

Half-year 2022/23 results in line with Group expectations and successful launches of A Plague Tale: Requiem and Evil West

PARIS, FRANCE - December 15, 2022 - FOCUS ENTERTAINMENT (FR0012419307 - ALFOC) announced its results for the first semester of 2022/23, for the period ended September 30, 2022, in line with the Group's expectations.

Key facts:

- Strong increase in gross margin¹ to 25.1 million euros, or 38% of revenues
- EBITA² at 10.9 million euros or 17% of revenues
- EBITDA at 18.9 million euros
- Successful launches of **A Plague Tale: Requiem** (October 18) and **Evil West** (November 22)

Results as of September 30, 2022

| (in millions of euros) | H1 2022 2023 30/09/2022 | | H1 2021 2022 30/09/2021 | |
|---|----------------------------|------|----------------------------|------|
| Revenue | 65.5 | 100% | 85.1 | 100% |
| Gross margin | 25.1 | 38% | 21.9 | 26% |
| Production costs | (5.3) | | (2.8) | |
| Sales and marketing costs | (4.9) | | (7.9) | |
| General and administration expenses | (4.4) | | (4.1) | |
| Other operating income (expenses) | 0.5 | | 0.2 | |
| EBITA | 10.9 | 17% | 7.3 | 9% |
| Amortization of goodwill and amortization of intangible assets acquired in a business acquisition | (5.0) | | - | |
| EBIT | 6.0 | 9% | 7.3 | 9% |
| Financial income (expenses) | (0.6) | | (0.3) | |
| Exceptional income (expenses) | (0.1) | | (0.1) | |
| Income tax | (2.2) | | (1.4) | |
| Consolidated net income | 3.1 | 5% | 5.5 | 6% |
| Minority interests | (1.7) | | (0.1) | |
| Group net income | 1.4 | 2% | 5.5 | 6% |
| EBITA | 10.9 | 17% | 7.3 | 9% |
| D&A and provisions | (8.0) | | (23.4) | |
| EBITDA | 18.9 | 29% | 30.7 | 36% |

¹ The Group defines its gross margin as the difference between revenues, cost of sales and game development costs. The amortization expense of intangible assets identified in connection with business combination is not included in gross profit.

² The Group defines adjusted EBIT, EBITA, as the income from operations of consolidated companies before amortization of goodwill and before amortization of intangible assets identified in connection with business combinations.

Limited review procedures were performed on the interim financial statements for the six months ended September 30, 2022.

Revenues for the first semester of 2022/23 reached 65.5 million euros, mainly supported by the very successful launch of **Teenage Mutant Ninja Turtles: Shredder's Revenge**, which was nominated twice at the Game Awards, and to a lesser extent by the full release of **Hardspace: Shipbreaker** on PC, then on Console. The back catalog held up well. First half year revenues also include the contribution of BlackMill Games for the first time, with the launch of **Isonzo**, the third chapter of the WW1 series, on September 13th.

Operating profitability improvement

The Group's gross margin reached 25.1 million euros in the first semester of 2022/23, at 38% of revenues, a significant increase compared to the first semester of 2021/22. This semester benefited fully from the success of **Teenage Mutant Ninja Turtles: Shredder's Revenge**, the exploitation of the back catalog, as well as a favorable basis for comparison with last year when certain games had experienced contrasting results.

Below the gross margin, operating expenses were stable compared to the same period last year, even though marketing and production expenses directly related to launches were down year over year, as the number of launches during the period was lower than in the first semester of 2021/22. This decrease is offset by the strengthening of production, marketing and data teams to support the Group's ambitions and by the integration of the studios acquired since September 30, 2021.

EBITA amounted to 10.9 million euros in the first semester of 2022/23, compared with 7.3 million euros in the first half of the previous year.

Amortization of goodwill and amortization of intangible assets identified in connection with business combinations amounted to 5 million euros in the first semester of the year.

EBIT for the first semester of 2022/23 amounted to 6 million euros.

EBITDA reached 18,9 million d'euros, i.e., a 29% EBITDA margin.

Heavy investments in the first semester

The level of investment in games in the first semester of 2022/23 reached 37.5 million euros, compared with 36.4 million euros for the full year of 2021/22. As anticipated, the level of investments is accelerating, with a catch-up of the delays of the previous year but also, above all, an increase in investments related to the ambitious line-up to be delivered in the coming years. The Group has also continued to invest with the acquisition of the BlackMill Games studio in September 2022, generating a cash outflow of 4.1 million euros.

³ The Group defines EBIT as the income from operations of consolidated companies.

In addition, the favorable change in working capital over the period coupled with the drawn of 20 million euros on the credit agreement, allows the group to maintain a cash position slightly higher than March 2022's, at 65.7 million euros compared to 62.6 million euros.

The group still has 60.5 million euros of undrawn confirmed credit lines as of September 30th, 2022.

Net debt, including cash, financial debt and highly probable earnouts, amounts to 30.7 million euros.

Outlook

Last October 18th, 2022, Focus Entertainment released on PC, PS5, Xbox Series, **A Plague Tale: Requiem**, successor opus to **A Plague Tale: Innocence** released in 2019, both developed by Asobo.

On November 22nd **Evil West**, a new franchise co-owned by Focus and Flying Wild Hog, was unveiled on PC and Consoles.

The Group is thrilled by the reception from professionals and the public on both titles (respectively 92% and 77% of positive reviews from Steams users, and 84% and 74% on Openritic, **A Plague Tale: Requiem** was also nominated five times at the Games Awards) confirming Focus' positioning and legitimacy for ambitious, high-quality games.

Thus, in a very intense competitive environment over the last few months, the quality of these games has enabled the group to achieve the objectives it had set itself at the end of November. The Christmas period and then the launch of **Atomic Heart** in February 2023 will be the final steps to complete the execution of the 2022/23 roadmap.

The 2023/2024 financial year will be marked by ambitious launches, notably with the release of **Atlas Fallen**, a new franchise developed by Deck13, a partner studio, member of the Group, **Aliens: Dark Descent** developed by Tindalos, or **Banishers: Ghost of New Eden**, a new franchise co-owned with Don't Nod or **Warhammer 40,000: Space Marine 2** and a new co-production resulting from the collaboration with Saber that will be unveiled at E3 next year.

The half-yearly financial report 2022/23 is available on <https://investor.focus-entmt.com/fr/results>

Financial Calendar

Upcoming publications are as follows:

| Publication | Date |
|---------------------------------|---------------------------|
| 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 French and 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, Evil West and A Plague Tale, 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

INCOME STATEMENT

| (in millions of euros) | H1 2022 2023 30/09/2022 | | H1 2021 2022 30/09/2021 | |
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BALANCE SHEET

| (in millions of euros) | 30/09/2022 | 31/03/2022 |
|---|--------------|--------------|
| ASSETS | | |
| Intangible assets | 111.1 | 81.1 |
| Goodwill | 69.9 | 68.7 |
| Property, plant & equipment | 0.8 | 0.8 |
| Financial assets | 1.3 | 1.2 |
| Total Non-Current Assets | 183.0 | 151.9 |
| Inventory and works in progress | 1.5 | 0.9 |
| Trade receivables | 13.9 | 13.4 |
| Other receivables, accruals and deferrals | 19.9 | 22.4 |
| Cash and cash equivalents | 65.7 | 62.6 |
| Total Current Assets | 100.9 | 99.2 |
| Total Assets | 284.0 | 251.0 |

| (in millions of euros) | 30/09/2022 | 31/03/2022 |
|---|--------------|--------------|
| EQUITY & LIABILITIES | | |
| Capital | 7.8 | 7.8 |
| Share premium | 90.2 | 90.2 |
| Reserves | 35.0 | 32.7 |
| Profit(loss) | 1.4 | 3.0 |
| Total Equity (attributable to the group) | 134.5 | 133.6 |
| Minority Equity | 3.6 | 1.6 |
| Provisions | 1.1 | 0.9 |
| Borrowings and financial debt | 84.6 | 66.1 |
| Trade payables | 32.6 | 19.0 |
| Other payables, accruals and deferrals | 27.6 | 29.7 |
| Total Liabilities | 284.0 | 251.0 |

CASH FLOWS

| CASH FLOWS (in millions of euros) | 30.09.2022 H1 2022/23 | 31.03.2022 FY 2021/22 |
|--|---------------------------------|---------------------------------|
| Net income of consolidated companies | 3.1 | 3.1 |
| Net change in D&A and provisions | 13.0 | 33.1 |
| Gains (losses) from disposals | - | 0.0 |
| Financial charges | 1.0 | 0.6 |
| Intangible assets acquisition | (37.5) | (36.4) |
| Change in deferred taxes | (0.1) | 0.3 |
| Change in working capital | 11.2 | (9.3) |
| Net cash provided by (used in) operating activities | (9.4) | (8.6) |
| Purchases of property, plant, equipment and financial assets | (0.1) | (0.4) |
| Other purchases net of disposed financial assets | (0.1) | 0.3 |
| Net cash resulting from change in perimeter | (4.1) | (59.1) |
| Investing cash flow | (4.3) | (59.2) |
| Capital increase | - | 68.8 |
| Debt increase/(decrease) | 17.5 | 50.0 |
| Other changes in shareholders' equity | (0.8) | (7.9) |
| Financing cash flow | 16.7 | 110.9 |
| Effect of exchange rate changes | 0.0 | 0.0 |
| Net Increase (decrease) in cash and cash equivalents | 3.1 | 43.1 |
| Cash and cash equivalents at beginning of period | 62.6 | 19.5 |
| Cash and cash equivalents at end of period | 65.7 | 62.6 |