Flash Note

CEE | Equity Research

BLOOBER TEAM (Buy; PLN 35)

Summary of CEO meeting [slightly positive]

- Cronos is approaching break-even (taking into account development costs, including the return to Private Division and marketing);
- Approximately 25% of the game's sales to date have been physical copies, and this percentage was even higher in the month of release;
- The company is pleased with the reception of the game, especially with the reception of those game mechanics that allowed it to reach a wider group of players than in the case of horror walking sims;
- In terms of marketing, the studio plans to gradually “lower” the price with subsequent promotions and believes that the game will be a long-seller. Sales are supported by bundles with other IPs, such as the latest Dead Space;
- Production of Silent Hill 1 Remake is proceeding according to plan. Compared to the first collaboration with Konami, this one is characterized by better commercial conditions (higher budget, better rev-share) and greater creative freedom.
- The team previously responsible for Cronos has now split into two groups. The first is working on the pre-production of another self-published title (a new IP, aimed at an even wider audience than Cronos), while the second is supporting work on an as-yet-unannounced project from Broken Mirror Games.
- Recently, the production and publishing competencies have been reinforced by several highly experienced industry professionals.
- The coming months will be intense for the Broken Mirror Games publishing brand, and the company hopes that one of its titles (whether already announced or not) will surprise the market.

Comment: *We view the message from the conference as slightly positive. In our note following the results, we wondered what could be the reason for the relatively lower than expected estimated revenue per unit in the month of release (September 2), and it turns out that this is the result of a surprisingly high share of physical copy sales (which are characterized by higher box production and distribution costs). We assume that in the month of release alone, this share was well over 30%. We believe that in the coming months, the share of digital sales will be significantly higher. It seems that the coming months/quarters will be no less intense for the company than the previous ones from a publishing point of view – in the next several months, at least 5 games may hit the market, each of which has the potential to surprise (although we do not assume this in our model; for now, we assume that these releases will cover their budgets, so we treat any successes – given the size of the games – as upside). In the case of Cronos and sales assumptions (1 million units per year), we feel comfortable compared to our last update from early December. We assume that BEP may be achieved as early as Q1 2026 (estimated at just over 700,000 units). We remain relatively positive about the company's future, assuming that basing the company's development on two pillars, i.e. i) stable cooperation with publishers in the field of WFH (Konami, Netflix currently) and ii) the delivery of independently published games reaching an increasingly wider group of players, will allow for the evolutionary development of the studio and further improvement of results in the long term.* ***(Grzegorz Balcerski)***

PLNm	2022	2023	2024	2025E	2026E	2027E
Revenues	56	94	89	165	170	158
EBITDA	15	26	41	100	84	72
EBIT	-3	5	23	77	24	34
Net profit	2.0	2.7	21.1	62.2	14.9	28.4
EPS (USD)	0.1	0.1	1.1	3.2	0.8	1.5
P/E (x)	268.9	195.7	25.1	8.5	35.5	18.6
EV/EBITDA adj. (x)	33.2	19.8	12.8	5.4	6.2	6.6
EV/Sales (x)	9.0	5.5	5.9	3.3	3.1	3.0
DY (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, Trigon

TRIGON DOM MAKLERSKI S.A.

Plac Unii, Puławska 2 st., Building B, 02-566 Warszawa

+48 22 330 11 11

recepcja@trigon.pl

LinkedIn

www.trigon.pl

CEE EQUITY RESEARCH

Grzegorz Kujawski Consumer, E-commerce, Financials	*Head of Research*	**Dominik Niszcz, CFA** TMT, E-commerce	*Senior Analyst*
Maciej Marcinowski Strategy, Banks, Financials	*Deputy Head of Research*	**David Sharma, CFA** Construction, Real Estate, Building Materials	*Senior Analyst*
Grzegorz Balcerski, CFA Gaming, TMT	*Analyst*	**Piotr Rychlicki**	*Analyst*
Katarzyna Kosiorek, PhD Biotechnology	*Analyst*	**Piotr Chodyra**	*Analyst*
Michał Kozak Oil & Gas, Chemicals, Utilities	*Senior Analyst*	**Volodymyr Shkuropat**	*Analyst*

EQUITY SALES

Grzegorz Skowroński	*Managing Director*

SALES TRADING

Paweł Szczepański	*Head of Sales*	**Paweł Czupryński**	*Senior Sales Trader*
Michał Sopiński, CFA	*Deputy Head of Sales*	**Hubert Kwiecień**	*Sales Trader*