

## FY 2019-20: A new record year for Focus Home Interactive and first studio acquisition

- Revenue up +13%, operating income up +36% and net income up +64%
- EEE Strategic plan<sup>1</sup> on track with first acquisition: Deck13 Interactive
- Working on 27 titles including 9 titles with IP-share of 50% or more
- New financing of €46 million to support ambitious development plan
- Jean-François Busnel appointed as Group CFO
- Outlook for 2020-21 and 2021-22 reiterated, although Giants confirmed self-publishing ambitions for the next Farming Simulator game

PARIS, FRANCE – 25<sup>th</sup> June 2020 – FOCUS HOME INTERACTIVE (FR0012419307 ALFOC), a leading French publisher of video games, announced its full year 2019-20 results for the twelve-month period ending on 31<sup>st</sup> March 2020.

### Full year 2019-20 Results

Fully audited - French GAAP In million euros	FY 2019-20*	FY 2018-19	Var.
Revenue	142.8	126.0	+13%
Operating income	19.2	14.1	+36%
% of revenue	13%	11%	
Group net income	13.0	8.0	+64%
% of revenue	9%	6%	

\* The audit procedures have been performed. The reports will be issued after finalization of the procedures required for the purposes of the publication of the annual financial report

#### Jürgen Goeldner, Chairman of the Management Board, declared:

"The year 2019-20 marked a significant milestone in our journey to our 2022 objectives. We are particularly proud of achieving record sales and profitability. We continued pursuing the execution of our Enhance-Evolve-Explore strategy plan by announcing our first acquisition: Deck13, a leading German game development studio. This reinforces our confidence in our business model and in reaching our 2022 revenues objectives of €150 to €200 million."

#### John Bert, COO, added:

"In 2019-20 we demonstrated our ability to change dimension by translating the superb games we have released into commercial successes. This was achieved thanks to our strategy of significantly investing to increase the quality of our games and the continuous implication of our teams and partners. The acquisition of Deck13 will further strengthen our IP control strategy."

<sup>1</sup> Plan described in the press release dated November 27, 2018 available on the Company's website

Fully audited - French GAAP	FY	FY	
In million euros	2019-20*	2018-19	Var.
<b>Revenue</b>	<b>142.8</b>	126.0	+13%
<i>Studio royalties and investments</i>	-87.4	-73.9	
Manufacturing and ancillary costs	-11.4	-15.5	
<b>Gross margin</b>	<b>44.0</b>	36.6	+20%
<i>% of revenue</i>	31%	29%	
Personnel expenses	-10.0	-8.3	
Other operating costs	-14.9	-14.2	
<b>Operating income</b>	<b>19.2</b>	14.1	+36%
<i>% of revenue</i>	13%	11%	
<b>Group net income</b>	<b>13.0</b>	8.0	+64%
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## Strong commercial successes in FY 2019-20

Focus Home Interactive recorded strong revenue growth in FY 2019-20. The Group's revenue increased by 13% to €142.8 million, driven by new titles such as World War Z, Greedfall and A Plague Tale: Innocence in the first half of the year and the strong performance of the back-catalogue.

Strong growth was also fuelled by digital sales, which accounted for 82% of total sales in the full year, up from 66% the previous year. International sales have risen to 93% compared to 90% last year.

## Record operating performance in FY 2019-20

The Group's gross margin was €44.0 million in the fiscal year 2019-20, up +20% compared to the previous fiscal year. The Group's Operating margin was €19.2 million, an increase of +36% compared with fiscal year 2018-19, leading to an improvement in the operating margin of 200 basis points to 13% compared to 11% in 2018-19. This performance was achieved while personnel and studio royalties and investments progressed during the year, reflecting the enhancement in game quality. Therefore, net income was up +64% over the period to reach a new record of €13.0 million.

Focus Home Interactive is entering the 2020/21 financial year with a particularly solid balance sheet structure despite an increase in the investment budgets for the development of its games in the 2019/2020 financial year. At the end of March 2020, the group's net debt thus amounted to (18.0) million euros, a level equivalent to that of last year, while shareholders' equity increased to 55 million euros.

## Post-closing events

### Acquisition of Deck13 Interactive GmbH (« Deck13 »), leading German game developer<sup>2</sup>

Today, Focus Home Interactive has acquired 100% of Deck13 Interactive's share capital shares for a total price of €7.1 million (of which €6.5 million in cash from the new bank financing and €0.6 million in shares held in treasury) and a long-term incentive plan for the managers. Deck13 Interactive is a leading German game development studio and long-time partner of Focus Home Interactive. Deck13 Interactive employs a team of 60 highly skilled workers and has developed over 20 games in the past 18 years. Deck13 Interactive has developed major successes such as The Surge franchise with Focus Home Interactive and achieved revenue of €5.5 million in the fiscal year ended 31<sup>st</sup> December 2019.

This acquisition fits the EEE strategic plan of the Group and will enable Focus Home Interactive to take full control of the Intellectual Property of the games developed. In addition, Focus Home Interactive is acquiring its publishing service for indie-developments which will help the Group to explore new opportunities.

### New bank financing of €46 million to support the ambitious development plan

As part of its development and acquisition strategy, Focus Home Interactive set up, in early February 2020, a financing plan with five banks and Bpifrance Financement for a total amount of €46 million. This financing consists of several credit lines (€23.5 million) and a revolving credit facility (€15 million), and two credit lines (€7.5 million) with Bpifrance Financement. This financing was signed at attractive terms and conditions and the duration of the lenders' commitment, over several years, once again demonstrates the credibility and robustness of the Group's business model and the potential of its long-term ambitions.

### Jean-François Busnel appointed Group CFO

Mr Jean-François Busnel was the Group's interim Chief Financial Officer since 1<sup>st</sup> February 2020 and was appointed Group Chief Financial Officer with effect from 1 July 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 +).

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<sup>2</sup> Please refer to the press release published today, 25<sup>th</sup> June 2020 available on the Company's website.

## Business update

### A year 2020-21 that is off to a great start

The year began with the highly anticipated release of **SnowRunner** at the end of April, the sequel to the million-seller franchise. Despite a reduced in-store presence due to lockdown measures around the world, the off-road simulation game managed to reach the symbolic milestone of one million copies sold in just one month and scored 81 on Metacritic. The number of new players continues to grow, while the development teams continue to invest in order to provide more and more free and paid additional content to be distributed throughout the year. A mobile release of this successful franchise will be available later this summer.

Launched in Early Access on Steam a few days ago, **HardSpace: Shipbreaker** is experiencing a very encouraging launch, confirming its tremendous potential. The title, which stands out for its originality, has already won over the press and many players, as it remains positioned in the top worldwide sales of the Valve platform since its release.

### A summer season full of new products... and announcements

The summer of 2020 will be marked by the release of two independent and ambitious titles. **Othercide**, a tactical RPG with a unique artistic direction and extremely spectacular fights, will be released at the end of July. **Necromunda: Underhive Wars**, the game featuring a ruthless gang war in one of the most popular post-apocalyptic universes of Games Workshop licenses, will be released on consoles and PCs in the fall.

The Group will soon be unveiling the very first information on several of its upcoming titles, starting with the extremely ambitious game developed by Sumo Digital, an online co-operative game in an ultra-violent fantasy world. Also on the programme, are the first images of the little gem developed by Limestone Games and will shed light on two Warhammer titles: the first, a tactical and spectacular game developed by Gasket Games and the second, an action-packed game concocted by the French team from StreumOn Studio.

### A year-end full of promise

In addition to the Sumo Digital project that will land in the last quarter of 2020-21, an extension with a harvest of completely new content will be available for **Farming Simulator 19**. This will be a great way to launch the calendar year 2021 which will finally see **Insurgency: Sandstorm** be released on consoles - current gen- and next-gen.

## 4 new partnerships announced in the coming weeks

The Group continues to expand its catalogue for the coming years and will announce 4 new partnerships in the coming weeks. An existing partner, an indie nugget made in France, as well as two renowned international studios have reached agreements with Focus Home Interactive for the development of four projects that are expected to make a mark.

## Update on Giants' next Farming Simulator video game

In June 2020, Giants confirmed ambitions to self-publish the next Farming Simulator video game. Focus Home will continue developing and distributing content for the current release of the game, Farming Simulator 19. As a reminder, Focus Home's guidance excluded any potential revenue from the game and remains unaffected by Giants' decision.

## Outlook confirmed

Focus Home Interactive confirms its revenue guidance:

- For the end of the 2020-21 fiscal year: €110M - €130M (at constant scope)
- For the end of the 2021-22 fiscal year: €150M - €200M (at constant scope)

## Upcoming events

Event	Date
2020-21 – 1 <sup>st</sup> quarter revenue	Thursday 23 <sup>rd</sup> July 2020
2019-20 – Annual General Meeting	Tuesday 22 <sup>nd</sup> September 2020
2020-21 – 2 <sup>nd</sup> quarter revenue	Thursday 22 <sup>nd</sup> October 2020
2020-21 – 3 <sup>rd</sup> quarter revenue & HY results	Thursday 21 <sup>st</sup> January 2021
2020-21 – 4 <sup>th</sup> quarter revenue	Tuesday 20 <sup>th</sup> April 2021
2020-21 – FY results	Thursday 24 <sup>th</sup> June 2021

## 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 €143 million in 2019-20, up 13% 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](http://www.focus-home.com)



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## APPENDIX

## Detailed P&amp;L

in thousands of euros	31/03/2020 (12 months*)	31/03/2019 (12 months)	Var.
Turnover	142,791	125,982	13%
Cost of sales	(98,759)	(89,353)	11%
<b>Gross Margin</b>	<b>44,033</b>	<b>36,629</b>	<b>20%</b>
Production Costs	(5,427)	(4,590)	18%
Marketing expenses	(12,980)	(13,553)	-4%
General and administrative costs	(6,549)	(4,718)	39%
Others operating income and costs	134	317	-58%
<b>Operating Incomes (EBIT: Before Exceptional Items)</b>	<b>19,211</b>	<b>14,085</b>	<b>36%</b>
<b>Financial Income</b>	<b>(116)</b>	<b>(104)</b>	<b>11%</b>
<b>Current Income from integrated companies</b>	<b>19,095</b>	<b>13,981</b>	<b>37%</b>
<b>Exceptional Income</b>	<b>(40)</b>	<b>(2,035)</b>	<b>-98%</b>
Income Tax	(6,015)	(3,972)	51%
<b>Net Income from equity method</b>	<b>13,040</b>	<b>7,974</b>	<b>64%</b>
<b>Net Income from consolidated companies</b>	<b>13,040</b>	<b>7,974</b>	<b>64%</b>
<b>Net Income (group share)</b>	<b>13,040</b>	<b>7,974</b>	<b>64%</b>

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## Balance Sheet

	31/03/2020*	31/03/2019	Variation
Goodwill	0	0	0
Intangible Fixed Asset	14	32	(19)
Tangible Asset	661	492	169
Long Term Investments	310	337	(27)

<b>Total Fixed Assets</b>	<b>985</b>	<b>862</b>	<b>123</b>
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Inventories	585	1,041	(456)
Receivables and related accounts	14,534	8,501	6,033
Other receivables, and suspense account	54,083	40,822	13,261
Marketable Securities	0	0	0
Cash	19,639	20,001	(363)

<b>Total Assets</b>	<b>89,826</b>	<b>71,227</b>	<b>18,599</b>
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	31/03/2020*	31/03/2019	Variation
Capital	6,369	6,300	68
Share capital premiums	22,311	21,625	685
Reserves	12,955	8,652	4,303
Profit / Loss for the period	13,040	7,974	5,067

<b>Total Equity</b>	<b>54,675</b>	<b>44,552</b>	<b>10,123</b>
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Provisions	646	425	221
Financial Debts	1,661	1,183	479
Accounts payables	21,595	14,568	7,027
Other Liabilities, accruals and deferred income	11,248	10,499	749

<b>Total Liability</b>	<b>89,826</b>	<b>71,227</b>	<b>18,599</b>
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## Consolidated Cash-Flow Statement

in thousands of euros	31/03/2020*	31/03/2019
<b>Net Income of integrated companies</b>	13,040	7,974
- Net changes in amortizations and provisions	426	210
- Goodwill amortization	0	
- Changes in deferred taxes	220	(28)
- Gains or losses on disposals	0	16
<b>Net cash flows</b>	<b>13,687</b>	<b>8,171</b>
- Changes in working capital requirements	(11,313)	9,699
Of which:		
<i>Change in inventories</i>	456	(322)
<i>Change in operating receivables</i>	(19,597)	1,030
<i>Change in operating liabilities</i>	7,827	8,992
<b>Net cash flow from operating activities</b>	<b>2,374</b>	<b>17,871</b>
Acquisitions of fixed assets	(264)	(197)
Acquisitions of financial fixed assets	27	(36)
<b>Net investment flows</b>	<b>(238)</b>	<b>(234)</b>
Dividends Paid	(2,762)	(2,979)
Increase in capital	11	57
Loan	1,000	0
Repayment of loans and financial debts	(521)	(664)
Liquidity Contract	(191)	(3,871)
<b>Net flows on financial activities</b>	<b>(2,463)</b>	<b>(7,458)</b>
Effect of exchange rate changes	(37)	186
<b>Variation in cash</b>	<b>(363)</b>	<b>10,366</b>
Opening Cash balance	20,001	9,636
End Cash balance	19,639	20,001
<b>Variation in cash</b>	<b>(363)</b>	<b>10,366</b>

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