

## Focus Home Interactive

### Half-Year 2021/2022 Results and Q3 2021/22 revenue

PARIS, FRANCE – January 20<sup>th</sup>, 2022 – FOCUS HOME INTERACTIVE (FR0012419307 ALFOC), announces its 2021/22 H1 results for the six-month period ending September 30, 2021, and its 2021/22 Q3 unaudited revenues for the quarter ending December 31, 2021.

#### Key highlights:

- Q3 revenues at €37.1 million driven by the solid performance of recent releases
- 2021/22 guidance confirmed set between €120 million and €150 million, albeit likely to be in the mid-range
- One-off impact on H1 2021/22 profitability due to the impairment of two games
- Strong Pipeline for the upcoming years

#### Half year 2021/22

#### Results for the first Half-Year 2021/22

Limited review - French GAAP In million euros	H1* 2021/22**	H1* 2020/21	Var.
<b>Revenue</b>	<b>85,1</b>	<b>103,6</b>	<b>-18%</b>
<b>Gross margin</b>	<b>21,9</b>	<b>32,4</b>	<b>-32%</b>
<i>% of revenue</i>	<i>26%</i>	<i>31%</i>	<i>-5 pts</i>
<b>Operating income</b>	<b>7,3</b>	<b>18,2</b>	<b>-60%</b>
<i>% of revenue</i>	<i>9%</i>	<i>18%</i>	<i>-9 pts</i>
Exceptional income	(0,1)	(3,1)	n.s.
<b>Group net income</b>	<b>5,5</b>	<b>8,9</b>	<b>-39%</b>
<i>% of revenue</i>	<i>6%</i>	<i>9%</i>	<i>-3 pts</i>
<b>EBITDA</b>	<b>30,7</b>	<b>35,5</b>	<b>-13%</b>
<i>% of revenue</i>	<i>36%</i>	<i>34%</i>	<i>+2 pts</i>

\* Limited review procedures were performed on the interim financial statements for the six months ended 30 September. Detailed financial statements are reported in the appendix

\*\* Deck13 is consolidated since July 1, 2020 - H1 2021/22 revenue contribution is 0.6m€

StreumOn is consolidated since April 1, 2021. – H1 2021/22 revenue contribution is not significant

Dotemu is consolidated since September 30, 2021 - No impact on H1 2021/22 P&L, only impacts on the balance sheet.

Half-year 2021/22 revenue reached €85.1 million including a second quarter revenue of €44.0 million. In terms of revenue breakdown, 88% of the sales are made through digital partners and 94% are derived internationally.

The Group's gross margin reached €21.9 million in the first half of fiscal year 2021/22, standing at 26% of revenue, a 5-basis point decrease compared to H1 2020/21 when it amounted €32.4 million.

The decrease in the gross margin results from (i) an unfavourable basis effect with record sales registered over H1 2020/21 and (ii) the impairment loss related to the performance below expectations of **Hood: Outlaws & Legends** and **Warhammer Age of Sigmar: Storm Ground's**.

Operating Income amounted to €7.3 million in the first half of 2021/22 compared to €18.2 million in the first half of the previous year, reflecting the gross margin evolution and higher marketing expenses related to more launches in H1 2021/22.

Financial Result mainly consists of costs related to the financing plan secured at the end of July 2021 as well as an insignificant foreign exchange impact.

The Group recorded a Net Income of €5.5 million in H1 2021/22.

### Operating Cash-flows

EBITDA reached €30.7 million for the first half of the year, representing a 36% EBITDA margin compared to 34% in the first half of 2020/21.

The Group substantially increased its game development investments in the first half to €19.5 million versus €17.3 million in H1 2020/21.

As a result, the Group achieved a break-even cash-flow from operations, after funding its game development investments.

### Strengthened and secured balance sheet as of September 30, 2021

Over the period, the Group finalized two significant financing operations:

- **A €70.4 million capital increase on May 19, 2021**, with the cancellation of shareholders' preferential subscription rights, through an accelerated book building exercise.
- **A €140 million financing secured on July 20, 2021**, structured as follow:
  - €80 million syndicated bank loan from a pool of seven banks with an amortizable tranche, a bullet tranche and a revolving loan with maturities of up to 6.5 years;
  - €50 million Euro PP subscribed with three institutional investors with a maturity of 7 years;
  - €10 million loan from BPI France.

The Group's balance sheet more than doubled during the first half, from €119.2 million as of March 31, 2021, to €264.6 million as of September 30, 2021.

As of September 30, 2021, the Group's Net Cash Position amounted to €5.6 million.

### **Acquisitions in first half of 2021/22**

During the first half of 2021/22, Focus Home Interactive actively pursued its non-organic growth strategy completing two new acquisitions to accelerate its developments.

On April 20, 2021, the Group acquired a majority stake of **StreumOn**, a studio specialized in shooting games and owner of the E.Y.E. Divine Cybermancy license.

Then, on September 30, 2021, Focus Home finalized the acquisition of 77.5% of **Dotemu**, a world leader in retro gaming, for 53.5 million paid on September 30, 2021, including a deferred payment of 15 million euros (in an escrow account), to be released at the end of December 2022 depending on the release date of a game. The acquisition agreement also provides for a potential earn-out conditional on operating performance indicators.

**Christophe Nobileau, President of Focus Home Interactive**, comments: "During the first half of the year, we continued to significantly invest in our games franchises, paving the way for future organic growth. In addition, thanks to the actions taken since the beginning of our financial year, we have the wherewithal to explore non-organic opportunities to further strengthen the Group and transform our business model. Considering the strong underlying fundamentals of the Group, the exceptional quality of our teams, and recent talent acquisitions, I am confident we will successfully achieve our long-term objectives."

## Q3 2021/22

### Revenue for the third quarter and first nine months of 2021/22

<i>In million euros Unaudited</i>	Q3 2021/22*	Q3 2020/21	Var.	9M 2021/22	9M 2020/21	Var.
Catalogue	19.2	16.9	+13%	61.4	66.6	-8%
Back-catalogue	17.9	20.8	-14%	60.9	74.8	-19%
<b>Group Revenue</b>	<b>37.1</b>	<b>37.7</b>	<b>-2%</b>	<b>122.3</b>	<b>141.4</b>	<b>-13%</b>
Of which Dotemu*	1.4			1.4	-	
<b>Revenue at constant perimeter</b>	<b>35.8</b>	<b>37.7</b>	<b>-5%</b>	<b>120.9</b>	<b>141.4</b>	<b>-14%</b>

\*Deck13 revenue for Q3 2021/22 stands at 0.3m€

StreumOn revenue generated outside the Group is insignificant

Dotemu is consolidated since September 30, 2021.

Q3 2021/22 revenue amounted to €37.1 million decreasing by 2% compared to Q3 2020/21. At constant perimeter, revenue reached €35.8 million in the quarter. Dotemu contributed €1.4 million in the quarter.

The revenue breakdown is in line with the previous quarter with 88% of the sales made through digital partners and 94% are derived internationally.

The performance in the quarter continued to benefit from the solid performance of **Insurgency Sandstorm** launched on PlayStation4 and XboxOne, and the ongoing success of additional and live ops content.

During the quarter, Focus Home Interactive's **Farming Simulator** retail and digital distribution rights expired.

### Improvement of the Group's ESG Rating

Focus Home Interactive has doubled its **Gaia rating**, from 31/100 in 2020 to **62/100 in 2021**, a significant progression demonstrating strong commitments in terms of governance, responsible and sustainable practices, social and environmental policies. This new rating stands above 2021 the sector average of 55/100.

## Capital increase reserved for employees

In accordance with its policy in favour of employee shareholding, Focus Home Interactive, by decision of the Management Board on November 18, 2021, implemented the delegation of authority granted to it by the General Meeting of September 23, 2021, in its 17th resolution, for the purpose of carrying out a capital increase reserved for employees, the subscription period for which ran from November 19 to December 3, 2021.

Approximately one third of the eligible\* employees of Focus Home Interactive subscribed to the capital increase for a total amount of 240,869.20 euros, resulting in a contribution of 23,623.60 euros from the Company.

The subscription price included a 30% discount on the share price corresponding to the average of the 20 opening prices preceding the decision of the Management Board on November 18, 2021.

The issue of 9,248 new shares took place on January 19, 2022, after the Management Board had acknowledged the final completion of the capital increase for a total nominal amount of 11,097.60 euros, bringing the amount of the Company's share capital to 7,734,039.60 euros, divided into 6,445,033 shares with a nominal value of 1.20 euro.

*\* Employees of the Company with more than three months' seniority who are members of the Company savings plan and who are present on the last day of the subscription period*

## Outlooks

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### Games Outlook

The world's leading retro gaming company recently acquired by the Group, Dotemu, launched today **Windjammers 2** which was internally developed. Dotemu has a rich line-up ahead, including major titles on iconic licenses like **Pharaoh** and **Metal Slug Tactics** as well as a new title based on **Teenage Mutant Ninja Turtles** IP. The latter, among other titles, was delayed from 2021 to 2022.

Focus Home Interactive will co-publish five new titles, through a renewed partnership with **Saber Interactive**, that will contribute to 2023/24 to 2025/26 line-up.

On December 10, the Group announced a long-awaited title at the Game Award 2021: **Warhammer 40,000: Space Marine 2**. This game will be published by Focus Home Interactive and developed by Saber Interactive, in partnership with Games Workshop. It will be released on PlayStation 5, Xbox Series X|S and PC. To date, the trailer accumulated over 8m views.

**John Bert, Managing Director, comments on the company's next releases:** " *We have an exciting pipeline for the year ahead that will see the launch of some long-awaited titles like **A Plague Tale: Requiem**, the sequel to Asobo's best seller and **Evil West**. Our dynamic line-up demonstrates the unlimited creativity of our teams and our ability to achieve success in multiple and diverse gaming segments. "*

## Confirmed guidance for 2021/2022

Based on Q3 2021/22 revenue generation and visibility on the last quarter of the current fiscal year, Focus Home Interactive reiterates its confidence in achieving its 2021/22 revenue guidance set between €120 million and €150 million, albeit likely to be in the mid-range.

## Financial calendar

The Half Year Financial Report 2021/22 will be published on January 31, 2022, on the Group's website.

Event	Date
2021-22 – 4 <sup>th</sup> quarter revenue	Thursday 20 <sup>th</sup> April, 2022
2021-22 – FY results	Thursday 24 <sup>th</sup> June, 2022

## About Focus Home Interactive

**FOCUS HOME INTERACTIVE** 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 €171 million in 2020/21, up 20% compared to the previous comparable period. FOCUS HOME INTERACTIVE generates 95% of its sales internationally. For additional information, visit [www.focus-entmt.com](http://www.focus-entmt.com)

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## APPENDICES

## CONSOLIDATED INCOME STATEMENT

(in millions of euros)	H1 2021 2022 30/09/2021		H1 2020 2021 30/09/2020		Variation %
<b>Revenue</b>	<b>85.141</b>	100%	<b>103.6</b>	100%	<b>-18%</b>
<b>Gross margin</b>	<b>21.9</b>	26%	<b>32.4</b>	31%	<b>-32%</b>
Production costs	(2.8)	-3%	(3.6)	-3%	-21%
Sales and marketing expenses	(7.9)	-9%	(6.4)	-6%	24%
General and administration expenses	(4.1)	-5%	(4.5)	-4%	-9%
Other operating income (expenses)	0.2	0%	0.3	0%	-40%
<b>Income from operations</b>	<b>7.3</b>	9%	<b>18.2</b>	18%	<b>-60%</b>
Financial income (expenses)	(0.3)		(1.6)		
Exceptional income (expenses)	(0.1)		(3.1)		
Income tax	(1.4)		(4.6)		
<b>Net income before amortisation of goodwill</b>	<b>5.5</b>	6%	<b>8.9</b>	9%	<b>-38%</b>
<b>Consolidated net income</b>	<b>5.5</b>	6%	<b>8.9</b>	9%	<b>-38%</b>
Minority interests	(0.1)		-		
<b>Net income (attributable to the group)</b>	<b>5.5</b>	6%	<b>8.9</b>	9%	<b>-39%</b>
<b>Income from operations</b>	<b>7.3</b>		<b>18.2</b>		<b>-60%</b>
D&A and provisions	(23.4)		(17.2)		36%
<b>EBITDA</b>	<b>30.7</b>	36%	<b>35.5</b>	34%	<b>-13%</b>

**CONSOLIDATED BALANCE SHEET**

(in millions of euros)	30/09/2021	31/03/2021
<b>ASSETS</b>		
Intangible assets	73.7	67.7
Goodwill	69.3	6.2
Property, plant & equipment	0.8	0.7
Financial assets	1.6	1.4
<b>Total Non-Current Assets</b>	<b>145.3</b>	<b>76.0</b>
Inventory and works in progress	2.0	1.5
Trade receivables	19.1	15.4
Other receivables, accruals and deferrals	15.7	6.7
Cash and cash equivalents	82.5	19.5
<b>Total Current Assets</b>	<b>119.3</b>	<b>43.1</b>
<b>Total Assets</b>	<b>264.6</b>	<b>119.2</b>
(in millions of euros)		
<b>EQUITY &amp; LIABILITIES</b>		
Capital	7.7	6.4
Share premium	89.9	22.4
Reserves	39.5	26.5
Profit(loss) for the year	5.5	13.3
<b>Total Equity (attributable to the group)</b>	<b>142.6</b>	<b>68.5</b>
<b>Minority Equity</b>	<b>1.2</b>	<b>0.0</b>
Provisions	1.8	1.7
Borrowings and financial debt	66.4	12.5
Trade payables	34.8	24.1
Other payables, accruals and deferrals	17.9	12.3
<b>Total Liabilities</b>	<b>264.6</b>	<b>119.2</b>



**CONSOLIDATED CASH FLOWS**

<b>CASH FLOWS</b>	<b>30.09.2021</b>	<b>31.03.2021</b>
<b>(in millions of euros)</b>		
Net income of consolidated companies	5.5	13.3
Net change in D&A and provisions	23.4	25.8
Gains (losses) from disposals	(0.2)	0.0
Intangible assets acquisition	(20.0)	(40.2)
Change in deferred taxes	0.3	(0.5)
Change in working capital	(9.2)	(1.7)
<b>Net cash provided by (used in) operating activities</b>	<b>(0.2)</b>	<b>(3.3)</b>
Purchases of property, plant, equipment and financial assets	(0.3)	(1.4)
Other purchases net of disposed financial assets	0.0	-
Net cash resulting from acquisitions of subsidiaries	(56.7)	(6.2)
<b>Net cash provided by (used in) investing activities</b>	<b>(57.0)</b>	<b>(7.6)</b>
Capital increase	68.8	0.1
Debt increase/(decrease)	51.6	10.8
Other changes in shareholders' equity	(0.3)	0.0
<b>Net cash provided by (used in) financing activities</b>	<b>120.1</b>	<b>10.9</b>
Effect of exchange rate changes	0.0	(0.2)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>63.0</b>	<b>(0.1)</b>
Cash and cash equivalents at beginning of period	19.5	19.6
Cash and cash equivalents at end of period	82.5	19.5