

TROPHY GAMES DEVELOPMENT A/S

GOING FOR GOLD



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
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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			
ESTIMATES (BASE), DKKM	2019	2020	2021E	2022E
Revenue	19.9	30.8	45.9	79.9
Revenue growth	N/A	54.6 %	48.8%	74.2%
Gross profit	9.0	10.4	21.1	33.9
Gross margin	45.1%	33.8%	45.9%	42.5%
EBITDA¹	4.5	5.5	6.2	9.8
EBITDA margin ¹	22.6%	17.8%	13.4%	12.3%
EBIT¹	4.5	4.7	3.9	3.8
EBIT margin ¹	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

¹Incl. Activated Costs

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Bull and bear

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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

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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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