

TROPHY GAMES DEVELOPMENT A/S

STRATEGICALLY READY TO PLAY

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 broadened the portfolio through the acquisitions of Tiny Titans Studios and the already developed arcade games, Xombat ApS and the *Airline Manager 4* (“AM4”) game, by the release of *FIVE*, an e-sports manager game, and through the initiated global launch of the major IP-game *Warhammer: Soul Arena*. In a Base scenario, Analyst Group estimates a revenue of DKK 75.1m in 2022 with an EBITDA of DKK 7.0m, which, based on an applied EV/S multiple of 2.5x yields a potential fair value of DKK 8.2 per share.

▪ Increase In Users and Revenue

With 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.

▪ 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 sees no hinder for Trophy Games to reach set financial targets as the combination of the *Warhammer: Soul Arena* launch is expected to 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 75.1m in 2022 and DKK 111.1m 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 5.5

VALUATION RANGE

**BEAR
DKK 4.8**

**BASE
DKK 8.2**

**BULL
DKK 11.4**

TROPHY GAMES DEVELOPMENT

Share Price (2022-03-08)	5.5
Number of Shares Outstanding	27 600 000
Market Cap (DKKm)	151.8
Net cash(-)/debt(+) (DKKm)	-37.8
Enterprise Value (DKKm)	114.0
W.52 Price Intervall (DKK)	4.5 – 10.9
List	Nasdaq First North Growth Market Denmark

DEVELOPMENT

1 Week	-3.4%
1 Month	0.2%
3 Months	-2.8%
Since IPO	-35.5%

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

Half-Year Report - H1 2022	2022-08-17			
ESTIMATES (BASE), DKKM	2020A	2021A	2022E	2023E
Revenue	30.8	37.7	75.1	111.1
<i>Revenue growth</i>	54.6 %	22.2%	99.6%	47.8%
Gross profit	10.4	8.7	29.7	50.9
<i>Gross margin</i>	33.8%	23.2%	39.6%	45.8%
EBITDA¹	5.5	1.8	7.0	20.0
<i>EBITDA margin¹</i>	17.8%	4.8%	9.3%	18.0%
EBIT¹	4.7	-1.9	3.1	13.9
<i>EBIT margin¹</i>	15.3%	-5.1%	4.2%	12.5%
P/S	N/A	3.7x	2.0x	1.4x
EV/S	N/A	2.7x	1.5x	1.0x
EV/EBITDA	N/A	57.0x	16.3x	5.7x

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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