CEO Letter #4 - Strategy Update

Dear Trophy Games investors, as we approach the end of the year, the strategy for 2024-26 has been refined at Trophy Games. As a prelude to the announcement of guidance expected later in December, I will review the major lines for next year.

Over the last two years, we have invested heavily in our Transport Manager Series, where all our growth comes from. As we said we would do, we reached a point where the rapidly growing Transport series has become larger than our old games.

In the first three quarters of this year, we have seen solid growth in our transport series, even though we have become more conservative in our marketing efforts. The transport series has generated DKK 26 million, compared to 19.4 million in the first three quarters of last year. This is an increase of 6.6 million, or 34%. Our older games, which are self-sustaining, have generated 15 million in the first three quarters of this year, compared to 18.8 million last year, a decrease of 3.7 million or 19%. The growing transport series accounted for 70% of our revenue in the third quarter. The series represented 48% in the third quarter of 2022. We have finally reached a point where what we invest in and grow also constitutes most of our revenue.

What is the Transport series?
The Transport series of games is built around people's offline hobbies, like planes, trains, ships, and trucks. It's a series of industrious games with a high degree of complexity. The goal for the next three years is to dominate the manager game genre, which will also be the focus of our investments and priorities.

We started with Airline Manager, which we added to our portfolio in 2021 by acquiring Xombat. Since then, we have increased Airline Manager's revenue sixfold and created a code framework that enables us to make a whole series of games based on the same game design. We released Shipping Manager at the end of 2022 and Train Manager in the summer. Both games have met our expectations for organic installs, user retention, and user payments, leading us to increase focus and investment in this series.

We presented the strategy at an investor event in Sweden in September. Here is a link to the presentation: Redeye Stockholm September 2023.

Competitive advantages
The Transport series of games is exciting because their format gives us two major synergies and a significant competitive advantage.

The games share the same code framework, allowing 80% of the code to be reused. The code sharing speeds up development time and significantly reduces the updates and new game launch costs.

We see that players are eager to play multiple or even all the games, so our cross-promotion of the games works well and will enable us to kickstart new launches. For example, we are developing this even more with our Discord server, shared between all our transport games.

The games also use our map server, a simplified version of Google Maps. It is a relatively large "moat" for new competitors to cross, as they will incur high expenses using third-party map servers.

This model of game development can be used to create many more games than we have live right now. We are currently developing an Energy Manager and a Truck Manager game. Based on their success, we will continue with more games, and the list of potential themes is more than 20 titles long. Examples could include Police Manager, Gold Mine Manager, etc.

Goals for 2024:
The primary goals for 2024 are all related to the Transport Series and the code framework:

1. Launch Truck Manager (mid-year). This game could attract a large player base, as truck simulators have historically experienced good sales.
2. Launch Energy Manager (April). It is expected to be a minor title, but it tests exciting features that can positively impact earnings in the rest of the Transport series.
3. Scale the top and bottom lines of Airline Manager, Shipping Manager, and Train Manager. Several major features are coming, especially for Shipping and Train Manager.
4. Start production of two new titles in the Transport Series.
5. Strengthen our presence on the web/browser to drive more traffic and revenue to our transport games outside Google and Apple app stores. Web user payments are not subject to the 30% fee as in the app store. We have purchased managergaming.com and will explore scaling it profitably as a platform for our games.
6. A successful Ranchers release might open up a new business opportunity in publishing other studios' games.

Strategic Initiatives in 2024:

- Use AI to improve our marketing efforts and achieve higher revenue with better margins. We use heygen.ai to create large amounts of video material very cheaply. We also use AI to estimate the value of users better early in their game journeys.
- Use AI to save money on translations and release our games in more languages.
- Use AI to take over much of the player support for faster response times and savings.
- We need to make more effort to improve our user interface and experience. We must adapt it to different cultures to reach new markets, especially in Asia.
- Focus more on countries where we still need to be prominent.

I hope you have a merry Christmas and a really exciting New Year!

Sincerely,

Søren Gleie

CEO, Trophy Games Development A/S

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- [CEO Letter #3 - Train Manager Status.pdf](#)
- [CEO Letter #2 - Tiny Titan Studios Status.pdf](#)
- [CEO Letter #1 - Publishing & The Ranchers.pdf](#)

Forward-Looking Statements

This announcement may contain forward-looking statements regarding Trophy Games's future operations and performance. Such statements are based on current expectations and involve risks and uncertainties. Due to various factors, results may differ materially from those expressed in these forward-looking statements.

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About Us
Trophy Games is a data- and business-driven game company with a no-bullshit mentality. We build games around real-world interests to immerse players in their passion online!