



TROPHY GAMES



Q1 UPDATE 2024

Trophy Games Development A/S, Mikkell Bryggers Gade 4, 2nd floor, 1460 Copenhagen K, Denmark
CVR No 29240299. Accounting period: 1. January - 31. March 2024.



BUSINESS HIGHLIGHTS Q1 2024



Revenue (m/DKK) **+77%** YoY

Q1 2024	19.9
Q1 2023	11.3



Unique paying users **+101%** YoY

Q1 2024	89,194
Q1 2023	44,295



EBITDA (m/DKK) **+160%** YoY

Q1 2024	4.9
Q1 2023	1.9



Transactions **+99%** YoY

Q1 2024	235,731
Q1 2023	118,409



EBT (m/DKK) **+472%** YoY

Q1 2024	3.0
Q1 2023	0.5



Installs **+31%** YoY

Q1 2024	3,017,083
Q1 2023	2,307,615

Asset:
Trégua TSA DM-56

Game:
Train Manager



Cash and cash equivalents
DKK 22,987k end of March 2024 and no debt.





CEO INTRODUCTION TO THE Q1 UPDATE



A record quarter boasting unprecedented growth and bottom-line performance. Let's delve into the details:

First and foremost, our marketing department has identified lucrative new markets for user acquisition. While we anticipate continued success, it's worth noting that this quarter enjoyed a honeymoon period, yielding exceptionally high margins on marketing efforts. Sustaining these levels in the future may prove challenging.

Secondly, our ongoing efforts to enhance the transport series continue to yield dividends, with the games maintaining strong performance. Excitement for the future remains high as there are still numerous features to be added to further enrich these games.

Thirdly, we've intensified our focus on ad monetization to complement in-game payments. Properly implemented, these ads should not cannibalise our regular sales. One significant advantage of ad monetization, particularly video ads for in-game rewards, is the avoidance of the 30% fees charged by Google Play and App Store.

For comparison, March witnessed ad revenue of nearly half a million DKK, compared to 92k DKK last year, and we anticipate continued growth in ad revenue.

Lastly, our legacy games continue to demonstrate robust financial performance. By attracting more users and including it in Play Pass, we've managed to boost the revenue of Tiny Titans.

Looking ahead, we anticipate an exciting rest of the year with the potential release of up to four new titles. First up is Energy Manager, launched on April 23rd, 2024. While its financial impact may be modest, it holds significant

potential, paving the way for a series of smaller niche games, each with a yearly revenue potential of 1-5m DKK.

Following Energy Manager, we have Airport Tycoon, developed by the team behind Sky Haven, scheduled for Q3. We aim to leverage our experience from the first game to tap into a niche PC market.

Expectations are also high for Truck Manager, also slated for Q3. Additionally, we hope to launch Ranchers on Steam this year, rounding out an exciting pipeline of releases.

Within the organization, we're conducting two machine learning experiments, both in live game operations and user acquisition. More details will be shared during [our investor day](#) scheduled for May.

In Q1, we completed our share buyback initiative, acquiring a total of 626,930 shares, which accounts for 2.27% of our overall shares. These shares were purchased at an average price of 4.03, totaling DKK 2,524k.

Sincerely,
Søren Gleie
CEO, Trophy Games

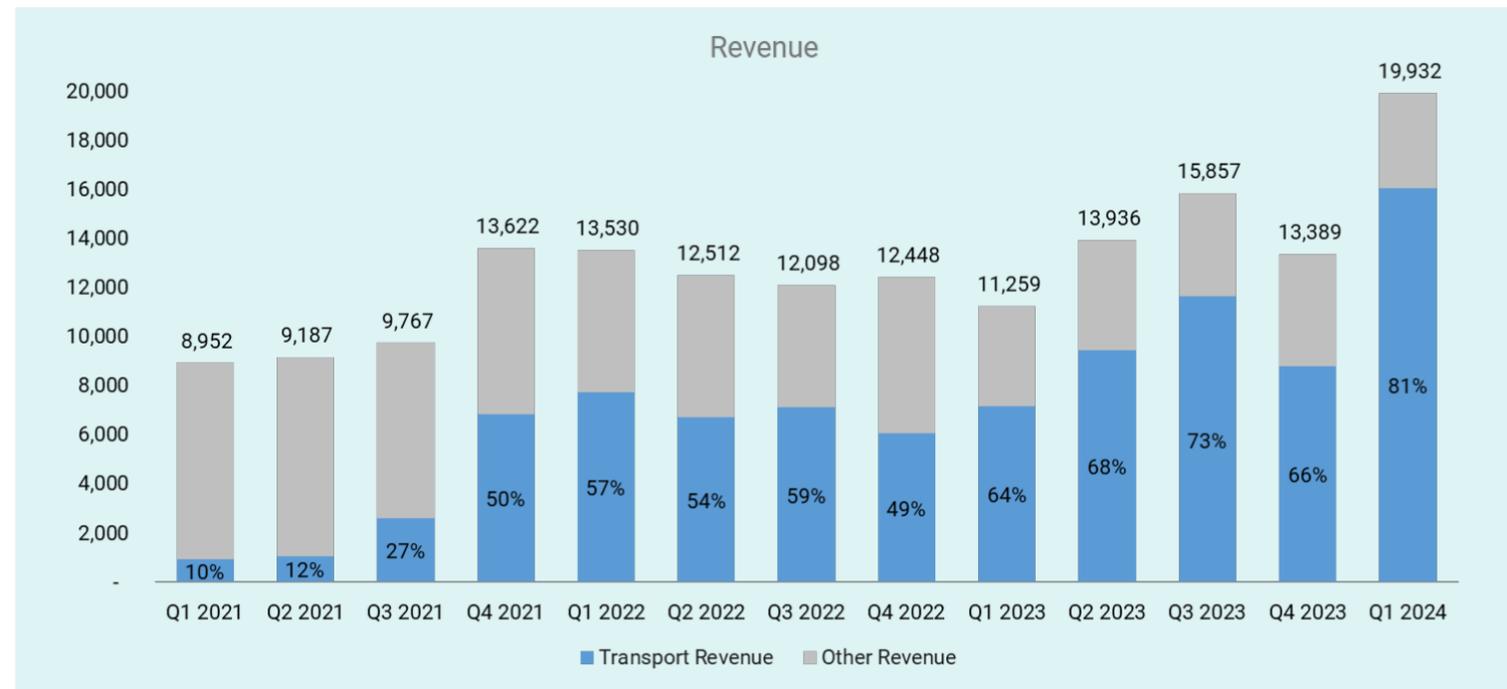
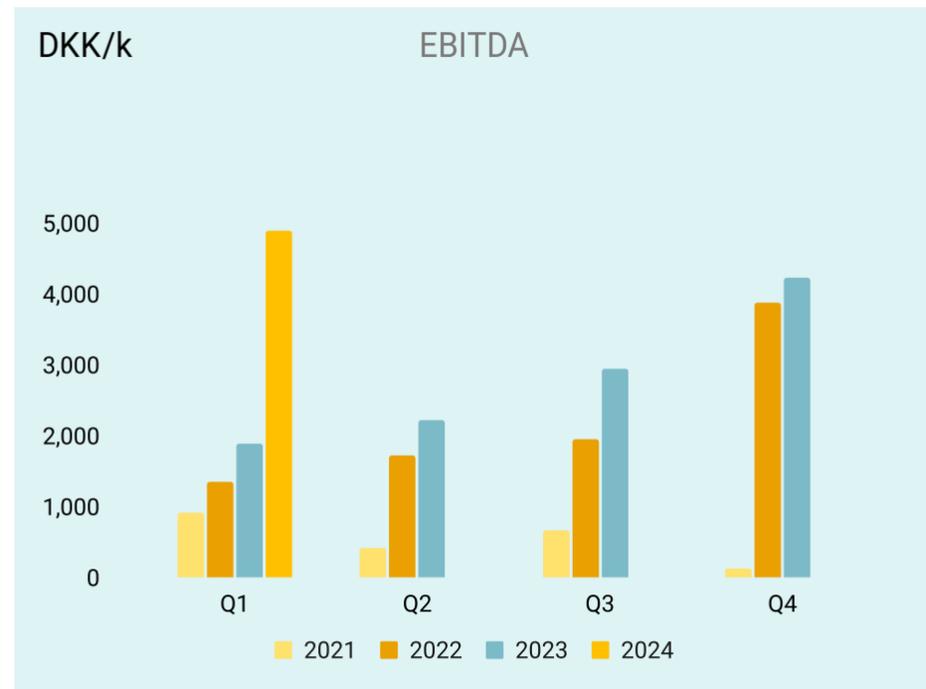


Søren Gleie
CEO & Founder, Trophy Games Development



GAMES SERIES Q1 BREAKDOWN

		Q1 2024											
		Revenue			Marketing			EBITDA			EBT		
		DKK 19.9m			DKK 5.2m			DKK 4.9m			DKK 3.0m		
Game Series	k/DKK	Q1 2024	Q1 2023	Diff	Q1 2024	Q1 2023	Diff	Q1 2024	Q1 2023	Diff	Q1 2024	Q1 2023	Diff
Transport		16,053	7,171	8,882	5,155	2,429	2,726	3,780	1,592	2,188	2,129	508	1,621
Airline Manager		7,278	4,881	2,397	1,751	2,005	(254)	3,179	1,152	2,027	2,920	872	2,048
Shipping Manager		4,634	980	3,654	2,509	424	2,085	151	(154)	305	(505)	(154)	(351)
Trains		2,148	-	2,148	850	-	850	245	(191)	436	162	(191)	353
Other Transport		1,993	1,310	683	45	-	45	205	785	(580)	(448)	(19)	(429)
Other Titles		3,879	4,087	(208)	11	47	(36)	2,233	1,315	918	2,139	1,231	908
HQ		-	-	-	-	-	-	(1,109)	(1,019)	(90)	(1,229)	(1,208)	(21)
TOTAL		19,932	11,258	8,674	5,166	2,476	2,690	4,904	1,888	3,016	3,039	531	2,508





FINANCIAL HIGHLIGHTS

January-March 2024 highlights

- Revenue: Our revenue increased by 77% year-over-year (YoY) to DKK 19,932k. The revenue split per Games Series was as follows:
 - Transport Series: increased by 124% to DKK 16,053k
 - Other Titles: decreased by 5% to DKK 3,879k
- Gross profit increased by 57% YoY to DKK 10,657k.
- In Q1 2024, our gross profit margin dropped to 53% from 60% in Q1 2023, primarily because our marketing expenses increased to DKK 5,166K compared to DKK 2,476K in Q1 2023. These marketing costs represented 26% of our games' revenue in Q1 2024.
- EBITDA reached DKK 4,904k in Q1 2024, leading to a YoY increase of 160%. The EBITDA split per Games Series was as follows:
 - Transport Series: increased by 136% to DKK 3,780k
 - Other Titles: increased by 71% to DKK 2,233k
- EBT experienced a substantial YoY increase, reaching DKK 3,039k compared to DKK 531k in Q1 2023.
- Cash Flow: Our cash flow and cash equivalent amounted to DKK 22,987k at the end of March 2024, compared to DKK 24,719k at the end of 2023, and we have no debt.

k/DKK	Q1 2024	Q1 2023
Revenue	19,932	11,259
Capitalized salary costs	2,351	2,198
Direct costs	(4,167)	(2,526)
External costs	(2,293)	(1,665)
Direct Profit	15,823	9,266
Marketing costs	(5,166)	(2,476)
Gross Profit	10,657	6,790
Staff costs	(5,753)	(4,902)
EBITDA	4,904	1,888
Depreciation and amortization	(1,803)	(1,148)
Other operating expenses	-	(45)
Financial income/expenses	(62)	(164)
Profit before tax	3,039	531
Tax on income	(988)	(260)
Profit/loss for the period	2,051	271

Key figures

Revenue growth	77%	-17%
Direct profit margin	79%	82%
Gross profit margin	53%	60%
Marketing spent percentage	26%	22%
Staff costs percentage	29%	44%
EBITDA margin	25%	17%



FINANCIAL OVERVIEW

Our financial highlights are presented with a full consolidation of Trophy Games Development A/S, Trophy Games Publishing ApS, Xombat ApS, Trophy Games Canada Inc., and PIU-PIU LT, UAB, for the first quarter of January to March 2024 compared to the first quarter of January to March 2023.

Revenue and Gross Profit First Quarter

In Q1 2024, our financial performance demonstrated robust growth and improved profitability compared to the same period last year. Revenue surged to DKK 19,932k, marking a notable 77% increase over Q1 2023, driven by strong performance across the Transport Series.

Our gross profit reached DKK 10,657k, representing a significant 57% year-on-year. This includes DKK 5,166k in Marketing costs compared to DKK 2,476k in Q1 2023. Direct costs, including payment fees and hosting, reached DKK 4,167k in Q1 2024 compared to DKK 2,526k in Q1 2023 constituting 21% of total revenue in both periods. External costs cover development and administrative expenses, reached DKK 2,293k in Q1 2024 reflecting an increase of DKK 628k compared to Q1 2023.

Costs and expenses

In the first quarter, staff expenditures amounted to DKK 5,753k, rising from DKK 4,902k in the corresponding period last year, signalling an expansion in our Transport Series team. Our workforce reached 53 employees by quarter-end, with 2 new additions from the end of December 2023. Despite our cautious approach to staffing, Trophy Games remains committed to attracting top talent. Amidst this significant growth, we persist in fortifying the company for further expansion in headcount.

Depreciation and amortisation

Depreciation and amortisation amounted to DKK 1,803k compared to DKK 1,148k in the same quarter last year. The depreciation and amortisation amount was mainly related to purchase price allocation (PPA) in Q1 2024. The increase from last quarter was related to the capitalized finished game-development projects.

EBITDA

Our EBITDA in Q1 2024 was DKK 4,904k compared to DKK 1,888k in Q1 2023, an increase of 160% from Q1 2023. EBITDA margin improved to 25% in Q1 2024, up from 17% in Q1 2023. This demonstrates that we successfully managed our operational expenses and generated profitability before accounting for non-operating items.

Profit before and after tax

Furthermore, our profit before tax surged to DKK 3,039k, a substantial improvement from DKK 531k in Q1 2023. After accounting for taxes, our net profit for the quarter reached DKK 2,051k, highlighting a remarkable growth trajectory compared to the previous year's DKK 271k.

Mariana Chucri
CFO



INVESTOR DAY 2024

Talks from; CEO Søren Gleie,
CFO Mariana Chucri and CMO
Frederik Vig.

23/05/2024
17:00 CET
CPH



Sign up today!



TROPHY GAMES DEVELOPMENT A/S

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