	111	64	**144**	**182**	**211**	**228**
P/E (adj.)	neg.	neg.	2.5	neg.	neg.	**neg.**	**28.9**	**31.3**	**>100**
P/E	neg.	neg.	2.5	neg.	neg.	**neg.**	**28.9**	**31.3**	**>100**
P/B	5.9	20.1	0.8	0.5	0.8	**1.6**	**1.5**	**1.4**	**1.4**
P/S	5.8	8.9	1.1	1.6	0.8	**1.2**	**1.3**	**1.3**	**1.4**
EV/Sales	8.1	11.1	0.6	0.6	0.3	**1.0**	**1.3**	**1.5**	**1.8**
EV/EBITDA	>100	21.3	0.8	1.1	2.2	**3.8**	**3.1**	**3.9**	**3.6**
EV/EBIT (adj.)	68.3	>100	1.8	neg.	neg.	**neg.**	**24.3**	**30.1**	**>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	170	425.1	16.2	10.3	6.7	1.6	1.4		22.7		0.5	3.1
Embracer	1,139	9.8	5.9	2.5	2.1	0.7	0.6	14.3	8.8	0.5		0.5
CD Projekt	5,923	76.0	15.0	61.5	11.8	30.2	8.3	81.6	16.8	0.4	0.4	7.4
Paradox Interacrive	1,181	16.9	14.4	9.6	8.8	6.0	5.6	23.0	19.6	3.8	4.0	5.5
Tinybuild	29		42.5	8.2	6.3	0.9	0.8		14.1			
Enad Global 7	181	19.9	8.3	4.2	3.9	1.0	1.0	18.9	28.6			0.5
11 Bit Studios	72	16.7	27.5	7.0	6.9	3.2	3.1	16.6				1.4
Playway	347	7.6	8.7	7.4	8.5	4.8	5.1	9.2	8.0	9.3	11.7	3.5
Take-Two Interactive	35,406	43.8	22.5	37.8	21.3	6.3	4.6	56.4	27.7			14.0
Ubisoft	2,093		10464.2	5.3	4.4	1.4	1.3					0.5
Starbreeze (Inderes)	**13**	**-1.5**	**24.5**	**3.8**	**3.1**	**1.0**	**1.3**	**-1.8**	**29.1**	**0.0**	**0.0**	**1.6**
Average		**70.4**	**967.6**	**15.5**	**8.8**	**5.7**	**3.4**	**30.5**	**18.7**	**2.9**	**3.4**	**4.4**
Median		**18.4**	**16.2**	**8.2**	**6.9**	**3.2**	**3.1**	**20.9**	**19.6**	**0.5**	**0.5**	**3.3**
Diff-% to median		***-108%***	***51%***	***-53%***	***-55%***	***-68%***	***-58%***	***-108%***	***48%***	***-100%***	***-100%***	***-51%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**186**	**68**	**54**	**58**	**41**	**221**	**27**	**33**	**38**	**45**	**143**	**140**	**138**	**125**
EBITDA	**98**	**16**	**6**	**19**	**-12**	**29**	**-4**	**4**	**15**	**23**	**38**	**51**	**54**	**49**
Depreciation	-299	-45	-31	-305	-50	-430	-52	-36	-29	-29	-147	-44	-47	-47
EBIT (excl. NRI)	**-229**	**1**	**-17**	**-24**	**-57**	**-96**	**-47**	**-32**	**-14**	**-6**	**-99**	**7**	**7**	**1**
EBIT	**-201**	**-29**	**-25**	**-285**	**-62**	**-401**	**-56**	**-32**	**-14**	**-6**	**-108**	**7**	**7**	**1**
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	0	-2	-1	-1	-1
PTP	**-199**	**-29**	**-25**	**-286**	**-62**	**-403**	**-56**	**-33**	**-14**	**-7**	**-110**	**6**	**6**	**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**	**-56**	**-33**	**-14**	**-7**	**-110**	**6**	**6**	**0**
EPS (rep.)	**-0.13**	**-0.02**	**-0.02**	**-0.18**	**-0.04**	**-0.25**	**-0.03**	**-0.02**	**-0.01**	**0.00**	**-0.07**	**0.00**	**0.00**	**0.00**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-70.7 %	19.5 %	33.8 %	36.8 %	-11.3 %	18.9 %	-60.7 %	-38.9 %	-35.7 %	10.6 %	-35.5 %	-1.9 %	-1.3 %	-9.1 %
Adjusted EBIT growth-%	-220.4 %	103.0 %	75.4 %	62.7 %	-9.2 %	57.9 %	-3758.2 %	-85 %	39.8 %	89.1 %	-3.0 %	107.5 %	-6.5 %	-79.9 %
EBITDA-%	52.5 %	23.2 %	11.0 %	33.1 %	-29.1 %	13.1 %	-13.5 %	11.3 %	40.8 %	50.3 %	26.9 %	36.8 %	39.4 %	38.9 %
Adjusted EBIT-%	-123.2 %	1.9 %	-32.4 %	-40.3 %	-138.0 %	-43.6 %	-176.0 %	-97.9 %	-37.7 %	-13.6 %	-69.7 %	5.4 %	5.1 %	1.1 %
Net earnings-%	-107.2 %	-39.0 %	-48.4 %	-487.7 %	-150.9 %	-180.7 %	-211.8 %	-99.0 %	-38.6 %	-14.7 %	-77.2 %	4.4 %	4.1 %	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**	**143**	**185**	**218**
Goodwill	0	0	0	0	0
Intangible assets	372	130	99	146	177
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**	**80**	**73**	**72**
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Receivables	117	51	47	45	44
Cash and equivalents	192	103	33	28	28
Balance sheet total	**712**	**337**	**223**	**258**	**290**

Source: Inderes

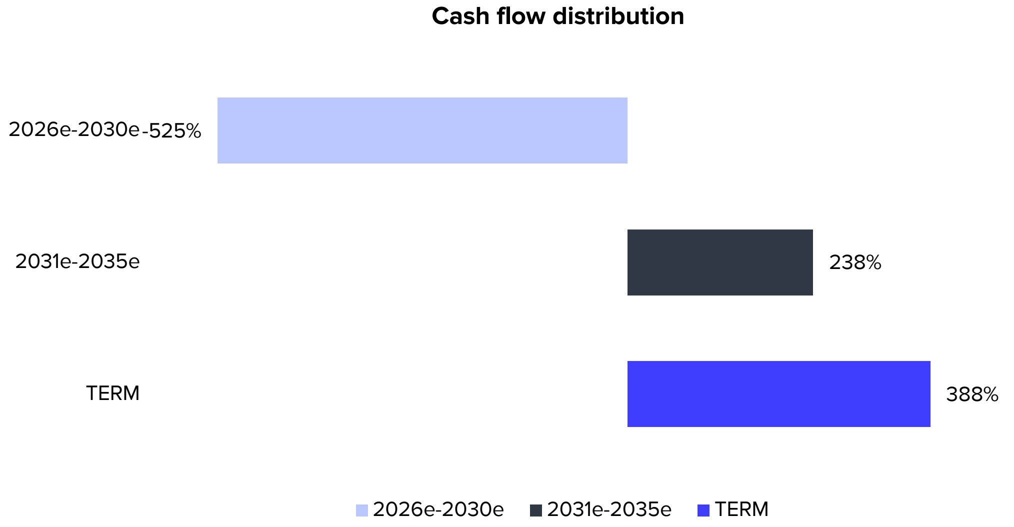
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**587**	**221**	**111**	**117**	**123**
Share capital	30	32	32	32	32
Retained earnings	-2,060	-2,460	-2,570	-2,563	-2,558
Hybrid bonds	0	0	0	0	0
Revaluation reserve	24	25	25	25	25
Other equity	2,593	2,623	2,623	2,623	2,623
Minorities	0	0	0	0	0
Non-current liabilities	**44**	**61**	**61**	**93**	**122**
Deferred tax liabilities	2	0	0	0	0
Provisions	0	0	0	0	0
Interest bearing debt	0	0	0	33	61
Convertibles	0	0	0	0	0
Other long term liabilities	42	61	61	61	61
Current liabilities	**81**	**56**	**51**	**48**	**46**
Interest bearing debt	0	0	0	0	0
Payables	81	56	51	48	46
Other current liabilities	0	0	0	0	0
Balance sheet total	**712**	**337**	**223**	**258**	**290**

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	18.9 %	-35.5 %	-1.9 %	-1.3 %	-9.1 %	20.0 %	16.0 %	10.0 %	3.5 %	3.5 %	2.5 %	2.5 %
EBIT-%	-181.4 %	-76.1 %	5.4 %	5.1 %	1.1 %	7.3 %	11.5 %	14.9 %	14.9 %	16.0 %	16.0 %	16.0 %
EBIT (operating profit)	**-401**	**-108**	**7**	**7**	**1**	**11**	**20**	**29**	**30**	**33**	**34**	
+ Depreciation	430	147	51	47	62	75	77	75	70	71	72	
- 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	-1	-1	-1	0	6	1	3	0	0	2	
Operating cash flow	**70**	**38**	**57**	**53**	**63**	**92**	**94**	**100**	**94**	**98**	**100**	
+ Change in other long-term liabilities	18	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-210	-106	-93	-81	-79	-77	-71	-67	-73	-73	-72	
Free operating cash flow	**-121**	**-68**	**-36**	**-28**	**-16**	**15**	**22**	**34**	**21**	**25**	**29**	
+/- Other	33	0	0	0	0	0	0	0	0	0	0	
FCFF	-88	-68	-36	-28	-16	15	22	34	21	25	29	0
Discounted FCFF		**-63**	**-29**	**-20**	**-10**	**8**	**11**	**15**	**8**	**9**	**9**	**84**
Sum of FCFF present value		22	85	114	134	144	136	125	110	102	93	84
Enterprise value DCF		**22**										
- Interest bearing debt		0										
+ Cash and cash equivalents		103										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		**124**										
Equity value DCF per share		**0.08**										

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	1.20%
Risk free interest rate	2.5 %
Cost of equity	**13.2 %**
Weighted average cost of capital (WACC)	**13.2 %**

Source: Inderes



Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	634	186	221	**143**	**140**
EBITDA	439	98	29	**38**	**59**
EBIT	190	-201	-401	**-108**	**7**
PTP	208	-199	-403	**-110**	**6**
Net Income	208	-199	-399	**-110**	**6**
Extraordinary items	0	28	-305	**-9**	**0**

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.19	-0.13	-0.25	**-0.07**	**0.00**
EPS (adj.)	0.19	-0.15	-0.06	**-0.06**	**0.00**
OCF / share	0.16	0.05	0.04	**0.02**	**0.04**
OFCF / share	-0.03	-0.03	-0.05	**-0.04**	**-0.02**
Book value / share	0.82	0.40	0.14	**0.07**	**0.07**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	1,111	712	337	**223**	**258**
Equity capital	895	587	221	**111**	**117**
Goodwill	47	0	0	**0**	**0**
Net debt	-348	-192	-103	**-33**	**5**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	396%	-71%	19%	**-36%**	**-2%**
EBITDA growth-%	562%	-78%	-70%	**32%**	**53%**
EBIT (adj.) growth-%	2721%	-220%	58%	**-3%**	**108%**
EPS (adj.) growth-%	329%	-181%	62%	**-7%**	**106%**
EBITDA-%	69.3 %	52.5 %	13.1 %	**26.9 %**	**42.0 %**
EBIT (adj.)-%	30.0 %	-123.2 %	-43.6 %	**-69.7 %**	**5.4 %**
EBIT-%	30.0 %	-108.2 %	-181.4 %	**-76.1 %**	**5.4 %**
ROE-%	43.6 %	-26.9 %	-98.9 %	**-66.3 %**	**5.4 %**
ROI-%	28.6 %	-27.0 %	-99.1 %	**-65.3 %**	**5.7 %**
Equity ratio	80.5 %	82.5 %	65.5 %	**49.8 %**	**45.4 %**
Gearing	-38.9 %	-32.7 %	-46.4 %	**-29.4 %**	**4.1 %**
Net debt/EBITDA	-0.8	-2.0	-3.5	**-0.9**	**0.1**
EBITDA/net financials	-25.3	-141.7	16.9	**25.1**	**43.1**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	439	98	29	**38**	**59**
Change in working capital	-262	-25	42	**-1**	**-1**
Operating cash flow	177	73	70	**38**	**57**
CAPEX	-201	-165	-210	**-106**	**-93**
Free cash flow	-28	-51	-88	**-68**	**-36**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.6	0.6	0.3	**1.0**	**1.3**
EV/EBITDA	0.8	1.1	2.2	**3.8**	**3.1**
EV/EBIT (adj.)	1.8	neg.	neg.	**neg.**	**24.5**
P/E (adj.)	2.5	neg.	neg.	**neg.**	**29.1**
P/B	0.8	0.5	0.8	**1.6**	**1.5**
Dividend-%	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. 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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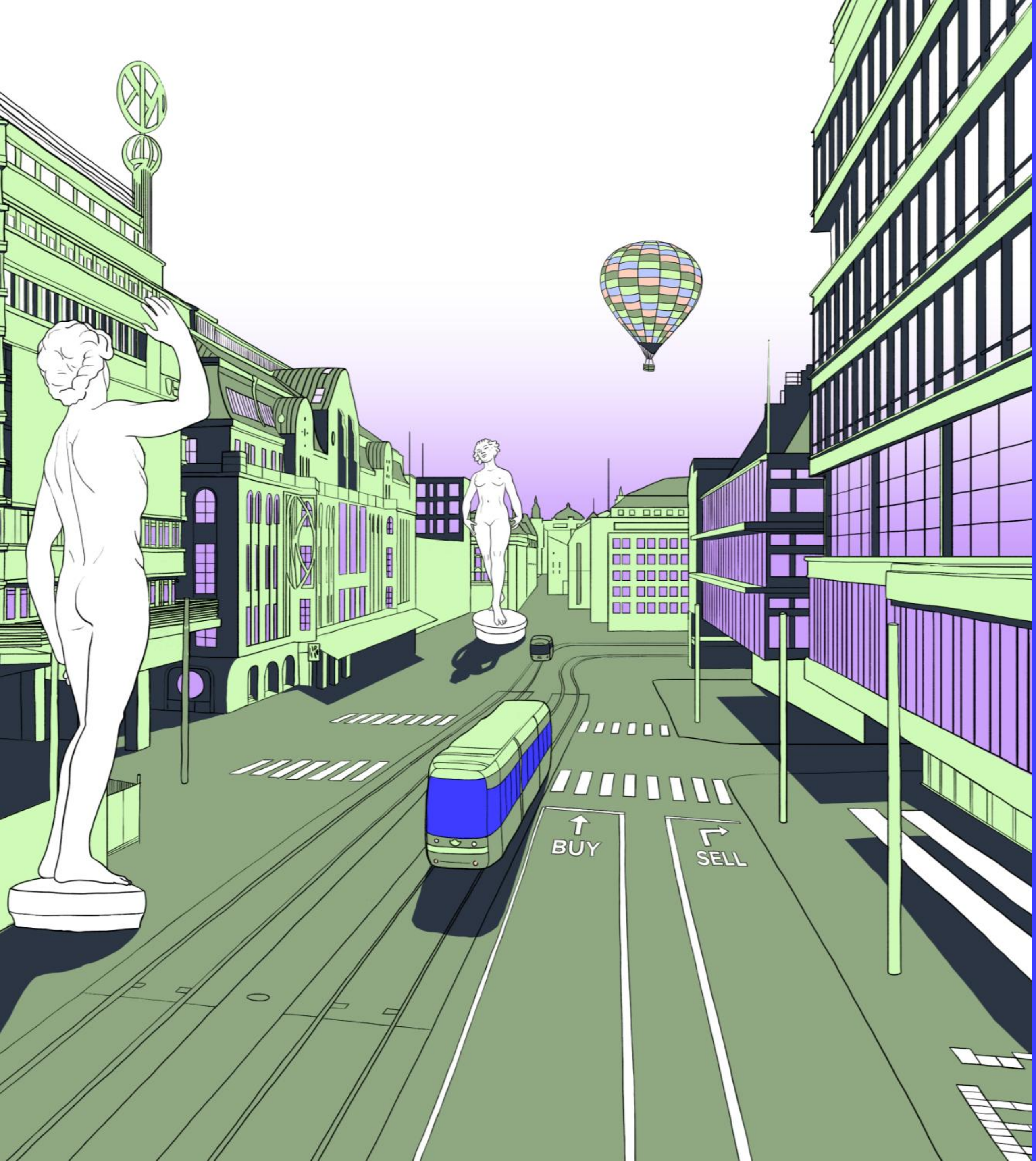
Recommendation history (>12 mo)

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
2025-05-13	Reduce	0.08 SEK	0.11 SEK



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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.