

## Frontier Developments plc

### Interim Results

#### Game portfolio, player base and profitability continue to grow

Frontier Developments plc (AIM: FDEV, "Frontier", the "Company"), a leading developer and publisher of video games based in Cambridge, UK has published its interim results for the 6 months to 30 November 2020 ('H1 FY21').

#### Financial Highlights

	<b>H1 FY21</b> <b>(6 months to 30</b> <b>November 2020)</b>	H1 FY20 (6 months to 30 November 2019)	FY20 (12 months to 31 May 2020)
Revenue	<b>£36.9m</b>	£32.0m	£76.1m
Operating Profit	<b>£6.9m</b>	£4.5m	£16.6m
Operating Margin %	<b>19%</b>	14%	22%
EBITDA*	<b>£15.5m</b>	£10.9m	£31.5m
EPS (basic)	<b>15.0p</b>	9.4p	41.3p
Operating Cash Flow**	<b>£3.1m</b>	£1.9m	£13.6m
Net Cash Balance at period end	<b>£34.9m</b>	£28.9m	£45.8m

\*Earnings before interest, tax, depreciation and amortisation

\*\* EBITDA excluding non-cash items less investments in game developments and game technology

- The ongoing performance of all existing titles, combined with initial contributions from new platform launches, delivered H1 on H1 revenue growth of 15%
- Gross profit margin grew to 71% (H1 FY20: 67%) with operating profit margin increasing to 19% (H1 FY20: 14%) through lower average distribution costs, including lower digital store commission rates on some services, and a greater proportion of revenue from own-IP titles versus licenced IP titles
- Net cash balance of £34.9m at 30 November 2020 (31 May 2020: £45.8m) reflecting £10m of share purchases into the Employee Benefit Trust in September 2020, and ongoing investments in internal development projects and Frontier Foundry titles

#### Operational & Strategic Highlights

- Player numbers for all titles continue to expand strongly, through active player-community management, additional free and chargeable content, price promotions and expansions onto new platforms and channels:
  - *Planet Zoo*, which released in November 2019, has achieved record performance on PC in its first 15 months, surpassing 1.5 million base game units sold. Paid content packs including the *Arctic*, *South America*, *Australia*, and *Aquatic* packs have proved to be popular, as expected
  - *Planet Coaster: Console Edition* released successfully in November 2020 on all current and next generation PlayStation and Xbox consoles following its success on PC for over 4 years, pushing total sales across all platforms above 3 million base game units
  - *Jurassic World Evolution* expanded onto the Nintendo Switch in November 2020, which has helped to move total sales above the 4 million threshold for base game units sold across all platforms
  - *Elite Dangerous* has also passed 4 million base game units sold having achieved new all-time active player number records several times this financial year, with total base game owners now at 12 million following the Epic Games Store 'Free Week' in November 2020. The PC release of a major new era, *Elite Dangerous: Odyssey*, is scheduled to land before the end of the current financial year with console releases coming later in calendar 2021

- Frontier Foundry, our own games label for third-party publishing, continues to grow with a number of exciting titles in discussion as well as the titles already signed. Our first partner title, the experimental and unique *Struggling*, released in August 2020. Frontier Foundry is set to become a material part of the business in the future
- Our amazing people continue to operate positively through the challenges posed by remote working, supporting and growing our portfolio of games. Our team continues to grow, with 175 hires made during 2020, most of whom joined us during the remote working period. We reached 600 people as at 31 December 2020 to enable our future product plans

## Current Trading and Outlook

All titles continue to perform well, and revenue growth in the second half of the financial year is expected to build on the strong performance achieved in the first half through three factors:

- The ongoing sales performance of a larger portfolio, with *Jurassic World Evolution: Complete Edition* on Nintendo Switch and *Planet Coaster: Console Edition* on PlayStation and Xbox having released in November 2020, as well as chargeable content packs in H2 FY21 for *Planet Zoo* such as the *Aquatic Pack* (December 2020)
- Revenue in December, which is typically the biggest month of the year for videogames sales, was stronger than expected, with base game units and paid downloadable content ('PDLC') selling well across all four major franchises
- The anticipated success of *Elite Dangerous: Odyssey*, a major new era for *Elite Dangerous*, planned for release on PC before the end of this financial year

Covid-19 related remote working provided collaboration challenges for us during calendar 2020, and these continue into 2021. As announced in our trading statement on 13 January 2021, in early January we reviewed the project timelines for our next major release, *Elite Dangerous: Odyssey*, to take into account the renewed need to continue with remote working for the near future. We took the decision to update our launch plans for *Odyssey*, with the PC release still planned for FY21 but the PlayStation and Xbox releases moving out to FY22. We made this decision to ensure that we are able to deliver an enjoyable experience for all of our players, on all platforms.

*Odyssey* is coming together well and, based on the continued strong performance of our existing titles and the anticipated success of *Odyssey* launching on PC before the end of this financial year, the Board's expectations for FY21 remain in-line with the previously guided revenue range of £90 million to £95 million (FY20: £76.1 million).

For FY22 we anticipate significant growth from the continued strong performance of our existing portfolio alongside contributions from an exciting line-up of new games, including two multi-platform releases incorporating major global IP licenses and a number of Frontier Foundry titles.

**David Braben**, Chief Executive, said:

*"Covid has caused a great deal of hardship for many people, but we have been fortunate to benefit from a higher level of demand and engagement for our immersive games during the various lockdowns around the world. I am delighted with the growth achieved in our player communities and in our team during 2020. It's pleasing to see strong engagement across all of our titles during these challenging times for so many people and I am proud of our great team for the adaptability they have shown during remote working."*

*Our next major event is Elite Dangerous: Odyssey, which is coming together really well, and represents one part of our exciting line-up for 2021 and beyond. We're in great shape for the future."*

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019. The person responsible for making this announcement on behalf of the Company is Alex Bevis.

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**About Frontier Developments plc**

Frontier is a leading independent developer and publisher of videogames founded in 1994 by David Braben, co-author of the iconic Elite game. Based in Cambridge, Frontier uses its proprietary COBRA game development technology to create innovative genre-leading games, primarily for personal computers and videogame consoles. As well as self-publishing internally developed games, Frontier also publishes games developed by carefully selected partner studios under its Frontier Foundry games label.

Frontier's LEI number: 213800B9LGPWUAZ9GX18.

[www.frontier.co.uk](http://www.frontier.co.uk)

## Financial Review

### TRADING

Total revenue in H1 FY21 was £36.9 million, 15% ahead of the comparative period despite that period including the launch revenue of *Planet Zoo* (H1 FY20: £32.0 million). This was driven by the continued performance of all four titles - *Elite Dangerous*, *Planet Coaster*, *Jurassic World Evolution* and *Planet Zoo* – including new platform releases for *Planet Coaster* and *Jurassic World Evolution*.

Frontier's strategy of launching and then supporting games to achieve multi-year earnings continues to deliver, with all four titles materially contributing to revenue in the period through both base game sales and PDLC (paid-downloadable content) sales.

Player engagement on *Elite Dangerous*, which originally launched in December 2014, achieved record levels during the period, with base game sales and PDLC sales both performing well. Total sales to date of *Elite Dangerous* have now crossed 4 million paid base game units. On top of this, the player base for *Elite Dangerous* was further increased from November 2020 through its release on the Epic Games Store. The launch on this important new channel for Frontier included an initial 'Free Week' which allowed Epic customers to download the *Elite Dangerous* base game for free, boosting the total number of owners of the *Elite Dangerous* base game across all platforms to 12 million. This substantial increase in base game owners comes in advance of the release of *Elite Dangerous: Odyssey*, a major new chargeable era for *Elite Dangerous*, which is due to land on PC in FY21 with releases planned for consoles later in calendar 2021.

*Planet Coaster* continues to perform well, now into its fifth year on PC since launching in November 2016. Following its success on PC, the talented team at Frontier brought the creative and stimulating world of *Planet Coaster* to PlayStation and Xbox players during the period. *Planet Coaster: Console Edition* arrived in November 2020 for the Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5, making it Frontier's first next generation console title. Sales from launch in November 2020 have been encouraging, supported by a strong catalogue of PDLC. Four PDLC packs have so far been released from a total portfolio of 11 packs currently available for *Planet Coaster* on PC. The console releases have helped to push sales of *Planet Coaster* across all platforms above 3 million base game units.

*Jurassic World Evolution* also benefitted from a major new platform launch in the period, with *Jurassic World Evolution: Complete Edition* coming to Nintendo Switch in November 2020. This edition includes the base game and all eight existing PDLC products already available on PC, PlayStation and Xbox. Initial sales on Nintendo Switch, together with continued stronger than expected performance of *Jurassic World Evolution* on PC, PlayStation and Xbox, have driven total base game units sold to date across all platforms above the 4 million unit threshold.

Nintendo Switch is a relatively new platform for Frontier, with our first three products having launched for this console during 2020. We're pleased to add this important platform as part of our distribution strategy. The successful "porting" of our complex, non-linear games to new platforms, such as achieved with *Jurassic World Evolution* to Nintendo Switch and *Planet Coaster* to PlayStation and Xbox, is a significant technical challenge. The strong engagement and positive feedback from those launches stands testament to the quality and depth of the team we have at Frontier.

*Planet Zoo*, which launched in November 2019 exclusively on PC, has been record-breaking for Frontier in its first 15 months, selling more base game units on PC and generating more revenue on PC than any of Frontier's previous titles during an equivalent time period on that platform. The player community for *Planet Zoo* continued to grow during the first half of FY21 and also during the important festive December trading period, which falls into the second half of FY21. Base game unit sales have now surpassed 1.5 million units. Our catalogue of PDLC packs for *Planet Zoo* continues to evolve with five packs now available - the *Australia Pack* launched in August 2020 during H1 FY21 and the *Aquatic Pack* released in December 2020, just into H2 FY21.

Frontier Foundry, our own games label for third party publishing, provided a modest revenue contribution during the period through sales of the classic *Roller Coaster Tycoon 3* on PC and Nintendo Switch, and through the experimental and unique *Struggling*, also on PC and Nintendo Switch. Frontier Foundry is set to become a material contributor to Frontier's overall business in the future, with a number of exciting titles already signed and more in review. *Lemnis Gate*, the awarding winning FPS game with an intriguing time-based strategic element, will be just one of the great titles coming from Frontier Foundry in FY22.

#### PROFITABILITY

Gross profit of £26.2 million was recorded in the period (H1 FY20: £21.4 million) with gross margin at 71% (H1 FY20: 67%). The four percentage point increase in gross margin versus the comparative period reflected an increased proportion of revenue from own-IP sales (*Planet Zoo*, *Planet Coaster* and *Elite Dangerous*) versus licenced-IP sales (*Jurassic World Evolution*) and lower overall distribution costs, including the benefit of sales volume commission tiers on the Steam platform.

Gross research and development expenses in the period increased to £15.8 million, growing from £12.4 million in H1 FY20. The increase resulted from a continued growth in headcount to support Frontier's development plans, an increase in outsourced activity and investments in Frontier Foundry partner developments.

Capitalisation of development costs on game developments and game technology accounted for £13.1 million in the six months to 30 November 2020 (H1 FY20: £9.8 million). The percentage of gross research and development costs which were capitalised was 83% in the period, up from the 79% recorded for H1 FY20. This was because more internal staff were engaged on the development of chargeable products, and investments in Frontier Foundry partner developments, which tend to be capitalised at 100%, started to become more material. Frontier's normal expectations for capitalisation is 70-90% of gross development spending.

R&D amortisation charges related to previously capitalised development costs grew to £7.0 million (H1 FY20: £4.9 million). A full six months of *Planet Zoo* base game amortisation was charged in H1 FY21, versus only one month in H1 FY20, since *Planet Zoo* launched in November 2019. H1 FY21 also included one month of amortisation charges for *Planet Coaster: Console Edition* and *Jurassic World Evolution: Complete Edition* for Nintendo Switch, since both of those products released in November 2020, the last month of the period.

Net research and development expenses recorded in the income statement in the period were £9.7 million (H1 FY20: £7.5 million), being gross spend of £15.8 million, less capitalised costs of £13.1 million, plus amortisation charges of £7.0 million.

Sales and marketing expenses in the period were £3.4 million (H1 FY20: £3.9 million). The comparative period included the launch of a major brand new game, *Planet Zoo*, whereas the current period covered new platform releases (*Planet Coaster* on PlayStation and Xbox, and *Jurassic World Evolution* on Nintendo Switch) and smaller game launches (*Struggling*).

Administrative expenses in H1 FY21 were £6.1 million (H1 FY20: £5.4 million). Since the Company's annual bonus scheme is based on operating profit, a higher level of bonus was accrued in H1 FY21 (operating profit of £6.9 million) compared to H1 FY20 (operating profit of £4.5 million).

The growth in operating profit to £6.9 million in the period versus £4.5 million in H1 FY20 was achieved through a higher level of revenue and a higher gross margin percentage, which outweighed the increase in R&D investment. Operating profit margin in H1 FY21 was 19% versus 14% in H1 FY20.

Total corporation tax charges in the income statement for the period totalled £0.6 million (H1 FY20: £0.6 million). In accordance with IAS 34, the tax charge recorded in the period is consistent with a prudent expectation for a full year effective tax rate of 10%, which has been applied to the £6.5 million of pre-tax profits recorded for H1 FY21. The Group expects to provide additional details on its tax status in the FY21 financial statements, including the benefits received from Video Game Tax Relief.

Profit after tax in the period was £5.8 million (H1 FY20: £3.6 million). Basic earnings per share was 15.0 pence (H1 FY20: 9.4 pence).

#### *BALANCE SHEET AND CASH FLOW*

The Company continues to benefit from a strong balance sheet, with cash balances of £34.9 million at 30 November 2020 (31 May 2020: £45.8 million; 30 November 2019: £28.9 million). The majority of the £11m reduction in cash during the period relates to £10m of share purchases in September 2020 by the Employee Benefit Trust to satisfy future share option exercises. Another factor in the reduction in cash during the period was the timing of cash receipts and investments in Frontier Foundry developments. The majority of net receipts from revenue in November 2020, the biggest month during the six month period, were remitted by distribution partners during December 2020 and January 2021, as expected.

Receivables grew to £15.0 million at 30 November 2020 (31 May 2020: £12.3 million; 30 November 2019: £13.9 million), reflecting the strong sales performance in November 2020, including the launches of *Planet Coaster* and *Jurassic World Evolution* on new console platforms.

Trade and other payables totalled £19.1 million at 30 November 2020 (31 May 2020: £21.9 million; 30 November 2019: £9.4 million). The reduction versus the year-end balance for FY20 was mainly due to the payment of the all-staff annual bonus for that financial year in September 2020.

## CONSOLIDATED INCOME STATEMENT

		6 months to 30 November 2020 £'000	6 months to 30 November 2019 £'000	12 months to 31 May 2020 £'000
	Notes			
<b>Revenue</b>	6	36,907	31,967	76,089
Cost of sales		(10,747)	(10,595)	(24,532)
<b>Gross profit</b>		<b>26,160</b>	<b>21,372</b>	<b>51,557</b>
Research and development expenses		(9,717)	(7,528)	(16,014)
Sales and marketing expenses		(3,432)	(3,945)	(5,747)
Administrative expenses		(6,133)	(5,448)	(13,172)
<b>Operating profit</b>		<b>6,878</b>	<b>4,451</b>	<b>16,624</b>
Net interest (charge)/income		(423)	(195)	(401)
<b>Profit before tax</b>		<b>6,455</b>	<b>4,256</b>	<b>16,223</b>
Income tax		(646)	(639)	(329)
<b>Profit for the period attributable to shareholders</b>		<b>5,809</b>	<b>3,617</b>	<b>15,894</b>
<b>Earnings per share</b>				
Basic earnings per share	7	15.0	9.4	41.3
Diluted earnings per share	7	14.4	9.0	39.4

*All the activities of the Group are classified as continuing*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 November 2020 £'000	6 months to 30 November 2019 £'000	12 months to 31 May 2020 £'000
Profit for the period	5,809	3,617	15,894
Other comprehensive income:			
Exchange differences on translation of foreign operations	13	(1)	(6)
Total comprehensive income for the period attributable to the equity holders of the parent	5,822	3,616	15,888

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 NOVEMBER 2020**  
**(REGISTERED COMPANY NO: 02892559)**

	Notes	30 November 2020 £'000	30 November 2019 £'000	31 May 2020 £'000
<b>Non-current assets</b>				
Intangible assets	8	58,940	41,439	52,668
Property, plant and equipment	9	5,854	6,161	5,926
Right-of-use asset		21,920	23,544	22,732
Deferred tax asset		6,175	3,185	6,175
		<b>92,889</b>	<b>74,329</b>	<b>87,501</b>
<b>Current assets</b>				
Trade and other receivables		14,979	13,909	12,284
Current tax asset		2,377	153	2,377
Cash and cash equivalents		34,892	28,948	45,751
		<b>52,248</b>	<b>43,010</b>	<b>60,412</b>
<b>Total assets</b>		<b>145,137</b>	<b>117,339</b>	<b>147,913</b>
<b>Current liabilities</b>				
Trade and other payables		(11,940)	(8,415)	(13,669)
Lease liability		(1,337)	(1,337)	(1,337)
Deferred income		(1,972)	(1,033)	(1,439)
Current tax liabilities		(684)	(1,605)	-
		<b>(15,933)</b>	<b>(12,390)</b>	<b>(16,445)</b>
<b>Net current assets</b>		<b>36,315</b>	<b>30,620</b>	<b>43,967</b>
<b>Non-current liabilities</b>				
Provisions		(34)	(19)	(27)
Lease liability		(21,530)	(22,867)	(22,198)
Deferred income		(230)	(463)	(234)
Other payables		(7,184)	(939)	(8,237)
Deferred tax liabilities		(4,038)	-	(4,038)
		<b>(33,016)</b>	<b>(24,288)</b>	<b>(34,734)</b>
<b>Total liabilities</b>		<b>(48,949)</b>	<b>(36,678)</b>	<b>(51,179)</b>
<b>Net assets</b>		<b>96,188</b>	<b>80,661</b>	<b>96,734</b>
<b>Equity</b>				
Share capital	10	196	195	195
Share premium account		35,772	34,589	34,589
Equity reserve		(9,529)	(2,023)	(925)
Foreign exchange reserve		(9)	(17)	(22)
Retained earnings		69,758	47,917	62,897
<b>Total equity</b>		<b>96,188</b>	<b>80,661</b>	<b>96,734</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share premium account £'000	Equity reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 June 2019</b>	194	34,390	(3,073)	(16)	44,011	75,506
Profit for the period	-	-	-	-	3,617	3,617
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(1)	-	(1)
<b>Total comprehensive income for the period</b>	-	-	-	(1)	3,617	3,616
Issue of share capital net of expenses	1	199	-	-	-	200
Share-based payment charges	-	-	852	-	-	852
Share-based payment transfer relating to option lapses	-	-	(289)	-	289	-
EBT net cash inflows from option exercises	-	-	487	-	-	487
<b>At 30 November 2019</b>	195	34,589	(2,023)	(17)	47,917	80,661
Profit for the period	-	-	-	-	12,277	12,277
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(5)	-	(5)
<b>Total comprehensive income for the period</b>	-	-	-	(5)	12,277	12,272
Issue of share capital net of expenses	-	-	-	-	-	-
Share-based payment charges	-	-	1,095	-	-	1,095
Share-based payment transfer relating to option lapses	-	-	(221)	-	221	-
EBT net cash inflows from option exercises	-	-	224	-	-	224
Deferred tax movements posted directly to reserves	-	-	-	-	2,482	2,482
<b>At 31 May 2020</b>	195	34,589	(925)	(22)	62,897	96,734
Profit for the period	-	-	-	-	5,809	5,809
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	13	-	13
<b>Total comprehensive income for the period</b>	-	-	-	13	5,809	5,822
Issue of share capital net of expenses	1	1,183	-	-	-	1,184
Share-based payment charges	-	-	1,045	-	-	1,045
Share-based payment transfer relating to option lapses	-	-	(1,052)	-	1,052	-
EBT cash outflows from share purchases	-	-	(10,000)	-	-	(10,000)
EBT net cash inflows from option exercises	-	-	1,403	-	-	1,403
<b>At 30 November 2020</b>	196	35,772	(9,529)	(9)	69,758	96,188

## CONSOLIDATED STATEMENT OF CASHFLOWS

	6 months to 30 November 2020 £'000	6 months to 30 November 2019 £'000	12 months to 31 May 2020 £'000
<b>Cash generated from operations</b>	11,597	3,107	32,415
Taxes received	38	-	-
<b>Cashflow from operating activities</b>	11,635	3,107	32,415
<b>Investing activities</b>			
Purchase of property, plant and equipment	(488)	(346)	(666)
Expenditure on intangible assets	(13,515)	(10,064)	(21,044)
Interest received	27	195	330
<b>Cashflow from investing activities</b>	(13,976)	(10,215)	(21,380)
<b>Financing activities</b>			
Proceeds from issue of share capital	1,184	200	200
Employee Benefit Trust net investment	(8,597)	487	711
Payment of lease liabilities and related interest	(1,034)	-	(1,551)
Interest paid	(88)	-	-
<b>Cashflow from financing activities</b>	(8,535)	687	(640)
Net change in cash and cash equivalents from continuing operations	(10,876)	(6,421)	10,395
Cash and cash equivalents at beginning of period	45,751	35,332	35,332
Exchange differences on cash and cash equivalents	17	37	24
<b>Cash and cash equivalents at end of period</b>	34,892	28,948	45,751

The accompanying notes form part of this financial information.

### Reconciliation of operating profit to cash generated from operations

	6 months to 30 November 2020 £'000	6 months to 30 November 2019 £'000	12 months to 31 May 2020 £'000
<b>Operating profit</b>	6,878	4,451	16,624
Depreciation and amortisation	8,616	6,425	14,870
<b>EBITDA</b>	15,494	10,876	31,494
Movement in unrealised exchange (gains)/losses on forward contracts	(298)	(76)	(91)
Share-based payment expenses	1,045	852	1,947
<b>Operating cashflow before movements in working capital</b>	16,241	11,652	33,350
Net changes in working capital:			
Change in trade and other receivables	(2,397)	(8,730)	(7,046)
Change in trade and other payables	(2,254)	178	6,097
Change in provisions	7	7	14
<b>Cash generated from operations</b>	11,597	3,107	32,415

## **NOTES TO THE FINANCIAL INFORMATION**

### **1. CORPORATE INFORMATION**

Frontier Developments plc 'the Group' develops and publishes video games for the interactive entertainment sector.

The Company is a public limited company and is incorporated and domiciled in the United Kingdom.

The address of its registered office is 26 Science Park, Milton Road, Cambridge CB4 0FP.

The Group's operations are based in the UK and its North American subsidiary located in the US, Frontier Developments Inc.

The condensed, consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 May 2020 were approved by the Board of Directors on 9 September 2020 and delivered to the Registrar of Companies. The Auditors Report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

### **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

#### ***Basis of preparation***

The consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 May 2020.

The financial information of Frontier Developments plc has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

The financial information has been prepared under the historical cost convention except for financial instruments held at fair value. The financial information is presented in Sterling, the presentation and functional currency for the Group and Company. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

#### ***Going concern basis***

The Group's forecasts and projections, taking account of current cash resources and reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

#### ***Impact of COVID-19 on going concern***

The Board continuously monitor the performance of the Groups operational activities and the expected future prospects. As well as reviewing the current market trends and a number of downside scenarios, including any mitigations, the Board have assessed the ability to continue as a going concern during the pandemic. The results of this assessment is that the Group would be able to withstand significant changes in trading behaviour and still be able to continue operationally.

The Group benefits from a strong cash position, continued demand for products and no negative impacts on debtor recoverability. Therefore the Board are satisfied that the financial statements are prepared under the going concern basis.

### **3. ACCOUNTING POLICIES**

The consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 May 2020.

### **4. ACCOUNTING ESTIMATES AND KEY JUDGEMENTS**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurements of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 May 2020.

### **5. SIGNIFICANT EVENTS AND TRANSACTIONS**

There were no significant events or transactions in the interim period (1 June 2020 to 30 November 2020) which were not included within the interim financial statements. There have been no significant events or transactions during the period from the end of the interim period to the day preceding the date of this report (1 December 2020 to 2 February 2021).

### **6. SEGMENT INFORMATION**

The Group identifies operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker and reported to the Board. The chief operating decision maker is the Chief Executive Officer.

Management information is reported as one operating segment, being revenue from self-published and publishing franchises and other revenue streams such as royalties and licensing.

The Group does not provide any information on the geographical location of sales as the majority of revenue is through third-party distribution platforms which are responsible for the sales data of consumers. The cost to develop this information internally would be excessive.

All of the Group's non-current assets are held within the UK.

All material revenue is categorised as either publishing revenue or other revenue. Other revenue mainly related to royalty income.

The Group typically satisfies its performance obligations at the point that the product becomes available to the customer and payment has been received up front.

	6 months to 30 November 2020 £'000	6 months to 30 November 2019 £'000	12 months to 31 May 2020 £'000
Publishing revenue	36,818	31,826	75,924
Other revenue	89	141	165
	36,907	31,967	76,089

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the period.

	6 months to 30 November 2020	6 months to 30 November 2019	12 months to 31 May 2020
Profit attributable to shareholders (£'000)	5,809	3,617	15,894
Weighted average number of shares	38,779,241	38,357,558	38,483,762
Basic earnings per share (pence)	15.0	9.4	41.3

The calculation of the diluted earnings per share is based on the profits attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the period as adjusted for the dilutive effect of share options.

	6 months to 30 November 2020	6 months to 30 November 2019	12 months to 31 May 2020
Profit attributable to shareholders (£'000)	5,809	3,617	15,894
Diluted weighted average number of shares	40,469,204	40,280,029	40,316,894
Diluted earnings per share (pence)	14.4	9.0	39.4

The reconciliation of average number of Ordinary Shares used for basic and diluted earnings per share is as follows:

	6 months to 30 November 2020	6 months to 30 November 2019	12 months to 31 May 2020
Weighted average number of shares	38,779,241	38,357,558	38,483,762
Dilutive effect of share options	1,689,963	1,922,471	1,833,132
Diluted average number of shares	40,469,204	40,280,029	40,316,894

## 8. INTANGIBLE ASSETS

	Game Technology £'000	Game Developments £'000	Licences and Third-party Software £'000	Total £'000
<b>Cost</b>				
At 31 May 2019	6,762	54,959	3,309	65,030
Additions	904	8,861	299	10,064
At 30 November 2019	7,666	63,820	3,608	75,094
Additions	1,492	8,508	8,309	18,309
At 31 May 2020	9,158	72,328	11,917	93,403
Additions	1,529	11,602	384	13,515
Transfer	-	(347)	347	-
At 30 November 2020	10,687	83,583	12,648	106,918
<b>Amortisation</b>				
At 31 May 2019	4,793	22,599	1,188	28,580
Amortisation charges	398	4,533	144	5,075
At 30 November 2019	5,191	27,132	1,332	33,655
Amortisation charges	398	5,875	807	7,080
At 31 May 2020	5,589	33,007	2,139	40,735
Amortisation charges	699	6,350	194	7,243
At 30 November 2020	6,288	39,357	2,333	47,978
<b>Net Book Value</b>				
Net book value at 30 November 2020	4,399	44,226	10,315	58,940
Net book value at 31 May 2020	3,569	39,321	9,778	52,668
Net book value at 30 November 2019	2,475	36,688	2,276	41,439
Net book value at 31 May 2019	1,969	32,360	2,121	36,450

## 9. TANGIBLE ASSETS

	Fixtures and Fittings £'000	Computer Equipment £'000	Leasehold Improvements £'000	Total £'000
<b>Cost</b>				
At 31 May 2019	850	2,138	5,348	8,336
Additions	6	330	10	346
At 30 November 2019	856	2,468	5,358	8,682
Additions	7	313	-	320
At 31 May 2020	863	2,781	5,358	9,002
Additions	-	488	-	488
At 30 November 2020	863	3,269	5,358	9,490
<b>Depreciation</b>				
At 31 May 2019	246	1,392	346	1,984
Charge for the period	75	295	167	537
At 30 November 2019	321	1,687	513	2,521
Charge for the period	75	312	168	555
At 31 May 2020	396	1,999	681	3,076
Charge for the period	75	318	167	560
At 30 November 2020	471	2,317	848	3,636
<b>Net Book Value</b>				
Net book value at 30 November 2020	392	952	4,510	5,854
Net book value at 31 May 2020	467	782	4,677	5,926
Net book value at 30 November 2019	535	781	4,845	6,161
Net book value at 31 May 2019	604	746	5,002	6,352

## 10. SHARE CAPITAL

	Number	Nominal Value £
At 1 June 2019	38,741,068	193,705
Shares issued on option exercises and warrants	170,742	854
At 30 November 2019	38,911,810	194,559
Shares issued on option exercises and warrants	-	-
At 31 May 2020	38,911,810	194,559
Shares issued on option exercises and warrants	377,047	1,885
At 30 November 2020	39,288,857	196,444