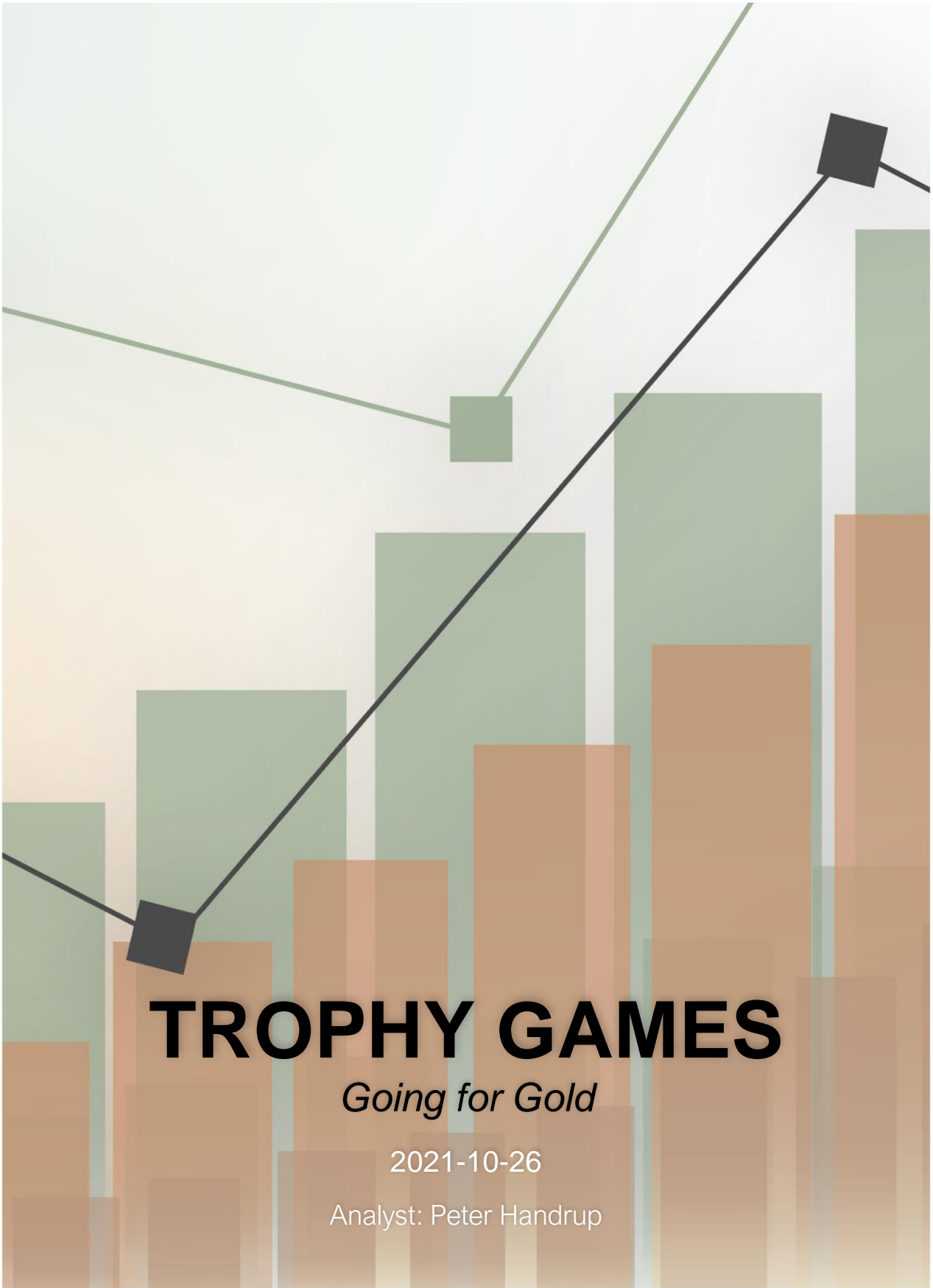


# EQUITY RESEARCH REPORT



# TROPHY GAMES DEVELOPMENT A/S

## GOING FOR GOLD

Ag

Trophy Games Development A/S (“Trophy Games” or the “Company”) is a Danish game developer focused on challenging strategy games, currently showing a strong double-digit growth. The Company has had great success with developing so called football manager games and has now broadened its portfolio via the acquisition of Xombat ApS and the Airline Manager 4 (“AM4”) game, as well as the release of FIVE, an e-sports manager game, and the initiated global launch of the major IP-game Warhammer AoS S.A. In a Base scenario, Analyst Group estimates a revenue of DKK 79.9m in 2022 with an EBITDA close to DKK 10m, which based on an applied EV/S multiple of 2.5x yields a potential fair value of DKK 9.1 per share.

### ■ Increase In Users and Revenue

With the latest release of the Warhammer AoS S.A. in early access, and the planned release of an additional three new games, a significant increase in active users are estimated during 2022 and 2023. In addition, as the Company optimizes the current game portfolio, 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 for cross selling and to add new verticals to current games. With the acquisition of Xombat ApS, Trophy Games has acquired knowledge to build more games like the AM4 game, which could provide great synergies as the Company could target the same users and sell across the different apps. This in turn could help to drive further revenues and boost the overall top-line growth going forward.

### ■ In-Line to Reach Financial Targets

Trophy Games’ have set financial targets for the years 2021-2023, where the Company expects to reach a revenue of DKK 110.5m in 2023. Analyst Group see no hinder for Trophy Games to reach set financial targets and our forecasts align well with the Company’s estimates for 2021-2023. Analyst Group expects that the launch of Warhammer AoS S.A. will be successful, as well as the Company acquiring several other game studios in the upcoming 12–24-month period, contributing to a total revenue of DKK 79.9m in 2022 and DKK 111.4m in 2023.

### ■ Risk for Delays of Long-Term Growth

One of the biggest risk the Company faces is the access to Unity-developers and good game developers, but also uphold a long-term employment. The access to developers in Copenhagen, where the headquarter is located, is not great and as such the Company needs 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 IPs to a reasonable price.

## SHARE PRICE | DKK 7.39

### VALUATION INTERVAL

**BEAR**  
**DKK 6.9**
**BASE**  
**DKK 9.1**
**BULL**  
**DKK 12.2**

### TROPHY GAMES DEVELOPMENT

Share Price (2021-10-25)	7.39
Number of Shares Outstanding	27 600 000
Market Cap (DKKm)	204.0
Net cash(-)/debt(+) (DKKm)	-51.1
Enterprise Value (DKKm)	152.8
W.52 Price Intervall (DKK)	6.41 – 10.90
List	Nasdaq First North Growth Market Denmark

### DEVELOPMENT

1 Week	-5.3%
1 Month	-1.1%
3 Months	0.0%
Since IPO	-13.1%

### 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

Annual Report	2022-02-23
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ESTIMATES (BASE), DKKM	2019	2020	2021E	2022E
<b>Revenue</b>	<b>19.9</b>	<b>30.8</b>	<b>45.9</b>	<b>79.9</b>
Revenue growth	N/A	54.6 %	48.8%	74.2%
<b>Gross profit</b>	<b>9.0</b>	<b>10.4</b>	<b>21.1</b>	<b>33.9</b>
Gross margin	45.1%	33.8%	45.9%	42.5%
<b>EBITDA<sup>1</sup></b>	<b>4.5</b>	<b>5.5</b>	<b>6.2</b>	<b>9.8</b>
EBITDA margin <sup>1</sup>	22.6%	17.8%	13.4%	12.3%
<b>EBIT<sup>1</sup></b>	<b>4.5</b>	<b>4.7</b>	<b>3.9</b>	<b>3.8</b>
EBIT margin <sup>1</sup>	22.5%	15.3%	8.4%	4.8%
P/S	10.2x	6.6x	4.4x	2.6x
EV/S	7.7x	5.0x	3.3x	1.9x
EV/EBITDA	31.0x	26.1x	24.8x	15.6x

<sup>1</sup>Incl. Activated Costs

# INVESTMENT THESIS

## CASH ON HAND TO ACQUIRE NEW IPS

### Growth Through Development and Acquisitions

Trophy Games has been cash-flow positive since the start and hasn't, before the IPO, raised any external capital, rather all the cash generated from the games has been put into the development of current and new games. As the Company raised approximately DKK 54m through their IPO (after IPO-costs), Trophy Games have strengthened their balance sheet, enabling key investments to optimize current games, add new titles as well as acquire new studios and IPs. This, in combination with the full effect from a global launch of Warhammer AoS S.A., we consider the Company to be well-aligned to perform an CAGR of 61% during 2020-2022. Trophy Games also aim to recruit games in their own niche, i.e. complex and challenging strategy games, where Trophy Games earlier acquired the Danish developer Xombat ApS and the AM4 game. Positively, and in line with the strategy, synergy effects are already emerging as Trophy Games has implemented new monetization strategies and developed the game further. In the genre of AM4, Analyst Group see a great potential to build new games on its platform and as such create synergies between other games as well. The e-sport manager game FIVE has already been released in some countries and is pending for global release. The game targets the same types of users as the Company's previous games, but instead of the football genre it addresses the very popular e-sports segment. Additionally, Warhammer AoS S.A. has just been released for early access, where Analyst Group see great potential when released globally, since it targets a completely new userbase.

### Strong Double-Digit Growth 2020-2022E

## REVENUE CAGR OF 61% 2020-2022E

Trophy Games are themselves estimating a revenue of DKK 44.7m in 2021 and DKK 77.9m in 2022. Already, the Company is on track to reach the forecast for 2021 and Analyst Group estimates that the Company will beat their revenue target for 2022 and reach a revenue of DKK 79.9m, due to a lower player churn than what the Company estimates and higher revenues from newly developed games. Also, if the release of Warhammer AoS S.A. receive positive and immediate traction, revenues could be significantly higher in 2022 and onwards due to the potential of the IP and game. Additionally, the Company are currently developing three new games in the transport series, and if these succeed, total revenues and profit margins could increase beyond our Base scenario. Trophy Games are very scientific in their approach of developing and monetizing games, which in combination with a low churn, gives the Company predictable and stable cash flows. As the Company is now entering a stage of rapid growth, marketing costs and personnel are assumed to be the main cost-drivers, which is necessary in order to grow the titles under development. In total, we estimate that the EBITDA margin will take a downward turn during 2022, but then increase during 2023, due to the scalability in marketing costs and synergy effects from acquired titles.

### The Stock is Traded at an Unreasonable Discount

Trophy Games is currently trading at a forward-looking EV/S multiple of 1.9x on 2022 estimated sales, corresponding to a 36.7% discount to the median value derived from a group of peers, even though the Company is expected to grow faster and perform higher long-term margins. Also, the company specific risk is considered to be significantly lower as Trophy Games has built a strong internal know-how, as well as primarily targeting IPs with a high likelihood of increasing monetization. Also, the Company's older games have a significant long tail of players, only decreasing about 5% annually, which provides stable cash-flows even in the future. By applying an EV/S multiple of 2.5x on our estimated revenues of DKK 79.9m during 2022, a potential fair value per share of DKK 9.1 is derived in a Base scenario.

## MAIN CHALLENGE IS TO FIND DEVELOPERS

### Potential Risk of Not Finding the Right Personnel

As the Company's biggest challenge is to develop and grow new games, Trophy Games need to attract new talent. As the Company is based in Copenhagen, there is as of now a deficit of relevant Unity-developers, meaning that the Company either have to compete with other game studios or look elsewhere to find the right personnel. If the Company can't find the right staff, there might be delays in the development and release of new titles, which, albeit, is not a threat to our forecast of 2022 but could be long-term if the Company fails to attract new talent.

## HIGHLIGHTS



# COMPANY DESCRIPTION

## EXCEPTIONAL LONG TAIL OF GAMERS

### A Company with Exceptionally Loyal Players

In 2006, Søren Gleie (CEO) realised that there was no football manager game that was challenging enough, why he created the Company with the same name as the game; *Trophy Manager*. Trophy Games specializes in games that challenging but easy to learn, which means that they are generally harder to play than similar games, also, none of the games can be finished and can continue “forever”. These two factors leads to a couple positive aspects, namely a very loyal player base and a long tail of players after the game is fully developed. On average the Company expects only a 5% drop in players per year after the game is fully developed and scaled, which is better than most similar games. Trophy Games business model is a so-called freemium model which means that the games are free to download and play, but the user can get advantages via In App Purchases (IAP). The Company has an in-house publisher called Trophy Games Publishing which leads to the Company doesn’t need to share its revenue with publishers and thus have higher gross margins than competitors. Since the beginning the Company has had positive cash-flows which has been used to develop and promote new games. As per the date of this analysis, Trophy Games have released six fully developed games and has one in early access stage, additionally the Company has released one extra title from the acquisition of Xombat ApS and has 3 additional transport games coming in 2022 to the Xombat-series.

### Trophy Manager (2006)

Trophy Manager is the first game Trophy Games released, the game was originally released on browser and was fully developed by 2011. Just as most of the Company’s other games, Trophy Manager is a football manager game where the user acts as the manager of a fictional football club. The game has had an exceptionally long tail of gamers after completed development which comes from a very loyal player base. Today the game has around 12,000 daily active users.

### Football Management Ultra (2013)

Football Management Ultra (“FMU”) is the second game Trophy Games released. It was originally released on Facebook but in 2014 the game was released on mobile platforms as well. It was fully developed in 2016 and in 2019 the final user acquisition effort was made. FMU is very similar to Trophy Manager but more fast-paced due to it originally being developed for the Facebook Canvas. The game has shown a tail similar to Trophy Manager and today the game has around 14,000 daily active users.

### Pro 11 (2017)

Pro 11 is a football manager game and just as the previous games the player acts as the manager of a fictious football club. Pro 11 was an upgrade from the previous games as Trophy Games focused a lot more on the match simulator and the early retention of users. Pro 11 is online-based and the user therefore competes against other real-life players in the leagues and the championships. Just as the other games, Pro 11 is free to play and builds on in-game purchases to get advantages. The Company also earn money from advertising where the player can get extra coins by watching ads. The game is not yet fully developed and still in the user acquisition phase where focus is on growing the user-base. Today the game has around 40,000 daily active users.

### Women’s Soccer Manager (2018)

Women’s Soccer Manager (“WSM”) is very similar to Pro 11 and is build on the same platform and does by that have a lot of similarities. The game is a niche game since it is female-only and does thus not attract the same broad user base as Pro 11. As a consequence of its niche the game haven’t experience the same growth in terms of users as the other games but show higher margins than Pro 11. Today the game has around 4,600 daily active users.



# COMPANY DESCRIPTION

## Futuball – Football Manager (2018)

Futuball – Football Manager (“Futuball”) is a futuristic football manager game taking place in the 31<sup>st</sup> century. Just as Pro 11 and WSM the game is online-based and the user play against other users. As the game is sci-fi inspired and thus is a niche game with a limited user-base from the start, the game has struggled to gain the same traction as some of the other games. The game is fully developed, however Analyst Group estimate that this game will not gain any significant growth in users for the coming years, but the game is very inexpensive to maintain as it is built on the same code-base as Pro 11 and WSM, thus facilitating high margins and cash-flow from the current loyal player base. Today the game has around 2,200 daily active users.

## FIVE (TBA)

FIVE is an e-sports strategy game where the player act as a manager for an e-sports team, playing the well-known game Counter Strike. Just as all the other games in Trophy Games’ portfolio, FIVE is easy to play also challenging thus targets the same type of users but with a focus on the rapidly growing e-sports market where a new generation of players are emerging. The game is online based and monetizes by in-app purchases which gives the user a direct advantage. As the game is not yet available in all markets, revenues are difficult to forecast. Today there are a very small number of players.

## Airline Manager 4 (2019)

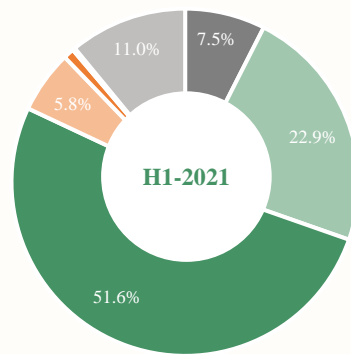
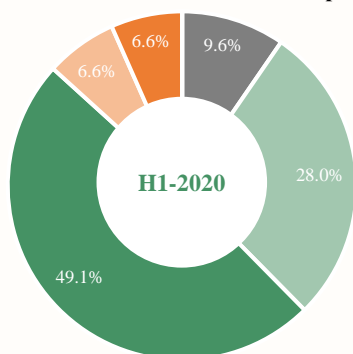
Through the acquisition of Xombat ApS, Trophy Games acquired Airline Manager 4 (“AM4”). AM4 is, just as all Trophy Games’ titles, a strategy game that can’t be finished. In the game the user takes control over an airline company and must decide on everything from what routes to fly to what new planes to buy. Trophy Games monetizes the game by in-app purchases that gives the player direct advantages. Through the acquisition Trophy Games has broadened its portfolio within the genre of strategy games and Analyst Group think there can be new games developed within the same universe, such as a Shipping and Trucking Manager game, beginning with the AM4 game. Today the game has around 40,000 daily active users.

## Warhammer Age of Sigmar: Soul Arena (TBA)

Warhammer AoS: Soul Arena (“Warhammer AoS S.A.”) is one of Trophy Games biggest investments and the Company’s first collaboration with a big IP, which does not only serve as a big opportunity but also gives the Company experience for future big releases. The game is in the early access stage and thus not available in the Nordic region. Unlike many other Warhammer games, Warhammer AoS S.A. is more stylized, meaning the characters have a more “cartoonist” look, giving it a more appealing look and thus targets the broader masses unlike earlier Warhammer games. The game is, also unlike earlier Warhammer games, designed to be “mobile-first” which means that it is designed for the mobile platform, bottom up, and not adjusted to fit the mobile platform in retrospect. This does not only give the game a better feel and performance, but it also increases the monetization as mobile games tend to have a higher monetization than other platforms.

As of H1-21, Pro 11 accounted for 51.6% of the Company’s total sales.

Games as % of revenue



■ Trophy Manager ■ Football Management Ultra ■ Pro 11 ■ Women's Soccer Manager ■ Futuball ■ Five ■ Airline Manager 4

Source: Trophy Games



# MARKET ANALYSIS

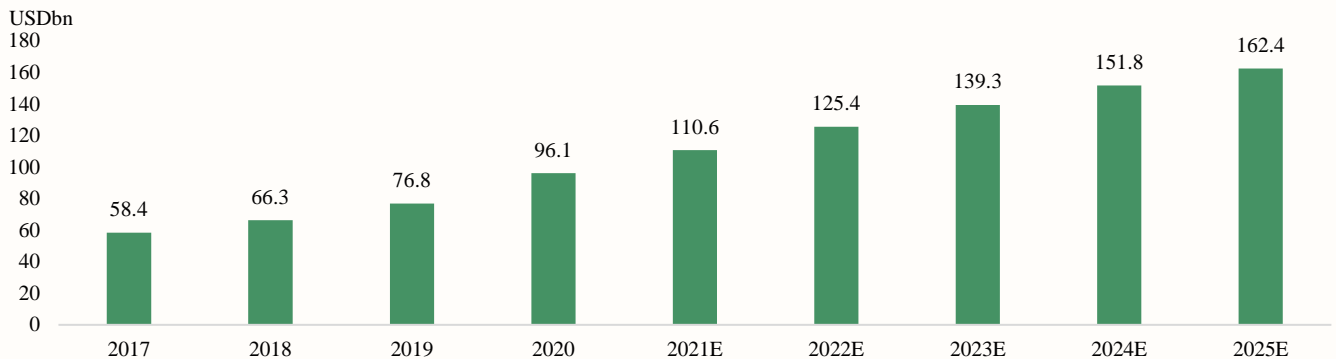
**MARKET  
EXPECTED  
TO GROW  
11.1%  
(CAGR)  
2020 - 2025**

## Strong Growth in the Mobile Gaming Market

The mobile gaming market is truly a global market with players from across the globe. In 2020, the global Mobile Gaming market was valued at USD 96.1bn and is expected to grow to USD 162.4bn in 2025, which corresponds to a CAGR of 11.1% during this period. This is primarily driven by an increased number of global players as well as an increase in the ARPU. The Mobile Gaming market is the biggest video game segment and accounts for approximately 50% of the total Video Gaming market. As mobile devices gets more accessible in developing countries, as well as in combination with increased performance, the share of the total market is expected to continue to increase. Covid-19 has been a catalyst for increased use and user spending, where the global mobile market grew by 25.1% during 2020. However, during the period 2021-2025, annual growth rates are estimated to normalize, but still showing a strong double-digit performance of 10.1% Y/Y.

**The global gaming market is expected to grow with 11.1% CAGR from 2020 – 2025.**

Estimated market value



Source: Statista

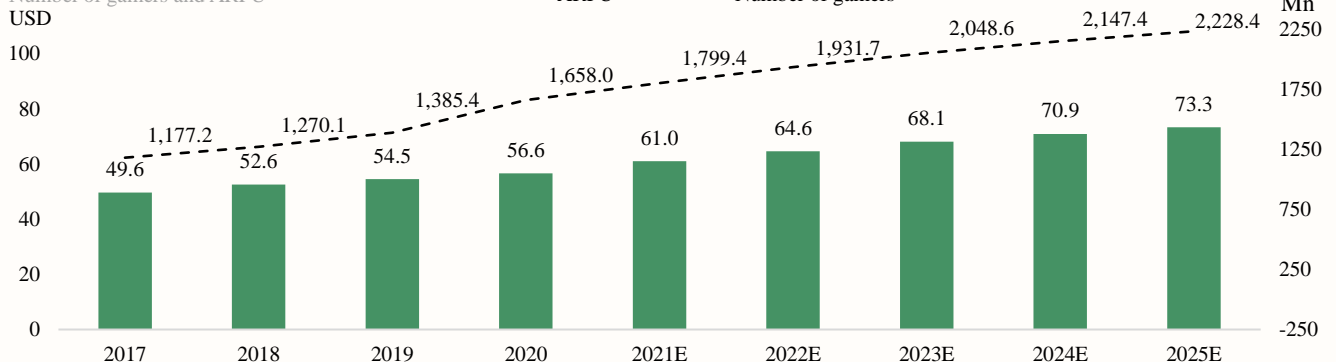
## A Market Driven by Growth in Players and Increased ARPU

**GROWTH IN  
BOTH ARPU  
AND  
PLAYERS**

The mobile gaming market is primarily driven by an increase in the number of players, as well as an increased in app spending. The increase in gamers are driven by a globally growing middleclass and because of more affordable smartphones that have the technical capacity to process heavier mobile games. In 2017 there were 1,177.2 million players worldwide and in 2025 the number is expected to have grown to 2,228.4 million, an increase by 89.3% and a CAGR of 8.3%. Also, while the number of gamers are increasing, the money they spend do so too. As it is becoming more and more accepted to pay for games and do in-game purchases, the average revenue per user is steadily increasing. In 2017 the ARPU in the mobile gaming market was USD 49.6 which is expected to increase to USD 73.3 by 2025, equating to that players are expected, on average, to spend USD 3 more per year.

**The number of gamers and the ARPU is expected to grow simultaneously.**

Number of gamers and ARPU



Source: Statista

# FINANCIAL FORECAST

## Stable Financials Expected to Lead to Significant Growth in Revenue

**REVENUE  
GROWTH OF  
61%  
CAGR  
2020-2022**

As Trophy Games have stable revenue streams from its current games and are expected to grow through new games and acquisitions, the Company is estimated to grow with a CAGR of 61.0% from 2020 to 2022. The growth is mainly attributed to the slow decline in old titles such as Trophy Manager, where the DAU is expected to decrease to 10,157 in 2023 from approx. 12,000 in 2021, and a much faster growth in games such as Pro 11, Airline Manager 4 as well as, further ahead, Warhammer AoS S.A. The Company has an exceptional retention rate of old players, due to the nature of the games and the loyal player-base. In regard to the AM4 game, Trophy Games are expected to build on the concept and launch similar games, such as a Shipping and Trucking Manager game, which could increase the revenue additionally. Also, the Company is expected to acquire more IPs, further contributing to increased top line growth. All in all, we estimate that the Company will meet their set financial targets and even slightly beat them by 2023. In 2021, we estimate that Trophy Games will reach revenues of DKK 45.9m, which is then expected to grow to DKK 79.9m in 2022 and DKK 111.4 m in 2023.

### Revenue is expected to reach DKK 111.4m in 2023.

Revenue and Revenue Growth Y/Y

DKK m

150

100

50

0

2019

2020

2021E

2022E

2023E

Revenue

Revenue growth

80%

60%

40%

20%

0%

Analyst Group's estimates

## Marketing and Development Are Expected to be the Main Cost Drivers

Due to a near-term focus on growth rather than increasing bottom-line margins, the Company's profitability is expected to decrease during 2021-2022. As the Company uses a Freemium model with in-app purchases, revenues are shared with the platform, such as Apple's App Store, where the game is downloaded from. As Trophy Games owns their own publishing company, the Company can "save" such costs, contributing to a better profitability. Regarding Warhammer AoS S.A., the game is expected to grow from a shared revenue model, which is going to negatively affect the gross margin short-term, but overall have a positive effect on the top-line. The total gross margin of the Company is thus expected to increase to 47.4% in 2023, up from 45.1% in 2019. As Apple and other platforms are currently discussing a lower subscription and in-app fee, the gross margin could increase, something we consider to be a potential value driver. The main operating costs are expected to be the staff costs, as the Company have to both hire and attract new talent and as the market for Unity-developers is competitive, Analyst Group estimates that the staff costs are going to amount to DKK 16.3m in 2023, compared to DKK 8.6m in 2021. Taking the current and future estimated cost structure into consideration, the EBITDA margin is expected to decrease to 13.4% in 2021 and 12.3% in 2022 but reach 22.3% in 2023.

### Other external and direct costs are expected to increase.

Breakdown of costs

DKK m

35

30

25

20

15

10

5

0

2019

2020

2021E

2022E

2023E

Other operating expenses

Staff costs

Direct costs

Other external costs

Analyst Group's estimates

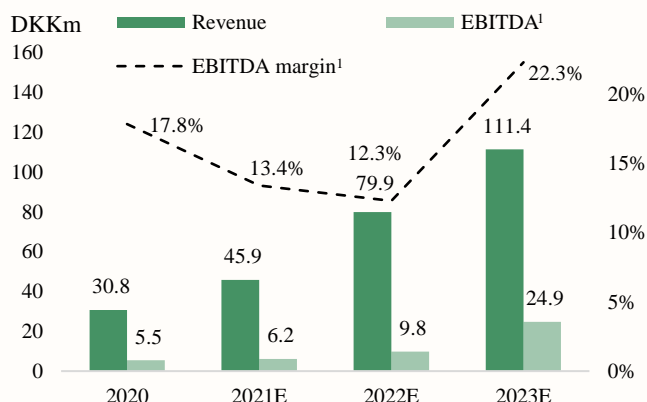
# VALUATION

## Compilation of Analyst Group's Estimates for Trophy Games.

Financial Estimates, Base

Base scenario, DKKtn	2020	2021E	2022E	2023E
Revenue	30.8	45.9	79.9	111.4
Direct costs	-9.6	-9.9	-18.7	-29.1
Other external costs	-10.8	-14.8	-27.3	-29.4
<b>Gross profit</b>	<b>10.4</b>	<b>21.1</b>	<b>33.9</b>	<b>52.8</b>
Gross margin	33.8%	45.9%	42.5%	47.4%
Staff costs	-4.9	-8.6	-13.2	-16.3
Other operating expenses	N.A.	-6.3	-10.9	-11.7
<b>EBITDA</b>	<b>5.5</b>	<b>6.2</b>	<b>9.8</b>	<b>24.9</b>
EBITDA margin	17.8%	13.4%	12.3%	22.3%

Analyst Group's estimates <sup>1</sup>Incl. Activated Costs



<sup>1</sup>Incl. Activated Costs

Peer table, DKKm	Market Cap.	Enterprise Value	Revenue CAGR 20-22	EBITDA margin 22	EV/EBITDA 22	EV/S 22
Embracer	59,523.8	50,095.4	82.9%	46.0%	8.4x	3.9x
Stillfront	14,420.0	17,056.0	25.2%	39.5%	9.4x	3.7x
Paradox	10,474.6	10,132.3	12.7%	62.3%	9.7x	6.0x
Remedy Entertainment	3,951.8	3,514.1	18.4%	42.6%	18.6x	7.9x
Rovio Entertainment	3,669.3	3,080.1	4.5%	15.6%	8.6x	1.3x
G5 Entertainment	2,603.2	2,473.8	9.4%	31.9%	6.5x	2.1x
Enad Global 7	1,800.0	1,398.5	73.8%	28.4%	3.9x	1.1x
MAG Interactive	587.4	562.6	24.1%	17.2%	13.3x	2.3x
Next Games	382.6	370.2	52.7%	6.6%	11.5x	0.8x
Gold Town Games	97.7	93.9	6.0%	25.4%	17.5x	4.4x
<b>Average</b>	<b>9,751.0</b>	<b>8,877.7</b>	<b>31.0%</b>	<b>31.6%</b>	<b>10.7x</b>	<b>3.4x</b>
<b>Median</b>	<b>3,136.2</b>	<b>2,776.9</b>	<b>21.2%</b>	<b>30.2%</b>	<b>9.5x</b>	<b>3.0x</b>
Trophy Games	204.0	152.8	61.0%	12.3%	15.6x	1.9x

Source: Analyst Group and Bloomberg

### Valuation: Base Scenario

In general, the gaming industry is known for, to some extent, relatively high uncertainty regarding future revenues, but, as Trophy Games are very scientific about their development of games meaning they track player patterns, the Company can establish a more loyal player base and hence reduce the business-related risk that other mobile game developers may face. In addition, Trophy Games has an excellent track record of positive cash-flows from their games, signaling a lower company specific risk compared to some of the peers in above table. The Company is estimated to grow their revenue to DKK 45.9m in 2021 and DKK 79.9m in 2022, corresponding to a CAGR of 61.0%. Compared to peers, Trophy Games are estimated to have significantly higher future growth and is also in a good financial position to develop and acquire new titles. Applying a target EV/S multiple of 2.5x on the estimated sales in 2022, an enterprise value of DKK 199.7m is derived. Adjusting for the net cash position, this yields a potential market value of DKK 250.8m, or DDK 9.1 per share in a Base scenario.

### Finding the Right Target Multiple

As there are several peers in the above table that can be seen as directly comparative in regards to business model, a comparison between them and Trophy Games could be considered reasonable. The majority of the peers do not trade on the Danish stock exchange, but are on Nordic stock exchanges. Comparing the Company's EV/S to the median, Trophy Games are currently (2021-10-25) trading at a 36.7% discount. This discount is seen as unjustified, as Trophy Games are estimated to grow faster than the average value for the presented peer group. Also, we consider that the relatively lower operational risk in the Company's business model offers better risk/reward than some of the other companies. However, Trophy Games is still a small player, why a slight valuation discount to the group is justified. With this in mind, an EV/S multiple of 2.5x is considered to be motivated. Furthermore, if Trophy Games are successful in their acquisition strategy, there could be room for an expansion of the applied target multiple.

PRICE PER  
SHARE OF  
DKK 9.1  
IN A BASE  
SCENARIO

FASTER  
GROWTH  
THAN PEERS



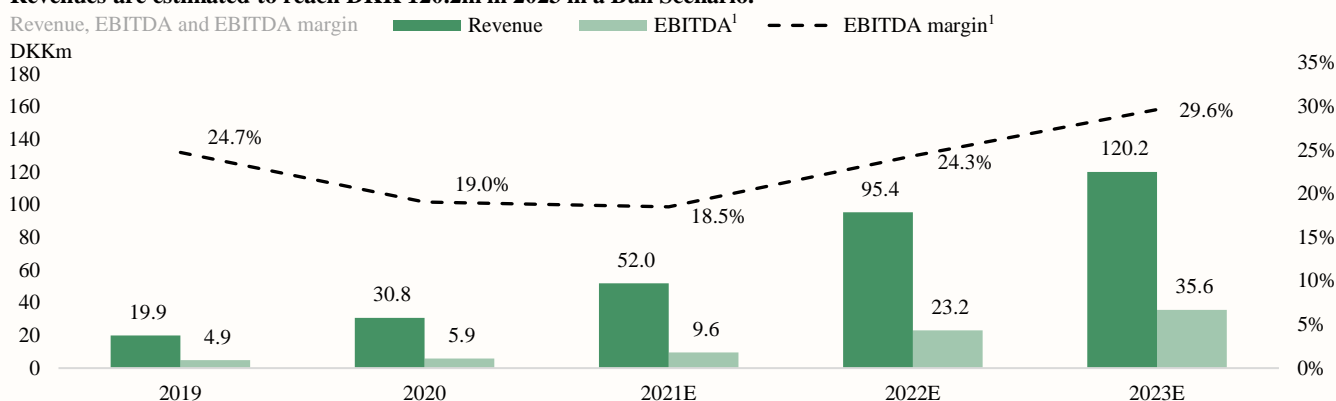
# BULL & BEAR

## Bull Scenario

**PRICE PER  
SHARE OF  
DKK 12.2  
IN A BULL  
SCENARIO**

In a Bull scenario the Company succeeds to sign a good publishers deal for the new Pro 11 game and scale the game in China during 2021 and 2022, launch the new e-sports manager game Five globally as well as getting good traction for Warhammer AoS S.A. during 2022. The Company are also able to acquire new games and game studios, thus both succeeding to find new developers and also adding additional strategy games to the current portfolio. In a Bull scenario, Trophy Games are estimated to grow perform a higher growth than their own target, as well as our Base scenario forecast, reaching revenues of DKK 52.0m in 2021 and DKK 95.4m in 2022. As the Company performs better, a higher target multiple is motivated. By applying an EV/S target multiple of 3.0x, hence 20% higher than the Base scenario, and in line with the median of the peer table, a potential price per share of DKK 12.2 is motivated in a Bull scenario.

**Revenues are estimated to reach DKK 120.2m in 2023 in a Bull Scenario.**



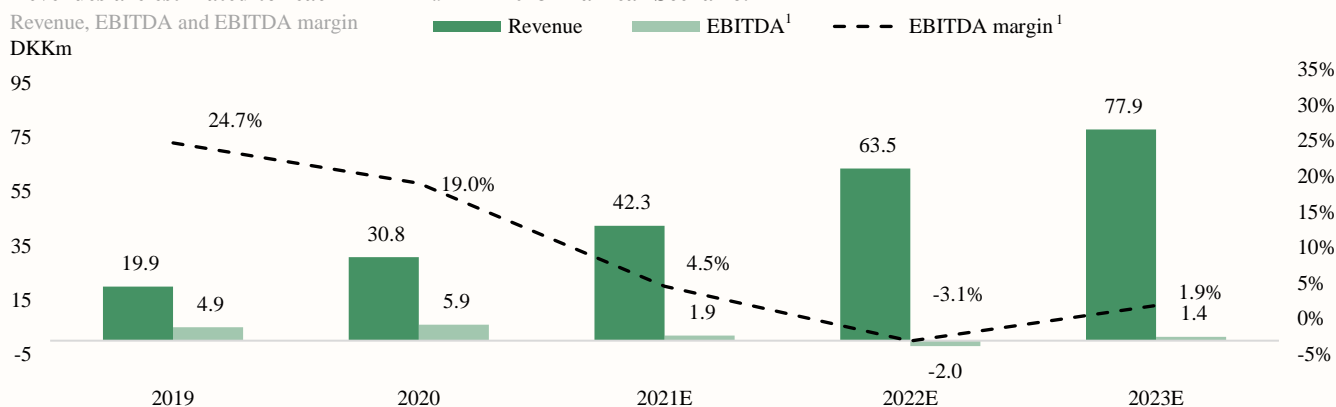
Analyst Group's estimates <sup>1</sup>Incl. activated costs

## Bear Scenario

**PRICE PER  
SHARE OF  
DKK 6.9  
IN A BEAR  
SCENARIO**

In a Bear scenario the Company doesn't succeed to sign a publishing deal for the new Pro 11 game, the e-sports manager game Five doesn't get sufficient traction globally, and the release of the Warhammer AoS S.A. game gets delayed and struggles to get traction. Furthermore, there is a risk that the Company faces challenges to acquire new games and to find good and relevant game studios without paying a premium, which keeps the Company from making any significant acquisitions during 2021 and 2022. The Company continues to struggle with finding new talent, resulting in delays for new games, which is why the Company in a Bear scenario doesn't grow as fast and only perform a revenue of DKK 42.3m in 2021 and DKK 63.5m in 2022. As the Company performs worse, a lower target multiple is motivated. By applying an EV/S target multiple of 2.2x, hence 12.2% lower than the Base scenario and a 23.3% discount to the median, a potential price per share of DKK 6.9 is motivated in a Bear scenario.

**Revenues are estimated to reach DKK 77.9m in 2023 in a Bear Scenario.**



Analyst Group's estimates <sup>1</sup>Incl. activated costs

# MANAGEMENT & BOARD

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## **Søren Gleie, Co-founder, CEO and member of the Board**

Søren is the founder of Trophy Games and has been the CEO since start, which is now his 15<sup>th</sup> year as CEO. He founded the company as he couldn't find any other game he wanted to play, so he created his own. He has been in charge of growing the Company to what it is today.

Søren holds 4,474,919 shares which equals to 16.3% of the outstanding shares of the Company.



## **Jan Dal Lehrman, Chairman of the Board**

Jan is a serial entrepreneur and investor, he has made several successful investments and exits in companies such as Bilbasen, Autobutler, Bazoom, Actimo and Benjamin Media. For the last ten years Jan has had an active role as boardmember in companies with a focus on culture, strategy and internationalization.

Jan holds 4,425,027 shares which equals to 16.1% of the outstanding shares of the Company.



## **Pernille Nørkær, Member of the Board**

Pernille is a Partner at Moalem Weitemeyer Advokatpartnerselskab and has 15 years of experience within commercial contracts, corporate compliance, and general advisory for Danish and international companies. Pernille has focused on IT and tech companies as well as professional sports clubs such as FC Copenhagen and FC Nordsjælland, and several betting companies like 888 and Leo Vegas.



## **Rene Eghammer, Member of the Board**

Rene Eghammer has 15 years of experience from the auditor industry followed by eight years at Carlsberg Group covering various positions within finance, business controlling and M&A. Today, Rene focuses on business development and optimization of existing portfolio companies at Karsten Ree Holding, as well as being responsible for the M&A activities within the Karsten Ree Holding Group.

Rene holds 4,425,027 shares which equals to 16.1% of the outstanding shares of the Company.



## **Daniel Luun, CEO of Trophy Games Publishing ApS and member of the Board**

Daniel has been with the Company for 14 years and has an immense passion for computer games, especially football manager games. His profile is built around creating great game experiences for the users while keeping a strong focus on optimizing game design for monetization. Daniel has great experience within the fields of game design, UX and monetization, and is therefore primarily in charge of monetization and game development, but oversees finances, marketing, sales and team management as well.

Daniel holds 2,375,000 shares which equals to 8.7% of the outstanding shares of the Company.



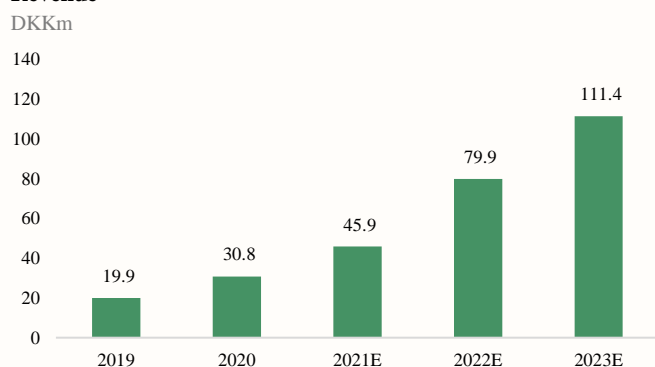
## **Mariana Chucuri, CFO**

Mariana has 15 years of experience in the gaming industry including employment as Finance Manager at Electronic Arts, Controller at Ubisoft, Finance Director at Eidos & Square Enix and lately CFO at Crey Games. Mariana holds an executive MBA from McGill College – HEC Montreal and a BBA accounting from HEC Montreal University.

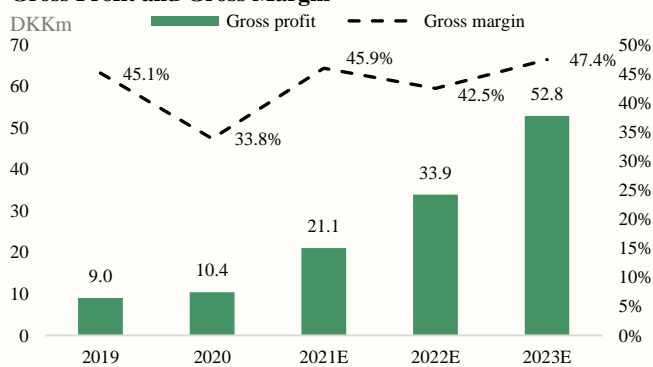
# APPENDIX: BASE SCENARIO

Income statement, DKKtn	2019	2020	2021E	2022E	2023E
Revenue	19,930	30,810	45,852	79,878	111,418
Growth	N.A.	54.6%	48.8%	74.2%	39.5%
Direct costs	-6,469	-9,583	-9,950	-18,652	-29,148
Other external costs	-4,467	-10,803	-14,837	-27,300	-29,440
<b>Gross profit</b>	<b>8,994</b>	<b>10,424</b>	<b>21,065</b>	<b>33,926</b>	<b>52,830</b>
Gross margin	45.1%	33.8%	45.9%	42.5%	47.4%
Staff costs	-4,493	-4,929	-8,581	-13,185	-16,311
Other operating expenses	N.A.	N.A.	-6,332	-10,927	-11,665
<b>EBITDA</b>	<b>4,501</b>	<b>5,495</b>	<b>6,152</b>	<b>9,815</b>	<b>24,853</b>
EBITDA margin	22.6%	17.8%	13.4%	12.3%	22.3%
Depreciation and amortisation	-11	-785	-2,293	-5,991	-7,799
<b>EBIT</b>	<b>4,490</b>	<b>4,710</b>	<b>3,859</b>	<b>3,824</b>	<b>17,054</b>
EBIT margin	22.5%	15.3%	8.4%	4.8%	15.3%
Financial items	-145	-168	-18	-24	-33
<b>EBT</b>	<b>4,345</b>	<b>4,542</b>	<b>3,841</b>	<b>3,800</b>	<b>17,020</b>
Tax	-1,084	-920	-127	-836	-3,744
<b>Earnings</b>	<b>3,261</b>	<b>3,622</b>	<b>3,714</b>	<b>2,964</b>	<b>13,276</b>

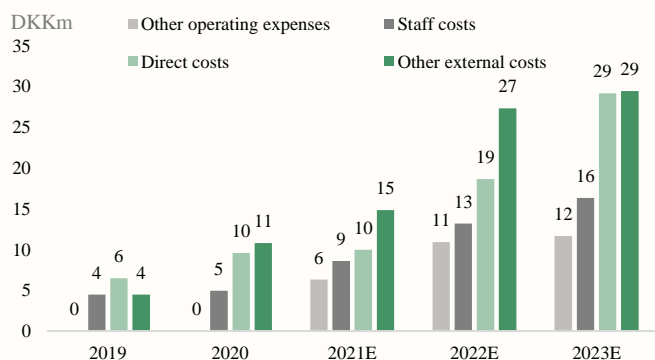
## Revenue



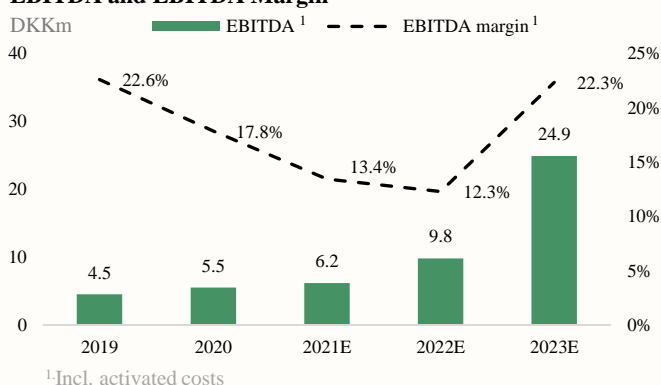
## Gross Profit and Gross Margin



## Break-down of OPEX



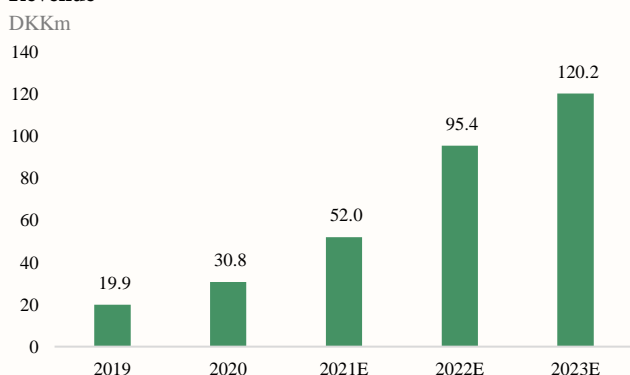
## EBITDA and EBITDA Margin



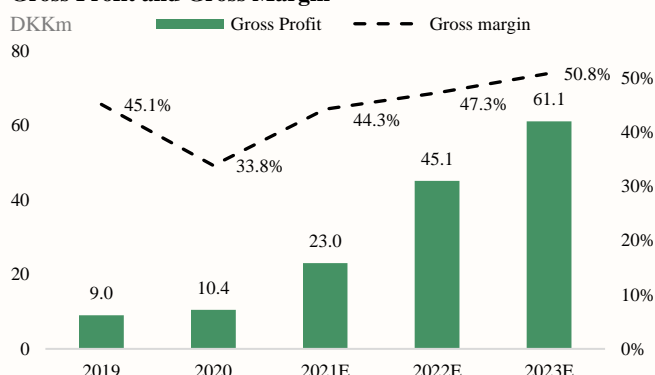
# APPENDIX: BULL SCENARIO

Income statement, DKKtn	2019	2020	2021E	2022E	2023E
Revenue	19,930	30,810	51,992	95,398	120,175
Growth	N.A.	54.6%	68.7%	83.5%	26.0%
Direct costs	-6,469	-9,583	-11,730	-22,753	-29,372
Other external costs	-4,467	-10,803	-17,248	-27,557	-29,716
<b>Gross profit</b>	<b>8,994</b>	<b>10,424</b>	<b>23,013</b>	<b>45,088</b>	<b>61,087</b>
Gross margin	45.1%	33.8%	44.3%	47.3%	50.8%
Staff costs	-4,493	-4,929	-7,533	-11,606	-14,607
Other operating expenses	N.A.	N.A.	-5,876	-10,292	-10,885
<b>EBITDA</b>	<b>4,501</b>	<b>5,495</b>	<b>9,604</b>	<b>23,191</b>	<b>35,594</b>
EBITDA margin	22.6%	17.8%	18.5%	24.3%	29.6%
Depreciation and amortisation	-11	-785	-2,600	-7,155	-8,412
<b>EBIT</b>	<b>4,490</b>	<b>4,710</b>	<b>7,005</b>	<b>16,036</b>	<b>27,182</b>
EBIT margin	22.5%	15.3%	13.5%	16.8%	22.6%
Financial items	-145	-168	-19	-24	-33
<b>EBT</b>	<b>4,345</b>	<b>4,542</b>	<b>6,985</b>	<b>16,012</b>	<b>27,149</b>
Tax	-1,084	-920	-231	-3,523	-5,973
<b>Earnings</b>	<b>3,261</b>	<b>3,622</b>	<b>6,755</b>	<b>12,489</b>	<b>21,176</b>

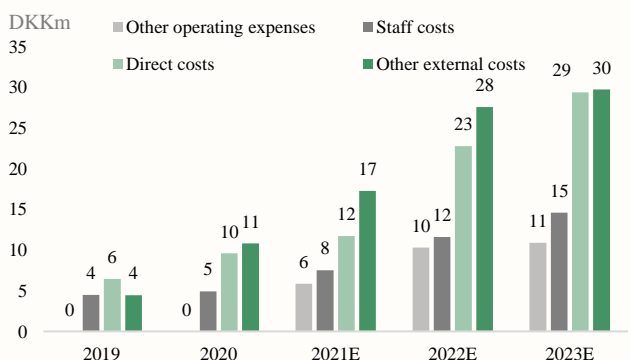
## Revenue



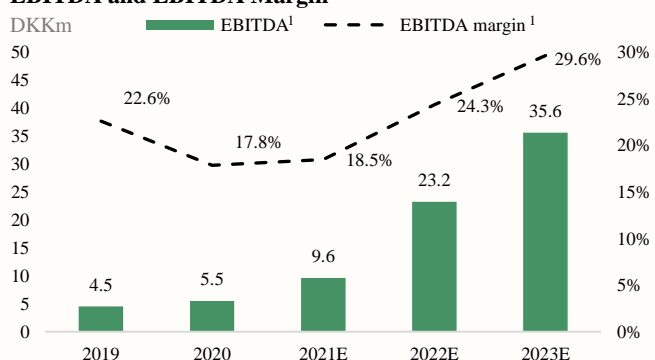
## Gross Profit and Gross Margin



## Break-down of OPEX



## EBITDA and EBITDA Margin

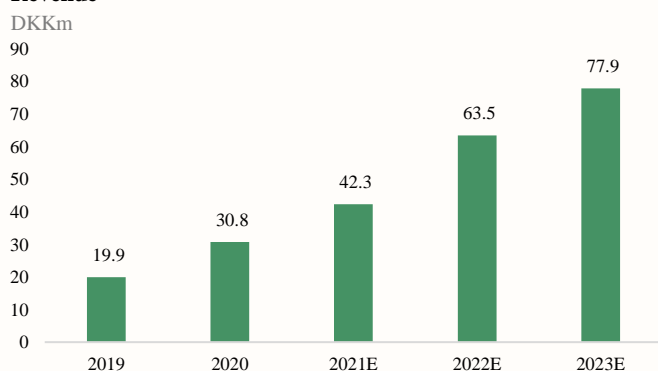


<sup>1</sup>Incl. activated costs

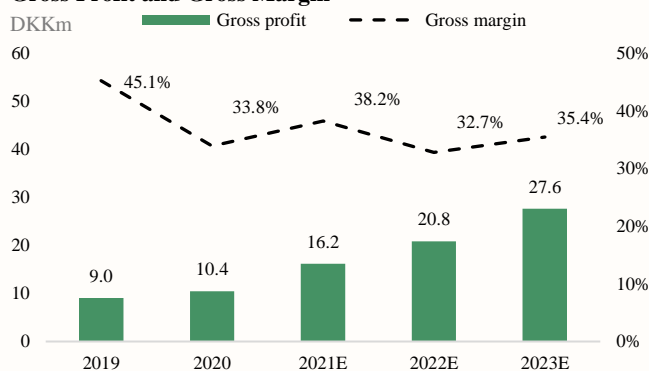
# APPENDIX: BEAR SCENARIO

Income statement, DKKtn	2019	2020	2021E	2022E	2023E
Revenue	19,930	30,810	42,348	63,497	77,898
Growth	N.A.	54.6%	37.4%	49.9%	22.7%
Direct costs	-6,469	-9,583	-8,934	-14,137	-19,482
Other external costs	-4,467	-10,803	-17,248	-28,583	-30,821
<b>Gross profit</b>	<b>8,994</b>	<b>10,424</b>	<b>16,166</b>	<b>20,778</b>	<b>27,595</b>
Gross margin	45.1%	33.8%	38.2%	32.7%	35.4%
Staff costs	-4,493	-4,929	-8,232	-12,658	-15,743
Other operating expenses	N.A.	N.A.	-6,011	-10,116	-10,410
<b>EBITDA</b>	<b>4,501</b>	<b>5,495</b>	<b>1,923</b>	<b>-1,997</b>	<b>1,442</b>
EBITDA margin	22.6%	17.8%	4.5%	-3.1%	1.9%
Depreciation and amortisation	-11	-785	-2,117	-4,762	-5,453
<b>EBIT</b>	<b>4,490</b>	<b>4,710</b>	<b>-194</b>	<b>-6,759</b>	<b>-4,011</b>
EBIT margin	22.5%	15.3%	-0.5%	-10.6%	-5.1%
Financial items	-145	-168	-19	-24	-33
<b>EBT</b>	<b>4,345</b>	<b>4,542</b>	<b>-214</b>	<b>-6,783</b>	<b>-4,045</b>
Tax	-1,084	-920	0	0	0
<b>Earnings</b>	<b>3,261</b>	<b>3,622</b>	<b>-214</b>	<b>-6,783</b>	<b>-4,045</b>

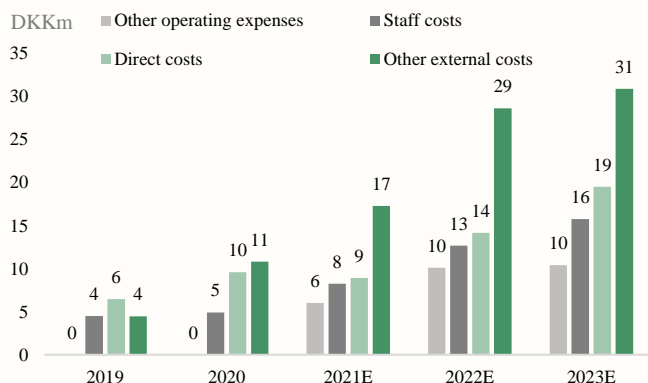
## Revenue



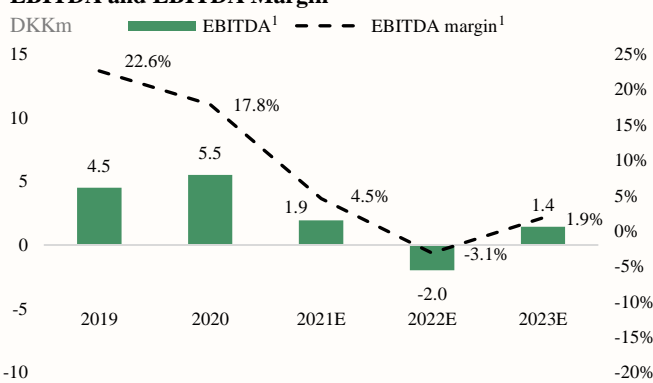
## Gross Profit and Gross Margin



## Break-down of OPEX



## EBITDA and EBITDA Margin



<sup>1</sup>Incl. activated costs



# DISCLAIMER

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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

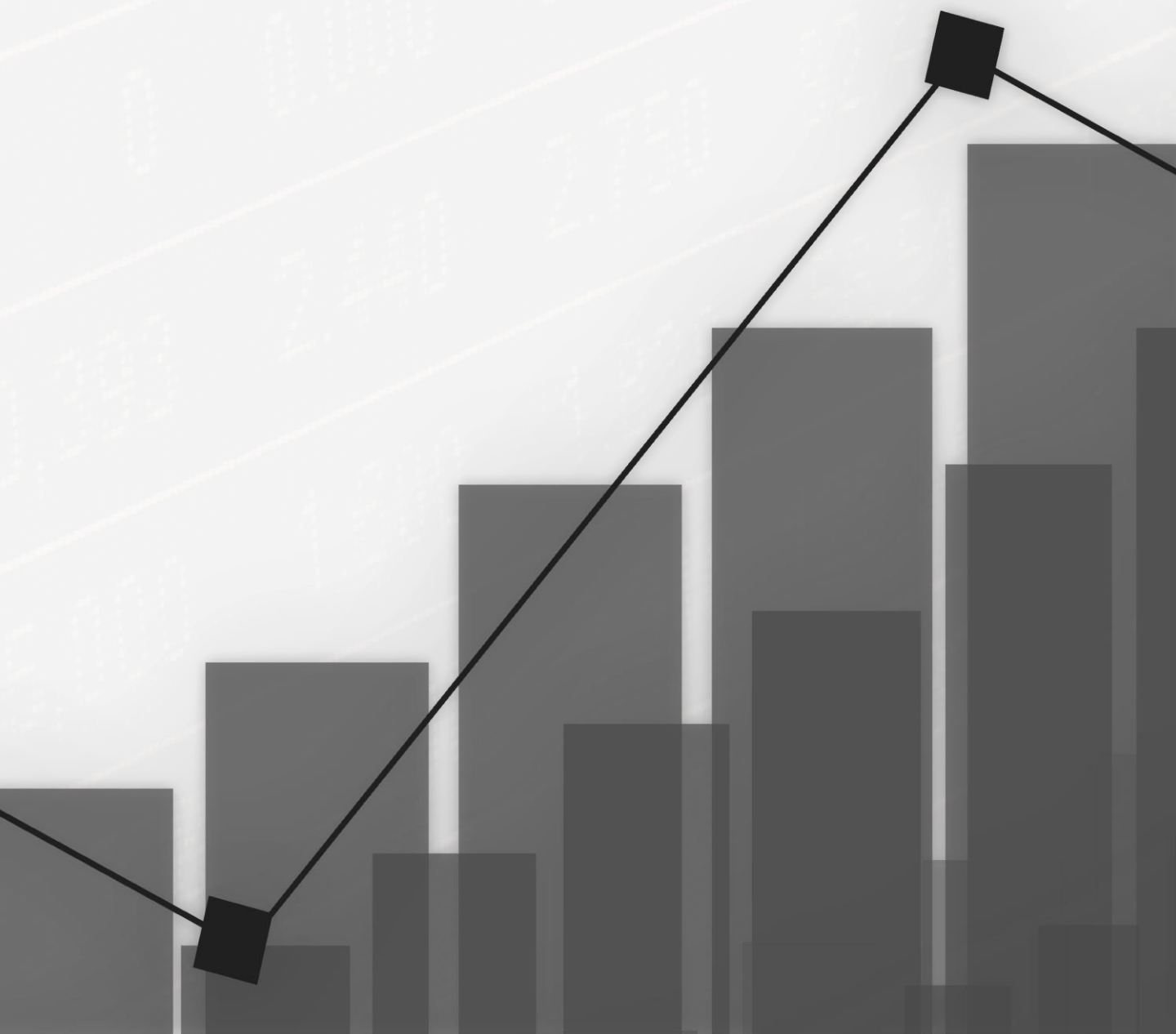
Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

## 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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