

FY 2022/23, a record year for Focus Entertainment

- Revenue standing at an all-time high of €194.1 million, +36% YoY
- Record EBITA¹ at €28.4 million, above market consensus
- EBITDA² at €60.3 million driven by an improved 37% Gross Margin³ rate
- Continuous investments fueling future organic growth while delivering positive operating cash flow

PARIS, FRANCE – June 15th, 2023 – FOCUS ENTERTAINMENT (FR0012419307 - ALFOC) announces its 2022/23 (audited, audit report not yet issued) results for the full year ending March 31, 2023.

Revenue standing at an all-time high of €194.1 million.

Full year 2022/23 revenue reached a historical high of €194.1 million, at the higher end of the expected range published by the Group, in comparison with €142.6 million for the same period 2021/22. FY 2022/23 revenue represented a total growth of +36.2% compared to FY 2021/22 and was mostly driven by the performance of six major titles.

Four of these games have been released during the year and confirm the AA and indie strategic positioning and the high-quality experience of Focus' games: *A Plague Tale: Requiem*, *Evil West* and *Teenage Mutant Ninja Turtles: Shredder's Revenge* – the latter coming from the successful acquisition of Dotemu. Lastly, developed by Mundfish and released during the last quarter of the fiscal year, *Atomic Heart* has performed above the Group's initial expectations.

Two other games have also proven their long-lasting revenue contribution thanks to additional sales generated by live content updates made available to gamers: *SnowRunner*, released in April 2020, and *Insurgency: Sandstorm*, released back in December 2018.

In addition, Focus Entertainment is very proud to be ranked 4th position in the **Metacritic 2023 Annual Video Game Publisher Rankings** behind Sony, Paradox Interactive, and Activision Blizzard.

¹ EBITA: The Group defines adjusted EBIT ("EBITA") as income of integrated companies., before amortization of goodwill, before amortization of intangible assets identified in a business combination, plus R&D / video games tax credit

² EBITDA: The Group defines EBITDA as the EBITA before depreciation, amortization and operating reserves

³ Gross Margin: The Group defines its gross margin as the difference between revenues, cost of sales and game development costs. It does not include the amortization of intangible assets identified through business combination

Highest operational profit ever: EBITA at €28.4 million, above market consensus and strong improvement in EBITDA at €60.3 million.

FY 2022/23 Gross Margin reached €72.6 million, a substantial improvement compared to FY2021/22 (37% vs. 30%), driven by the performance of six major titles.

Sales and marketing costs were driven by a higher number of releases (11 this year versus 8 in 2021/22) alongside an increased average spend per game (in particular for Atomic Heart, which benefited from a significant marketing budget), while general and administration expenses rose, boosted by the strengthening of production, marketing and data teams to support the Group's ambitions, and by the impact of the integration of the studios acquired since September 30, 2021.

FY 2022/23 EBITA amounted to €28.4 million, a 15% margin, reflecting the increase in revenue and gross margin evolution. This EBITA margin represents a remarkable achievement for Focus Entertainment, with profitability rate at its highest ever while supporting the evolution of the Group's strategy and the significant strengthening of its organization.

EBITDA reached €60.3 million for the full fiscal year 2022/23, representing a 31% EBITDA margin, a slight improvement over the 2021/22 fiscal year. Amortization of Goodwill and intangible assets identified in connection with business combinations amounted to (€9.3) million for FY 2022/23.

FY 2022/23 interest expenses linked to the debt raised since July 2021 are the main constituents of the financial result of (€3.3) million, while income tax amounted to (€5.3) million.

The Group Net Income for FY 2022/23 reached €7.3 million.

FY 2022/23 Consolidated Financial Results followed by Management (closed March 31, 2023) – Audited.

Audit report not yet issued.

(in millions of euros)	FY 2022 2023 31/03/2023		FY 2021 2022 31/03/2022		Variation %
Revenue	194.1	100%	142.6	100%	36%
Gross margin³	72.6	37%	42.2	30%	72%
Production costs	(12.3)		(7.7)		60%
Sales and marketing costs	(23.6)		(13.1)		79%
General and administration expenses	(10.0)		(8.4)		19%
Other operating income (expenses)	1.7		0.1		
EBITA¹	28.4	15%	13.2	9%	116%
Amortization of goodwill and of intangible assets identified through business combination	(9.3)		(4.0)		131%
Financial income (expenses)	(3.3)		(1.7)		94%
Exceptional income (expenses)	(0.2)		(1.3)		-85%
Income tax	(5.3)		(3.0)		76%
Consolidated net income	10.3	5%	3.1	2%	235%
Minority interests	(3.0)		(0.1)		
Group net income	7.3	4%	3.0	2%	145%
EBITA	28.4	15%	13.2	9%	116%
D&A and provisions	(31.9)		(29.0)		10%
EBITDA²	60.3	31%	42.1	30%	43%

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² EBITDA: The Group defines EBITDA as the EBITA before depreciation, amortization and operating reserves

³ Gross Margin: The Group defines its gross margin as the difference between revenues, cost of sales and game development costs. It does not include the amortization of intangible assets identified through business combination

Cash-Flow – significant investment in games and positive operating cash flow

This record performance was supported by increased investments in games: in 2022/23, the Group invested €65.1 million in the development of new games, compared to €35 million in the previous year.

After financing the development of games, operating cash flows stood at €2.1 million over FY 2022/23.

Disbursements related to external growth represent €5.5 million over the fiscal year, notably with the acquisition of the Dutch studio BlackMill Games (focusing on owned IP games with its WW1 Game Series) and the integration of an influencer agency.

As of March 31, 2023, cash and cash equivalents represented €72.2 million, and net debt amounted to €27.3 million (including cash, financial debt and highly probable earnouts which should, for the most part, be disbursed in the first half of 2023/24). At the end of the financial year, the group had a total of €60.5 million in confirmed, undrawn credit lines.

Post-closing, the initial payment for the Dovetail Games transaction (closed on April 20) was made, as well as the drawdown of a €20 million line of credit intended to finance part of the acquisition. It should be noted that probable earnout payments associated with this transaction should be paid before the end of the financial year.

Outlook – Confidence for FY 2023/24, most ambitious line-up ever & two new growth initiatives

The group reiterates its strategy to move up the value chain based on its two pillars: development and publishing. **Fueled by increased investments in games, the objective of the Group is to release 46 games over the next 3 years, with growing revenues generated from 24 owned/co-owned IP games.**

Focus Entertainment is fully committed and confident in executing its line-up for the FY 2023/24. After the successful launch of *Warhammer 40,000: Boltgun* (May 23rd, 2023, with a score of 93 on Steam Userscore), further launches are planned, initially in June with *Aliens: Dark Descent* developed by Tindalos, then with the fully owned IP, *Atlas Fallen* (studio Deck 13) scheduled for August 2023, and later in the second half of the fiscal year with major titles like *Banishers: Ghosts of New Eden*, a new co-owned IP franchise with Don't Nod, and *Warhammer 40,000: Space Marine 2*.

In addition, today the Group announces the signing of **three new games with Saber, including a new franchise co-developed and co-owned with Saber**. These three games, published by Focus Entertainment, will be multi-player and will benefit from additional content from launch.

Additional growth initiatives

For the first time in its history, Focus Entertainment is joining forces with industry veterans François ALAUX, Olivier BLIN and Thomas PAINCON to **create CARPOOL studio**, dedicated to the development of an ambitious multiplayer Game as a Service (GaaS) title based on a new Intellectual Property.

In parallel, today the Group announces the launch of **Focus Production**, a new movie & TV series production company, whose objective is to offer a new service to leverage gaming IPs from internal and external studios via partnerships with senior production companies who will also produce standalone projects.

Fabrice Larue, Chairman and Chief Executive Officer of Focus Entertainment, comments:

"Fiscal year 2022/2023 was a record year for Focus Entertainment. We can be very proud of the games launched by the Group, their quality and their commercial performance. I would like to thank all the Focus Entertainment teams for this collective teamwork. Their expertise, their passion and their commitment have been crucial in achieving these results and offering the best gaming experience to our players. These are the results of our strategy, and I confirm our desire to continue moving up the value chain. In the near term, this means delivering our ambitious line-up and adding new studios and innovative services. I am confident in our ability to continue the transformation of Focus Entertainment and executing on our strategy."

Focus Entertainment Financial Calendar

Publication	Date
2023/24 – Q1 Revenues	July 20, 2023
Annual General Shareholders Meeting	September 12, 2023

About Focus Entertainment

About Focus Entertainment FOCUS ENTERTAINMENT is one of Europe's leading video game publishers and developers. As a publisher of strong brands such as *The Surge*, *SnowRunner*, *A Plague Tale*, *Atomic Heart*, and *Evil West*, its vocation is to support leading French and international studios in the development, production monitoring, marketing, sales and financing of their projects. FOCUS ENTERTAINMENT generates 95% of its sales internationally. The Group generated revenues of €194.1 million in 2022/23. For additional information, visit www.focusent.com

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APPENDICES – FRENCH GAAPS
CONSOLIDATED INCOME STATEMENT – AUDITED
Audit reports not yet issued

(in millions of euros)	FY 2022 2023 31/03/2023		FY 2021 2022 31/03/2022		Variation %
Revenue	194.1	100%	142.6	100%	36%
Cost of Sales	(90.4)		(71.7)		26%
Development costs	(32.5)		(29.5)		10%
Othe income (expenses)	0.0		0.9		-95%
Production costs	(12.3)		(7.7)		60%
Sales and marketing costs	(23.6)		(13.1)		79%
General and administration costs	(10.0)		(8.4)		19%
Other operating income (expenses)	0.8		0.1		572%
Operating income before goodwill amortization	26.2	14%	13.2	9%	99%
Amortization of goodwill	(8.0)		(4.0)		
Income of integrated companies	18.3	9%	9.1	6%	100%
Financial income (expenses)	(3.3)		(1.7)		94%
Exceptional income (expenses)	(0.2)		(1.3)		-85%
Income tax	(4.4)		(3.0)		47%
Shares of equity affiliates	(0.0)		-		
Consolidated net income	10.3	5%	3.1	2%	235%
Minority interests	(2.9)		(0.1)		
Group net income	7.3	4%	3.0	2%	145%

CONSOLIDATED BALANCE SHEET – AUDITED

Audit reports not yet issued

(in millions of euros)	31/03/2023	31/03/2022
ASSETS		
Intangible assets	118.3	81.1
Goodwill	71.8	68.7
Property, plant & equipment	0.7	0.8
Financial assets	1.2	1.2
Total Non-Current Assets	192.0	151.9
Inventory and works in progress	0.9	0.9
Trade receivables	27.4	13.4
Other receivables, accruals and deferrals	14.2	22.4
Financial futures instruments	0.5	-
Cash and cash equivalents	72.2	62.6
Total Current Assets	115.1	99.2
Total Assets	307.1	251.0
(in millions of euros)	31/03/2023	31/03/2022
EQUITY & LIABILITIES		
Capital	7.8	7.8
Share premium	90.3	90.2
Reserves	35.0	32.7
Profit(loss)	7.3	3.0
Total Equity (attributable to the group)	140.3	133.6
Minority Equity	5.7	1.6
Provisions	0.8	0.9
Borrowings and financial debt	83.1	66.1
Trade payables	35.2	19.0
Financial futures instruments	0.0	-
Other payables, accruals and deferrals	42.0	29.7
Total Liabilities	307.1	251.0

CONSOLIDATED CASH FLOWS – AUDITED

Audit reports not yet issued

CASH FLOWS (in millions of euros)	FY 2022/23 31/03/2023	FY 2021/22 31/03/2022
Net income of consolidated companies	10.3	3.1
Net change in D&A and provisions	41.1	33.1
Gains (losses) from disposals	0.1	0.0
Financial charges	2.8	0.6
Intangible assets acquisition	(65.1)	(36.4)
Change in deferred taxes	(0.3)	0.3
Change in working capital	13.1	(9.3)
Net cash provided by (used in) operating activities	2.1	(8.6)
Purchases of property, plant, equipment and financial assets	(0.4)	(0.4)
Other purchases net of disposed financial assets	(0.0)	0.3
Net cash resulting from change in perimeter	(5.5)	(59.1)
Investing cash flow	(5.9)	(59.2)
Capital increase	0.0	68.8
Debt increase/(decrease)	14.2	50.0
Other changes in shareholders' equity	(0.9)	(7.9)
Financing cash flow	13.4	110.9
Effect of exchange rate changes	0.0	0.0
Net Increase (decrease) in cash and cash equivalents	9.6	43.1
Cash and cash equivalents at beginning of period	62.6	19.5
Cash and cash equivalents at end of period	72.2	62.6