

# Remedy

## Company report

04/19/2023



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✓ Inderes corporate customer

This report is a summary translation of the report "Remedy Q1 keskiviikkona: Investointivaiheessa" published on 04/19/2023 at xx:xx

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# Remedy Q1 next Wednesday: In the investment phase

We have made changes to our quarterly estimates ahead of Remedy's Q1 report on April 26 at 9.00 am. On an annual basis, our estimates are largely unchanged, and this year Remedy is still in a clear investment phase as the company builds its strategy for the next phase of growth with 5 major game projects under development. However, the end of the year will see the start of the company's investor story with the release of Alan Wake 2, which is also a key near-term driver for the stock. We won't change our Accumulate recommendation or target price of EUR 25.0 before the Q1 report but will revisit our view based on the latest information after the report.

## Relatively low development fees expected for the early part of the year

In our estimates, we have shifted development payments from Q1 to later quarters of the year, as we believe that, due to timing factors, there are relatively few development fees in the early part of the year. We estimate that this is due to Alan Wake 2 and its gradual move towards the finishing phase before the game's release (our estimate: end of Q3). Towards the end of the year, AW2 will free up resources for other game projects, gradually increasing the development fees from these projects. We now forecast Q1 revenue to decline by 49% year-on-year to EUR 6.5 million. The comparison period also included the exceptional development fees for the Max Payne development contract.

## Growing investments and low level of revenue push Q1 result clearly into the red

In 2023, Remedy's investment in game projects in development will only increase from the previous year, so it's pointless to expect miracles from the company's results just yet. The company's outlook also guides for revenue to decline and a loss-making operating result. With low royalty income, increasing recruitment, external game development and rising other costs, we expect EBIT for the full year 2023 to be negative at EUR -11.2 million (2022: -0.6 MEUR). For Q1, we expect an EBIT of EUR -5.4 million (Q1'22: 2.8 MEUR), reflecting the low revenue level we forecast for the quarter.

## Looking beyond the numbers to the progress of games projects

Remedy reported in its Q4 report that the development of Control 2 was progressing well, and the game moved from conceptualization to proof-of-concept phase in January. The Max Payne project is also making good progress in conceptualization. The multiplayer projects Condor and Vanguard were still in the proof-of-concept phase and Remedy continues to patiently develop them. Multiplayer projects are a completely new type of projects for Remedy, and the company hasn't been able to cope with them entirely without growth pains. Thus, comments on these will be of particular interest in the Q1 report, while we are confident about the success of the AAA game projects.

## Remedy's investor story still requires patience

In our estimates, Remedy's royalty income from existing game projects is significantly weighted towards the years 2026-2027, when we expect the company's revenue (94.5 and 86.3 MEUR) and earnings (EBIT: 26.1-19.1 MEUR) to take a significant step upward. With our estimates of reasonably successful game releases, the share's EV/EBIT multiples will be 10x-12x and corresponding EV/EBITDA multiples of around 7x. We consider these levels to be moderate, as we expect Remedy's growth prospects to be good beyond that point if the game releases are successful. In addition, the investor gets the option of a hit game that strikes gold. However, the estimates for the next few years don't provide material support for Remedy's valuation, so investors need to be patient and play the long game.

## Recommendation

**Accumulate**

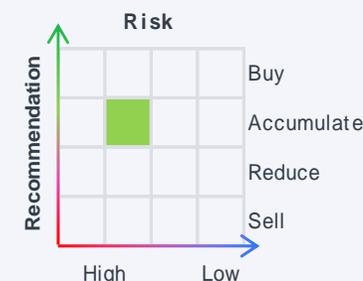
(previous Accumulate)

**EUR 25.00**

(previous EUR 25.00)

**Share price:**

24.20



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	43.6	35.6	62.1	66.1
<b>growth-%</b>	-3%	-18%	74%	6%
<b>EBIT adj.</b>	-0.6	-11.2	6.7	8.7
<b>EBIT-% adj.</b>	-1.3 %	-31.5 %	10.8 %	13.1 %
<b>Net Income</b>	-1.7	-9.0	5.3	6.8
<b>EPS (adj.)</b>	-0.13	-0.67	0.39	0.50

<b>P/E (adj.)</b>	neg.	neg.	62.2	48.5
<b>P/B</b>	3.3	4.2	4.0	3.8
<b>Dividend yield-%</b>	0.5 %	0.4 %	0.7 %	0.7 %
<b>EV/EBIT (adj.)</b>	neg.	neg.	43.0	33.2
<b>EV/EBITDA</b>	>100	neg.	20.8	17.6
<b>EV/S</b>	5.5	8.1	4.7	4.3

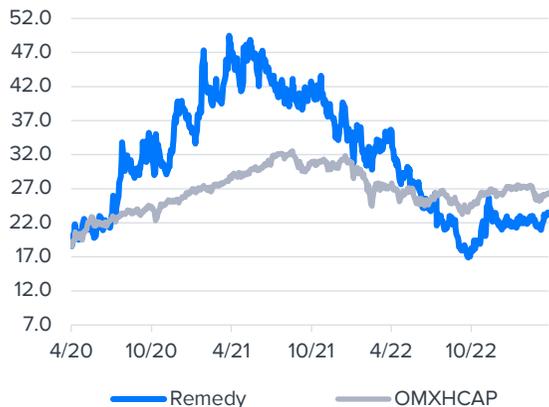
Source: Inderes

## Guidance

(Unchanged)

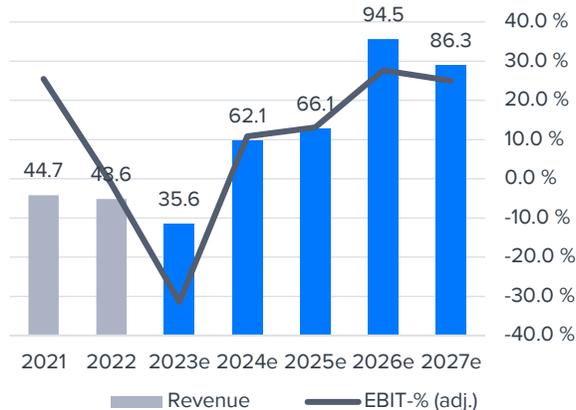
"Remedy expects its revenue to decline from the previous year and its operating result to be negative."

### Share price



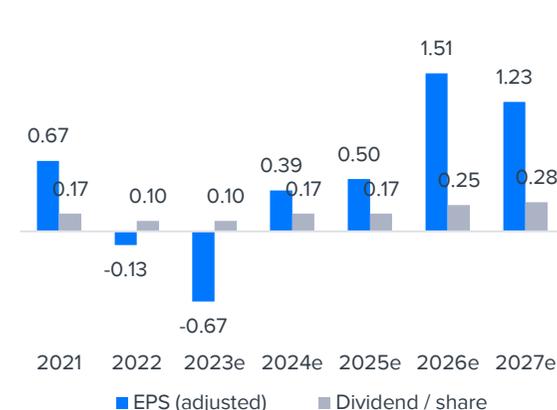
Source: Millstream Market Data AB

### Revenue and EBIT %



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Attractive position in value chain considering industry trends and consolidation
- 5 major game projects are being developed with strong partners
- Multi-project model creates continuity and disperses risks
- Strong track record of developing successful games
- Own game engine and game development tools create scalability and a competitive advantage



### Risk factors

- Commercial failure of upcoming games
- Game projects being delayed
- Dependency on publishing partners
- Fierce competition for top talent in the gaming industry
- Technology and market trends

Valuation	2023e	2024e	2025e
Share price	24.2	24.2	24.2
Number of shares, millions	13.5	13.6	13.7
Market cap	328	330	332
EV	289	290	287
P/E (adj.)	neg.	62.2	48.5
P/E	neg.	62.2	48.5
P/FCF	neg.	94.8	48.0
P/B	4.2	4.0	3.8
P/S	9.2	5.3	5.0
EV/Sales	8.1	4.7	4.3
EV/EBITDA	neg.	20.8	17.6
EV/EBIT (adj.)	neg.	43.0	33.2
Payout ratio (%)	neg.	44%	34.1%
Dividend yield-%	0.4 %	0.7 %	0.7 %

Source: Inderes

# Q1 expectations and estimate revisions

Estimates MEUR / EUR	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	12.7		6.5				35.6
EBITDA	3.3		-4.7				-8.2
EBIT (adj.)	2.8		-5.4				-11.2
EPS (reported)	0.16		-0.32				-0.67
Revenue growth-%	55.9 %		-48.6 %				-2.5 %
EBIT-% (adj.)	21.8 %		-82.3 %				-31.5 %

Source: Inderes

Estimate revisions MEUR / EUR	2023e			2024e			2025e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	35,6	35,6	0 %	62,1	62,1	0 %	66,1	66,1	0 %
EBITDA	-8,8	-8,2	-7 %	13,9	13,9	0 %	16,3	16,3	0 %
EBIT (exc. NRIs)	-11,4	-11,2	-2 %	6,7	6,7	1 %	8,6	8,7	1 %
EBIT	-11,4	-11,2	-2 %	6,7	6,7	1 %	8,6	8,7	1 %
PTP	-11,5	-11,3	-2 %	6,6	6,6	1 %	8,5	8,6	1 %
EPS (excl. NRIs)	-0,68	-0,67	-2 %	0,38	0,39	1 %	0,49	0,50	1 %
DPS	0,10	0,10	0 %	0,17	0,17	0 %	0,17	0,17	0 %

Source: Inderes

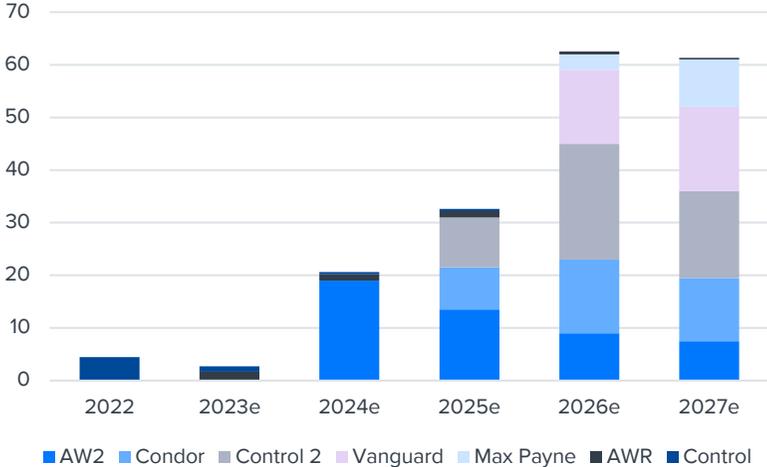
# Strategy in light of game projects

\$ =low revenue  
\$\$ =medium revenue  
\$\$\$ =considerable revenue

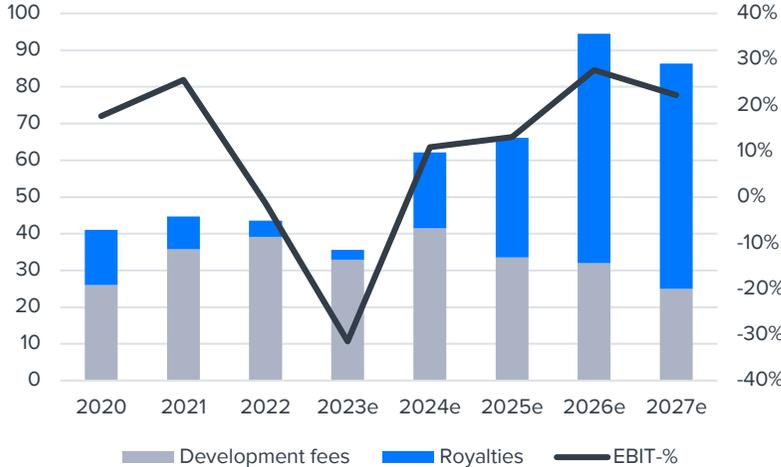
	2021	2022	2023	2024	2025	2026	2027
<b>Crossfire</b>	Development fees \$\$\$	Development fees \$	Possible small royalty stream from Crossfire HD -/\$	-/\$	-/\$		
<b>Control</b>	Royalties \$\$\$	Royalties \$\$	Royalties \$	Royalties \$	Royalties \$		
<b>Epic projects</b>	Development fees and AWR release \$\$\$	Development fees \$\$\$	Alan Wake 2 release \$\$\$	Royalties \$\$\$	Royalties \$\$/\$\$\$	Royalties \$\$	Royalties \$\$
<b>Vanguard</b>	Release and development contract with Tencent \$\$\$	Development fees \$\$	Development fees \$\$	Development fees \$\$/\$\$\$	Development fees \$\$/\$\$\$	Release in H1 \$\$\$	Royalties \$\$\$
<b>Condor</b>	Development fees \$	Development fees \$\$	Development fees \$/\$\$	Development fees \$\$	Release in H1 \$\$\$	Royalties \$\$\$	Royalties \$\$\$
<b>Control 2</b>	Conceptualization	Release contract \$\$	Development fees \$\$	Development fees \$\$\$	Release in H2 \$\$/\$\$\$	Royalties \$\$\$	Royalties \$\$\$
<b>Max Payne</b>		Release contract \$\$	Development fees \$\$	Development fees \$\$\$	Development fees \$\$\$	Release in H2 \$\$\$	Royalties \$\$\$
<b>Next game projects</b>					Development fees \$\$/\$\$\$	Development fees \$\$/\$\$\$	Development fees \$\$/\$\$\$

# Underlying assumptions for revenue estimates

Assumptions on royalties per game (EUR)



Revenue and profitability



Source: Inderes

# Remedy's game projects and partners



**Control**

Released  
Q3'19

Budget  
~30 MEUR

Remedy's share of  
the budget: 45 %  
Remedy's share  
of net sales: 45 %

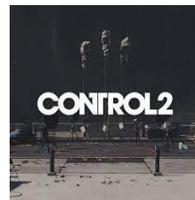


**Condor**

Proof-of-  
concept

Budget  
~25 MEUR

50 %  
50 %

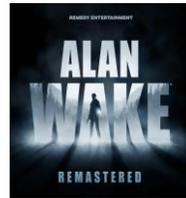


**Control 2**

Proof-of-  
concept

Budget  
~50 MEUR

50 %



**Alan Wake  
Remastered**

Released  
Q4'21

Budget\*\*  
~7 MEUR

0 %  
50 %



**Alan Wake II**

Production

Budget\*\*  
~50 MEUR



**Vanguard**

Proof-of-  
concept

Budget\*\*  
~45 MEUR

30%\*\*  
>50%\*\*  
(Western market)



**Max Payne  
1&2 remake**

Conceptualization

Budget\*\*  
~45 MEUR

0%  
20-30%\*\*

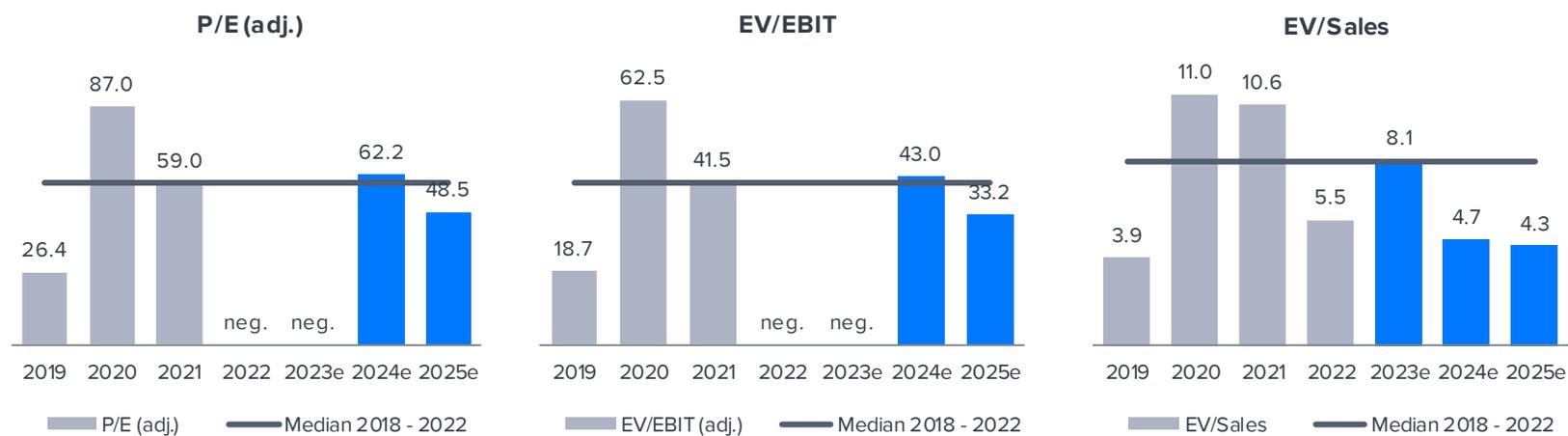


**Rockstar Games**

# Valuation table

Valuation	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	11.5	39.0	39.7	21.9	24.2	24.2	24.2	24.2
Number of shares, millions	12.1	12.1	13.1	13.4	13.5	13.6	13.7	13.8
Market cap	138	471	528	294	328	330	332	335
EV	122	453	473	241	289	290	287	269
P/E (adj.)	26.4	87.0	59.0	neg.	neg.	62.2	48.5	16.1
P/E	26.4	87.0	59.0	neg.	neg.	62.2	48.5	16.1
P/FCF	neg.	neg.	14.8	neg.	neg.	94.8	48.0	14.3
P/B	5.2	13.0	6.0	3.3	4.2	4.0	3.8	3.2
P/S	4.4	11.5	11.8	6.7	9.2	5.3	5.0	3.5
EV/Sales	3.9	11.0	10.6	5.5	8.1	4.7	4.3	2.8
EV/EBITDA	16.6	32.5	32.8	>100	neg.	20.8	17.6	7.2
EV/EBIT (adj.)	18.7	62.5	41.5	neg.	neg.	43.0	33.2	10.3
Payout ratio (%)	25.4 %	36.2 %	25.7 %	neg.	neg.	43.7 %	34.1 %	16.6 %
Dividend yield-%	1.0 %	0.4 %	0.4 %	0.5 %	0.4 %	0.7 %	0.7 %	1.0 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		Lv:n kasvu-%		EBIT-%	
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e
Frontier Developments	208	182	30.9	19.4	5.3	4.6	1.5	1.4	-8%	8%	5%	7%
Embracer	4727	6115	11.7	8.1	7.5	5.6	1.8	1.6	135%	13%	16%	20%
CD Projekt	2415	2228	26.5	42.6	19.4	27.0	10.1	12.5	13%	-20%	38%	29%
Paradox Interactive	2529	2476	27.6	24.5	16.7	14.7	11.9	10.5	20%	13%	43%	43%
Team17	631	577	11.4	10.5	10.4	9.6	3.6	3.4	5%	6%	32%	33%
Playway	616	567	11.4	11.1	11.3	11.1	7.7	7.3	23%	6%	68%	66%
11 Bit Studios	324	307	20.8	7.7	8.9	6.3	6.2	4.6	213%	35%	30%	59%
Enad Global 7	228	206	5.3	5.6	4.1	4.3	1.1	1.1	15%	0%	21%	20%
Tinybuild	113	89	4.1	3.8	3.6	3.3	1.4	1.3	6%	10%	34%	34%
<b>Remedy (Inderes)</b>	<b>328</b>	<b>289</b>	<b>-25.8</b>	<b>43.0</b>	<b>-35.3</b>	<b>20.8</b>	<b>8.1</b>	<b>4.7</b>	<b>-18%</b>	<b>74%</b>	<b>-31%</b>	<b>11%</b>
<b>Average</b>			<b>15.5</b>	<b>20.8</b>	<b>9.2</b>	<b>9.6</b>	<b>4.7</b>	<b>4.6</b>	<b>111%</b>	<b>5%</b>	<b>32%</b>	<b>31%</b>
<b>Median</b>			<b>11.5</b>	<b>10.8</b>	<b>8.2</b>	<b>8.0</b>	<b>2.7</b>	<b>2.8</b>	<b>18%</b>	<b>7%</b>	<b>31%</b>	<b>31%</b>
<b>Diff-% to median</b>			<b>-</b>	<b>297%</b>	<b>-</b>	<b>161%</b>	<b>198%</b>	<b>70%</b>				

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>44.7</b>	<b>12.7</b>	<b>9.4</b>	<b>7.9</b>	<b>13.6</b>	<b>43.6</b>	<b>6.5</b>	<b>8.0</b>	<b>10.1</b>	<b>11.0</b>	<b>35.6</b>	<b>62.1</b>	<b>66.1</b>	<b>94.5</b>
Development fees	35.8	11.6	7.4	7.5	12.6	39.1	6.2	7.7	9.4	9.6	32.9	41.5	33.5	32.0
Royalties	8.9	1.0	2.0	0.4	1.1	4.5	0.3	0.3	0.7	1.4	2.7	20.6	32.6	62.5
<b>EBITDA</b>	<b>14.5</b>	<b>3.3</b>	<b>-1.8</b>	<b>-2.4</b>	<b>2.8</b>	<b>1.9</b>	<b>-4.7</b>	<b>-3.1</b>	<b>-0.6</b>	<b>0.2</b>	<b>-8.2</b>	<b>13.9</b>	<b>16.3</b>	<b>37.1</b>
Depreciation	-3.0	-0.6	-0.6	-0.6	-0.7	-2.5	-0.7	-0.7	-0.7	-1.1	-3.0	-7.2	-7.7	-11.0
<b>EBIT (excl. NRI)</b>	<b>11.4</b>	<b>2.8</b>	<b>-2.4</b>	<b>-3.0</b>	<b>2.1</b>	<b>-0.6</b>	<b>-5.4</b>	<b>-3.8</b>	<b>-1.3</b>	<b>-0.9</b>	<b>-11.2</b>	<b>6.7</b>	<b>8.7</b>	<b>26.1</b>
<b>EBIT</b>	<b>11.4</b>	<b>2.8</b>	<b>-2.4</b>	<b>-3.0</b>	<b>2.1</b>	<b>-0.6</b>	<b>-5.4</b>	<b>-3.8</b>	<b>-1.3</b>	<b>-0.9</b>	<b>-11.2</b>	<b>6.7</b>	<b>8.7</b>	<b>26.1</b>
Net financial items	-0.1	-0.1	-0.5	-0.1	0.1	-0.6	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1
<b>PTP</b>	<b>11.3</b>	<b>2.7</b>	<b>-2.9</b>	<b>-3.2</b>	<b>2.2</b>	<b>-1.2</b>	<b>-5.4</b>	<b>-3.8</b>	<b>-1.3</b>	<b>-0.9</b>	<b>-11.3</b>	<b>6.6</b>	<b>8.6</b>	<b>26.0</b>
Taxes	-2.5	-0.5	0.2	0.5	-0.7	-0.5	1.1	0.8	0.3	0.2	2.3	-1.3	-1.7	-5.2
<b>Net earnings</b>	<b>8.8</b>	<b>2.2</b>	<b>-2.7</b>	<b>-2.7</b>	<b>1.5</b>	<b>-1.7</b>	<b>-4.3</b>	<b>-3.0</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-9.0</b>	<b>5.3</b>	<b>6.8</b>	<b>20.8</b>
<b>EPS (adj.)</b>	<b>0.67</b>	<b>0.16</b>	<b>-0.20</b>	<b>-0.20</b>	<b>0.11</b>	<b>-0.13</b>	<b>-0.32</b>	<b>-0.22</b>	<b>-0.08</b>	<b>-0.05</b>	<b>-0.67</b>	<b>0.39</b>	<b>0.50</b>	<b>1.51</b>
<b>EPS (rep.)</b>	<b>0.67</b>	<b>0.16</b>	<b>-0.20</b>	<b>-0.20</b>	<b>0.11</b>	<b>-0.13</b>	<b>-0.32</b>	<b>-0.22</b>	<b>-0.08</b>	<b>-0.05</b>	<b>-0.67</b>	<b>0.39</b>	<b>0.50</b>	<b>1.51</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23e</b>	<b>Q2'23e</b>	<b>Q3'23e</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	8.9 %	55.9 %	-0.2 %	6.9 %	-31.2 %	-2.5 %	-48.6 %	-14.9 %	27.7 %	-19.2 %	-18.3 %	74.4 %	6.4 %	43.0 %
<b>Adjusted EBIT growth-%</b>	57%	-1474%	-263%	1329%	-80%	-105%	-294%	56%	-59%	-140%	-	-	28.6 %	201.9 %
<b>EBITDA-%</b>	32.3 %	26.4 %	-19.3 %	-30.4 %	20.4 %	4.4 %	-72.3 %	-38.8 %	-5.9 %	1.8 %	-23.0 %	22.5 %	24.7 %	39.3 %
<b>Adjusted EBIT-%</b>	25.5 %	21.8 %	-25.6 %	-38.3 %	15.5 %	-1.3 %	-82.3 %	-46.9 %	-12.4 %	-7.7 %	-31.5 %	10.8 %	13.1 %	27.7 %
<b>Net earnings-%</b>	19.7 %	17.1 %	-29.0 %	-33.6 %	10.9 %	-4.0 %	-66.2 %	-37.8 %	-10.1 %	-6.4 %	-25.4 %	8.5 %	10.4 %	22.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>12.6</b>	<b>20.2</b>	<b>28.0</b>	<b>32.6</b>	<b>34.7</b>
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	7.6	15.1	23.3	29.3	32.0
Tangible assets	4.3	4.3	3.9	2.5	1.9
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	0.7	0.8	0.8	0.8	0.8
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>81.1</b>	<b>71.2</b>	<b>51.9</b>	<b>57.0</b>	<b>61.2</b>
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	22.5	15.3	12.5	15.5	15.2
Cash and equivalents	58.5	55.9	39.4	41.4	46.0
<b>Balance sheet total</b>	<b>101</b>	<b>99.6</b>	<b>85.8</b>	<b>92.3</b>	<b>97.5</b>

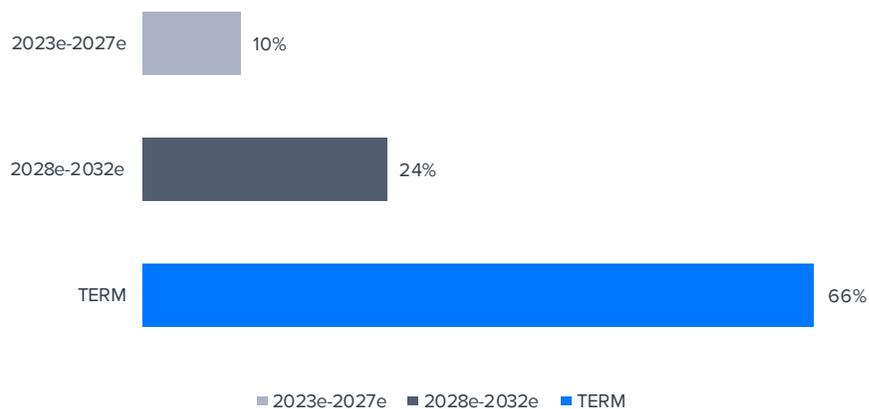
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>87.4</b>	<b>88.4</b>	<b>78.0</b>	<b>81.9</b>	<b>86.4</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	31.5	31.1	20.8	24.7	29.2
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	55.8	57.1	57.1	57.1	57.1
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>2.1</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	2.1	1.1	0.9	0.9	0.9
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
<b>Current liabilities</b>	<b>11.7</b>	<b>10.1</b>	<b>7.0</b>	<b>9.5</b>	<b>10.1</b>
Short term debt	1.8	1.8	0.2	0.2	0.2
Payables	9.8	8.2	6.8	9.3	9.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>101</b>	<b>99.6</b>	<b>85.8</b>	<b>92.3</b>	<b>97.5</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	-2.5 %	-18.3 %	74.4 %	6.4 %	43.0 %	-8.7 %	11.0 %	7.0 %	5.0 %	5.0 %	3.0 %	3.0 %
EBIT-%	-1.3 %	-31.5 %	10.8 %	13.1 %	27.7 %	25.0 %	28.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %
<b>EBIT (operating profit)</b>	<b>-0.6</b>	<b>-11.2</b>	<b>6.7</b>	<b>8.7</b>	<b>26.1</b>	<b>21.6</b>	<b>26.8</b>	<b>30.7</b>	<b>32.3</b>	<b>33.9</b>	<b>34.9</b>	
+ Depreciation	2.5	3.0	7.2	7.7	11.0	13.6	13.4	12.9	12.3	10.8	9.1	
- Paid taxes	-0.5	2.3	-1.3	-1.7	-5.2	-4.3	-5.3	-6.1	-6.4	-6.8	-7.0	
- Tax, financial expenses	-0.1	0.0	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	
- Change in working capital	5.6	1.4	-0.5	0.9	0.6	2.6	1.2	0.4	0.5	0.0	0.0	
<b>Operating cash flow</b>	<b>6.8</b>	<b>-4.5</b>	<b>12.1</b>	<b>15.5</b>	<b>32.5</b>	<b>33.4</b>	<b>36.0</b>	<b>37.9</b>	<b>38.7</b>	<b>37.9</b>	<b>37.0</b>	
+ 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	
- Gross CAPEX	-10.8	-8.6	-8.6	-8.6	-9.1	-9.6	-9.6	-9.6	-9.6	-9.6	-9.7	
<b>Free operating cash flow</b>	<b>-4.0</b>	<b>-13.1</b>	<b>3.5</b>	<b>6.9</b>	<b>23.4</b>	<b>23.8</b>	<b>26.4</b>	<b>28.3</b>	<b>29.1</b>	<b>28.3</b>	<b>27.3</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-4.0	-13.1	3.5	6.9	23.4	23.8	26.4	28.3	29.1	28.3	27.3	460
<b>Discounted FCFF</b>		<b>-12.4</b>	<b>3.0</b>	<b>5.5</b>	<b>16.9</b>	<b>15.8</b>	<b>16.1</b>	<b>15.8</b>	<b>14.8</b>	<b>13.3</b>	<b>11.7</b>	<b>197</b>
Sum of FCFF present value		297	310	307	301	284	269	253	237	222	209	197
<b>Enterprise value DCF</b>		<b>297</b>										
- Interesting bearing debt		-3.0										
+ Cash and cash equivalents		55.9										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>350</b>										
<b>Equity value DCF per share</b>		<b>25.9</b>										

## Cash flow distribution



## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.1 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	41.1	44.7	43.6	35.6	62.1	EPS (reported)	0.45	0.67	-0.13	-0.67	0.39
EBITDA	14.0	14.5	1.9	-8.2	13.9	EPS (adj.)	0.45	0.67	-0.13	-0.67	0.39
EBIT	7.2	11.4	-0.6	-11.2	6.7	OCF / share	1.07	0.30	0.51	-0.34	0.89
PTP	7.0	11.3	-1.2	-11.3	6.6	FCF / share	-0.17	2.73	-0.29	-0.97	0.26
Net Income	5.4	8.8	-1.7	-9.0	5.3	Book value / share	2.99	6.69	6.57	5.76	6.01
Extraordinary items	0.0	0.0	0.0	0.0	0.0	Dividend / share	0.15	0.17	0.10	0.10	0.17
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	51.3	101.1	99.6	85.8	92.3	Revenue growth-%	30%	9%	-3%	-18%	74%
Equity capital	36.1	87.4	88.4	78.0	81.9	EBITDA growth-%	90%	4%	-87%	-530%	-270%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	11%	57%	-105%	1889%	-160%
Net debt	-18.0	-54.7	-52.9	-38.3	-40.3	EPS (adj.) growth-%	3%	50%	-119%	420%	-158%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	34.0 %	32.3 %	4.4 %	-23.0 %	22.5 %
EBITDA	14.0	14.5	1.9	-8.2	13.9	EBIT (adj.)-%	17.6 %	25.5 %	-1.3 %	-31.5 %	10.8 %
Change in working capital	0.4	-7.7	5.6	1.4	-0.5	EBIT-%	17.6 %	25.5 %	-1.3 %	-31.5 %	10.8 %
Operating cash flow	12.9	4.0	6.8	-4.5	12.1	ROE-%	17.3 %	14.2 %	-2.0 %	-10.9 %	6.6 %
CAPEX	-14.9	-9.8	-10.8	-8.6	-8.6	ROI-%	20.2 %	17.1 %	-0.6 %	-13.1 %	8.3 %
Free cash flow	-2.0	35.7	-4.0	-13.1	3.5	Equity ratio	70.4 %	86.4 %	88.8 %	90.8 %	88.7 %
						Gearing	-49.8 %	-62.5 %	-59.8 %	-49.1 %	-49.2 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	11.0	10.6	5.5	8.1	4.7						
EV/EBITDA (adj.)	32.5	32.8	>100	neg.	20.8						
EV/EBIT (adj.)	62.5	41.5	neg.	neg.	43.0						
P/E (adj.)	87.0	59.0	neg.	neg.	62.2						
P/B	13.0	6.0	3.3	4.2	4.0						
Dividend-%	0.4 %	0.4 %	0.5 %	0.4 %	0.7 %						

Source: Inderes

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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

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According to a notification received on 11/24/2022, Inderes analyst Atte Riikola has a holding of more than EUR 50,000 in the target company Remedy Entertainment Plc.

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
5/30/2017	Accumulate	7.40 €	6.69 €
8/17/2017	Buy	7.50 €	6.31 €
2/19/2018	Buy	7.50 €	5.90 €
6/4/2018	Buy	8.50 €	7.30 €
8/15/2018	Buy	8.50 €	6.75 €
2/13/2019	Accumulate	9.00 €	8.25 €
7/3/2019	Accumulate	10.00 €	9.28 €
8/14/2019	Accumulate	11.50 €	10.65 €
12/5/2019	Accumulate	11.50 €	10.15 €
2/16/2020	Accumulate	15.50 €	13.80 €
3/31/2020	Buy	18.00 €	14.80 €
4/21/2020	Accumulate	20.00 €	18.55 €
8/16/2020	Reduce	33.00 €	33.80 €
10/27/2020	Accumulate	33.00 €	29.00 €
12/10/2020	Accumulate	38.00 €	34.00 €
2/14/2021	Accumulate	50.00 €	45.00 €
4/8/2021	Accumulate	50.00 €	43.75 €
5/12/2021	Accumulate	50.00 €	41.30 €
8/16/2021	Accumulate	50.00 €	43.00 €
9/14/2021	Buy	50.00 €	40.00 €
11/15/2021	Buy	50.00 €	40.75 €
2/14/2022	Buy	50.00 €	33.50 €
5/16/2022	Buy	42.00 €	29.30 €
6/2/2022	Accumulate	34.00 €	29.85 €
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 €



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