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Focus Entertainment announces its FY 2021/22 earnings, slightly above expectations, and key achievements on its strategic roadmap

PARIS, FRANCE – June 16th, 2022 – FOCUS ENTERTAINMENT (FR0012419307 - ALFOC) announces its 2021/22 audited earnings for the full year ending March 31, 2022.

Key highlights:

- FY 2021/22 Revenue standing at €142.6 million, €136.9 million at constant perimeter
- FY 2021/22 EBITA¹ slightly above the expectations at €13.2 million
- FY 2021/22 EBITDA at €42.1 million maintaining a 30% EBITDA margin
- Confirmed strategy to move up the value chain and be a developer/publisher, supported by the most ambitious ever line-up of new games over the next 3 years

FY 2021/22 Results

Audit reports not yet issued

French GAAP - Audited In million euros	FY 2021/22	FY 2020/21	Var.
Revenue	142,6	171,0	-17%
Gross margin	42,2	51,1	-17%
<i>% of revenue</i>	30%	30%	-.3 pts
EBITA¹	13,2	24,8	-47%
<i>% of revenue</i>	9%	15%	-5.3 pts
Amortization of goodwill	(4,0)		
EBIT	9,1	24,8	-63%
<i>% of revenue</i>	6%	15%	-8.1 pts
Financial income (expenses)	(1,7)	(1,7)	3%
Exceptional income (expenses)	(1,3)	(3,0)	-57%
Income tax	(3,0)	(6,8)	-56%
Minority interests	(0,1)	-	
Group net income	3,0	13,3	-78%
<i>% of revenue</i>	2%	8%	-5.7 pts

EBIT	9,1	24,8	-63%
D&A and provisions	(33,0)	(25,7)	30%
EBITDA	42,1	50,5	-16%
<i>% of revenue</i>	30%	30%	.0 pts

¹ EBITA: Adjusted EBIT, EBIT before amortization and depreciation of goodwill

2021/22 Revenue at €142.6 million

After FY 2020/21 during which the video game industry benefited from the worldwide lockdown, Focus Entertainment FY 2021/22 revenue reached €142.6 million, including a €5.6 million contribution from Dotemu. In terms of revenue breakdown 88% of the sales were made through digital partners and 95% are derived internationally.

At constant perimeter, revenues for the full-year 2021/22 amount to €136.9 million.

SnowRunner, **Insurgency: Sandstorm** and **A Plague Tale: Innocence** strongly contributed to the fiscal year revenues thanks to additional contents and one-off deals, demonstrating the Group's ability to generate revenues from strongly anchored franchises and titles over the long-term. The fiscal year benefited as well from the performance of **Necromunda: Hired Gun** developed by Stream On, a Focus Entertainment studio, and of **Aliens: Fireteam Elite**.

FY 2021/22 EBITA at €13.2 million slightly above expectations, maintained 30% EBITDA margin

FY 2021/22 Gross Margin reached €42.2 millions of euros, a 30% gross margin comparable to FY 2020/21 despite (i) an unfavorable basis effect with record sales registered over FY 2020/21 and (ii) the accelerated amortization of two games during the exercise.

FY 2021/22 EBITA amounted to €13.2 millions of euros slightly above expectations, reflecting the decrease in revenues and gross margin evolution. Sales and marketing expenses were driven up by the higher number of launches over the year. Nonetheless, it benefited from a tight cost control on general and administration expenses that decreased by -3% representing 6% of total revenues.

Amortization of Goodwill amounted to €(4.0) million over FY 2021/22.

FY 2021/22 Financial Result mainly consisted in interest expenses linked to the debt raised in July 2021, amounting to €(1.7) million.

FY 2021/22 EBIT stood at €9.1 million.

The Group Net Income for the full year 2021/22 reached €3.0 million.

EBITDA reached €42.1 million for the full fiscal year 2021/22, representing a 30% EBITDA margin in line with the 2020/21 fiscal year.

Cash-Flows

The Group has invested €35 million in the development of new games over the year, compared to a €39.5 million game investment over FY 2020/21. It is worth noting that due to game delays during the year, some milestone payments have been postponed to 2022/23. After financing the game development, operating cash flows stands at €(8.6) million over FY 2021/22.

Focus Entertainment pursued over the year its external growth strategy to expand and diversify its expertise towards new high-potential segments. After acquiring Deck13 Interactive in 2020, the Group completed the acquisition of four additional studios: Stream On Studio, Dotemu, Douze Dixièmes and lastly, Leikir Studio on February 14, 2022. These acquisitions represented a disbursement of €59.1 million.

In the meantime, the Group secured significant financial resources, raising capital in May 2021 for a net amount of €68.8 million and banking debt for €130 million of which €52 million net amount has been drawn as of March 31, 2022.

As of March 31, 2022, cash and cash equivalent represented €62.6 million.

Outlook: Confirmed strategy to move up the value chain supported by the most ambitious ever line-up of new games

Focus Entertainment aims at building a federation of talents and become a Worldwide Leading Integrated Video Game player. The strategy of the Group is to move up the value chain, shifting from publisher/distributor to developer/publisher, and thus to increase the share of owned IP in its portfolio, with a long-term objective to reach 50% of its revenue coming from own IP games.

Christophe Nobileau, Chief Executive Officer, comments *“Over the next three years, Focus Entertainment will benefit from the most ambitious line-up of games ever. We expect to launch 31 games by March 2025. Out of the lifetime revenue expected from these games, 30% is expected to come from games whose IP is owned (15%) or co-owned (15%) by Focus Entertainment.”*

In the nearer term, after a very successful PC early-access, **Hardspace: Shipbreaker** has been launched on PC on May 24th and around 500,000 copies have been sold so far. Today, Dotemu, releases the long-awaited **Teenage Mutant Ninja Turtles: Shredder’s Revenge**. Coming next, **Evil West**, a new franchise developed by Flying Wild Hog, will be launched for both consoles and PC on September 20th, 2022. Later in the year, the sequel to the multi-million seller **A Plague Tale: Innocence** will be released, **A Plague Tale: Requiem**, developed by Asobo, a worldwide renown studio.

In addition, an ambitious game developed by Deck13 Interactive, a Focus Entertainment Studio, will be released at the end of the fiscal year 2022/23. Lastly, at the Summer Game Fest held on June 9th,

Focus Entertainment revealed **Aliens: Dark Descent** a project developed by Tindalos Interactive and based on the iconic movie license, that will be released in 2023.

John Bert, Managing Director, comments: *"We have very ambitious and exciting new projects to be launched over the coming months at Focus Entertainment. In the meantime, we will also rely on our solid back-catalogue and keep on delivering new content through live ops over 2022/23 on existing titles. In addition to this short-term line-up, we are proud to have secured key partnerships with renown studios whilst keeping investing in our own IP, paving the way for future growth."*

Financial calendar

Q1 2022/23 Sales will be published on July 21th, 2022.

2021/2022 Annual Financial report, including CSR report, will be released on July 29th, 2022, and posted on the company's website.

Event	Date
2022/23 – Q1 Sales	Thursday July 21, 2022
2022/23 – Annual General Meeting	Thursday September 22, 2022
2022/23 – Q2 Sales	Thursday October 20, 2022
2022/23 – Half-Year Results	Thursday December 15, 2022
2022/23 – Q3 Sales	Thursday January 19, 2023
2022/23 – Q4 Sales and FY Sales	Thursday April 20, 2023

About Focus Entertainment

FOCUS ENTERTAINMENT is one of Europe's leading video game publishers and developers. Its vocation is to support leading international studios in the development, production monitoring, marketing, sales and financing of their projects. As a publisher of strong brands such as The Surge, Vampyr, and A Plague Tale: Innocence, the Group generated revenues of €142,6 million in 2021/22. FOCUS ENTERTAINMENT generates 95% of its sales internationally. For additional information, visit www.focusent.com

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APPENDICES

CONSOLIDATED INCOME STATEMENT – AUDITED

Audit reports not yet issued

(in millions of euros)	FY 2021 2022 31/03/2022		FY 2020 2021 31/03/2021		Variation %
Revenue	142,6	100%	171,0	100%	-17%
Gross margin	42,2	30%	51,1	30%	-17%
Production costs	(7,7)	-5%	(7,4)	-4%	3%
Sales and marketing expenses	(13,1)	-9%	(10,3)	-6%	27%
General and administration expenses	(8,4)	-6%	(8,6)	-5%	-3%
Other operating income (expenses)	0,1	0%	0,1	0%	
EBITA¹	13,2	9%	24,8	15%	-47%
Amortization of goodwill	(4,0)				
EBIT	9,1	6%	24,8	15%	-63%
Financial income (expenses)	(1,7)		(1,7)		
Exceptional income (expenses)	(1,3)		(3,0)		
Income tax	(3,0)		(6,8)		
Consolidated net income	3,1	2%	13,3	8%	-77%
Minority interests	(0,1)		-		
Group net income	3,0	2%	13,3	8%	-78%
EBIT	9,1		24,8		-63%
D&A and provisions	(33,0)		(25,7)		30%
EBITDA	42,1	30%	50,5	30%	-16%

¹ EBITA: Adjusted EBIT, EBIT before amortization and depreciation of goodwill

CONSOLIDATED BALANCE SHEET – AUDITED

Audit reports not yet issued

(in millions of euros)	31/03/2022	31/03/2021
ASSETS		
Intangible assets	81,1	67,7
Goodwill	68,7	6,2
Property, plant & equipment	0,8	0,7
Financial assets	1,2	1,4
Total Non-Current Assets	151,9	76,0
Inventory and works in progress	0,9	1,5
Trade receivables	13,4	15,4
Other receivables, accruals and deferrals	22,4	6,7
Investment securities	0,6	-
Cash and cash equivalents	62,0	19,5
Total Current Assets	99,2	43,1
Total Assets	251,0	119,2
EQUITY & LIABILITIES		
Capital	7,8	6,4
Share premium	90,2	22,4
Reserves	32,7	26,5
Profit(loss) for the year	3,0	13,3
Total Equity (attributable to the group)	133,7	68,5
Minority Equity	1,6	-
Provisions	0,9	1,7
Borrowings and financial debt	66,1	12,5
Trade payables	19,0	23,4
Other payables, accruals and deferrals	29,7	13,0
Total Liabilities	251,0	119,2

CONSOLIDATED CASH FLOWS – AUDITED

Audit reports not yet issued

CASH FLOWS (in millions of euros)	31/03/2022	31/03/2021
Net income of consolidated companies	3,1	13,3
Net change in D&A and provisions	33,1	25,8
Gains (losses) from disposals	0,0	0,0
Interests charges	0,6	-
Intangible assets acquisition	(36,4)	(40,2)
Change in deferred taxes	0,3	(0,5)
Change in working capital	(9,3)	(1,7)
Operating cash flow	(8,6)	(3,3)
Purchases of property, plant, equipment and financial assets	(0,4)	(1,4)
Other purchases net of disposed financial assets	0,3	-
Net cash resulting from acquisitions of subsidiaries	(59,1)	(6,2)
Investing cash flow	(59,2)	(7,6)
Capital increase	68,8	0,1
Debt increase/(decrease)	50,0	10,8
Other changes in shareholders' equity	(7,9)	0,0
Financing cash flow	110,9	10,9
Effect of exchange rate changes	0,0	(0,2)
Net Increase (decrease) in cash and cash equivalents	43,1	(0,1)
Cash and cash equivalents at beginning of period	19,5	19,6
Cash and cash equivalents at end of period	62,6	19,5