



edyoutec - Operational update January 2024

Press release January 18, 2024

As we have entered into the new year, we now want to harvest revenue from our efforts in 2023. The IPs within the Edtech and Gaming verticals must be seriously rolled out. In mid-December 2023, we signed a publisher agreement for King Royale. Following a quick review from the publisher MAF, it has been concluded that King Royale is ready for test launch already before the end of January. For us, this is a statement of strength as independent analysts believed that the game could be launched and reap revenues in Q3 2024 at the earliest. We are basically 6 months ahead of the analysts' forecasts.

King Royale

The game will begin a test launch in January. Initial data shows that most of the technical parts are in place and we see no need for any major updates during the test period. After the test period, King Royale will be pushed to MAF's user base of approximately 50 million monthly users. There is no doubt that we have high expectations for the outcome. King Royale is one of several IPs that could singlehandedly make the entire edyoutec group cash flow positive within one to two months. Our KPIs match the top games in the same genre and we want to be able to absorb steady income in the same way as these top games.

As a calculation example, it can be mentioned that if King Royale gives us income of at least SEK 0.5 million per month, we would be cash flow positive and would have cash left over for investments in new license-generating IP. Development costs for King Royale are reduced to a minimum in connection with the launch.

MAF, publisher of King Royale, has had fantastic growth in recent years and in 2022 the company had a turnover of approximately SEK 220 million. We will have our rightful share of the revenue in 2024.

Tank Operations

The new sharp version of Tank Operations will be rolled out in the beginning of February, but it will be available as "early access" within a week. Soon, promotional videos will also be available for anyone who is curious about what the game looks like and what it's all about. The dedicated publisher, 2tainment, takes over responsibility for all marketing of the game in connection with the launch. The game has a metascore of just over 80% and there is an active fanbase and community attached to the game. It bodes well for the sharp launch.

We mainly looked at two similar strategy games when we benchmarked Tank Operations. Panzer Corps 2, was released in March 2020 and has grossed around SEK 30 million and has a metascore of 83%, i.e. the same as Tank Operations. Furthermore, we benchmark against the game Western Front, which was launched in March 2023 and which has a turnover of approximately SEK 15 million until December 2023. Western Front has a metascore of 71%. Our assessment is that Tank Operations has an economic capacity somewhere between Panzer Corps 2 and the Western Front. If Tank Operations were to generate SEK 0.3 million per month, on the low end, we are cash flow positive on this game alone.

LOI - German developer of children's games and educational apps

The work to complete the acquisition of the German target company is ongoing at the time of writing. Before I touch on the company's potential, I want to briefly rehearse what the target company's business is. The target company specializes in the development of primarily digital educational apps. The apps have been downloaded over 18 million times and today have around 200,000 organic downloads a month. Since it was founded, the company has won several awards for its apps aimed at children aged 4-10.

The company produces a subscription-based educational platform for children between 6 and 10 years of age. The platform is aimed at both parents and schools worldwide. The app will already be launched in Q2 2024 on both Apple and Android devices. The app has shown particularly strong results from its beta launch, successfully transitioning users from its one-time organic downloads to signing up for a monthly subscription service. This conversion rate is around 18%. By being able to channel organically acquired users, marketing costs are low, almost non-existent, per download.

The subscription price is set at 9.99 EURO per month/user. Within 12 months, the target company is expected to have 50,000 monthly subscribers and within 24 months approximately 100,000 monthly subscribers. The math then becomes the following; within 12 months the company must generate SEK 5.5 million per month and during the following 12 months SEK 11 million per month must be obtained. According to the target company's management, these figures are highly reasonable and to some extent low. One can compare the target company with eEducation Albert, which is listed on First North. eEducation Albert can be assumed to have a turnover of approximately SEK 200 million per year and has primarily penetrated Sweden. The target company we intend to acquire, with its 18 million downloads and 200,000 monthly organic downloads, has its primary market in German-speaking countries. This math is the basis of our intention to acquire the company.

Targets - Summary

This operational update has primarily targeted what is expected to arrive within 4-6 weeks. The ambition is to reconnect to the below IPs during the next operational update in February;

1. Launch Rail Experience
2. Launch of the Mattekakery under edyoutec's auspices

Our subsidiary group Wegesrand works continuously to obtain new assignments, but focuses particularly on how the group can establish license-generating income through our existing platforms. We will grow both organically and through acquisitions, this is a most natural combination for edyoutec. Upcoming acquisitions have a strategic thought attached to them and complement the already established Edtech operations.

The year 2023 was a year in which we were forced to work on recasting the entire group and establishing synergies. Despite the tough stock market climate in 2023, we have essentially achieved all of our goals. We are now putting 2023 behind us and look forward to upcoming launches of both game titles and Edtech titles. We are already kicking off in January with the launch of two game titles. We want to obtain stable revenue streams from our IPs as soon as possible.

Our ambition for 2024 is to create strong shareholder value through both organic growth and acquisitions. This ambition will also reflect how the company intends to raise capital in the future to acquire companies. We are working intensively to bring in strategic investors to the company who intend to be part of our entire growth journey in the coming years.

I would like to welcome all new shareholders with this operational update for January 2024.

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About edyoutec

edyoutec is a Swedish company in games and digital education that consists of two verticals, EdTech and games. In the EdTech vertical, the company focuses on developing products in genres such as game-based learning and Serious Games, it is in these areas that edyoutec has identified the greatest synergies between the company's two verticals. In the Games vertical, the business concept is based on developing and distributing free-to-play ("F2P") mobile games for Android and iOS.

For more information, see edyoutec's website www.edyoutec.com