

TROPHY GAMES DEVELOPMENT A/S

THE GAME HAS BEGUN

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Trophy Games Development A/S (“Trophy Games” or the “Company”) is a Danish game developer focused on challenging strategy games, currently showing strong double-digit growth. The Company has had great success with developing so-called manager games and has now diversified the portfolio through the emergence of the transport series, led by the successful *Airline Manager 4* (“AM4”) game. With three transport titles expected to be released during 2022 and 2023, as well as the scaling up of the major IP-game *Warhammer: Soul Arena*, revenue is expected to grow with a CAGR of 48.5% between 2020-2022. In a Base scenario, Analyst Group estimates a revenue of DKK 66.3m in 2022 with an EBITDA of DKK 6.5m, which, based on an applied EV/S multiple of 2.5x yields a potential fair value of DKK 7.1 per share.

■ Increase In Users and Revenue

With increased user and revenue growth with the transport series, the latest release of the game *Warhammer: Soul Arena* and the planned release of three additional new games, a significant increase in active users is estimated during 2022 and 2023. In addition, as the Company optimizes the current portfolio of games, which is addressing a very loyal player base, the Average Revenue Per User (“ARPU”), as well as profitability, are expected to increase during the coming quarters.

■ New Possible Verticals

The Company has, with the current portfolio of games, a great opportunity to introduce new titles and to add new verticals to current games. Through the acquisition of Xombat ApS, Trophy Games has acquired knowledge to build games using the AM4 platform, which is estimated to provide great synergies as the Company could target the same users and sell across the different apps. This in turn is estimated to help to drive further revenues and boost the overall top-line growth going forward.

■ Conditions Set for Future Growth

Due to the huge success of AM4, the transport series has overtaken the Sports series in revenue as of H1-22, becoming the Company’s largest revenue stream and providing the conditions for future growth. This, combined with the scaling up of *Warhammer: Soul Arena* during H2-22, as well as the Company acquiring several other game studios in the upcoming 12–24-month period, contributes to a total revenue of DKK 66.3m in 2022 and DKK 101.0m in 2023.

■ Risk for Delays of Long-Term Growth

One of the biggest risks the Company faces is access to Unity-developers and game-developers but also upholding long-term employment. The access to developers in Copenhagen, where the headquarter is located, is not great, and as such the Company need to look outside of Denmark to find the required skills, which could lead to delays in the release of new games further ahead. Additionally, as the Company, and Analyst Group, has budgeted with acquisitions to reach the financial targets, the Company is dependent on finding good studios or IP:s at a reasonable price.

SHARE PRICE | DKK 5.9
VALUATION RANGE

BEAR DKK 4.1	BASE DKK 7.1	BULL DKK 9.7
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TROPHY GAMES DEVELOPMENT

Share Price (2022-08-19)	5.9
Number of Shares Outstanding	27 600 000
Market Cap (DKKm)	163.9
Net cash(-)/debt(+) (DKKm)	-30.3
Enterprise Value (DKKm)	133.7
W.52 Price Intervall (DKK)	4.0 – 8.3
List	Nasdaq First North Growth Market Denmark

DEVELOPMENT

1 Week	10.4%
1 Month	39.8%
3 Months	26.9%
YTD	16.9%

MAIN SHAREHOLDERS (2021-03-31)

Gleie Holding ApS	16.3%
Benjamin Capital	16.1%
Lehrmann Family ApS	16.1%
Karsten Ree Holding B	16.1%
Daniel Luun holding	8.7%

CEO AND CHAIRMAN OF THE BOARD

CEO	Søren Gleie
Chairman of the board	Jan Dahl Lehrmann

FINANCIAL CALENDAR

Quarterly Update – Q3 2022	2022-11-09
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ESTIMATES (BASE), DKKM	2020A	2021A	2022E	2023E
Revenue	30.8	37.7	66.3	101.0
Revenue growth	54.6 %	22.2%	76.1%	52.3%
Gross profit	10.4	8.7	26.7	47.7
Gross margin	33.8%	23.2%	40.3%	47.2%
EBITDA¹	5.5	1.8	6.5	13.9
EBITDA margin ¹	17.8%	4.8%	9.8%	13.7%
EBIT¹	4.7	-1.9	3.1	8.3
EBIT margin ¹	15.3%	-5.1%	4.6%	8.2%
P/S	5.2x	4.3x	2.5x	1.6x
EV/S	3.5x	2.9x	2.0x	1.3x
EV/EBITDA	19.8x	60.7x	20.6x	9.6x

¹Incl. Activated Costs

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Bull and bear

The recommendations in the form of bull alternatively Bear aims to provide a comprehensive picture of Analyst Group's opinion. The recommendations are developed through rigorous processes consisting of qualitative research and the weighing and discussion with other qualified analysts.

Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

Other

This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, **Trophy Games Development A/S** (furthermore "the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The parts that the company has been able to influence are the parts that are purely factual and objective. The analysis is planned to be updated within three months.

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