



FY22 Financial Results

September 2022



# FRONTIER FY22 FINANCIAL RESULTS PRESENTATION

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September 2022



**David Braben**  
President and Founder



**Jonny Watts**  
CEO



**Alex Bevis**  
CFO



## Our Develop, Launch & Nurture strategy continues to deliver

### Our game portfolio continues to grow

- *Jurassic World Evolution 2* (Nov'21) was the biggest contributor to FY22, including through PDLC
- *Jurassic World Dominion* content further boosted engagement from Jun'22 (in FY23), and total revenue generated as at 31 August (10 months) was above £60 million
- Strong ongoing performance of games which released before FY22, most notably *Planet Zoo* with a 94% revenue sustain rate (FY22 vs. FY21)
- *F1® Manager 2022* launched successfully at the end of August 2022 (in FY23), creating a valuable annual sport franchise

### Frontier Foundry achieves success

- 3 more titles released in FY22, with a further 3 new games revealed for FY23 launch
- *Warhammer 40,000: Chaos Gate – Daemonhunters* has been our biggest Foundry title to date, releasing in May 2022, to a very positive reception

### Our growing team of talented people continue to deliver

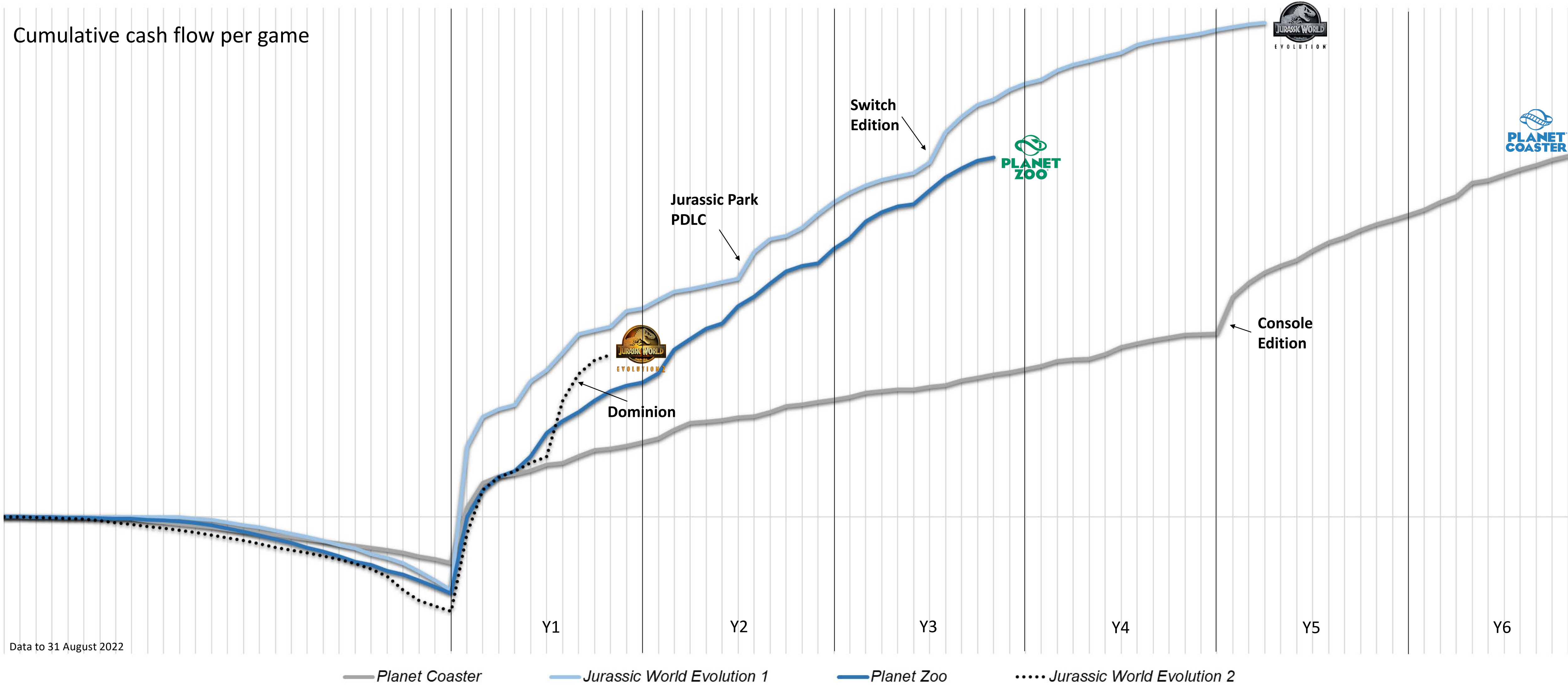
- During the year we grew our team by over 25% to 792 at 31 May 2022. We now have over 800 people
- Our talented and hardworking people delivered an excellent year of new games and new content for our player communities, while supporting each other

### Another record year

- Record annual revenue of £114m in FY22, up 26% from FY21
- Adjusted EBITDA in line with expectations at £6.7m
- Net cash of £39m at 31 May 2022 (31 May 2021: £42m). Grew to £53m at 31 August 2022

RETURN ON INVESTMENT

Our Develop, Launch & Nurture strategy generates cashflows over many years





# FY22 FINANCIAL RESULTS

## Income Statement

FRONTIER DEVELOPMENTS PLC  
FY22 FINANCIAL RESULTS

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| £m   | FY22          | FY21   | % change      |
|--|---------------|--------|---------------|
| <b>Revenue</b>                                 | <b>114.0</b>  | 90.7   | <b>26%</b>    |
| Cost of sales                                  | <b>(40.4)</b> | (27.5) | <b>47%</b>    |
| Gross profit                                   | <b>73.6</b>   | 63.2   | <b>17%</b>    |
| GM%  | <b>65%</b>    | 70%    | <b>(5pp)</b>  |
| <i>Gross R&amp;D</i>                           | <b>47.5</b>   | 34.9   | <b>36%</b>    |
| <i>Capitalised costs (game dev &amp; tech)</i> | <b>(35.2)</b> | (27.8) | <b>27%</b>    |
| <i>% of gross R&amp;D capitalised</i>          | <b>74%</b>    | 80%    | <b>(6pp)</b>  |
| <i>Amortisation (game dev &amp; tech)</i>      | <b>33.9</b>   | 14.9   | <b>127%</b>   |
| Net R&D  | <b>46.2</b>   | 22.0   | <b>110%</b>   |
| S&M  | <b>12.3</b>   | 7.3    | <b>70%</b>    |
| G&A  | <b>13.6</b>   | 13.9   | <b>(3%)</b>   |
| Total Opex                                     | <b>72.1</b>   | 43.2   | <b>67%</b>    |
| <b>Operating profit</b>                        | <b>1.5</b>    | 19.9   | <b>(92%)</b>  |
| Op. margin %                                   | <b>1%</b>     | 22%    | <b>(21pp)</b> |
| Interest & tax                                 | <b>8.1</b>    | 1.6    | <b>n/a</b>    |
| <b>Profit after tax</b>                        | <b>9.6</b>    | 21.6   | <b>(55%)</b>  |
| Basic EPS (pence)                              | <b>24.6</b>   | 55.4   | <b>(56%)</b>  |



# FY22 FINANCIAL RESULTS

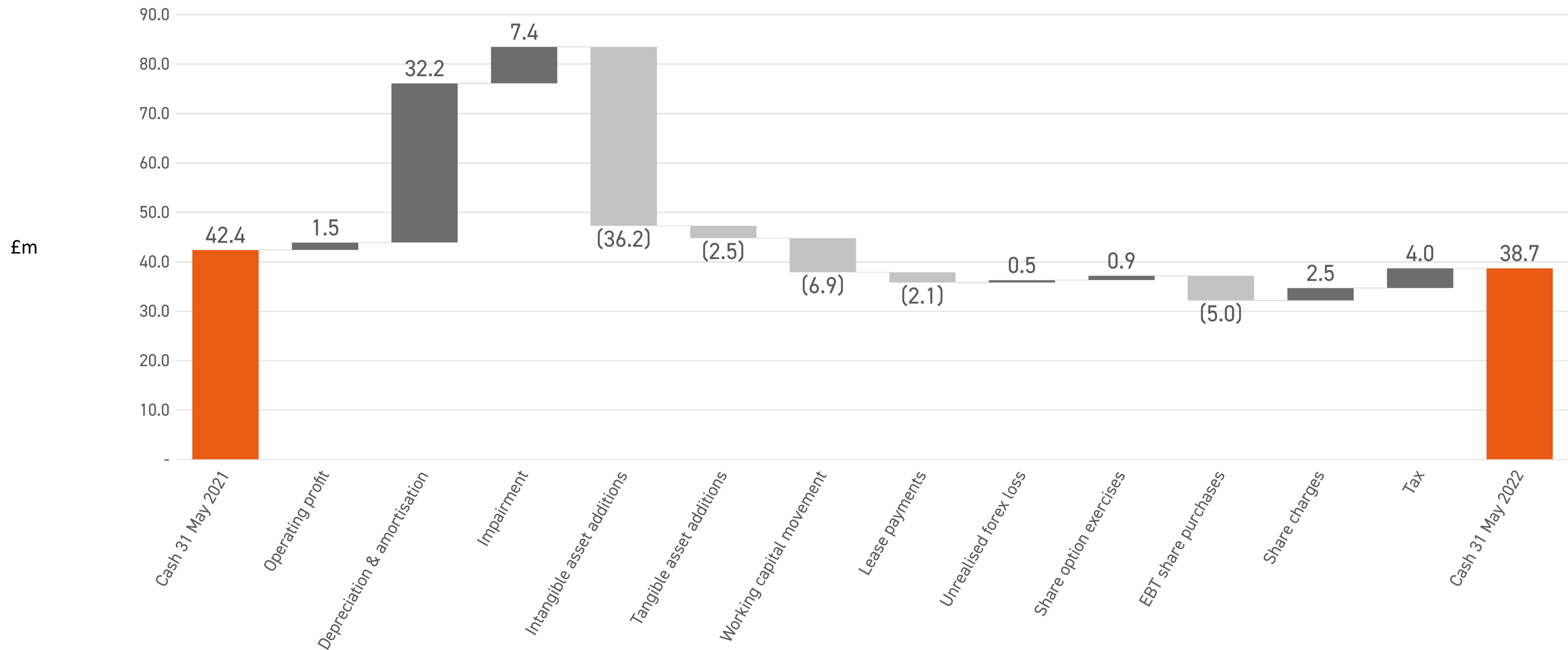
## Profitability measures

| £m   | FY22          | FY21   | Change |
|--|---------------|--------|--------|
| <b>Operating profit</b>  | <b>1.5</b>    | 19.9   | (18.4) |
| Add back non-cash intangible asset amortisation charges for game developments and Frontier's game technology | <b>26.5</b>   | 14.9   | 11.6   |
| Add back non-cash intangible asset impairment charge for game developments                                   | <b>7.4</b>    | -      | 7.4    |
| Deduct capitalised investment costs in game developments and Frontier's game technology                      | <b>(35.2)</b> | (27.8) | (7.4)  |
| Add back non-cash depreciation charges   | <b>3.6</b>    | 2.8    | 0.7    |
| Add back non-cash movements in unrealised exchange losses/(gains) on forward contracts                       | <b>0.5</b>    | (0.2)  | 0.7    |
| Add back non-cash share-based payment expenses   | <b>2.5</b>    | 2.2    | 0.3    |
| <b>Adjusted EBITDA</b>   | <b>6.7</b>    | 11.8   | (5.1)  |



FY22 FINANCIAL RESULTS

Cashflow





# FY22 FINANCIAL RESULTS

## Balance Sheet

|   | 31 May<br>2022<br>£m | 31 May<br>2021<br>£m |
|---|----------------------|----------------------|
| Intangible and tangible assets          | 77.5                 | 77.4                 |
| Right of use asset (building lease)     | 19.5                 | 21.1                 |
| Receivables and other short term assets | 24.7                 | 13.7                 |
| Tax assets                              | 9.2                  | 6.9                  |
| Cash                                    | 38.7                 | 42.4                 |
| <b>Total assets</b>                     | <b>169.6</b>         | <b>161.5</b>         |
| Payables                                | (28.0)               | (24.0)               |
| Deferred income                         | (2.5)                | (2.2)                |
| Lease liability                         | (20.7)               | (22.2)               |
| <b>Total liabilities</b>                | <b>(51.2)</b>        | <b>(48.4)</b>        |
| <b>Net assets</b>                       | <b>118.4</b>         | <b>113.2</b>         |





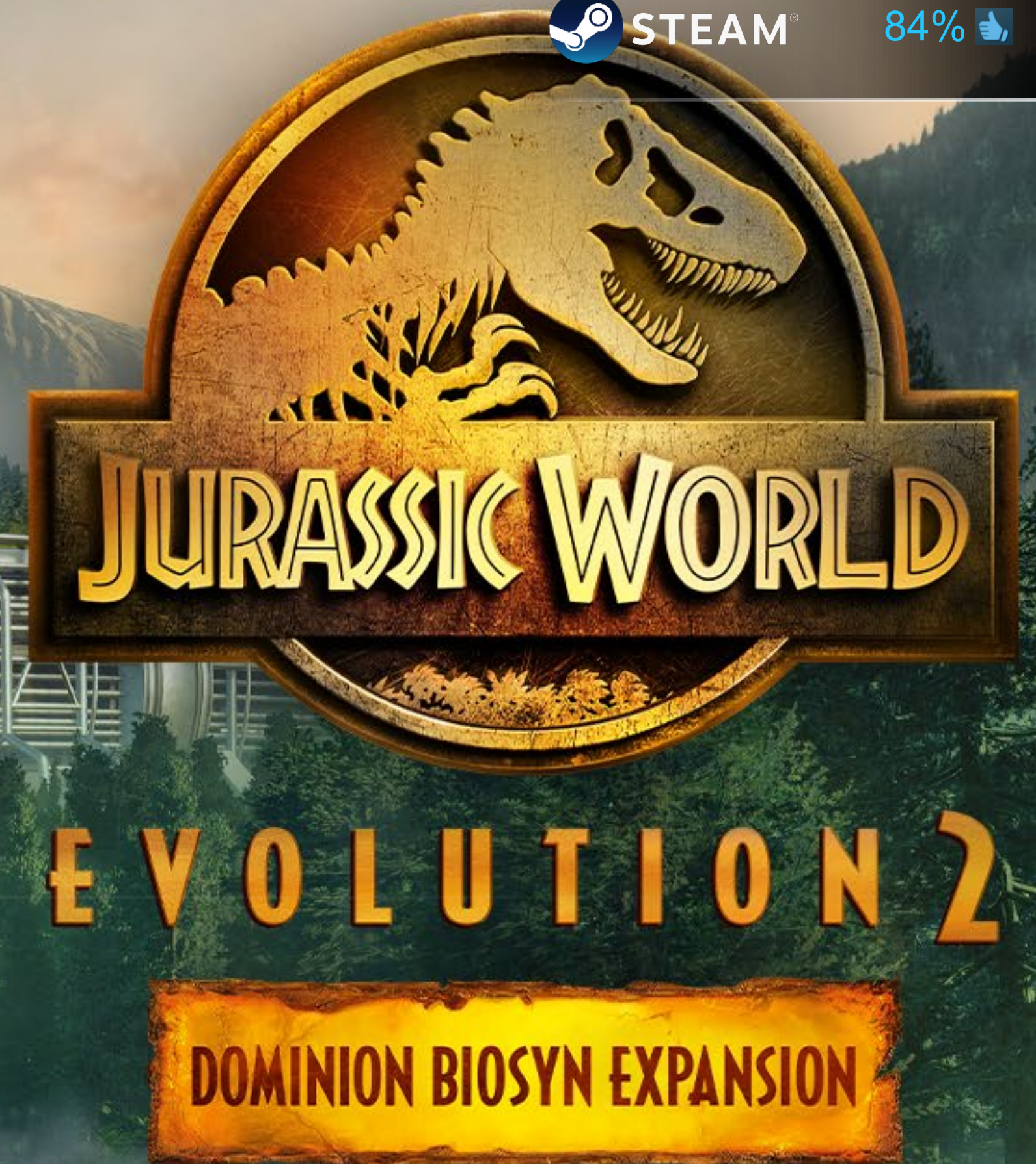
# F1 MANAGER 22

OpenCritic 78  
metacritic 79 81 76  
PC PS4 PS5  
STEAM® 72%

## Sales performance:

- Strong sales, as expected, on PC and console
  - Unit sales tracking slightly above JWE2 performance
  - Good penetration in UK and Western Europe
  - US sales consistent with F1's current audience distribution.
- Strong future growth opportunity





### Sales performance:

- Some congestion at launch in Nov'21, as previously reported
- Strong ongoing engagement through 2022, including audience spikes around the Xbox Game Pass submission (May) and Dominion film release (June). PDLC is an important element in our strategy
- Cumulative revenue at 31 August (10 months from release) of over £60m, with base game unit sales of almost 1.6m
- New PDLC has just been released, with more to come





# PLANET ZOO®

## CONSERVATION PACK

### Sales performance:

- Excellent sustained performance in FY22 (with a 94% annual revenue sustain rate FY22 vs. FY21)
- Coming up to 3<sup>rd</sup> anniversary (released in Nov 2019)
- Over 3m base game units sold
- 11 PDLC packs now available with more to come
- UGC through the Steam Workshop helps the player community support each other
- *Planet Zoo* is a great example of our Develop, Launch & Nurture strategy



The background of the slide is a detailed digital illustration from the Warhammer Age of Sigmar universe. It depicts a battle scene in a lush, mountainous landscape. On the left, a group of Warriors of Light, clad in golden armor with blue accents, are engaged in combat. One warrior in the foreground is being struck by a large, glowing blue lightning bolt. To the right, a massive, horned Ork, a creature of the Dark Elves, stands prominently. It has blue and white fur with glowing blue runes and is holding a large, dark, jagged weapon. In the background, more warriors and a body of water are visible under a hazy sky. The overall tone is epic and fantastical.

# WARHAMMER AGE OF SIGMAR

## A great opportunity in an adjacent genre

- First real-time strategy (RTS) for Frontier – an adjacent genre.
- Warhammer IP has been proven to be an excellent enabler for RTS games
- We have exclusive rights to the Warhammer Age of Sigmar brand
- We are creating a great RTS experience for both PC and console players
- Scheduled for release in FY24 (during the 12 months to 31 May 2024)





### Momentum is building:

- By the end of this financial year Foundry will have released 8 titles
- Very positive reaction to *Warhammer 40,000: Chaos Gate – Daemonhunters* which released in May 2022
- Three titles for release in FY23 all now revealed. All three are from experienced developers
- Foundry is set to become a material part of our business



## A talented and hardworking team

- We continue to grow our team, with a net increase of over 25% in FY22. We now have over 800 talented people
- The growth in our team is not limited to headcount numbers alone. In the last few years, particularly during coronavirus, 'Engagement' has become a core part of our people strategy:
  - Communication
  - Socials events
  - Celebrations
  - Flexible/hybrid working
  - Pay and benefits
  - Sharing in success
  - Training and development
  - Merchandise
  - ESG
- Our people did a terrific job during FY22 and we look forward to their collective contribution in FY23 and beyond





# CURRENT TRADING AND NEAR-TERM OUTLOOK

## Set for success in FY23

- Following a record FY22 we have started FY23 in great shape:
  - Our existing portfolio continues to perform, with *Jurassic World Evolution 2* benefitting from our themed PDLC and the hype around the *Jurassic World Dominion* film in June 2022, and *Planet Zoo* also seeing new PDLC. Further PDLC planned for both games in FY23
  - Our major new game release in FY23, *F1® Manager 2022*, launched a few weeks ago on 30 August, and initial sales have been strong, as expected
  - Foundry looks set for a good year with ongoing sales from *Warhammer 40,000: Chaos Gate – Daemonhunters* and three new titles releasing in FY23
- Based on performance to date the Board remains confident of the current analyst expectations for FY23





# LONGER-TERM OUTLOOK

## Well positioned for the future

- Having successfully delivered 6 out of 6 internally developed major games launches, we look ahead with confidence:
  - Our Develop, Launch & Nurture model continues to deliver, with strong ongoing contributions from each of our titles
  - We have successfully launched a major annual sport licence with *F1® Manager*. We'll nurture and grow the franchise to deliver strong performance over many years
  - We are excited about our *Warhammer Age of Sigmar* RTS project coming in FY24, and the potential that brings for future RTS titles
  - Foundry is building momentum and is set to become a material part of our business
  - We continue to grow our capability with over 800 talented people now at Frontier, and more joining us every month
- Based on all of these factors, over the medium term the Board expects Frontier to continue to grow revenue by around 20% on average per annum, with any annual growth rate variability largely driven by the timing and scale of new releases in each year





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