

Wednesday, 9 July 2025 | update

# Gaming: Zloty Strength vs. Dollar Drags on Valuation

Gaming, Poland

We have updated our gaming coverage. Taking into account the good performance in H1'25 and including PLN appreciation vs. USD in our estimates, along with an increase in the equity risk premium, most of the upside has gone. The only one left is Huuuge (buy), however the company still needs to come back to distributing cash to its shareholders. Ten Square Games (hold) has just released a new hunting game, but the genre it is targeting is challenging. 11 bit studios (sell) delivered a high-quality game, but the consensus needs some downgrades. PCF Group (suspended) is in turmoil and requires either a significant cash injection or a restructuring. CD Projekt (sell) is the highest-quality stock in the portfolio, however after over 40% YTD rally and with such a weak USD, we see a small downside in our valuation. Keep in mind that FX rates have a significant negative impact on our valuations, and any reversal of the trends would provide a noticeable support.

## 11 bit studios (sell): The Alters Delivered, No Upside Anymore

Since our report in Dec'24, 11B rose by 33%, much exceeding our valuation, now it points to a small downside. The Alters met with a very positive reception from the players, however, based on early KPIs we expect some downgrades of the consensus. While The Alters remains a key driver of a rebound story for 11B, helping to offset the negative sentiment following Project 8 fiasco and the release of Frostpunk 2, we see limited catalysts on the horizon. The next big thing is a Frostpunk 1 remake, but it is a 2027 release at best.

## CD Projekt (sell): Zloty Strength vs. Dollar Drags on Valuation

Having in mind the CDR's rally (+60% since Dec'24 when CDR was named our gaming top pick), and including into our estimates PLN's appreciation against USD, currently we see a small downside. Fundamentally, we still consider CDR as the highest quality stock in the Polish gaming portfolio with two well-performing IPs, each quarter overdelivering with financials, and PLN 1.5bn of cash for future titles. The next catalyst for the sentiment will probably come along The Witcher 4 marketing activities, which we expect to see later this year (perhaps during The Game Awards event on December 11?).

## Huuuge (buy): Is it still ATM or Value Trap?

Huuuge delivered a set of positive news: some stabilization in the casino segment, rising webstore revenue, and making it itself leaner by cutting 30% of headcount. Key burden right now is the M&A strategy, as investors fear to witness another money burn. Our investment thesis for HUG is based on its cash-generation profile as we still assume, that after securing growth perspectives (i.e. after M&As), HUG will come back to its cash distributing nature. Unfortunately, the patience is needed.

## PCF Group (suspended): No Story Until Heavy Funding Secured

Due to the absolute lack of details regarding the timeline or profitability of current portfolio and thus a high uncertainty in forecasting future cash flows, we have decided to suspend official coverage of PCF Group. We will continue to follow PCF's newsflow, however we do not see any investment story for the company at this time. It appears to us that PCF needs either a major cash injection to maintain the current status quo, or, it had to undergo a major restructuring involving a significant change to the business model – or both.

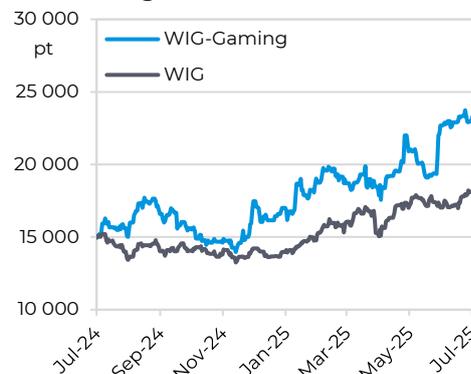
## Ten Square Games (hold): New Hunting Game Released

TEN launched Trophy Hunter – a new hunting game. Its main competitor gathers ca. 70% of the genre and ca. \$5m of monthly net bookings. We do assume TEN's new title will get an important share of the market from its competitor, however the ceiling for this rather niche genre seems to be already set. Including into the valuation current trading data and new DCF inputs, today we see only a small upside potential. Key catalyst will be a Trophy Hunter performance, unfortunately known in late August at the earliest.

	P/E			EV/EBITDA		
	2025E	2026E	2027E	2025E	2026E	2027E
<b>PC/console gaming</b>	<b>23.4</b>	<b>24.3</b>	<b>17.6</b>	<b>11.7</b>	<b>11.7</b>	<b>10.5</b>
11 bit studios	9.3	27.9	53.0	3.9	6.4	7.3
CD Projekt	72.9	126.4	10.1	51.4	93.7	6.6
<b>Mobile gaming</b>	<b>16.9</b>	<b>13.6</b>	<b>12.1</b>	<b>3.7</b>	<b>3.5</b>	<b>2.9</b>
Huuuge	4.1	5.2	5.9	1.5	2.2	2.5
Ten Square Games	6.9	8.5	9.7	4.4	5.3	5.8

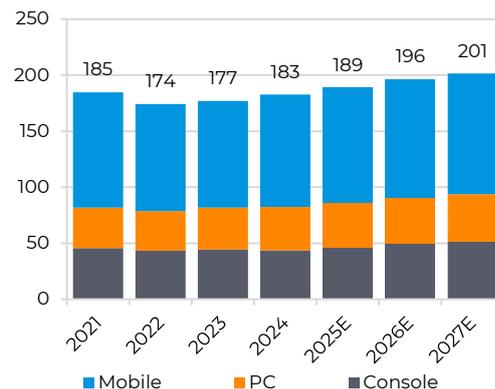
<b>WIG-Gaming</b>	23,265
<b>WIG</b>	106,002

## WIG-Gaming vs. WIG



Source: Bloomberg, mBank

## Newzoo's Forecast of Global Games Market Revenue (USD bn)



Source: Newzoo, mBank

company	target price		recommendation	
	new	old	new	old
11 bit studios	193.00	182.00	sell	buy
CD Projekt	258.00	241.00	sell	buy
Huuuge	28.90	27.30	buy	buy
PCF Group	-	13.20	suspended	hold
Ten Square Games	87.80	101.00	hold	buy

company	current price	target price	Upside/downside
11 bit studios	199.80	193.00	-3.4%
CD Projekt	274.00	258.00	-5.8%
Huuuge	19.00	28.90	+52.1%
PCF Group	5.48	-	-
Ten Square Games	83.60	87.80	+5.0%

## Analyst

Piotr Poniatowski  
Equity Analyst, Senior Specialist  
+48 509 603 046  
[piotr.poniatowski@mbank.pl](mailto:piotr.poniatowski@mbank.pl)

**List of abbreviations and ratios used by mBank:**

**EV** (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

**OVERWEIGHT (OW)** – a rating which indicates that we expect a stock to outperform the broad market

**NEUTRAL (N)** – a rating which indicates that we expect the stock to perform in line with the broad market

**UNDERWEIGHT (UW)** – a rating which indicates that we expect the stock to underperform the broad market

**Recommendations of Biuro maklerskie mBanku:**

A recommendation is valid for a period of 12 months, unless a subsequent recommendation is issued in this period. Expected returns from individual recommendations are as follows:

**BUY** – we expect that the rate of return from an investment will be at least 10%

**HOLD** – we expect that the rate of return from an investment will range from 0% to +10%

**SELL** – we expect that an investment will bear a loss

The foregoing principle may be waived where circumstances warrant, including but not limited to periods of increased share price volatility experienced by the company that is the subject of a recommendation immediately preceding the time the recommendation is issued.

Recommendations are updated at least once every twelve months.

mBank S.A. with its registered office in Warsaw at Prosta 18 renders brokerage services via a dedicated organisational unit, the Brokerage Bureau, which uses the Polish name Biuro maklerskie mBanku.

mBank S.A. as part of the Exchange's Analytical Coverage Support Programme ("Programme", <https://www.gpw.pl/eacsp>) prepares analytical reports for Sygnty. These documents are prepared at the request of Giełda Papierów Wartościowych w Warszawie S.A. ("WSE"), which is entitled to copyrights to these materials. mBank S.A. receives remuneration from the WSE for the preparation of the reports. All documents prepared for the Programme are available at: [https://www.mdm.pl/ui-pub/site/market\\_and\\_analysis/analysis\\_and\\_recommendations/analytical\\_coverage\\_support\\_programme](https://www.mdm.pl/ui-pub/site/market_and_analysis/analysis_and_recommendations/analytical_coverage_support_programme)

This document has been created and published by Biuro maklerskie mBanku. This report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. This report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Biuro maklerskie mBanku considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Biuro maklerskie mBanku, in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts. mBank S.A. bears no responsibility for investment decisions taken on the basis of this report or for any damages incurred as a result of investment decisions taken on the basis of this report.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document does not constitute investment, legal, accounting or other advice, and mBank is not liable for damages resulting from or related to the use of data provided in the documents. This document may not be copied, duplicated and/or be directly or indirectly distributed in the United States, Canada, Australia or Japan, nor transferred to citizens or residents of a state where its distribution may be legally restricted, which does not limit the possibility of publishing materials prepared for the Programme on Sygnty, mBank or WSE websites. Persons who disseminate this document should be aware of the need to comply with such restrictions.

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

It is possible that mBank S.A. in its brokerage activity renders, will render or in the past has rendered services for companies and other entities mentioned in this report.

BM, as a separate organisational unit of the Bank, may buy or sell (or may have bought or sold in the past) the financial instruments discussed herein in the name and on behalf of clients subject to powers of attorney granted by the clients.

mTFI may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in the investment portfolios of funds operated or managed by mTFI.

The Bank may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in the trading portfolios or banking portfolios managed by the Bank. The Bank and other members of the Bank's group of companies may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in portfolios they manage.

mBank S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation.

Biuro Maklerskie mBanku S.A. ("BM") has put in place internal regulations governing the active management of conflicts of interest, which establish internal organizational and administrative frameworks and information barrier protocols to prevent and avoid conflicts of interest in connection with recommendations. Different types of brokerage activities are separated from each other within BM's internal organizational structure, including the equity research department, which is separated from other brokerage activities. Information barriers, called "Chinese walls," have been created to restrict the exchange of information between different organizational units and employees of BM.

Information concerning a conflict of interest arising in connection with issuing a recommendation (should such a conflict exist) is located below.

The present report was not transferred to the issuer prior to its publication.

CD Projekt SA is a client of Biuro maklerskie mBanku.

CD Projekt SA is a client of mBank S.A.

CD Projekt SA, HUUUGE Inc, PCF Group SA, TEN Square Games SA are counterparties to mBank S.A.

The production of this recommendation was completed on July 9, 2025, 7:52 AM.

This recommendation was first disseminated on July 9, 2025, 8:30 AM.

This document is an extract from a recommendation produced by Biuro maklerskie mBanku.

mBank S.A., its shareholders and employees may hold long or short positions in the issuer's shares or other financial instruments related to the issuer's shares.

Copying or publishing this report, in full or in part, or disseminating in any way information contained in this report requires the prior written consent of mBank S.A.

Recommendations are addressed to all Clients of Biuro maklerskie mBanku.

All investment recommendations and strategies issued by mBank S.A. over the last 12 months are available at: <https://mdm.pl/bm/analizy>

The activity of mBank S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of Biuro maklerskie mBanku authorised to access the premises in which recommendations are prepared and/or individuals having to access to recommendations based on their corporate roles, other than the analysts mentioned as the authors of these recommendations.

This publication constitutes investment research in the meaning of Art. 36.1 of Commission Delegated Regulation (EU) 2017/565.

The compensation of the research analysts responsible for preparing investment research is determined independently of and without regard to the compensation of or revenue generated by any other employee of the Bank, including but not limited to any employee whose business interests may reasonably be considered to conflict with the interests of the persons to whom the investment research prepared by the Research Department of Biuro maklerskie mBanku is disseminated. With that being said, since one of the factors taken into consideration when determining the compensation of research analysts is the degree of fulfillment of annual financial targets by customer service functions, there is a risk that the adequacy of compensation offered to persons preparing investment research will be questioned by a competent oversight body.

**For U.S. persons only:** This research report is a product of mBank SA which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by mBank SA only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, mBank SA has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

**Strong and weak points of valuation methods used in recommendations:**

**DCF** – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

**Relative** – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

## Recommendations Issued In the 12 Months Prior To This Publication:

**11 bit studios (Piotr Poniatowski)**

Rating	buy	buy	buy	buy
Rating date	2024-12-18	2024-12-02	2024-09-27	2024-09-02
Target price (PLN)	182.00	344.00	401.00	824.00
Price on rating day	150.00	251.00	310.50	636.00

**CD Projekt (Piotr Poniatowski)**

Rating	buy	buy
Rating date	2024-12-02	2024-09-02
Target price (PLN)	241.00	205.00
Price on rating day	167.20	183.10

**Huuuge (Piotr Poniatowski)**

Rating	buy	buy
Rating date	2024-12-02	2024-09-02
Target price (PLN)	27.30	27.30
Price on rating day	16.50	21.00

**PCF Group (Piotr Poniatowski)**

Rating	hold	buy	hold
Rating date	2025-04-01	2024-12-02	2024-09-02
Target price (PLN)	13.20	13.20	18.30
Price on rating day	13.00	8.07	16.66

**Ten Square Games (Piotr Poniatowski)**

Rating	buy	buy
Rating date	2024-12-02	2024-09-02
Target price (PLN)	101.00	106.30
Price on rating day	78.20	95.10

**mBank S.A.**

Prosta 18  
00-850 Warszawa  
<http://www.mbank.pl/>

**Research Department**

Beata Szparaga-Waśniewska, CFA  
director  
+48 510 929 021  
[beata.szparaga-wasniewska@mbank.pl](mailto:beata.szparaga-wasniewska@mbank.pl)  
biotechnology, healthcare

Michał Konarski  
+48 515 025 640  
[michal.konarski@mbank.pl](mailto:michal.konarski@mbank.pl)  
banks, financials

Janusz Pięta  
+48 506 065 659  
[janusz.pieta@mbank.pl](mailto:janusz.pieta@mbank.pl)  
retail, e-commerce

Mateusz Krupa, CFA  
deputy director  
+48 571 608 973  
[mateusz.krupa@mbank.pl](mailto:mateusz.krupa@mbank.pl)  
strategy

Mikołaj Lemańczyk, CFA  
+48 501 663 511  
[mikolaj.lemanczyk@mbank.pl](mailto:mikolaj.lemanczyk@mbank.pl)  
banks, financials, property developers

Jakub Sargsyan  
+48 519 419 895  
[marlen.sargsyan@mbank.pl](mailto:marlen.sargsyan@mbank.pl)  
industrials, mining

Paweł Szpigiel  
+48 509 603 258  
[pawel.szpigiel@mbank.pl](mailto:pawel.szpigiel@mbank.pl)  
media, IT, telco, e-commerce

Piotr Poniatowski  
+48 509 603 046  
[piotr.poniatowski@mbank.pl](mailto:piotr.poniatowski@mbank.pl)  
gaming, leisure

**Sales and Trading****Traders**

Piotr Gawron  
director  
+48 698 832 853 | +48 22 697 48 95  
[piotr.gawron@mbank.pl](mailto:piotr.gawron@mbank.pl)

Andrzej Kowalczyk  
+48 789 868 634 | +48 22 697 47 44  
[andrzej.kowalczyk@mbank.pl](mailto:andrzej.kowalczyk@mbank.pl)

Andrzej Sychowski  
+48 605 848 003 | +48 22 697 48 46  
[andrzej.sychowski@mbank.pl](mailto:andrzej.sychowski@mbank.pl)

Paweł Cyłkowski  
deputy director  
+48 503 684 130 | +48 22 697 47 31  
[pawel.cylkowski@mbank.pl](mailto:pawel.cylkowski@mbank.pl)

Karol Kułaj  
+48 509 602 984 | +48 22 697 49 85  
[karol.kulaj@mbank.pl](mailto:karol.kulaj@mbank.pl)

Łukasz Płaska  
+48 784 449 962 | +48 22 697 47 90  
[lukasz.plaska@mbank.pl](mailto:lukasz.plaska@mbank.pl)

Piotr Brożyna  
+48 512 756 702 | +48 22 697 48 47  
[piotr.brozyna@mbank.pl](mailto:piotr.brozyna@mbank.pl)

Patryk Gniadek  
tel. +48 505 116 638 | +48 22 697 48 82  
[patryk.gniadek@mbank.pl](mailto:patryk.gniadek@mbank.pl)

**Sales, Foreign Markets**

Marzena Łempicka-Wilim  
deputy director  
+48 696 427 249  
[marzena.lempicka-wilim@mbank.pl](mailto:marzena.lempicka-wilim@mbank.pl)

**Private Client Sales**

Maciej Sokółowski  
director  
[maciej.sokolowski@mbank.pl](mailto:maciej.sokolowski@mbank.pl)

Jarosław Banasiak  
deputy director  
[jaroslaw.banasiak@mbank.pl](mailto:jaroslaw.banasiak@mbank.pl)