



FY23 FINANCIAL RESULTS

September 2023

FY23 FINANCIAL RESULTS

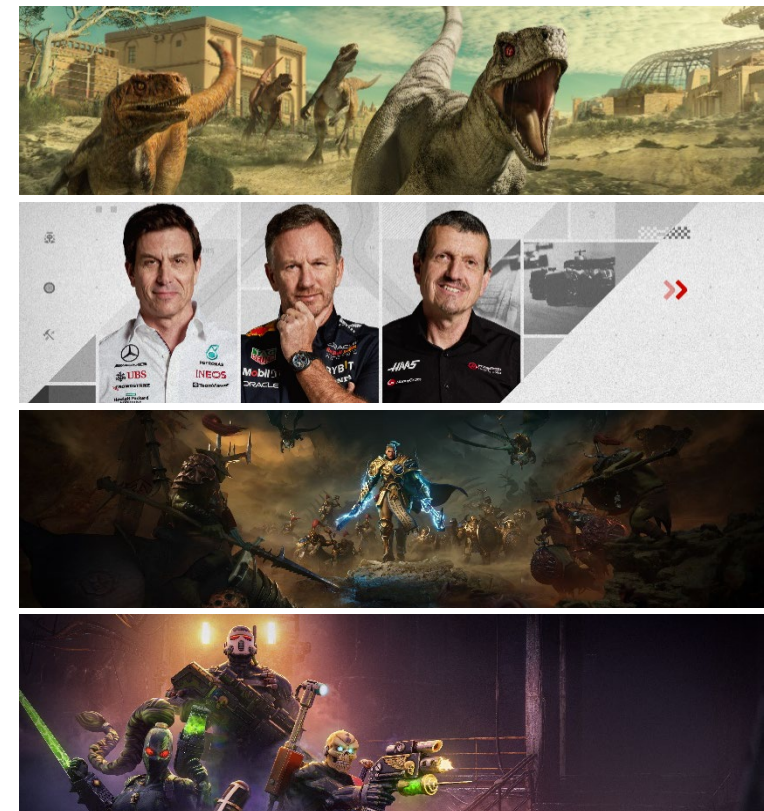
SEPTEMBER 2023



Jonny Watts
CEO



Alex Bevis
CFO



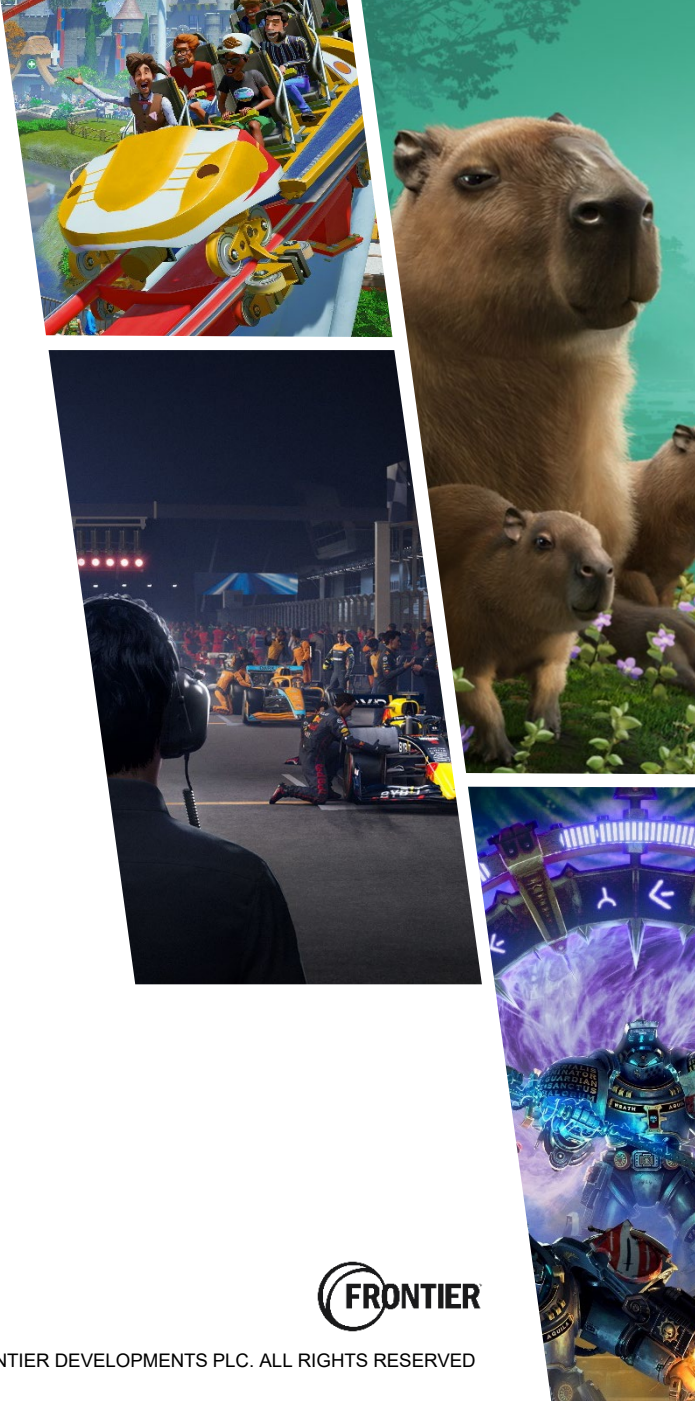


HEADLINES

- Our portfolio of games released before FY23 continues to deliver
- Sales of our *F1® Manager* games series have been below expectations
- Our first acquisition – Complex Games – completed in November 2022
- Our first real-time strategy (RTS) game, *Warhammer Age of Sigmar: Realms of Ruin*, will release in November 2023
- We have re-focused and re-set our strategy:
 - Closed Foundry in June
 - Two titles are now in development in our core genre of Creative Management Simulation (CMS) games
 - We are reviewing our resources, processes and leadership to deliver better return on investment

FY23 FINANCIAL HEADLINES

- Revenue of £104.6 million (FY22: £114.0 million)
- Adjusted EBITDA* loss of £4.6 million (FY22: profit of £6.7 million)
- Non-cash intangible asset charges of £28.7 million:
 - Closure of Foundry – £13.7 million
 - Prudent re-assessment of the *F1® Manager* franchise – £15.0 million
- Reported operating loss of £26.6 million (FY22: profit of £1.5 million)
- Cash at 31 May 2023 of £28.3 million (31 May 2022: £38.7 million)



* Earnings before interest, tax, depreciation, and amortisation charges related to game developments and Frontier's game technology, less investments in game developments and Frontier's game technology, and excluding impairment charges, share-based payment charges and other non-cash items.

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A STRONG AND ESTABLISHED PORTFOLIO (BACK CATALOGUE)

Delivered 72% of revenue in FY23, led by *Jurassic World Evolution 2*



F1® MANAGER

- *F1® Manager 2022* reached over 850,000 players
- *F1® Manager 2023* delivered enhancements and new features
- Positive reception to the game at release, including good critic reviews
- The highly accessible Race Replay mode has been particularly well received
- Sales during pre-order were lower than last year
- Sales post-launch were more encouraging
- Current revenue projections are lower than last year
- We will continue to support and nurture *F1® Manager 2023* - we still have positive steps to maximise sales
- We are developing our plans for 2024
- Non-cash impairment charge of £15.0 million in FY23 accounts following a prudent re-assessment of the overall *F1® Manager* franchise



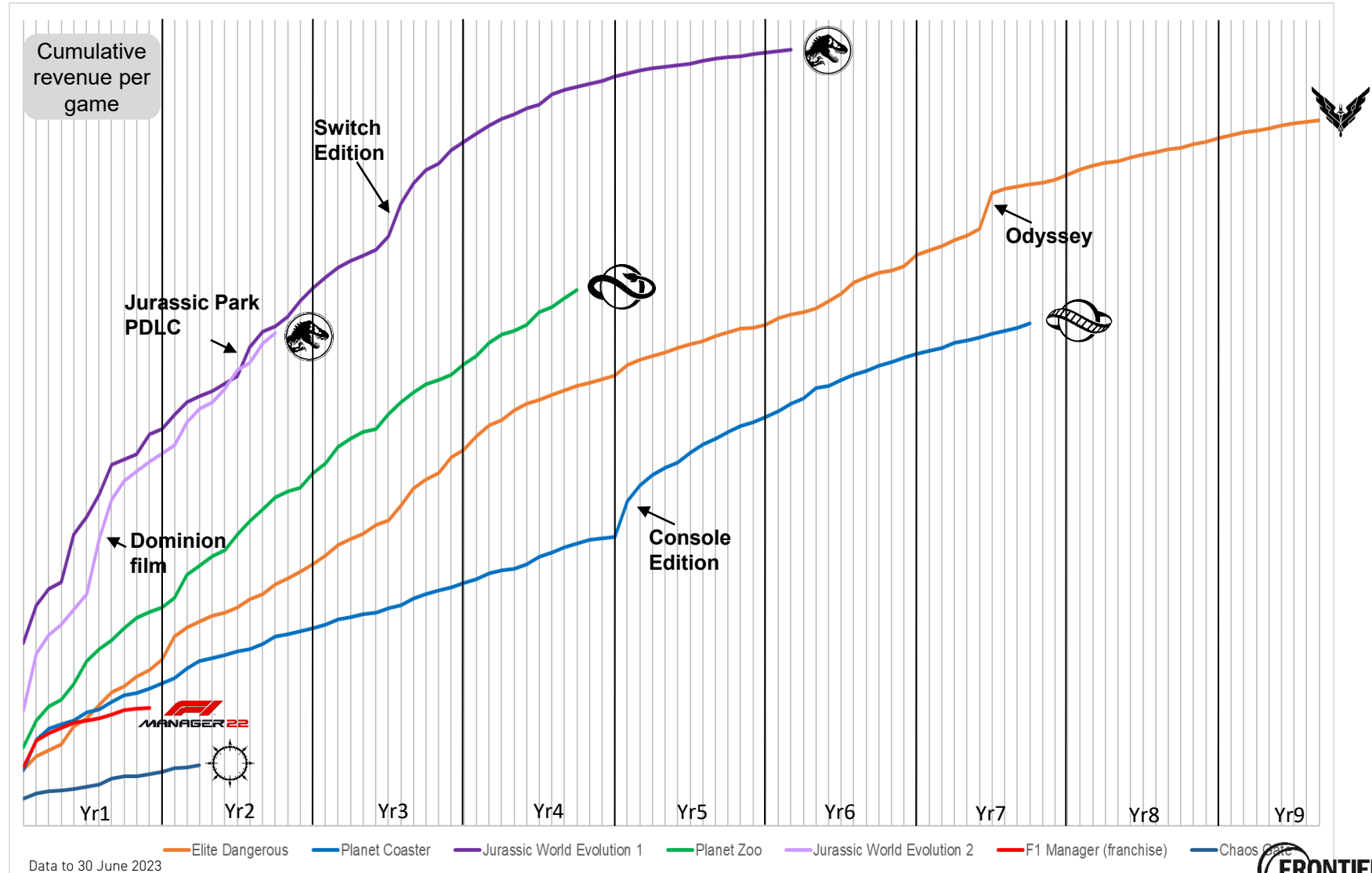
WARHAMMER AGE OF SIGMAR: REALMS OF RUIN

- *Realms of Ruin* provides a complete Warhammer RTS experience:
 - **CAMPAIGN.** Rich and authentic cinematic campaign exploring the nature of survival in the mortal realm of Ghur
 - **MULTIPLAYER.** Fight for online supremacy in cross-platform multiplayer - 1v1, 2v2, including up to three AI
 - **CONQUEST MODE.** Engage in eternal conquest – single-player challenge mode
 - **CREATE.** Experience endless creativity. Build and Share with the Map Editor, Army Livery and Scene Editor
- We have exclusive rights to the *Warhammer Age of Sigmar* brand - Warhammer IP has been proven to be an excellent enabler for RTS
- Traditional and innovative control systems to achieve parity of play between PC and console players for the first time in an RTS
- Highly positive reception from press and players, from Behind Closed Doors (BCDs) to our hands-on Gamescom stand
- Releases 17 November on PC, via Steam and the Epic Games Store; PlayStation® 5; and Xbox Series X|S



OUR SELECT, DEVELOP, LAUNCH AND NURTURE MODEL

- Our games deliver material revenue contributions over many years
- The nurture part of the model is multifaceted
- Launching with a Deluxe version of the game that sells at a 10-20% premium
- Continued management of the sales channels and price promotions
- Releasing frequent Paid Downloadable Content (PDLC)
- Free Downloadable Content (DLC) to coincide with PDLC drops
- Designing games where players can create and share new experiences



PROJECT SELECTION

The crucial first element of our Select, Develop, Launch & Nurture model

Exploit underserved, viable niches that match our expertise

Longevity through post-release nurturing, support and community engagement

Intelligent, sophisticated and challenging gameplay, with layered complexity

Truthful, accurate representations, which are authentic to the subject matter

Endless possibilities through open-ended, creative experiences, led and enhanced by the player

FY23 FINANCIAL RESULTS

INCOME STATEMENT – Adjusted EBITDA*

£m	FY23	FY22	% change
Revenue	104.6	114.0	(8%)
Cost of sales	(37.2)	(40.4)	(8%)
Gross profit	67.3	73.6	(9%)
<i>Gross margin %</i>	64%	65%	(1pp)
Research and development	51.1	46.1	11%
Sales and marketing	12.0	12.3	(3%)
General and admin	8.8	8.5	4%
Total opex	71.9	66.9	7%
Adjusted EBITDA	(4.6)	6.7	N/A

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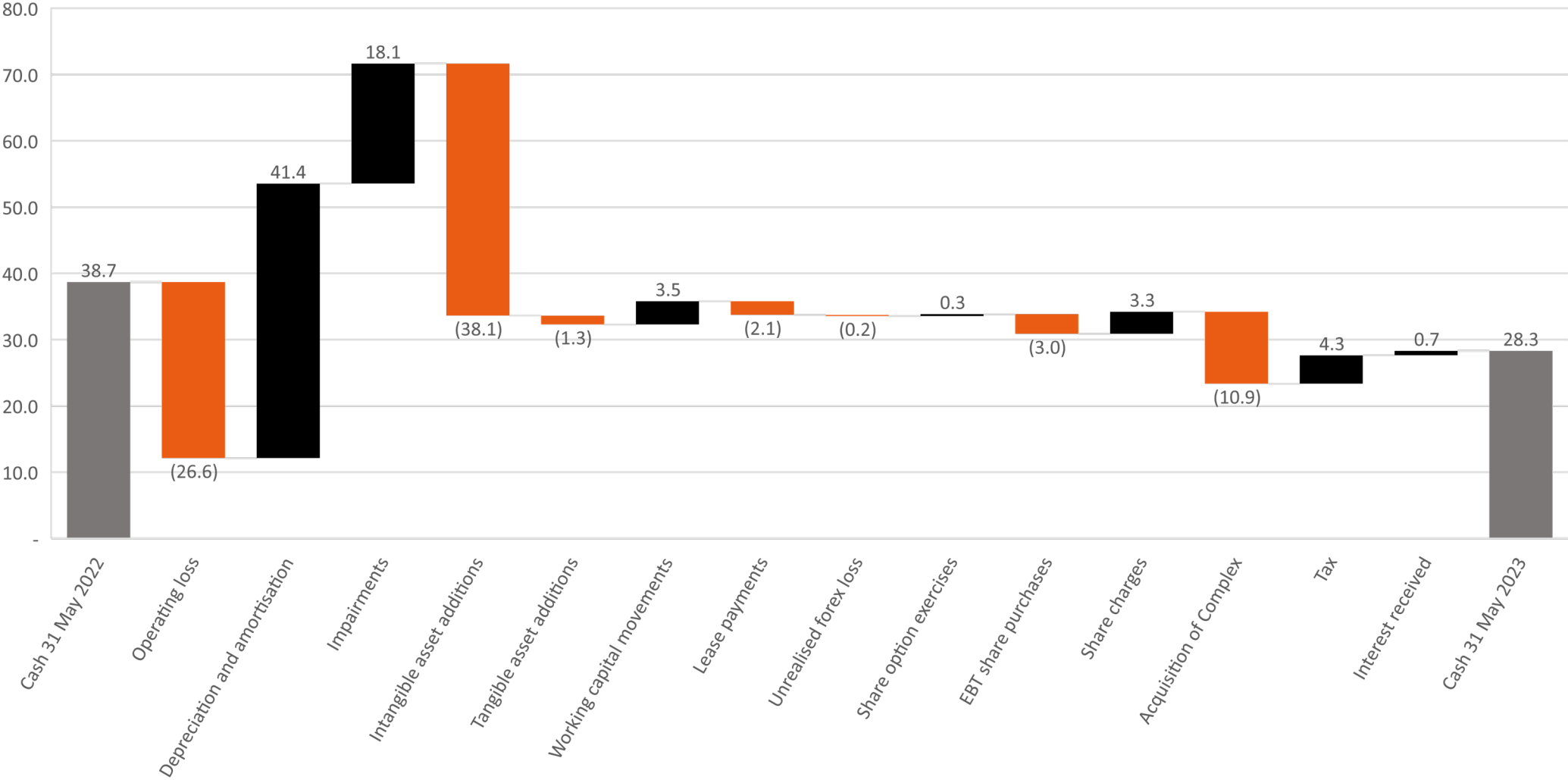
FY23 FINANCIAL RESULTS

INCOME STATEMENT – IFRS

£m	FY23	FY22	% change
Revenue	104.6	114.0	(8%)
Cost of sales	(37.2)	(40.4)	(8%)
Gross profit	67.3	73.6	(9%)
<i>Gross margin %</i>	64%	65%	(1pp)
Gross R&D	52.9	47.5	11%
Capitalised costs	(37.6)	(35.2)	7%
<i>% capitalised</i>	71%	74%	(3pp)
Amortisation & impairments	52.6	33.9	55%
Net R&D	67.9	46.2	47%
Sales and marketing	12.0	12.3	(3%)
General and admin	14.1	13.6	4%
Total opex	93.9	72.1	30%
Operating (loss)/profit	(26.6)	1.5	N/A
Net finance income/(costs)	0.1	(0.6)	N/A
Income tax credit	5.6	8.7	(35%)
Net (loss)/profit	(20.9)	9.6	N/A

FY23 FINANCIAL RESULTS

CASHFLOW



CURRENT TRADING AND OUTLOOK

- The Board continues to be comfortable with market expectations for FY24:
 - Consensus revenue at £108 million
 - Consensus Adjusted EBITDA* loss of £9 million
- The sales shortfall from *F1® Manager 2023* is expected to be offset by;
 - Performance across the rest of the portfolio
 - Confirmed but as yet unannounced additional revenue streams
- Our big game release for FY24 is *Warhammer Age of Sigmar: Realms of Ruin*, coming in November

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WRAP-UP SUMMARY

- Our portfolio of games released before FY23 continues to deliver
- Sales of our *F1® Manager* games series have been below expectations
- Our first real-time strategy (RTS) game, *Warhammer Age of Sigmar: Realms of Ruin*, will release in November 2023
- We remain comfortable with market expectations for FY24
- We have re-focused and re-set our strategy:
 - Closed Foundry in June
 - Two titles are now in development in our core genre of Creative Management Simulation (CMS) games
 - We are reviewing our resources, processes and leadership to deliver better return on investment
- We are confident of returning to attractive levels of financial performance over the medium-term

Appendix

FRONTIER GAMEOGRAPHY TO 2014

WORK FOR HIRE



FRONTIER GAMEOGRAPHY 2014 TO 2020

SELF-PUBLISHED



DEC 2014

80 79 76%

5.1m

units sold

12.7m

incl. subs

£127.0m

revenue



NOV 2016

84 84 91%

4.7m

units sold

10.2m

incl. subs

£90.5m

revenue



JUN 2018

71 71 86%

5.5m

units sold

23.3m

incl. subs

£139.8m

revenue



NOV 2019

81 81 90%

3.9m

units sold

3.9m

incl. subs

£96.5m

revenue

FRONTIER GAMEOGRAPHY 2021 TO 2023

SELF-PUBLISHED



NOV 2021

77 79 87%

2.3m
units sold

11.1m
incl. subs

£88.8m
revenue



AUG 2022

78 78 73%

0.9m
units sold

0.9m
incl. subs

£21.2m
revenue



JUL 2023

78 77 70%



NOV 2023

FY23 FINANCIAL RESULTS

ADJUSTED EBITDA

£m	FY23	FY22	Change
Operating (loss)/profit	(26.6)	1.5	(28.1)
Add back non-cash intangible asset amortisation charges for game developments and Frontier's game technology	34.5	26.5	8.0
Add back non-cash intangible asset impairment charges	18.1	7.4	10.7
Deduct capitalised investment costs in game developments and Frontier's game technology	(37.6)	(35.2)	(2.4)
Add back non-cash depreciation charges	3.9	3.6	0.3
Add back non-cash movements in unrealised exchange (gains)/losses on forward contracts	(0.2)	0.5	(0.7)
Add back non-cash share-based payment expenses	3.3	2.5	0.9
Adjusted EBITDA (loss)/profit	(4.6)	6.7	(11.3)

- Adjusted EBITDA is a measure of cash profit
- Main reconciling items from operating (loss)/profit are to adjust out capitalised costs and amortisation and impairment charges
- The outflow of £4.6m in FY23 reflects the decrease in revenue, an increase in costs, and continued investment in future games as Frontier gears up to deliver two new game releases per financial year from FY24 onwards

FY23 FINANCIAL RESULTS

INCOME STATEMENT WALK-THROUGH: IFRS → ADJUSTED EBITDA*

£m	Accounting profit as reported under IFRS	Adjustments between accounting profit and cash profit			Cash profit as measured by Adjusted EBITDA*
		IAS 38	Depreciation	Share charges & forex	
Revenue	104.6				104.6
Cost of sales	(37.2)				(37.2)
Gross profit	67.3				67.3
<i>Gross margin %</i>	<i>64%</i>				<i>64%</i>
Gross R&D	52.9		(1.8)		51.1
Capitalised costs	(37.6)	37.6			-
<i>% capitalised</i>	<i>71%</i>				<i>N/A</i>
Amortisation	34.5	(34.5)			-
Impairments	18.1	(18.1)			-
Net R&D	67.9	(15.0)	(1.8)	-	51.1
Sales and marketing	12.0				12.0
General and admin	14.1		(2.1)	(3.1)	8.8
Total opex	93.9	(15.0)	(3.9)	(3.1)	71.9
Operating loss / Adjusted EBITDA	(26.6)	15.0	3.9	3.1	(4.6)

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FY23 FINANCIAL RESULTS

BALANCE SHEET

£m	FY23	FY22
Goodwill	7.2	-
Intangible assets	57.0	70.8
Tangible assets	23.6	26.1
Trade and other receivables	15.6	24.7
Tax assets	9.4	9.2
Cash	28.3	38.7
Total assets	141.0	169.6
Trade and other payables	(20.8)	(28.0)
Deferred income	(4.5)	(2.5)
Lease liability	(19.3)	(20.7)
Tax liabilities	(0.4)	-
Total liabilities	(45.0)	(51.2)
Net assets	96.0	118.4

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