

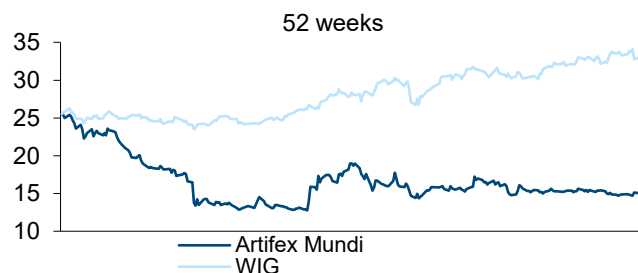
COMPANY REPORT

Artifex Mundi

from to Buy

PLN mn	2024	2025e	2026e	2027e
Net sales	103.5	105.7	124.9	166.9
EBITDA	34.7	31.0	41.8	60.3
EBIT	29.5	26.3	34.7	41.9
Net result after min.	27.4	27.7	32.1	38.6
EPS (PLN)	2.30	2.33	2.70	3.24
CEPS (PLN)	2.73	2.75	3.30	4.79
BVPS (PLN)	9.07	11.40	14.10	17.35
Div./share (PLN)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	4.2	4.9	3.6	2.2
P/E (x)	6.3	6.4	5.5	4.6
P/CE (x)	5.3	5.4	4.5	3.1
Dividend Yield	0.0%	0.0%	0.0%	0.0%

Share price (PLN) close as of 28/08/2025	14.9
Number of shares (mn)	11.9
Market capitalization (PLN mn / EUR mn)	,178 / ,42
Enterprise value (PLN mn / EUR mn)	,153 / ,36



Performance	12M	6M	3M	1M
in PLN	-41.4%	-21.4%	-8.9%	-2.2%
Reuters	ARTP.WA	Free float		48.4%
Bloomberg	ART PW	Shareholders	SH agreement	(21.8%)
Div. Ex-date			Warsaw Equity ASI	(14.68%)
Target price	21.8	Homepage: www.artifexmundi.com		

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Acceleration imminent - metagame on horizon

We are initiating coverage of Artifex Mundi with a target price of PLN 21.8 per share (46% upside) and a Buy rating. The company is a few months away from another important milestone (the implementation of a metagame), which should allow it to scale its business. In our view, a metagame will play a key role in the monetization of Unsolved in the coming years. The implementation of this additional “layer” should slow down the pace of content “burn” and enhance user engagement, creating potential to improve the app’s LTV by more than 100%. Moreover, the expanded economic layer of the game will increase Unsolved’s resilience to market volatility and CPI. We emphasize that improvements in key KPIs resulting from this application will be spread over multiple quarters. In our model, we assume monthly revenue growth of around 60% after the full rollout of the metagame. In the short term, we expect a seasonal decline in CPI, which should create room for a renewed increase in marketing budgets in the coming weeks. These actions, combined with the cohorts acquired in 1H25 and new functionalities (e.g. cloud save), positively affecting LTV, should enable the company to fight for record revenues at the turn of 3Q/4Q25 and a clear improvement in the first margin throughout 2H25 (we assume an increase of 19% y/y; +28% vs. 1H25). We believe that, following the optimistic reception of the new RPG’s tests, the probability has increased that the company will successfully develop and commercialize another F2P title. Considering the unfavorable statistics regarding the success rate of new mobile games, as well as a series of failed investments by other domestic companies, we initially approached the studio’s latest production with caution, identifying it more as a potential risk factor than a growth opportunity. However, management’s evident optimism during recent conferences has strengthened our conviction about the project’s potential success. That said, we remain cautious in our model, assuming results similar to those of the Bladebound game.

Business model and strategy

Artifex Mundi S.A. is a producer and publisher of computer games with over 19 years of experience on the global market. The company was founded by a group of friends from college and has since grown into a professional, independent business. Since 2012, the company has been operating as a limited liability company and in 2016 turned into a public company listed on the main market of the Warsaw Stock Exchange.

Since its early days, Artifex Mundi has focused on the casual games segment - simple, intuitive games with uncomplicated mechanics and less time-consuming gameplay. Currently, the company employs over 120 people, working in two main development teams: **HOPA** and **RPG**.

The studio specializes in HOPA (Hidden Object Puzzle Adventure) games, combining adventure elements with puzzle-solving mechanics and hidden object searches.

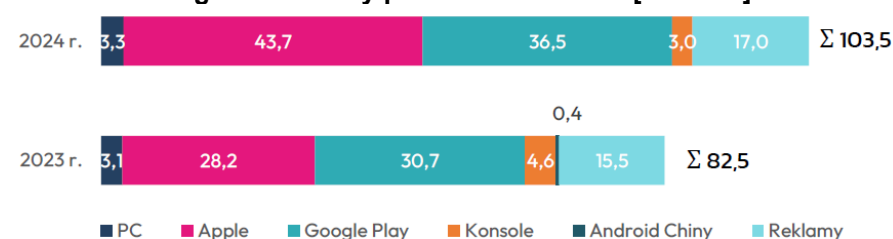
A breakthrough moment for the company was the launch of the Unsolved app at the end of 2022, a platform integrating the HOPA game portfolio in one place. Since then, the free-to-play (F2P) segment has become increasingly important in the revenue structure, currently accounting for nearly 95% of the company's sales. Artifex is developing this area in two parallel directions: the expansion of Unsolved and the production of mobile RPG (role-playing games) based on narrative mechanisms and a character progression system.

Distribution channels

Artifex Mundi games are distributed across all key hardware platforms, including personal computers (PC, Mac), consoles (Xbox, PlayStation, Nintendo Switch), and mobile devices running Android, iOS, and Windows.

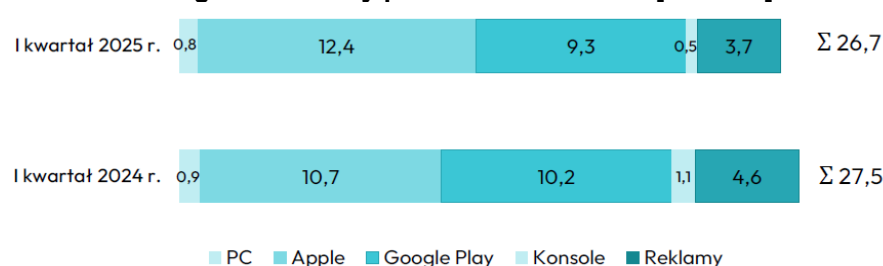
Currently, none of these platforms has a clear advantage in terms of the sales structure of the company, although mobile devices generate the largest share of revenue. This advantage is mainly due to the growing popularity and monetization of the flagship F2P title - the Unsolved app. Advertising, displayed primarily within this app, also remains an important and stable source of revenue.

Revenue from game sales by platform 2023-2024 [PLN mn]



Source: Company

Revenue from game sales by platform 1Q24&1Q25 [PLN mn]

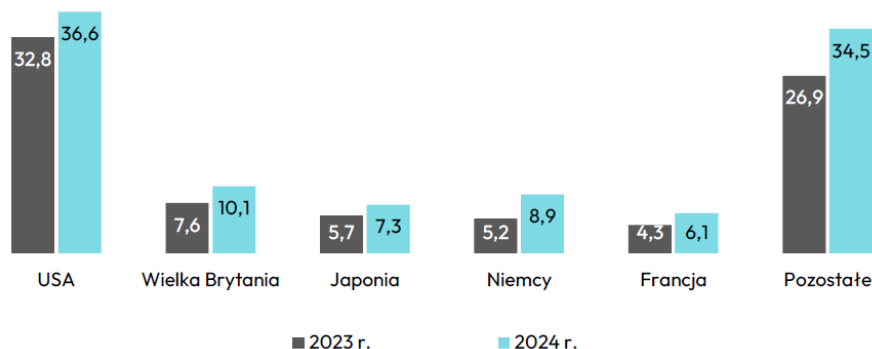


Source: Company

Sales structure by region

Artifex Mundi operates globally, and domestic sales are marginal in terms of revenue structure. In 2024, the Polish market accounted for only 2.5% of the company's revenue. The European Union accounted for 25%, while the United States remained the largest market, accounting for 35.6% of total sales.

Sales structure by region [PLN mn]

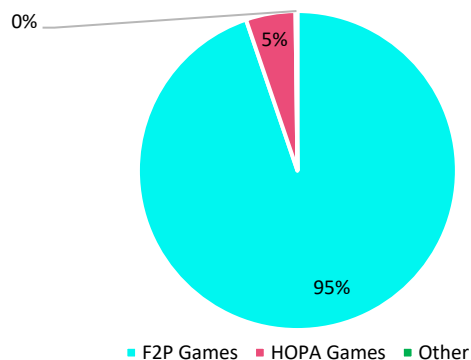


Source: Company

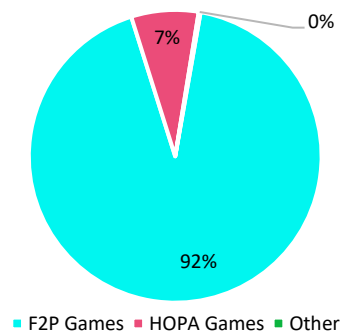
Artifex Mundi divides its business into two main segments, depending on the monetization model used:

- 1) **Free-to-play (F2P) segment** – includes the production and publishing of mobile games available free of charge. Revenue is generated through microtransactions made by users within the game environment (e.g. purchasing items, skills, experience points).
- 2) **HOPA games segment** – focuses on the creation and distribution of Hidden Object Puzzle Adventure games, monetized in a premium model, where the user gains access to the full version of the game after purchasing it.

Revenue structure in 1H25 [PLN mn]



Revenue structure in 2024 [PLN mn]



Source: Company, Erste Group Research

Development strategy

In the long term, Artifex Mundi is focusing on the consistent development of the F2P gaming segment, seeing it as a key source of growth, while maximizing the profitability of HOPA games.

The company plans to release a promising, flagship, scalable F2P game in each of its two internal studios, which will drive the company's revenue potential while maximizing revenue from HOPA titles monetized in the premium model.

Currently, the company remains focused on the further development and expansion of **Unsolved**, including, in particular, its expansion with a metagame. At the same time, work is underway on a new RPG game, with a soft launch planned for 4Q26.

Unsolved is a game that is in the early stages of scaling, where it is being expanded. The application still has at least two years of intensive development ahead of it. A key milestone that will open up further space for scaling and increase monetization is the implementation of the planned metagame in 1H26.

Unsolved – application lifecycle stages



Source: Company

Since early 2025, the company has been working on the alpha version of a new **RPG game**. The completion of the alpha version, the title reveal, and the launch of marketing activities are planned for early 2026, while the soft launch of the game is scheduled for 4Q26.

New RPG game - implementation schedule



Source: Company

Shareholders

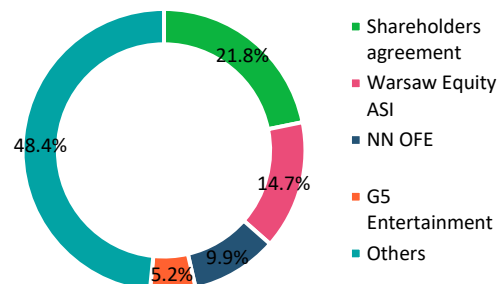
Currently, the company's share capital amounts to PLN 119.4tsd and is divided into 11.9mn shares with a nominal value of PLN 0.01 each. At the end of 1Q25, the company held 52.4tsd treasury shares, representing 0.4% of the share capital. The largest shareholder of the company is the Shareholders' Agreement (between Tomasz Grudziński, Jakub Grudziński, Kamil Urbanek, Rafał Wroński, Bożena Grudzińska, and Bogdan Grudziński), holding approximately 21.8% of the shares.

Artifex Mundi – shareholding

Shareholder	Number of shares	% of share capital
Shareholders agreement	2 603 199	21.8%
Warsaw Equity ASI	1 753 158	14.7%
NN OFE	1 180 000	9.9%
G5 Entertainment	623 043	5.2%
Others	5 737 600	48.4%
Total	11 897 000	100.0%

Source: Company, Erste Group Research

Artifex Mundi – shareholder structure [%]



Key risks

1. Risks associated with Google's new privacy policy

Due to planned changes to Google's privacy policy, creating and forecasting marketing campaigns may become more difficult on devices running Android software. There is a risk that poor adaptation to the new conditions will translate into lower UA effectiveness.

2. Risk of varied and unpredictable demand

Demand for the company's games and services directly affects its financial results. The scale of sales determines the ability to cover production costs, and its success is difficult to estimate before release. The company is unable to predict player reactions or revenue levels in advance. There is a risk that the project will not generate a profit or even cover the costs incurred.

3. Risks related to possible delays in game production

The creation of a new game is the culmination of a complex process, the individual stages of which must be carried out in the correct order. Some of these stages are not solely dependent on the company, as they are based on the actions of external entities, including licensors and partners. There is also the risk of unforeseen difficulties in working on a demanding product, which can significantly impact the project teams' timelines.

4. Risk related to the loss of key employees

The quality of the products manufactured and services provided is largely dependent on the skills and experience of the company's employees. The developer's operations are therefore largely dependent on its ability to retain strategic employees. The departure of management staff or other key personnel could result in a deterioration in the quality and timeliness of planned production or other new projects.

5. Risk of system and infrastructure failure

The company's operations rely on the efficient functioning of IT systems, servers, and communications. Failures, hacker attacks, or other technical issues may impede access to the company's games and services.

6. Risks related to the competitive environment

The F2P gaming market in which the company operates is fragmented and highly competitive. The emergence of a competitor with a significant budget for game production, promotion, and advertising, as well as for the development of new technologies, which could dominate the market for mobile game developers, may reduce interest in the company's products and have a negative impact on its operations and financial results.

7. Risks related to the development of new technologies and the industry

The gaming industry is evolving rapidly, and the company must constantly adapt its technologies to changes in hardware platforms and distribution channels. This requires investment and continuous monitoring of trends. Failure to adapt may reduce demand for the company's products.

8. Currency exchange rate risk

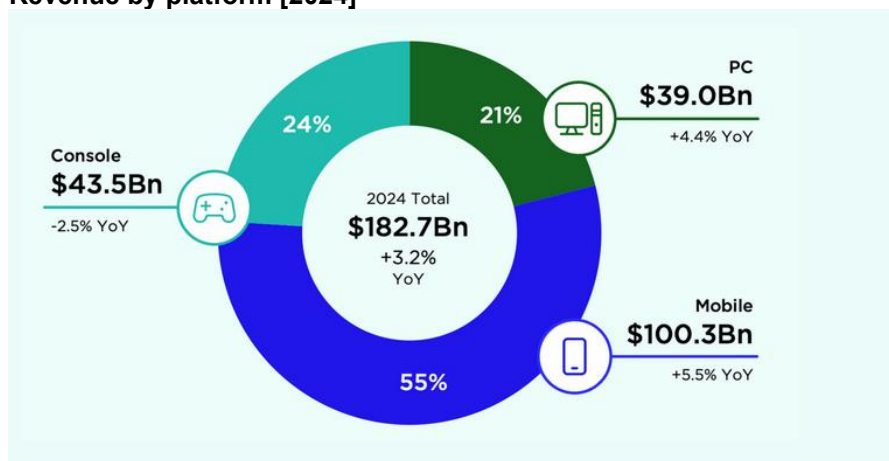
The company is exposed to currency exchange rate fluctuations. The developer's products are mainly sold on foreign markets, in particular the US, Chinese, and European markets. Therefore, the dominant currencies for these transactions are the USD and EUR.

Market environment

Artifex Mundi operates in the dynamically growing global video game market, one of the fastest growing segments of the entertainment industry. According to Newzoo data, in 2024, the global gaming market was worth approximately USD 182.7bn, representing a 3% y/y increase.

The mobile gaming segment accounts for the largest share of the global gaming market, both in terms of revenue generated and number of users. In 2024, mobile games accounted for approximately USD 100.3bn in revenue (+5.5% y/y), with an estimated user base of 2.8bn players.

Revenue by platform [2024]



Source: Newzoo.com

According to Newzoo forecasts, the global gaming market will continue to grow, supported by the development of new technologies, chips, and the increasing use of artificial intelligence in the production process. According to estimates, by 2027, the value of the global market will reach approximately USD 201.4bn, achieving a CAGR of around 3.3% between 2024 and 2027.

According to Newzoo's forecasts, the mobile gaming market will grow by approximately 3% y/y to USD 103.1bn in 2025. The CAGR of this segment will be approximately 2.4% between 2024 and 2027.

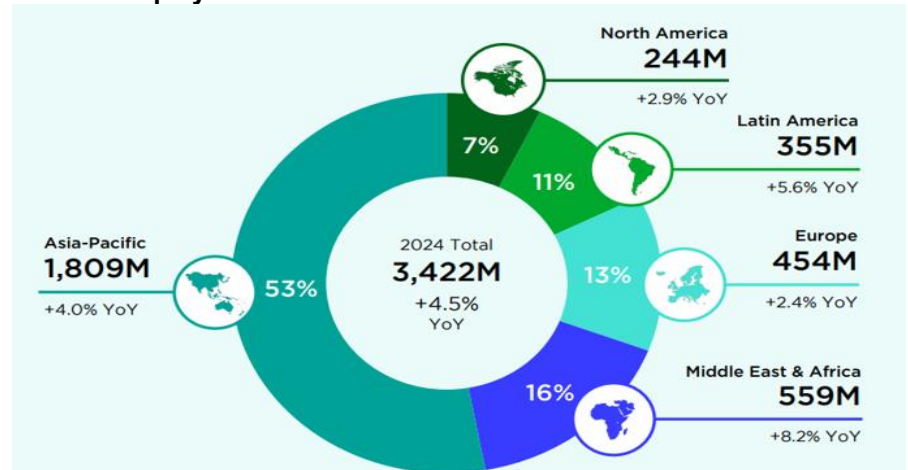
Forecast of gaming market revenue growth [USD bn]



Source: Newzoo.com

The global number of gamers will grow steadily in the coming years, supporting the expansion of the entire gaming market. According to Newzoo forecasts, by 2027, the number of active gamers worldwide will increase to approximately 3.76bn people. The main drivers of growth are the continuing high growth in the number of players in Asia and the increasing access to modern technologies in Africa and Latin America. In 2024, the Middle East and Africa regions contributed the most to global growth, with the number of players increasing by as much as 8.2% y/y.

Number of players in 2024

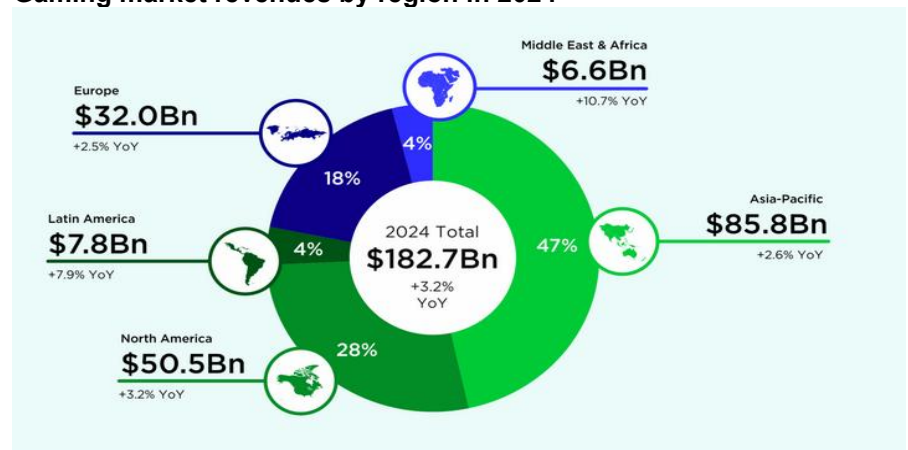


Source: Newzoo.com

In 2024, the global gaming market generated revenues of USD 182.7bn, recording a 3.2% y/y increase. The Asia-Pacific region remains the largest market, accounting for 47% of global revenues, reaching a value of USD 85.8bn (+2.6% y/y). North America ranks second with a 28% share and revenues of USD 50.5bn (+3.2% y/y), while Europe ranks third, generating USD 32.0bn (+2.5% y/y), which represents 18% of the total market.

Developing markets deserve special attention, as they are showing dynamic growth rates. Latin America generated USD 7.8bn in revenue, an increase of 7.9% y/y, while the Middle East and Africa region reached USD 6.6bn, recording the highest growth rate of +10.7% y/y. Together, these two regions accounted for 8% of global industry revenue.

Gaming market revenues by region in 2024



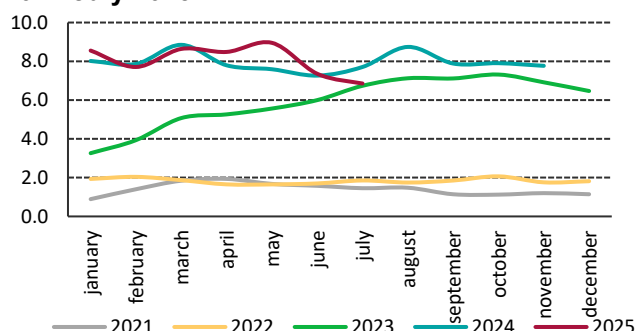
Source: Newzoo.com

Financial Forecasts

Unsolved

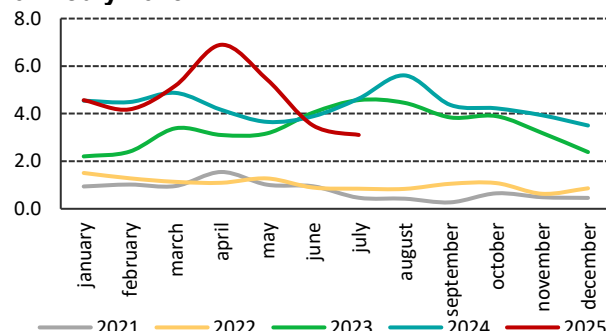
The favorable relationship between moderately rising CPI and further improvement in LTV Unsolved created space in 1H25 for a significant increase in marketing budgets to PLN 30mn (+16% y/y). As a result of the increased scale of UA, the app managed to generate record revenues in May (PLN 9mn). At the same time, the scale of marketing expenses translated into a temporary decline in the first margin, which amounted to PLN 20mn in 1H25 and was 8% lower y/y.

Revenue trajectory of “Unsolved” over period 2021-July 2025



Source: Company, Erste Group Research

UA cost trajectory of “Unsolved” over period 2021-July 2025



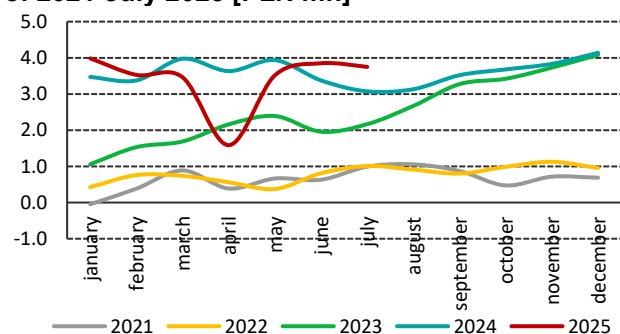
The seasonal increase in advertising costs since the second half of May has forced the company to reduce its UA spending, which has led to a decline in revenue in recent months.

In the short term, we expect a seasonal decline in CPI, which should create room to increase marketing budgets again in the coming weeks. These actions, combined with the cohorts acquired in 1H25 and new features (cloud save) positively affecting LTV, should allow the company to compete for record revenues at the turn of 3Q/4Q25 and a clear improvement in the first margin throughout 2H25 (we assume an increase of 19% y/y; 28% compared to 1H25).

At the same time, we would like to point out that a different CPI curve compared to the same period in 2024 may pose a potential risk to our forecasts.

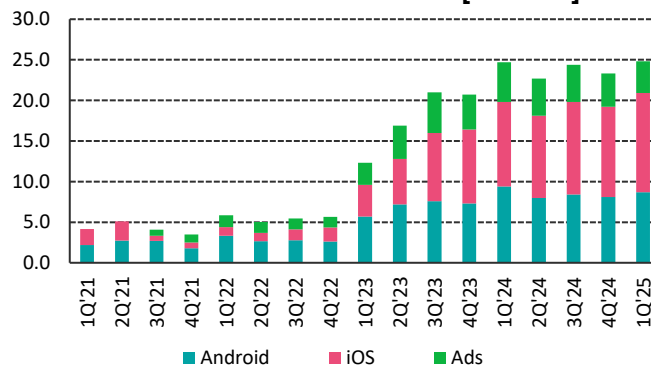
We also note that, due to Unsolved's limited economy, rising user acquisition costs are a significant barrier to the dynamic development of the application in the phase preceding the implementation of the metagame. However, we expect that, after the implementation of this key functionality, the impact of CPI on the monetization of the application will be significantly reduced.

First margin trajectory of “Unsolved” over period of 2021-July 2025 [PLN mn]

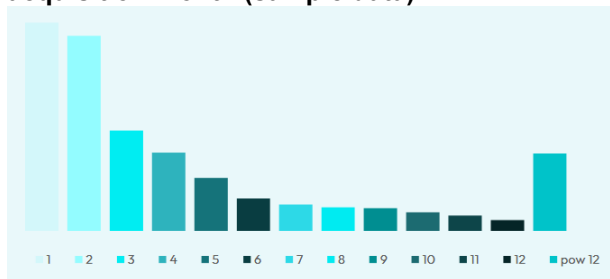


Source: Company, Erste Group Research

Revenue breakdown of “Unsolved” [PLN mn]



Single-month revenue distribution by cohort acquisition month (sample data)



Source: Company

The BEP for the cohorts of users acquired by the company is calculated in months, which distinguishes Artifex from the competition - in the case of large titles, BEP often exceeds 12 months. At the same time, the cohorts acquired by the company generate revenue for over two years, and with the further development of the Unsolved game, their life cycle is systematically extended. Revenue for the current month consists of cohorts of players acquired over two years. In a typical month, 50-60% of revenue may come from cohorts of players older than two months.

We assume that, throughout 2025, the Unsolved app will generate revenues of PLN 100mn (+5% y/y), with user acquisition expenses amounting to PLN 55mn (+5% y/y). As a result, our forecast for the first margin should be PLN 45mn, which means an increase of approximately 5% y/y.

We estimate that, by the end of 2025, the number of adventures available in the app will increase to around 57 (+7 y/y compared to +8 y/y in 2024). We would like to note that, in recent months, Artifex has begun integrating the first games from Epix Entertainment, which opens up the potential to include several dozen titles.

We identify a number of initiatives that could potentially provide a positive surprise relative to our baseline assumptions. One of them is Artifex's own store, modeled on solutions used by other developers (e.g. TEN and HUG). In our opinion, its implementation may take place in 4Q25. However, the limited depth of Unsolved's economy currently allows for limited offer construction, which is likely to translate into only a symbolic share (5-10%) of the company's payments in the initial phase of the store's operation. A significant improvement in this area will come with the implementation of the metagame. Currently, our model does not take into account the potential positive impact of these initiatives, so we treat them as a form of upside to our forecasts.

Unsolved compared to competing games

Competitors	Revenue Last 30 days	Downloads Last 30 days	Cumulative RpD Lifetime	RpD Tier-1 West Lifetime
June's Journey: Hidden Objects SuperPlay.	\$12 107 406	537 208	\$10,32	\$20,49
Manor Matters Playrix	\$3 617 723	310 170	\$3,41	\$7,99
Seekers Notes: Hidden Objects Mytona	\$2 617 263	213 556	\$8,36	\$14,06
Unsolved: Hidden Mystery Games Artifex Mundi	\$2 113 422	612 620	\$3,29	\$5,24
Sherlock - Hidden Object Mystery G5 Entertainment	\$975 177	189 187	\$4,11	\$6,26
Pearl's Peril - Hidden Objects SuperPlay.	\$173 817	9534	\$4,28	\$6,1
Mystery Manor: hidden objects Game Insight	\$164 555	321 971	\$1,15	\$3,98
Murder by Choice: Mystery Game Nordcurrent UAB	\$84 617	94 507	\$1,34	\$2,54

Source: Company

Unsolved currently ranks fourth in its category in terms of revenue generated, and the number of downloads in the last 30 days exceeds that of the market leader, June's Journey. At the same time, the company's app clearly stands out from the competition in terms of revenue per download, mainly due to the lack of a metagame layer, which limits monetization opportunities. The three higher-ranked titles have a combined total of approximately 160-170mn downloads (of which JJ accounts for approximately 82mn), while Unsolved has only recorded approximately 15mn installations to date. These figures show how many players have not yet tried Unsolved. To change this, it is necessary to implement a metagame.

Metagame

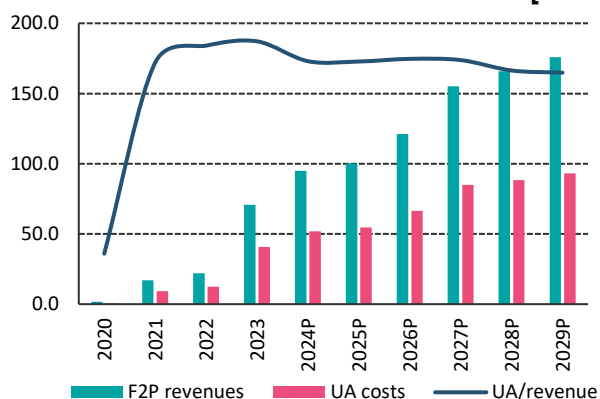
The metagame's implementation delay from the originally planned 2025 deadline was primarily a consequence of the need to address technical debt related to the Spark engine. Previous announcements by the management board on this matter were general in nature and primarily pointed to a lack of relevant expertise as the main reason for the postponement. Currently, work is focused on more repetitive and predictable tasks, which significantly reduces the risk of further delays.

The metagame will play a key role in the monetization of the application in the coming years. Its implementation should slow content burn and increase user engagement, potentially increasing Unsolved's LTV by over 100%. In addition, an expanded economic layer, including flexible offer management and LiveOps, will make Unsolved more resilient to market volatility and rising user acquisition costs (CPI). As a result, this should lead to higher returns on investment. However, it should be noted that the improvement in key KPIs resulting from the implications of this change will be spread over several quarters. In our forecasts, we assume an increase in monthly revenues after the full implementation of the metagame of approximately 60%.

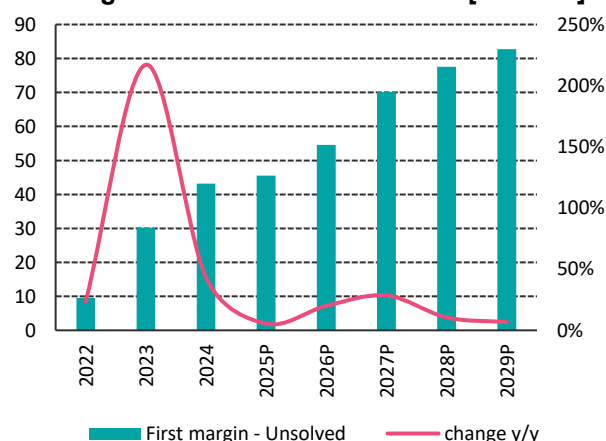
Taking into account the metagame implementation schedule presented by the company, we assume its full launch in 1H26, with the first measurable effects, in the form of improved KPIs and increased monetization of the application, expected in 2H26. After completing work on the alpha version (3Q/4Q25), the company intends to present the metagame's functionalities to both players and investors.

In 1Q25, expenditure on the development of Unsolved increased to PLN 3.3mn (+18% q/q; +69% y/y), which was the result of further expansion of the project team and an increase in salaries. We estimate that, during 2025, the number of people involved in the project will increase from the current +50 to around 60. As a result, we forecast an increase in full-year production expenditure to approximately PLN 17mn (+29% y/y).

Unsolved revenues / UA costs – forecast [PLN mn]



First margin of "Unsolved" – forecast [PLN mn]

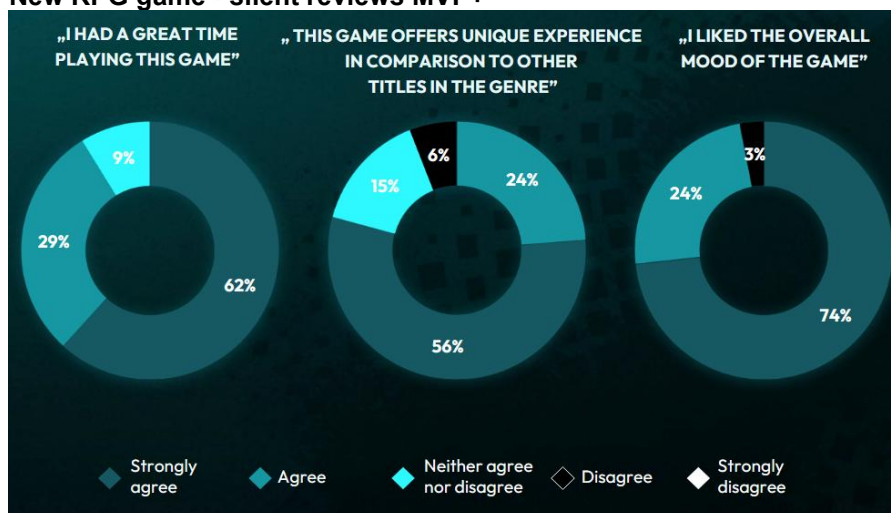


Source: Company, Erste Group Research

New RPG game

We believe that, following the optimistic reception of the new RPG's tests, the likelihood has increased that the company will successfully develop and commercialize another product in the F2P model. Given the unfavorable statistics regarding the success rate of new mobile games, as well as a series of failed investments by other domestic companies, we initially approached the studio's latest production with considerable caution, identifying it more as a potential risk factor than a growth opportunity. However, the clear optimism expressed by management during recent conferences has strengthened our conviction about the project's potential success. Nevertheless, in our model, we remain cautious, assuming results at a level comparable to Bladebound.

New RPG game - silent reviews MVP+



Source: Company

The conducted tests (on a sample of approx. 40 participants) were qualitative in nature - their objective was to gather detailed feedback and benchmark the product against competing titles rather than to verify KPI metrics. The game's key features (USP) received positive evaluations, **and the company assesses the risk of project failure as marginal**. A broader marketing campaign, including traditional marketing activities (such as building a wishlist), is planned to commence at the end of 2025. Benchmark titles for the new RPG demonstrate a lifecycle of around 10 years.

New RPG game - SILENT REVIEWS

Wersja	Recenzenci	Liczba pytań	Kluczowe wnioski	Total score (w skali 1-5)
TSL Q2 2024	39	7 +16	<ul style="list-style-type: none"> + Potwierdzenie gatunkowych filarów + Wysoka ocena <i>production values</i> 	4,39
MVP+ Q4 2024	35	12 +16	<ul style="list-style-type: none"> + Pozytywna weryfikacja głównych <i>unique selling points</i>, m.in. angażującego skill-based gameplayu oraz „nastroju gry” + Bardzo dobry odbiór głównej pętli gry + Niezmiennie wysoko oceniane <i>production values</i> gry 	4,65

Source: Company

Currently, around 40% of the company's production resources (over 40 people) are involved in the development of the new RPG. In 2026, we assume the team will expand to around 50 people. For comparison, benchmark teams working on titles in this category typically consist of 100 to 200 members. We estimate that production expenditures for the project in 2025 will amount to approximately PLN 16mn, broadly in line with the spending incurred in the previous year.

At the end of 1Q25, the company had invested approximately PLN 56.7mn in the project, of which PLN 17.1mn came from funding under the GameINN program. Taking into account the costs incurred so far, we estimate that the total production expenditure until the soft launch, planned for 4Q26, will amount to approximately PLN 65mn. Including the funding obtained from GameINN, the total project budget may reach approximately PLN 82mn.

Our assumptions regarding the subgenre of the new RPG suggest it will fall within the strategy RPG segment. This category includes titles such as *Raid: Shadow Legends*, *Fire Emblem Heroes*, *Warhammer 40,000: Tacticus*, and *Watcher of Realms*.

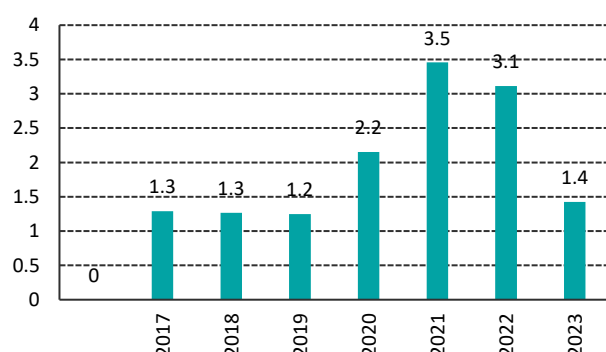
RPG game revenues from strategy RPG segment [USD mn]

Game	Producer	Revenue August 2025		Premiere
		Android	iOS	
1. <i>Raid Shadow Legends</i>	Plarium Global	9	7	26.02.2019
2. <i>Fire Emblem Heroes</i>	Nintendo	1	1	02.02.2017
3. <i>Warhammer 40,000: Tacticus</i>	Snowprint Studios	2	2	15.08.2022
4. <i>Watcher of Realms</i>	Moonton	1.6	0.4	06.07.2023
5. <i>Mobile Legends: Adventure</i>	Moonton	0.2	0.2	10.07.2019
6. <i>BrownDust2</i>	NEOWIZ	3	1	15.06.2023
7. <i>Might & Magic: Era of Chaos</i>	Ubisoft Mobile	0.1	0.1	26.11.2019
8. <i>Bloodline: Heroes of Lithas</i>	GOAT Games	0.1	0.1	22.06.2022
9. <i>Infinite Magicraid</i>	DHGAMES	0.1	0.1	06.09.2022

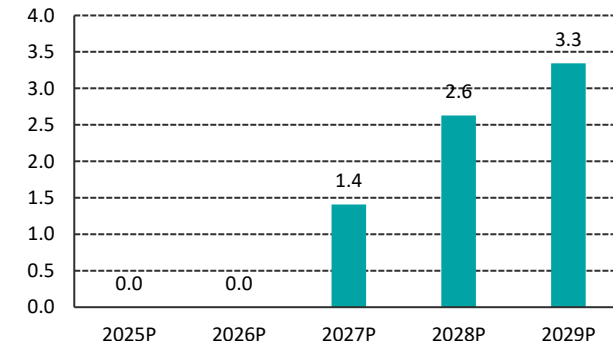
Source: Company, Erste Group Research, sensortower.com

We maintain a conservative approach in assessing the commercial potential of this production, basing our assumptions, among others, on the performance of the studio's previous RPG title and on the analysis of organic traffic of Polish market games such as *Gemstone Legends* (Gamedesire) and *Evil Land* (Rage Quit Games). In our model, we assume that, in the first year after release, the game will generate approx. PLN 4.7mn in revenues, with a UA budget of PLN 3.3mn. We believe that a simultaneous debut across all major platforms (mobile, PC, consoles), combined with cross-play functionality, significantly increases the project's chances of commercial success.

Revenue/first margin of "Bladebound" game [PLN mn]



First margin of new RPG game – forecast [PLN mn]



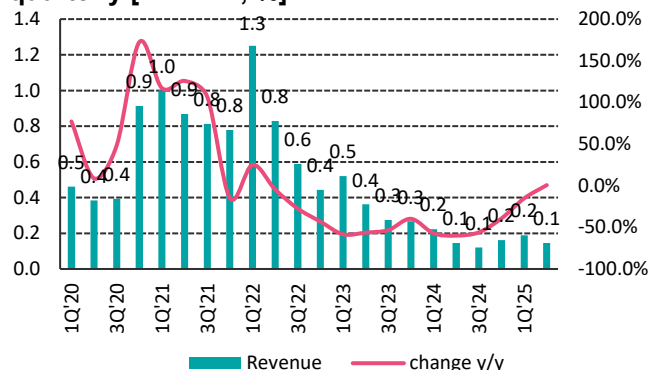
Source: Company, Erste Group Research

Due to the further expansion of the teams working on *Unsolved* and the new RPG game, we expect production costs to increase by approximately 16% y/y in 2025, to PLN 33mn. As a result, we anticipate the possibility of a temporary, negative OCF in 2025.

Bladebound

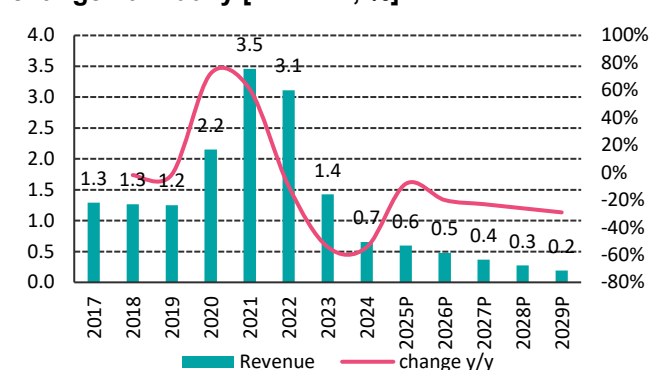
In the first half of 2025, revenues from the game continued their downward trend, reaching PLN 0.3mn (-9% y/y). The title is currently in low-maintenance mode, and therefore we expect a further gradual decline in monetization in the coming periods

Bladebound revenues and their y/y change - quarterly [PLN mn, %]



Source: Company, Erste Group Research

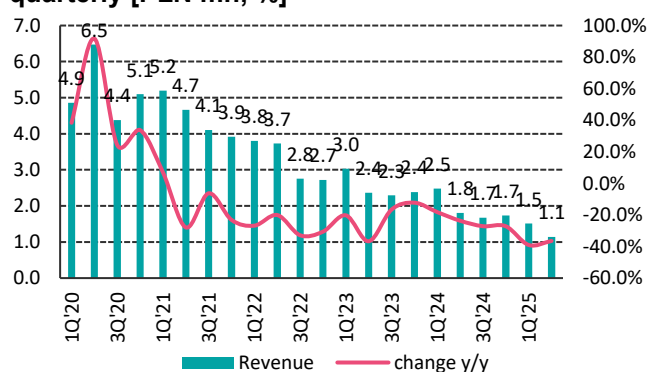
Bladebound revenues since launch and their y/y change - annually [PLN mn, %]



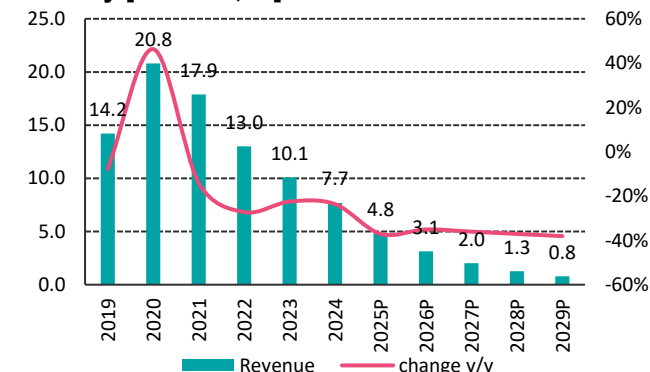
HOPA Games

In 2024, the company ceased porting further titles from its portfolio to console platforms, which translated into a deeper decline in segment revenues to PLN 2.7mn in 1H25 (-38% y/y). Due to the lack of new activities in this area, we expect a similar decline in the coming years. In our forecasts, we assume that, in 2025, the segment will generate revenues of approximately PLN 4.8mn, which represents a decline of 37% y/y.

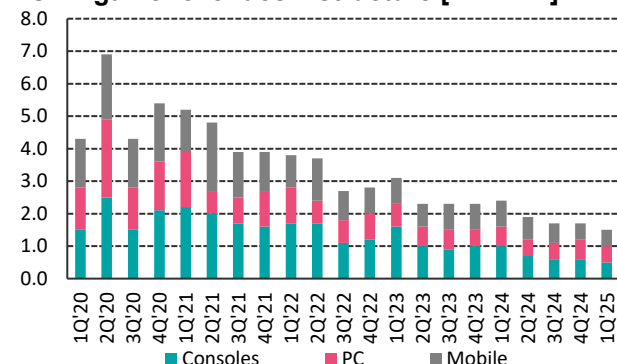
HOPA segment revenues and their y/y change - quarterly [PLN mn, %]



HOPA segment revenues and their y/y change - annually [PLN mn, %]

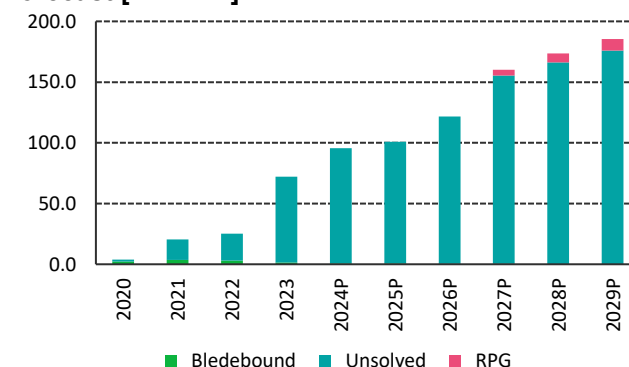


HOPA game revenues – structure [PLN mn]



Source: Company, Erste Group Research

F2P segment broken down by individual titles – forecast [PLN mn]



Key assumptions [PLN mn, %]

	2022	2023	2024	2025P	2026P	2027P	2028P	2029P
Revenue	39	82	104	106	125	167	183	196
HOPA	13	10	8	5	3	2	1	1
F2P	25	72	96	101	122	160	174	185
<i>Bledebound</i>	3	1	1	1	0	0	0	0
<i>Unsolved</i>	22	71	95	100	121	155	166	176
<i>RPG</i>	0	0	0	0	0	5	8	9
Premium	0	0	0	0	0	0	0	0
UA	13	41	52	55	67	88	93	99
<i>Unsolved</i>	13	41	52	55	67	85	88	93
<i>RPG</i>	0	0	0	0	0	3	5	6
First margin	10	30	43	45	55	72	80	86
<i>Unsolved</i>	10	30	43	45	55	70	78	83
<i>RPG</i>	0	0	0	0	0	1	3	3
Royalties	4	5	7	6	7	8	9	10

Source: Company, Erste Group Research

Valuation

Our valuation of ART is based on a discounted cash flow model (100% weight). We present the peer valuation method for informational purposes only. **Based on our forecasts, we arrive at a fair value of PLN 21.8 per share, 46% above the current market price, which implies a Buy recommendation.**

P&L (PLN mn)	Weight	Price
Peer valuation	0%	22.6
DCF valuation	100%	21.8
12M target price per share (PLN)		21.8

Source: Company, Erste Group Research

DCF assumptions:

- Risk-free rate = 5.4% in the forecast period (10-year government bond yield).
- Risk-free rate of 5.4% to calculate terminal value.
- Equity risk premium at 6% and 5% in terminal.
- Beta at 1.2x reflecting business uncertainty.
- Terminal value growth at 3%.
- Average USD/PLN exchange rate of 3.65 in the forecast period.
- We assume the implementation of an incentive program; hence, we recognize a dilution of the shareholding by 1.1mn shares.

Peer valuation:

We present a comparative valuation in which the fair value is calculated based on the median of the ratios for each of the years 2025-27e. We apply equal weights for P/E and EV/EBITDA as well for each of the years. We present the peer valuation method for informational purposes only.

	P/E			EV/EBITDA		
	2025E	2026E	2027E	2025E	2026E	2027E
Nexon	27.6	24.4	23.9	15.6	13.9	13.4
Playtika	7.4	5.9	5.3	4.3	3.8	3.1
Stillfront Group	5.6	3.9	3.6	3.4	3.1	2.7
G5 Entertainment	13.7	8.8	8.0	2.9	2.1	1.8
Netmarble Corp	17.7	19.2	18.4	13.1	11.6	11.7
Aristocrat Leisure	22.8	21.1	19.4	14.3	13.3	12.7
Huuuge Games	5.5	6.1	7.0	1.9	1.8	-0.1
Ten Square Games	6.8	7.2	7.5	3.7	3.8	3.9
Median: Total	10.6	8.0	7.7	4.0	3.8	3.5
Implied valuation per share [PLN]	24.6	21.6	25.1	13.0	15.9	22.0
Weight	17%	17%	17%	17%	17%	17%
Premium/Discount	0%					
Weighted valuation per share [PLN]	20.4					
12M value per share	22.6					

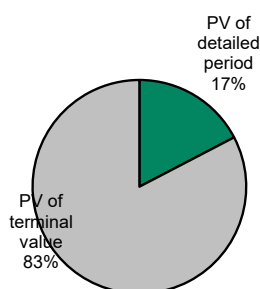
Source: Erste Group Research, Bloomberg

WACC calculation

	2025e	2026e	2027e	2028e	2029e	Term. value Normalized
Risk free rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Beta	1.2	1.2	1.2	1.2	1.2	1.2
Cost of equity	12.6%	12.6%	12.6%	12.6%	12.6%	11.4%
Cost of debt	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Nominal tax rate	9.6%	10.0%	10.0%	10.0%	10.0%	10.0%
After-tax cost of debt	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Equity weight	100%	100%	100%	100%	100%	100.0%
WACC	12.6%	12.6%	12.6%	12.6%	12.6%	11.4%

DCF valuation

(PLN mn)	2025e	2026e	2027e	2028e	2029e	Normalized
<i>Sales growth</i>	2.1%	18.1%	33.7%	9.4%	7.2%	
adj. EBIT	26.3	34.7	41.9	49.3	52.2	
adj. EBIT margin	24.9%	27.8%	25.1%	27.0%	26.7%	
Effective tax rate	9.6%	10.0%	10.0%	10.0%	10.0%	
Taxes on adj. EBIT	-2.5	-3.5	-4.2	-4.9	-5.2	
NOPLAT	23.8	31.2	37.7	44.3	47.0	
+ Depreciation	4.7	7.1	18.4	20.0	21.9	
Capital expenditures / Depreciation	700.3%	525.1%	220.0%	215.4%	207.9%	
+/- Change in working capital	0.6	0.2	-0.5	0.1	0.0	
Chg. working capital / chg. Sales	25.4%	1.1%	-1.1%	0.7%	-0.2%	
- Capital expenditures	-33.0	-37.4	-40.4	-43.1	-45.5	
Free cash flow to the firm	-3.9	1.1	15.2	21.3	23.4	24.1
Terminal value growth						3.0%
Terminal value						295.0
Discounted free cash flow - Dec 31 2025	-3.5	0.9	10.7	13.3	12.9	163.0
Enterprise value - Dec 31 2025	197.2					
Minorities	0.0					
Non-operating assets	0.0					
Net debt	-34.6					
Other adjustments	0.0					
Equity value - Dec 31 2025	231.7					
Number of shares outstanding (mn)	13.0					
Cost of equity	12.6%					
12M target price per share (PLN)	21.8					
Current share price (PLN)	15.0					
Up/Downside	45.6%					

Enterprise value breakdown

Sensitivity (per share)

		USDPLN				
		3.45	3.55	3.65	3.75	3.85
W A C C	11.6%	13.7	17.8	22.0	26.2	30.3
	12.1%	13.6	17.8	21.9	26.1	30.2
	12.6%	13.6	17.7	21.8	26.0	30.1
	13.1%	13.5	17.6	21.8	25.9	30.0
	13.6%	13.5	17.6	21.7	25.8	29.9
		Terminal value growth				
		1.0%	2.0%	3.0%	4.0%	5.0%
W A C C	11.6%	18.5	20.1	22.0	24.4	27.6
	12.1%	18.5	20.0	21.9	24.3	27.5
	12.6%	18.4	19.9	21.8	24.3	27.4
	13.1%	18.3	19.9	21.8	24.2	27.3
	13.6%	18.3	19.8	21.7	24.1	27.2

Source: Erste Group estimates

Overview of estimated results for 2Q25

Revenue. In 2Q25, Artifex generated PLN 26.1mn in revenue (+6.0% y/y), which was in line with the figures reported in recent months. The Unsolved app accounted for 95% of this figure, generating PLN 24.8mn (+9.5% y/y), while the HOPA game contributed 4%, generating PLN 1.1mn (-36.5% y/y).

Costs. Operating costs were in line with our expectations, reaching PLN 20.8mn, representing a y/y increase of 18.1% (primarily due to increased UA expenditures).

EBIT. At the EBIT level, the company generated PLN 5.4mn in 2Q25 (-24.2% y/y - a decline as a result of increased expenditure on UA), which was close to our expectations and the consensus.

Financial activities. At the level of financial activities, Artifex generated PLN 0.9mn (+45.1% y/y), which is lower than we expected (we were counting on higher financial income due to the weakening of the PLN against the USD).

Net profit. The company generated PLN 5.7mn in net profit in 2Q25, which was in line with market expectations and lower than our projections.

Cash. At the end of 2Q25, the company had PLN 30.1mn in cash and bonds, which represents a decrease of PLN 2.1mn q/q - the result of high spending on games.

*We view the company's estimated results for 2Q25 as **neutral**. Both EBIT and net profit were in line with market expectations. The final results for 2Q25 will be published on September 10, 2025.*

Q2'25 Quarterly snapshot

Consolidated, IFRS (PLN, mn)	Reported			Expected		Reported		Reported		
	Q2'24	Q2'25	y/y	Erste	Cons.	vs. Erste	vs. Cons.	1H'24	1H'25	y/y
Revenue	24.6	26.1	6.0%	26.1	26.1	0.0%	0.1%	52.1	52.8	1.2%
Unsolved	22.6	24.8	9.5%	24.8	-	-0.2%	-	47.4	49.7	4.9%
HOPA games	1.8	1.1	-36.5%	1.1	-	-0.1%	-	4.3	2.7	-38.0%
Operating costs	17.6	20.8	18.1%	21.0	-	-1.2%	-	36.9	39.7	7.6%
EBIT	7.1	5.4	-24.2%	5.1	5.3	4.2%	2.1%	15.2	13.1	-14.3%
Financial activity, net	0.6	0.9	45.1%	2.1	-	-59.6%	-	0.6	2.5	340.2%
Profit before tax	7.7	6.2	-18.8%	7.3	-	-14.4%	-	15.8	15.6	-1.3%
Income tax	0.7	0.6	-20.9%	0.7	-	-18.7%	-	1.5	1.4	-3.7%
Net income	6.9	5.7	-18.6%	6.6	5.6	-14.0%	1.3%	14.4	14.2	-1.1%
EBIT margin	28.7%	21%		19.7%	20.1%			29.2%	25%	
Net income margin	28.2%	22%		25.2%	21.4%			27.5%	27%	

Source: Erste Group Research, company

Our forecasts vs. market consensus

Our revenue forecasts for 2025-27 are largely in line with the market consensus. Our EBITDA forecast for 2025-26 is also close to market expectations. The differences from our forecasts mainly concern depreciation, probably as a result of different assumptions regarding the depreciation of the Unsolved metagame and the new RPG game. This translates into higher EBIT and net profit forecasts for 2025-26. For 2027, we are much more optimistic than the consensus, which stems from our belief in the positive impact of the metagame on revenues and profitability, including higher UA efficiency.

(PLN, mn)	2025E			2026E			2027E		
	cons.	Erste	diff.	cons.	Erste	diff.	cons.	Erste	diff.
Revenue	100.0	105.7	5.7%	129.0	124.9	-3.2%	164.0	166.9	1.8%
EBITDA	31.8	31.0	-2.4%	39.8	41.8	5.0%	50.9	60.3	18.5%
EBIT	24.3	26.3	8.3%	29.8	34.7	16.3%	25.2	41.9	66.4%
Net Income	24.5	27.7	13.3%	27.6	32.1	16.4%	23.5	38.6	64.2%
EBITDA margin	31.8%	29.4%		30.9%	33.5%		31.0%	36.1%	
EBIT margin	24.3%	24.9%		23.1%	27.8%		15.4%	25.1%	
Net margin	24.5%	26.2%		21.4%	25.7%		14.3%	23.1%	

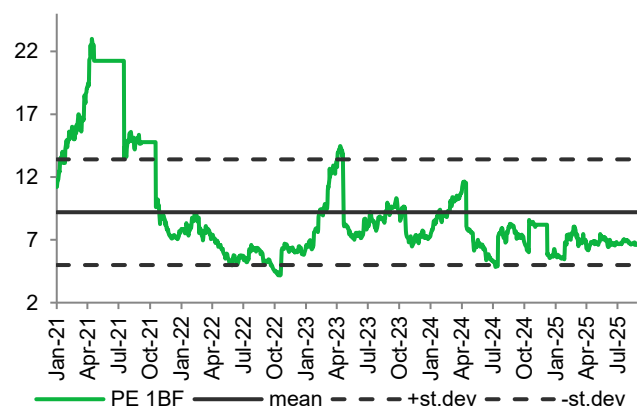
Source: Bloomberg, Erste Group Research

Źródło: Spółka, Bloomberg

P/E 12M blended forward and historical P/E and EV/EBITDA ratios (calculated on EOP prices)

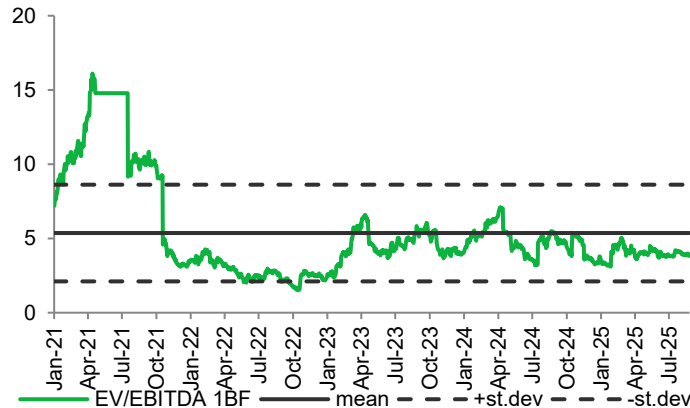
Both the P/E25 and EV/EBITDA'25 multiples are below the averages calculated for 2021-25, suggesting a potential discount in the valuation.

P/E 12M blended forward ratio



Źródło: Erste Group Research, Bloomberg

EV/EBITDA 12M blended forward ratio



Income Statement	2022	2023	2024	2025e	2026e	2027e
(IAS, PLN mn, 31/12)	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027
Net sales	38.55	82.49	103.53	105.72	124.89	166.93
Cost of goods sold	-9.13	-10.53	-12.34	-9.90	-13.08	-25.96
Gross profit	29.42	71.96	91.19	95.82	111.81	140.97
SG&A	-19.52	-47.99	-61.57	-69.58	-77.24	-99.17
Other operating revenues	0.12	0.13	0.06	0.18	0.20	0.25
Other operating expenses	-0.11	-0.12	-0.14	-0.10	-0.10	-0.13
EBITDA	15.08	28.81	34.68	31.03	41.80	60.30
Depreciation/amortization	-5.17	-4.83	-5.14	-4.71	-7.13	-18.38
EBIT	9.91	23.98	29.54	26.32	34.67	41.92
Financial result	2.63	3.45	0.42	4.38	1.04	0.95
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	12.54	27.44	29.95	30.70	35.71	42.87
Income taxes	-0.47	-2.52	-2.55	-2.95	-3.57	-4.29
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
Net result after minorities	12.07	24.92	27.40	27.75	32.14	38.58
Balance Sheet	2022	2023	2024	2025e	2026e	2027e
(IAS, PLN mn, 31/12)						
Intangible assets	0.07	0.06	0.04	0.02	0.01	0.01
Tangible assets	2.00	1.93	8.68	8.36	8.48	8.61
Financial assets	3.56	7.43	6.92	7.10	7.32	7.54
Total fixed assets	5.62	9.41	15.64	15.48	15.81	16.16
Inventories	32.38	49.17	73.43	102.90	133.11	155.03
Receivables and other current assets	5.77	13.82	14.72	15.75	17.35	20.87
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	21.23	26.47	29.79	25.26	26.88	43.87
Total current assets	59.38	89.46	117.93	143.91	177.34	219.76
TOTAL ASSETS	65.01	98.88	133.57	159.39	193.15	235.92
Shareholders'equity	55.19	80.66	107.90	135.65	167.80	206.38
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	0.00	0.00	0.00	0.00	0.00	0.00
LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	0.00	0.00	0.00	0.00	0.00	0.00
Other LT liabilities	1.14	1.19	6.03	6.72	6.31	5.91
Total long-term liabilities	1.14	1.19	6.03	6.72	6.31	5.91
Interest-bearing ST debts	0.75	0.81	0.63	0.64	0.64	0.64
Other ST liabilities	7.93	16.22	19.01	16.38	18.39	22.99
Total short-term liabilities	8.68	17.02	19.64	17.02	19.03	23.63
TOTAL LIAB. , EQUITY	65.01	98.88	133.57	159.39	193.15	235.92
Cash Flow Statement	2022	2023	2024	2025e	2026e	2027e
(IAS, PLN mn, 31/12)						
Cash flow from operating activities	5.62	7.47	9.10	-4.72	3.09	18.43
Cash flow from investing activities	-16.04	-3.45	-5.99	-0.34	-0.87	-0.91
Cash flow from financing activities	-0.89	-0.77	-2.12	-0.67	-0.60	-0.53
CHANGE IN CASH , CASH EQU.	-11.49	3.00	-18.06	-5.73	1.62	16.99
Margins & Ratios	2022	2023	2024	2025e	2026e	2027e
Sales growth	-1.3%	114.0%	25.5%	2.1%	18.1%	33.7%
EBITDA margin	39.1%	34.9%	33.5%	29.4%	33.5%	36.1%
EBIT margin	25.7%	29.1%	28.5%	24.9%	27.8%	25.1%
Net profit margin	31.3%	30.2%	26.5%	26.2%	25.7%	23.1%
ROE	24.5%	36.7%	29.1%	22.8%	21.2%	20.6%
ROCE	29.6%	47.3%	38.3%	23.5%	23.5%	23.8%
Equity ratio	84.9%	81.6%	80.8%	85.1%	86.9%	87.5%
Net debt	-20.5	-25.7	-29.2	-24.6	-26.2	-43.2
Working capital	30.2	46.8	69.1	102.3	132.1	152.9
Capital employed	35.8	56.2	84.8	117.7	147.9	169.1
Inventory turnover	0.3	0.3	0.2	0.1	0.1	0.2

Source: Company data, Erste Group estimates

Disclosure of particular interests or indications of conflicts of interest according to delegated Regulation (EU) 958/2016 supplementing Article 20 of Regulation (EU) 596/2014 (MAR):

Company	ISIN	1 ECB/affiliates holdings exceed 5% of the share capital of issuer or vice versa	2 market maker or liquidity provider for issuer/instrumen ts	3 agreement for the provision of services of investment firms over the previous 12 months	4a Agreement with the covered company about the production of analyses	4b Agreement with a third party about the production of analyses	5 Managed or co- managed a public offering over the previous 12 months	6 Draft of report disclosed to issuer prior its publication	7 Analyst has a position in the issued share capital of the issuer	8 Net Long Position exceeding 0.5% of the issued share capital of issuer	9 Net Short Position exceeding 0.5% of the issued share capital of issuer
Artifex Mundi	PLARTFX00011										

The above specific disclosures (marked with “Y” if applicable), are valid at the time of publication of this report.
[PublicationDate]

For a more detailed and an up-to-date overview of conflicts of interests for all analysed companies and/or financial instruments by Erste Group, which are updated regularly upon changes, please follow below link:

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Vercom SA											

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