

11 Bit Studios

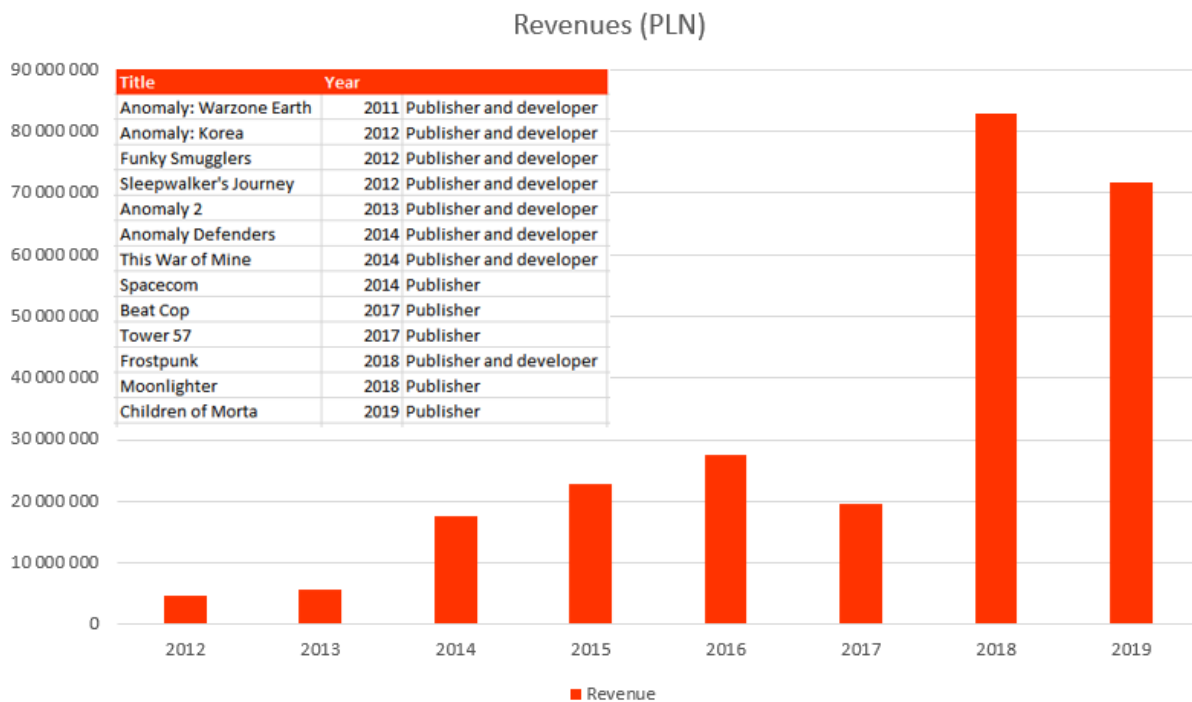
Game developer turned publisher

11 Bit Studios is a Polish game developer and publisher founded by former CD-Projekt and Metropolis Software employees. The company has grown very fast and game publishing is becoming a larger and larger part of total revenues. They started out with just publishing their own developed games. They have now published five externally developed games since 2014.

Introduction

High growth and high-quality

11 Bit Studios was founded in 2010 by former CD Projekt and Metropolis Software employees. They released their first game in 2011 and their revenues have grown at a fast rate. Their real breakthrough was in 2018, when they released their biggest title to date, Frostpunk. The success of said title has enabled the company to grow its revenue with an average annual growth rate of 52% between 2013-2019.

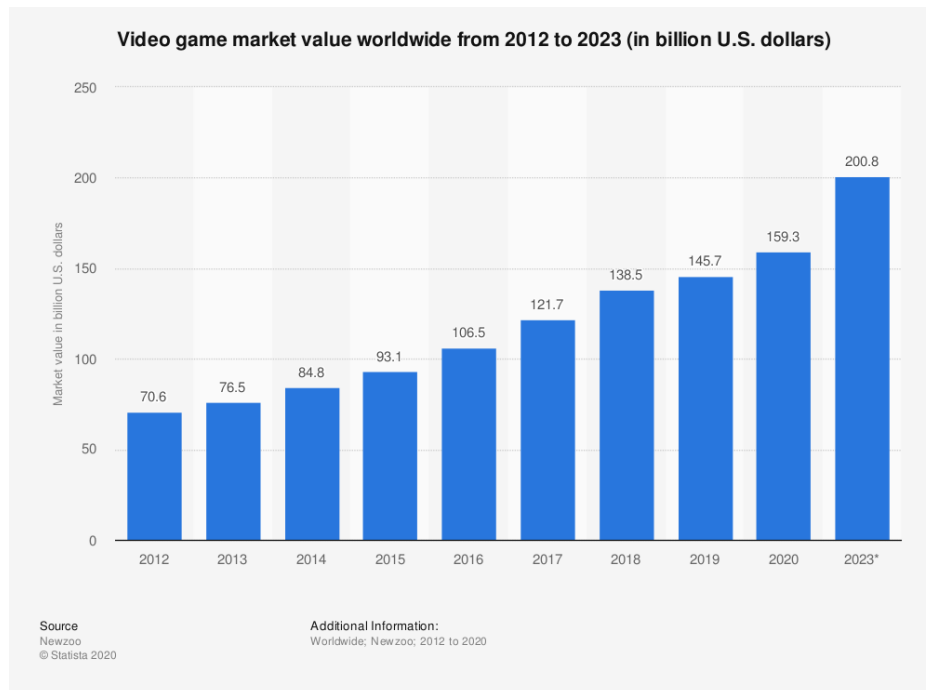


1. Source: *Värdeinvesteraren*

The company is a maker of high-quality games. Most of their games have a very high user score on Steam and on Metacritic. Their games are liked by critics and players alike. High growth and high-quality.

One significant event is also that 41% of the company's revenue was derived from publishing in 2019. That means that the income streams are more diversified and hence lowers the risk.

The company is acting on a fast-growing market with tailwinds. Newzoo expects the gaming market to grow by an average annual growth-rate of 8% ("CAGR") between 2020-2023.



2.Source: Statista

Investment case

Benefiting from digitalization and platform “war” – The move to digitalization helps drive higher margins. The share of digital game sales has increased due to COVID-19 and many people that have made their first digital purchases will probably continue to buy games digitally in the future.

Moving towards publishing - The revenue share for upcoming publishing games are higher than the previous publishing deals (source: 11 Bit Studios investor day 2020) and the investments in upcoming games are much larger than previous investments as well. 11 Bit Studios invested 8 million PLN in their previous publishing deals Children of Morta, Beat Cop, Moonlighter and Tower 57. The investment of 8 million generated revenue of 55 million PLN, that corresponds to a Return on Investment (ROI) of 688%.

Games as a Service – The company has slowly transitioned to focusing more on Games as a Service (GaaS). They have updated their games continuously and they have released paid DLC:s for their games and a Season Pass for Frostpunk. It is vital for a gaming company to not be dependent on larger releases. This development has bolstered their back-catalogue sales which is critical.

New sales channels and markets – The company have put a lot of effort in to increasing their sales channels, they can therefore reach more consumers and gain a bigger market penetration. During the last twelve months they are included in Xbox Game Pass, Origin Access, Humble Monthly and Humble Bundle, Steam, GOG and Epic Games Store. They also recently signed four new distribution contracts.

More interestingly they also have games on the Chinese market available through Steam and other channels, this is possible due to the cooperation with the Chinese game company NetEase (who are also developing Frostpunk Mobile). They also introduced Frostpunk to Japan on February 27, 2020.

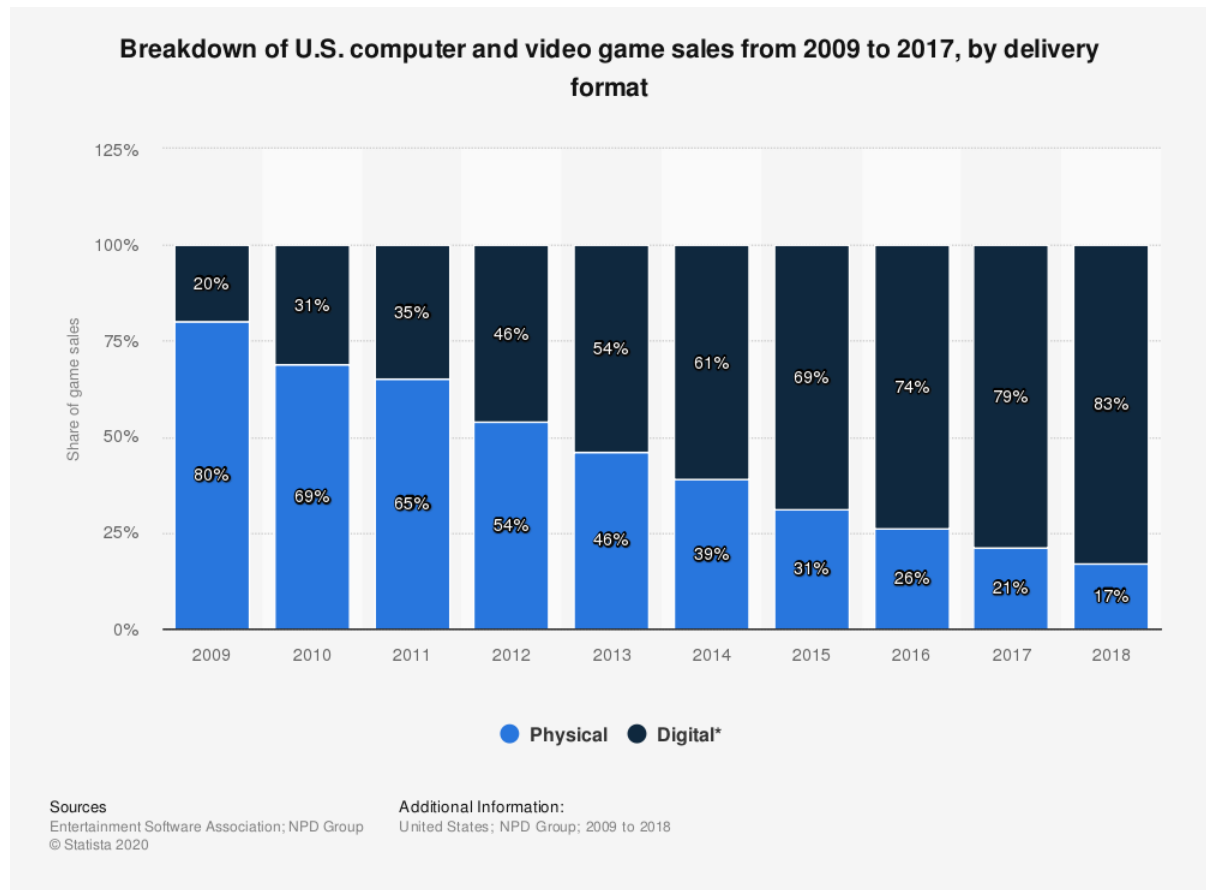
Big pipeline and growing back catalogue – The company’s pipeline is much bigger today than what it has been previously. 2020 and 2021 are going to be slower years with a focus on GaaS for the current portfolio, and growing back-catalogue sales. Invested \$21 million in their pipeline.

Strong balance sheet – Their financial position is currently strong which also lowers the risk. They have 100 million PLN in cash assets (almost 6% of the balance sheet). They only have 11,6 million PLN in financial liabilities. So, a strong net-cash position. Even with potential failed releases the company’s financial strength looks solid.

Skin in the game – The board currently holds 16 percent of the shares and they have extensive experience from the industry and are highly committed to the company. This further strengthens the view that this is a high-quality company.

Digitalization and platform “wars”

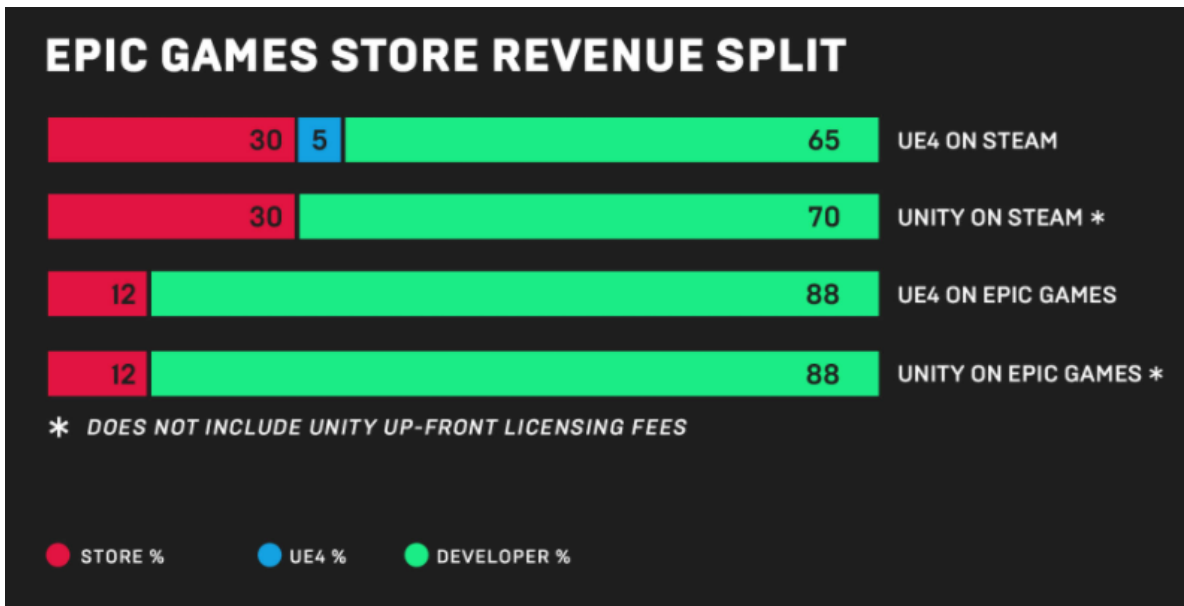
The digitalization of the gaming market was already an underlying trend in the gaming market, but COVID-19 probably sped up the process. The picture below illustrates how the percentage of digital sales have evolved in the US, from 2009 (20% digital) to 2018 (83% digital).



3. Source: Statista

This development enables gaming companies to increase their margins, with the exclusion of physical CDs and boxes.

This is further boosted by the increasing competition among digital publishers. Steam takes a 30 percent cut of the sales, up to sales of 10 million dollars. Sales after 10 million dollars infer a 25 percent cut. Epic Games Store (EGS) takes a cut of 12%, and they waiver the Unreal Engine fee of 5%.



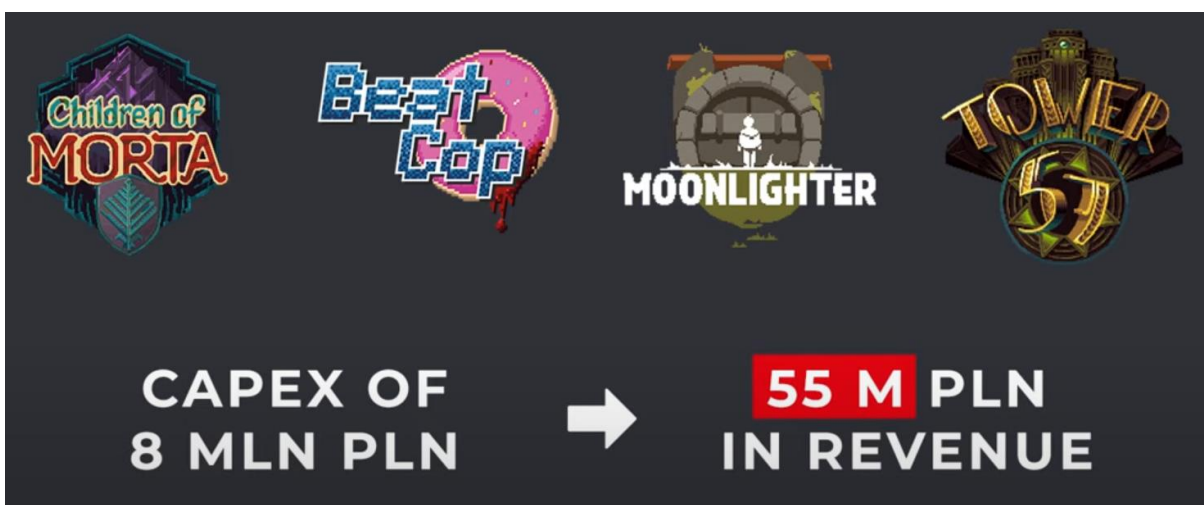
4. Source: Epic Games

Growing publishing segment

11 Bit is growing at a fast pace and the scale of the upcoming games are supposed to be much bigger than previous publishing titles, this means that the potential also is greater. As mentioned earlier, 41% of the revenue in 2019 was derived from publishing up from 18% in 2018 and 12% in 2017, this is a good trend as publishing deals requires less investments than internally developed games.

Children of Morta and Moonlighter contributed to 30% of the company's sales during the first six months of 2020. It is vital to have ongoing sales during periods with few or no releases.

The company have invested 25 million PLN (3x previous publisher investments). If the previous ROI in their publishing deals are a guideline, the future sales from these investments will drive sales much higher than today.

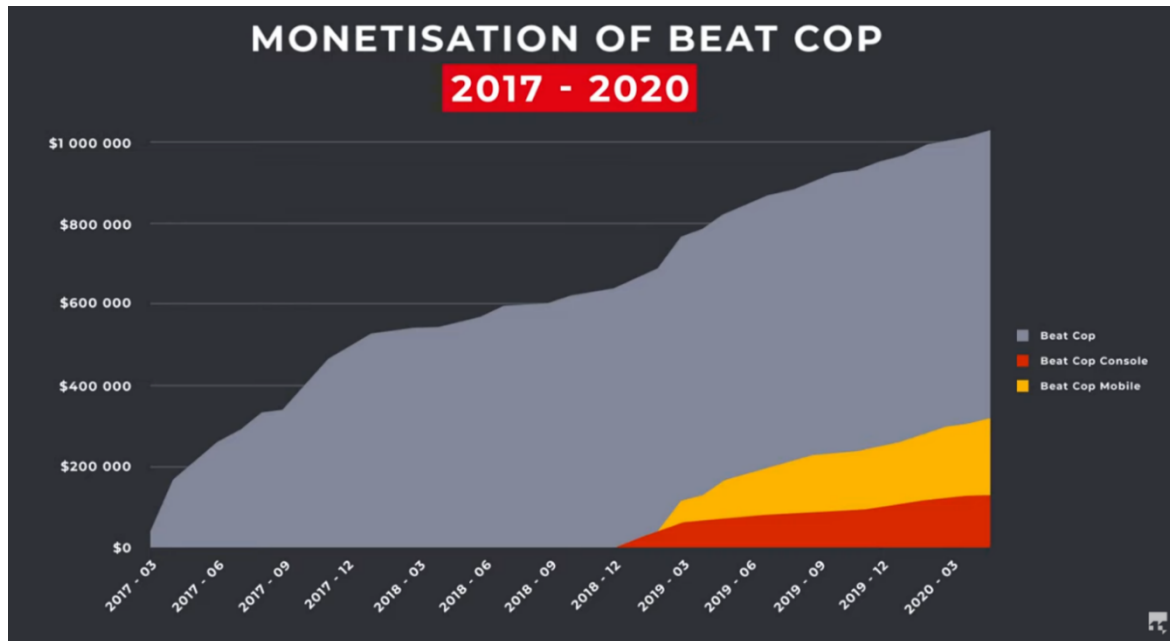


5. Source: 11 Bit Studios Investor Day 2020

Games as a Service

The Season Pass for Frostpunk was released on August 2019. The Season Pass achieved a 15% conversion rate. Meaning that 15% of the owners of the base game purchased the Season Pass and 25% of new customers chose the “Complete Edition” of the game.

They also have proved that they can utilize the GaaS-model with the publishing title Beat Cop. The chart below shows how by adding mobile and console versions, they extended the games lifecycle. The revenues for Beat Cop was stagnating until this move and even the PC sales grew after the mobile and console versions were released. So, in effect they can monetize games by either adding new content or expanding the games to new platforms, like mobile or console for instance.

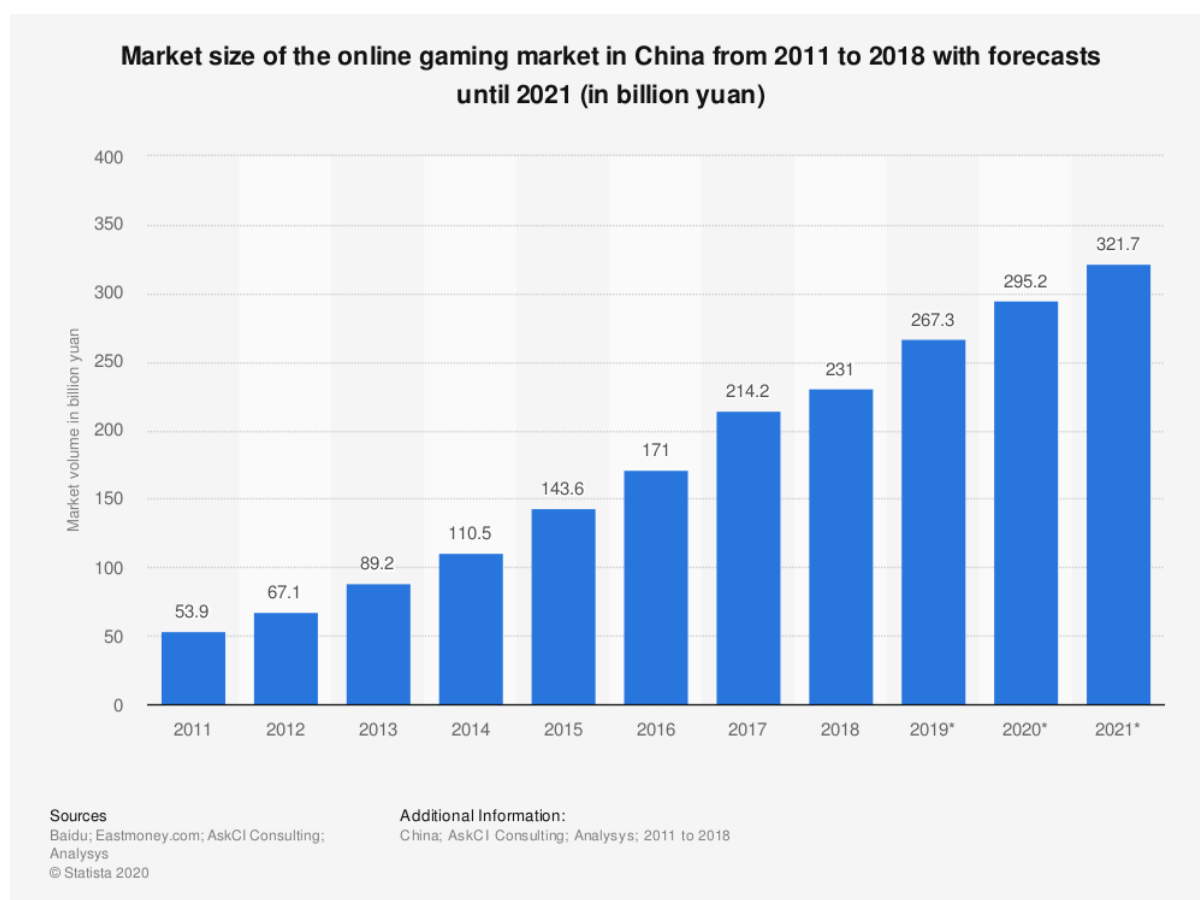


6. Source: 11 Bit Studios Investor Day 2020

Entering new markets

Entering into new distribution agreements is a good way to reach a higher degree of market penetration. Gaming platforms want to increase their content, and this leads to exclusive agreements which we have seen a lot from Epic Games Store, "Content is King". Not only does this bolster sales but also improves takerate as the publishers keep lowering their cut in order to attract content creators.

So good content and Intellectual Property (IP) is important for a gaming company. The step towards mobile that 11 Bit has taken with Frostpunk is very good in my opinion. The Chinese gaming market is set to grow by almost 10% between 2019 and 2021. The mobile market is set to grow faster. Frostpunk is being developed by the Chinese gaming company NetEase which knows the Chinese market very well. The potential in China is huge.



7. Source: Statista

China is a special market, it is required to have a Chinese publishing company in order to sell your product there. Furthermore, the Chinese government approves what games are published. So a strategic partner is a must when entering into that market.

Big Pipeline and growing back-catalogue

As previously mentioned they have invested 25 million PLN in four titles that are externally developed (publishing titles). They have also invested in three internally developed games. A

snapshot of the pipeline can be seen in the chart below. This chart does not include minor updates and smaller DLC:s. It is a selection of bigger releases. 2021 and 2022 and onward look very interesting as a lot of games will be released that year.

Title	Announcement	Release Date	
Frostpunk DLC: "On the Edge"		Aug 2020	Publisher and developer (Internally developed)
Moonlighter Mobile		2020	Publisher (Digital Sun)
Children of Morta co-op update		2020	Publisher (Dead Mage)
Frostpunk: The Board Game	Kickstarter 2020	2021	Publisher and developer
Children of Morta paid DLC		2021	Publisher (Dead Mage)
Project Foxhole	2021	2021	Publisher (Digital Sun)
Project Vitriol	2021		Publisher (Fools Theory)
Frostpunk Mobile		2021	Publisher (NetEase)
Project Botin	2021		Publisher (Digital Sun)
Project Ava	2021		Publisher (Chibig and inverge)
New future project	2022+	2022+	TBA
Project Eleanor	2022+	2022+	Publisher and developer (Internally developed)
Project 8	2022+	2022+	Publisher and developer (Internally developed)
Project Dolly	2022+	2022+	Publisher and developer (Internally developed)

8. Source: Värdeinvesteraren

One interesting development is that 30% of the sales in H1 2020 came from Children of Morta and Moonlighter. Showing the strength of back-catalogue sales and that the company is not reliant on bigger releases for growth. Sales in H1 2020 grew by 63,2% YoY.

The company have invested roughly \$21 million dollars or 83 million PLN in the current pipeline. The future looks very bright if historic returns on investment can be achieved.

Games portfolio

I will go through the games and the IP:s in the portfolio in this section of the analysis. This is critical in the case of smaller game companies since such a large part of future sales and cash flows are derived from the games in the pipeline. It is therefore important to understand what lies ahead.

This war of mine (own IP, internal development, publishing)

Released in 2014, The first real commercial success for 11 Bit Studios. The game has sold over 4,5 million copies worldwide. The game has been added to the school reading list in Poland. This is an internally developed and published game.

The game has five DLC:s and a Season Pass and I available on PC, mobile and Nintendo Switch . It has a user score of 94% on Steam and a Metascore of 80%.

Beat Cop (publishing)

Released in 2017, this game really shows how the company can monetize its games over the long haul. The revenues have exceeded one million dollars in net revenue. This is a publishing title.

The game has a user score of 83% on Steam and a Metascore of 71%.

Moonlighter (publishing)

Released in May 2018, and it has sold over 1 million copies. It is available for PC, Nintendo Switch, PlayStation 4 and XBOX ONE.

11 Bit Studios reported that the current ROI for the game was 418% during its Investor Day 2020 which they held on July 24th, 2020. This is a publishing title.

A DLC for the game titled "Between Dimensions" was released on July 2019. It has a user score of 83% on Steam, and a Metascore of 83%.

Moonlighter Mobile (publishing)

Moonlight is coming to mobiles in 2020. The game is already available on Nintendo Switch, so it is already proven that the IP is a good fit with mobile gaming. And the game has sold over 1 million copies. The game has a mediocre potential but will add to incremental sales. The game will be Free-to-Play and feature in game monetization.

Frostpunk (own IP, internal development, publishing)

Released in 2018. Frostpunk is a society city builder game with a survival twist. This is the company's biggest seller to date and has sold well over 1,5 million copies worldwide (it sold over 1,4 million in 2019, no updated numbers from the company) and was an acclaimed success. Frostpunk really put 11 Bit Studios on the map. The game has three DLC:s and one Season Pass.

The game is available on PC, PlayStation 4 and XBOX ONE and it has a user score of 90% on Steam and a Metascore of 84%.

Frostpunk Mobile (own IP, external developer)

Frostpunk Mobile is being developed by NetEase Games (the developers of Diablo Immortal), this derisks the case because NetEase is a highly experienced studio, especially in mobile games. The mobile gaming market is bigger than the PC and console market, particularly in China. Being a Chinese company, NetEase knows the Chinese market well. The potential for a mobile game in China is huge. And in my opinion the game mechanics and the genre lends itself well to mobile gaming.

NetEase will be responsible for the whole launch worldwide, including marketing. This game has a very high potential and the probability of success is very high considering the developer. The game will be Free-to-Play and feature in game monetization.

The release is during 2021. No specific date.

Children of Morta (publishing)

Released on September 2019, it is available on PC, Nintendo Switch, PlayStation 4 and XBOX ONE. According to the presentation held during Investor Day 2020, the ROI for the game is 100%. This is great considering that the game has been on the market for less than one year and it is only the beginning of monetization. They plan to boost the game through paid and free DLC:s. Expansion of

the game will drive in new customers, one example is that they will add the ability to play co-op in an upcoming expansion during 2020. This will lead to people gifting the game to friend or asking friends to buy the game. Thus, driving in new customers who then might purchase future DLC:s.

Children of Morta has one DLC on the market to date and they have provided two free updates as well. Each expansion having generated major sales peaks. Upcoming updates and DLC:s are on the way during 2020 and 2021.

It placed third best in “global best sellers” on Steam during the release and it has a user score of 83% on Steam and a Metascore of 82%.

Upcoming internally developed games

Not much information has been revealed about their in-house games. They have mentioned that the games are bigger in scale and budget. What is known is that they have invested around \$15,1 million dollars into their three internally developed games. This corresponds to roughly 58 million PLN. Compared to the amount invested in the four publishing titles, which is 25 million PLN.

Project 8 (new own IP and internal development)

New IP and a blend of genres with characteristics of their previous games. They recently switched the engine of the game. The game was intended to be built on the internal engine, but the decision was made to build it on the Unreal Engine. No release date has been announced yet. The delay of the announcement of the release date and the change of game engine is a little bit concerning.

The game has been in production for about three years.

Dolly (new own IP and internal development)

Being developed by the same team that was behind This War of Mine. Still in prototype phase, not yet in production.

Eleanor (internal development)

By the team behind Frostpunk, currently in pre-production phase. Way bigger scale than Frostpunk. Based on internally developed technology.

Upcoming externally developed games

As mentioned earlier, 11 Bit Studios are ramping up their investments and going big. They have invested three times the amount in externally published games, more precisely they have invested 25 million PLN. The company itself says that the newest external project that they signed is bigger than their own previous internally developed project.

Project Vitriol

Developed by Fools Theory, which are veterans of the industry. The game is an RPG game for mature gamers. The company thinks this game will be bigger than Frostpunk, both in terms of scale and budget. The game is to be announced in the second half of 2021. The game could have very high potential judging by the comments of the company. But more has to be seen from the actual product in order to draw any conclusions.

Project Foxhole

Externally developed by Digital Sun, the developers of Moonlighter. Not much is known about this game and it is slated for release in 2021.

Project Botin

Also developed by Digital Sun. The same thing goes here, not much is known and the game will be revealed in 2021 and released in 2022.

Project AVA

Developed by the two Spanish studios Chibig and Inverge. The studios behind the games "Summer in Mara" and "Effie". The game is to be announced in 2021.

Investment risks

Risks with larger releases – As 11 Bit Studios becomes a larger company, their games in development and publishing deals are growing with it. This makes individual game releases riskier since the investments are larger. The company has stated that the publishing deals are bigger and therefore the rewards are also bigger, since the revenue share is higher. The internal projects are also bigger and the investments equals \$21 million spread across seven games.

New IP in upcoming releases – Their biggest IP to date is Frostpunk, it is not a guarantee that the company can repeat the success of their most successful game to date. Games with a strong IP lower the risk of a failed release since a strong IP is almost a guarantee for a game to sell a reasonable amount of copies.

Delayed games – Bigger projects are riskier. Project 8 is an upcoming game in development by 11 Bit Studios. The project changed the Game Engine after already being in development for roughly two years. This can lead to an increase in budget and/or a delay in the release date of the game.

Managing the IP – Frostpunk Mobile is set to release in 2021 and is going to be Free-to-Play (F2P). This might damage the IP in the eyes of hardcore gamers since they generally dislike microtransactions. While on the subject, the latest Downloadable Content (DLC) for Frostpunk was not received well by the gaming community (Steam positive reviews of 38%). It is important to take care of the IP when utilizing the Games-as-a-Service-model (GaaS). The same reasoning applies for Moonlighter Mobile.

Small, but growing, back catalogue – Their back catalogue is growing fast but it is still quite small and is dependent on their current games and utilizing the GaaS-model. The company is growing costs at a fast rate, the company is quite dependent on bigger releases in the future.

Schrödinger's game – Not much is known about the bigger projects in the pipeline, so the visibility is low. There are no release dates for most of the upcoming internally developed projects and no details or footage has been shown so far. Future cash flows are highly dependent on sales of future games. Lack of information makes it much harder to predict the future. At this point you must trust the management and the company.

Valuation and estimates

The latest financial report from the company, Q2 2020, showed how strong their back-catalogue sales are, 30% of the total sales came from the publishing titles Moonlighter and Children of Morta, even though they were released in 2018 and 2019. No major releases in 2020 but they still managed to achieve a 114% Year-on-Year (YoY) growth in Q1 and a 18% YoY growth in Q2. In fact, Q1 2020 was the second strongest quarter ever, behind Q2 2018 (which was boosted by the release of Frostpunk). Revenues in H1 2020 grew 63% year on year.

11 Bit Studios (PLN)							
	2016	2017	2018	2019	Q1 2020	Q2 2020	Q2 2020 LTM
Revenues	27 502 064	19 498 693	82 784 811	71 682 882	30 523 609	19 645 147	91 112 672
YoY growth %	21%	-29%	325%	-13%	114%	18%	27%

9. Source: Värdeinvesteraren

Estimates

Q3 2020E

The first half of 2020 is off to a great start, looking at Q3 we have a semi-big release in the Frostpunk DLC "On the Edge". Unfortunately, it received quite poor reviews from the community. The user scores on Steam is 38%. DLC sales might also be lower during the quarter due to players paying for Season Pass and the Complete Edition upfront, before the DLC coming out. There is not a lot of releases in Q3, Moonlighter for mobile will be released in 2020 and 11 Bit have hinted at a release during autumn. But Q3 is coming to an end soon.

2019 Releases	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Moonlighter DLC: "Between Dimensions"			■	
This War of Mine DLC: "Fading Embers"			■	
Frostpunk DLC: "The Rifts"			■	
Children of Morta				■
2020 Releases	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Frostpunk DLC: "The Last Autumn"	■			
Frostpunk DLC: "On the Edge"			■	
Moonlighter Mobile				■
Children of Morta "online co-op"				■

10. Source: Värdeinvesteraren

The table above shows the difference between releases in 2019 compared to 2020 on a quarterly basis. The grey releases are estimated, based on what 11 Bit have communicated to the market.

What is left to release this year is Children of Morta update with support to online co-op and Moonlighter Mobile. With the strong back-catalogue and the releases mentioned, Q3 and Q4 2020 should see strong sales, even without major releases. Q4 should see higher sales if the company can deliver on their goal to launch Moonlighter Mobile in 2020.

As we can see Q3 2019 included the release of three DLC:s. This War of Mine has a big player base with the game having sold 4,5 million and Frostpunk has well over a 1,5 million player base well. Moonlighter has sold in over 1 million copies so these DLC:s might have performed well.

Steam charts for Frostpunk indicate that Frostpunk has almost double the engagement in 2020 compared to 2019. January 2020 saw almost a doubling YoY, and that is probably attributable to the DLC released. August has seen three times the average players in 2020 compared to 2019. This bodes well for the sales of the DLC “On the Edge”, even though it did not receive favorable reviews.

Month	Avg. Players	Gain	% Gain	Peak Players
Last 30 Days	3,132.6	+64.0	+2.09%	10,776
August 2020	3,068.5	+1,391.8	+83.01%	11,073
July 2020	1,676.7	-486.5	-22.49%	3,378
June 2020	2,163.2	+630.5	+41.14%	5,273
May 2020	1,532.7	-477.6	-23.76%	3,185
April 2020	2,010.3	-130.3	-6.09%	4,789
March 2020	2,140.7	-1,103.1	-34.01%	4,122
February 2020	3,243.8	-891.8	-21.56%	7,825
January 2020	4,135.6	+2,140.8	+107.33%	15,116
December 2019	1,994.7	+762.2	+61.84%	4,001
November 2019	1,232.6	-293.2	-19.22%	2,610
October 2019	1,525.7	+6.8	+0.45%	4,337
September 2019	1,518.9	+430.7	+39.58%	4,596
August 2019	1,088.2	-228.5	-17.35%	4,243
July 2019	1,316.7	-33.8	-2.50%	2,966
June 2019	1,350.5	-76.3	-5.35%	3,028
May 2019	1,426.8	-100.8	-6.60%	3,377
April 2019	1,527.5	+98.2	+6.87%	3,805
March 2019	1,429.3	-650.8	-31.29%	3,651
February 2019	2,080.2	+114.5	+5.83%	5,568
January 2019	1,965.7	-193.8	-8.97%	4,417

11. Source: Steamcharts

We know from the H1 2020 report that 30% of the revenue during the first six months came from Children of Morta and Moonlighter. Children of Morta was not released until Q4 2019 so the sales in Q3 2020 should be comparatively higher since it includes sales from CoM.

11 Bit Studios (PLN)								
	2016	2017	2018	2019	Q1 2020	Q2 2020	Q3 2020E	Q4 2020E
Revenues	27 502 064	19 498 693	82 784 811	71 682 882	30 523 609	19 645 147	22 410 000	29 920 000
YoY growth %	21%	-29%	325%	-13%	114%	18%	35%	60%

12. Source: Värdeinvesteraren

I estimate revenues for Q3 to grow 35% YoY, driven by back-catalogue sales and a DLC release for Frostpunk. A growth of 35% might seem small but taking into consideration the releases in Q3 2019 I would rather err on the side of caution.

Q4 2020E

Q4 sees strong growth backed by increased sales volume of CoM, driven by the “co-op” update, release of Moonlighter Mobile and strong back-catalogue sales. The comparables in H2 is tougher than in H1.

The exceptional start to H1 2020 bodes well for the company and it shows that the back-catalogue is performing. But H1 2019 did not have any significant releases and the releases in H2 2019 boosted the back-catalogue sales in H1 2020. This is a conservative estimate with revenue growth of 35% YoY in Q3 2020 and revenue growth of 60% in Q4 2020. This corresponds to a growth in revenues of 43% 2019-2020. This is not overly optimistic considering that H1 2020 is already trending at 63% growth YoY.

11 Bit Studios (PLN)							
	2016	2017	2018	2019	2020E	2021E	2022E
Revenues	27 502 064	19 498 693	82 784 811	71 682 882	102 498 756	138 373 321	221 397 313
YoY growth %	21%	-29%	325%	-13%	43%	35%	60%
EBITDA	16 703 482	9 238 646	51 441 746	30 295 631	44 484 460	69 186 660	132 838 388
EBITDA-margin %	61%	47%	62%	42%	43%	50%	60%
D&A	-2 568 973	-1 713 889	-4 493 003	-6 424 309	-8 199 900	-11 069 866	-17 711 785
% of sales	9,34%	8,79%	5,43%	8,96%	8,00%	8,00%	8,00%
Raw mat. Consumables	-179 629	-347 086	-233 905	-438 947	-666 242	-899 427	-1 439 083
	0,65%	1,78%	0,28%	0,61%	0,65%	0,65%	0,65%
Services	-6 719 137	-5 895 053	-16 512 347	-26 394 183	-35 874 565	-44 279 463	-77 489 060
	24,43%	30,23%	19,95%	36,82%	35,00%	32,00%	35,00%
SG&A	-2 432 486	-2 172 657	-12 965 744	-12 291 040	-18 449 776	-24 907 198	-39 851 516
	8,84%	11,14%	15,66%	17,15%	18,00%	18,00%	18,00%
Taxes and charges	-74 908	-68 391	-245 515	-247 777	-358 746	-484 307	-774 891
	0,27%	0,35%	0,30%	0,35%	0,35%	0,35%	0,35%
Other exp.	-1 392 422	-1 776 861	-1 331 360	-1 915 407	-2 562 469	-3 459 333	-5 534 933
	5,06%	9,11%	1,61%	2,67%	2,50%	2,50%	2,50%
FX			-54 194	-99 898	-102 499	-138 373	-221 397
			0,07%	0,14%	0,1%	0,1%	0,1%
EBIT	14 134 509	7 524 757	46 948 743	23 871 322	36 284 560	53 135 355	78 374 649
EBIT-margin-%	51%	39%	57%	33%	35%	38%	35%
Net Profit	12 929 336	3 557 877	37 549 897	21 710 280			
margin-%	47%	18%	45%	30%	0%	0%	0%
Shares				2 287 199	2287199	2287199	2287199
EV/EBITDA				35,8	22,5	14,5	7,5
EV/EBIT				41,9	27,6	18,8	12,8

13. Source: Värdeinvesteraren

2021E

2021 will mark the release of Frostpunk Mobile, a large playerbase of over 1,5 million players and a critically acclaimed title coupled with an experienced developer in NetEase bodes well for success. However, it is unknown how the revenue share structure looks. Taking into consideration that Project Foxhole is set to release in 2021, together with a paid DLC for CoM and Frostpunk the boardgame, the revenues should rise significantly from 2020E which did not contain any major releases.

Since it is hard to estimate the revenue for Frostpunk Mobile and Project Foxhole (we do not know any details about this project) a more conservative estimate of 35% revenue growth is estimated. The back-catalogue in 2021 is now much bigger with the release of Moonlighter Mobile and the addition of Frostpunk Mobile and Project Foxhole.

2022E

I assumed a revenue growth of 60% in 2021-2022, driven by the bigger than before back-catalogue and the potential of one or several major releases in 2022. Project Botin is slated for a 2022 release.

These estimates are very sensitive to the releases of future games. Both the timing and the success of the future releases. And not much is known about the future games, which makes it hard to predict the probability of a success. Trust in management and the company is required, but so far they have not dissapointed.

Valuation

The shares of 11 Bit Studios are currently trading at an EV/EBITDA multiple of 36 and a EV/EBIT multiple of 42. This seems rich, but considering the high-quality and high-growth of the business and the potential of the pipeline, the company does not appear overvalued.

Most of the revenues are not behind the company, but rather lies ahead. The amount invested in the publishing deals, Frostpunk Mobile and the internal projects that are in production makes it easy to forecast high growth in the coming years.

The EV/EBITDA multiple drops to 7,5 in 2022E based on my estimates and the EV/EBIT multiple to 12,8. That is certainly not rich for a gaming company of this calibre. Comparing this against peers and their valuation confirms this.

The low valuation can maybe be explained by the fact that the company is underanalyzed. Another might be that the visibility in the pipeline is quite low and that investors want more information before buying into the stock. Investors trusting the company, based on their previous performance, have a potentially very high upside at these price levels.