

Focus Home Interactive

92% growth in operating income in the first half 2019-20

Third quarter revenue of €38,9 million euros

- Operating performance in H1 2019-20 driven by strong launches
- 3Q 2019-20 revenue confirms expectations for a front-end loaded FY 2019-20
- Outlook for 2020-21 of €110-130 million in revenue; Outlook for 2021-22 confirmed

PARIS, FRANCE – 21st January 2020 – FOCUS HOME INTERACTIVE (FR0012419307 ALFOC), a leading French publisher of video games, announced its first half 2019/20 results for the six-month period ending on 30th September 2019 and its third quarter revenue for the period ending on 31st December 2019.

First semester 2019/20 results

| Limited review- French GAAP In million euros | H1* 2019/20 | H1* 2018/19 | Var. |
|---|----------------|----------------|-------|
| Revenue | 79.8 | 44.3 | +80% |
| Operating income | 13.5 | 7.0 | +92% |
| % of revenue | 17% | 16% | |
| Group net income | 9.2 | 3.3 | +178% |
| % of revenue | 12% | 7% | |

(*) The interim financial statements, for the period ended 30 September, were subject to a limited review

Jurgen Goeldner, Chairman of the Management Board, declared: "Once again in the first half of our fiscal year 2019-20, Focus Home Interactive demonstrated its ability to accelerate and drive successful game launches, in line with our strategy. The Group is on the right track to achieve its growth objectives.

We are also pleased to welcome Jean-François Busnel as a replacement for our CFO Deborah Bellangé who has decided to pursue personal projects. I would like to thank Deborah who has been instrumental to the successful development

John Bert, COO, added: "We are very pleased with the performance of our catalogue and back catalogue to date, which are in line with our expectations for a front-end loaded fiscal year. The second part of the year will see fewer major releases and we also made the decision to delay the launches of Snowrunner and Mudrunner Mobile. With this we will deliver the best possible experience for our players early in next fiscal year.

We are currently working on 24 ongoing projects. Therefore, our very solid pipeline gives us the confidence we need to reiterate our long-term objectives."

of the Group, and I wish her all the best for the future."

| Limited review - French GAAP | H1* | H1* | Var. |
|-----------------------------------|-------------|---------|-------------|
| In millions of euros | 2019/20 | 2018/19 | |
| Revenue | 79.8 | 44.3 | 80% |
| Studio costs | -46.6 | -23.2 | |
| Manufacturing and ancillary costs | -4.9 | -4.8 | |
| Gross margin | 28.3 | 16.4 | 72% |
| % of revenue | 35% | 37% | |
| Personnel expenses | -5.1 | -3.8 | |
| Other operating costs | -9.8 | -5.6 | |
| Operating income | 13.5 | 7.0 | 92% |
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Strong commercial successes in H1 2019/20

Focus Home Interactive had a strong first half in FY 2019-20. The Group's revenue grew by 80% up to €79.8 million, driven by the commercial success of World War Z, Greedfall and A Plague Tale: Innocence. The Group is particularly proud of the first nomination for a Focus Home Interactive game – A Plague Tale: Innocence – at the Game Awards in Los Angeles, California, which is one of the world's largest and most watched entertainment medium award shows. In addition, the Group continued to expand on new platforms, with the launch of Farming Simulator, Vampyr and Call of Cthulhu on Nintendo Switch.

The share of digital in the first half of the year accounted for 84% of total sales, up from 65% the previous year and international sales have risen to 93% compared to 91% last year.

Strong operating performance in the first half of FY2019/20

The Group's gross margin was €28.3 million in the first half of FY2019-20 up 72% compared to the same period the previous fiscal year. The Group's Operating margin was €13.5 million, nearly double that of the first half of the previous fiscal year.

Net income was up 178% over the period to €9.2 million. Other operating expenses, which include marketing and production expenses for games launched in the year, grew in value but remained relatively

stable as a percentage of revenue. The group continued to be cautious in terms of managing other expenses, with personnel cost growing due to increases in headcount and performance related compensation.

Shareholder equity progressed to €50.3 million, while the Group's net debt position was € (8.7) million.

3Q 2019/20 revenue in line with expectations

| Limited review In million euros | Q3 2019/20 | Q3 2018/19 | Var. | 9M 2019/20 | 9M 2018/19 | Var. |
|------------------------------------|---------------|---------------|-------------|---------------|---------------|-------------|
| Catalogue | 24.5 | 51.2 | -52% | 74.6 | 75.8 | -2% |
| Back-catalogue | 14.4 | 5.9 | +145% | 44.2 | 25.7 | +72% |
| Total revenue | 38.9 | 57.1 | -32% | 118.8 | 101.5 | +17% |

For the third quarter of FY 2019-20, Focus Home Interactive announces revenues of €38,9 million, bringing yearly total sales to €118.8 million, 17% higher than the same period last year. The Group continued to launch additional new content (DLC) for Farming Simulator 19, World War Z, and Insurgency: Sandstorm. Confirming the new strategic directives announced last year, the Group expanded existing franchises on new platforms, launching versions on Nintendo Switch of Farming Simulator, Vampyr and Call of Cthulhu in this quarter.

Perspectives

The Group will continue to support Farming Simulator and The Surge 2 with DLC launches throughout Q4 2019/20. Next fiscal year will begin with the launch of Snowrunner and a series of titles that will be announced in the coming months.

For the first time in February 2020, Focus Home Interactive will be present at the PAX conference in Boston. This will provide a great opportunity to reveal more about the summer line-up. PAX is one of the most popular gamer shows in the industry, as it is dedicated to supporting and celebrating video and tabletop gaming.

As per usual, Focus Home Interactive will attend le *Salon de l'Agriculture* in Paris, and for the very first time the Houston Livestock Show and Rodeo, showcasing Farming Simulator, promoting agriculture by hosting an annual, family-friendly experience. The Houston Livestock Show and Rodeo is the world's largest event of its kind, with 2,470,000 attendees and more than 30,000 exhibitors.

24 ongoing projects and signature of new partnership

Working with 17 different studios, Focus Home Interactive has 24 unannounced projects in development, all of which will be announced in due time. Today, Focus Home Interactive is delighted to announce a new partnership with Blackbird Interactive on a new game project. Blackbird Interactive is the creator of Homeworld: Deserts of Kharak and the upcoming Homeworld 3. The upcoming game is set in an original IP and combines Focus Home Interactive's love of innovation and new experiences with Blackbird's deep knowledge of sci-fi settings. It is sure to intrigue audiences when it is unveiled at PAX East next month.

Blackbird Interactive is an independent Vancouver-based studio formed of veteran game developers, with many titles in development. In 2016, Blackbird released the critically acclaimed real-time strategy game (RTS) Homeworld: Deserts of Kharak. In 2018, Blackbird launched the free educational Project Eagle, a simulation of a base on Mars, in association with NASA and the Jet Propulsion Laboratory.

No new Farming Simulator title launching for FY2020-21

GIANTS Software, the owner of Farming Simulator, has informed Focus Home Interactive that no new Farming Simulator title will launch in Fiscal Year 2020-21. The parties continue working on the Farming Simulator 19 franchise with new content (DLC, expansion...).

Appointment

Focus Home Interactive will appoint **Mr Jean-François Busnel** as the Group's interim Chief Financial Officer on 1st February 2020. Mr Busnel joins the Group with broad experience in corporate and operational finance. Mr Busnel brings 30 years of proven leadership experience and has extensive knowledge of the Entertainment and Media industry (notably WPP Group, M6, Canal +). Mrs Deborah Bellangé has been working in close proximity with Mr Busnel to ensure a smooth transition and will keep doing so until her departure on January 31, 2020.

Outlook

Focus Home Interactive announces its revenue guidance for the end of the 2020-21 fiscal year: €110M - €130M (at constant scope).

Focus Home Interactive confirms its revenue guidance for the end of the 2021-22 fiscal year: €150M - €200M (at constant scope).

Upcoming events

| Event | Date |
|---|-------------------------------------|
| 2019/20 4 th quarter revenue | Tuesday 21 st April 2020 |
| 2019/20 Full Year results | Thursday 25 th June 2020 |

About Focus Home Interactive

FOCUS HOME INTERACTIVE is a leading French publisher of video games. 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, Mudrunner, Call of Cthulhu and Farming Simulator, the Group generated revenues of €126 million in 2018/19, up 66% compared to the previous comparable period. FOCUS HOME INTERACTIVE generates more than 90% of its sales internationally. For additional information, visit www.focus-home.com



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