

CREATING. NURTURING. GROWING.

Frontier is a leading independent developer and publisher of videogames founded in 1994 by David Braben, co-author of the iconic *Elite* game.

Based in Cambridge with a growing team of over 680 talented people, Frontier uses its proprietary COBRA game development technology to create innovative genre-leading games, primarily for personal computers and videogame consoles. As well as self-publishing internally developed games, Frontier also publishes games developed by carefully selected partner studios under its Frontier Foundry games label.



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FINANCIAL HIGHLIGHTS

- Our established portfolio of genre-leading games, supported by our nurturing approach to post-release development, delivered record financial results in FY21, through continued strong engagement with our games and our downloadable content on new and existing platforms
- Record revenue of £90.7 million (FY20: £76.1 million) reflected substantial contributions from all four of our existing games franchises, together with our first revenues from Frontier Foundry, our games label for third-party publishing
- Strong trading performance and effective portfolio management delivered record operating profit, as reported under IFRS, of £19.9 million for FY21 (FY20: £16.6 million), with operating profit margin maintained at 22%, matching the performance achieved in both FY20 and FY19
- Cash balances of £42.4 million at 31 May 2021 (31 May 2020: £45.8 million) even after investment of £14.0 million during the year in Frontier and Frontier Foundry games planned for release in future periods



FULL FINANCIAL REVIEW ON PAGES 38 TO 41

STRATEGIC HIGHLIGHTS

Frontier's launch and nurture portfolio strategy continues to deliver

- Frontier plays to its strengths by creating deep, immersive and high fidelity games that build on its proven capabilities and unique track record
- Post-launch, Frontier nurtures its games for many years through community engagement and additional content
- FY21 saw the announcement and release of *Elite Dangerous: Odyssey*, our most ambitious expansion yet for our iconic space simulation franchise
- *Planet Coaster* expanded its audience through its release on Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5
- *Jurassic World Evolution* accelerated the growth of its player base by launching on Nintendo Switch
- *Planet Zoo* continued to delight existing fans and attract new players, supported by a range of popular DLC packs
- All four games continued to deliver strong sales on existing platforms

Frontier Foundry builds momentum

- First revenue in Frontier Foundry in FY21, our games label for third-party publishing
- Six titles signed for future release, with at least three in FY22, including: *Lemnis Gate*; *FAR: Changing Tides* and *Warhammer 40,000: Chaos Gate – Daemonhunters*
- Set for future success as a material part of our business, with a target of at least four titles expected to launch per year from FY23 onwards

Our strongest ever future roadmap

- *Jurassic World Evolution 2* revealed for release on 9 November 2021 (in FY22) – a much-anticipated sequel which builds upon our ground-breaking and immersive 2018 management simulation
- The first of our annual Formula 1® management games will release during the 2022 F1 season, as part of our exclusive licence for Formula 1® management games
- Our *Warhammer Age of Sigmar* IP real-time strategy game, licenced from Games Workshop, will launch in FY23

A close-up, low-angle shot of two dinosaur heads, likely Spinosaurus, in a savanna environment. The dinosaur in the foreground is on the left, its head turned slightly towards the right. It has a large, brown, textured crest on its head and a blue, scaly face with a black, pointed snout. Its eye is yellow with a black pupil. The second dinosaur is on the right, smaller and further back, looking towards the first. The background shows a blurred savanna landscape with tall grasses and a clear blue sky.

NURTURING AND GROWING OUR PORTFOLIO

We seek out market opportunities to leverage our extensive experience in sophisticated, authentic simulation games to deliver genre-leading titles which each deliver multi-year revenues through our 'Launch and Nurture' model, creating a strong portfolio of game franchises.

FRONTIER RELEASED TITLES



ELITE DANGEROUS

Elite Dangerous – available for Windows PC, Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5 – is the definitive massively multiplayer space epic, bringing gaming's original open world adventure to the modern generation with a connected galaxy, evolving narrative and the entirety of the Milky Way uniquely created by Frontier at its full galactic proportions. Our ambitious expansion, *Elite Dangerous: Odyssey*, landed on PC in May 2021, marking the birth of a highly anticipated new era for the long-running definitive space simulation, allowing players to touch down on countless new planets powered by stunning new tech, see breath-taking new scenery, engage in first-person combat and explore with unrestricted freedom from a feet-on-the-ground perspective.



[ELITEDANGEROUS.COM](https://www.elitedangerous.com)



JURASSIC WORLD EVOLUTION

Jurassic World Evolution – available for Windows PC, Microsoft Xbox One and Sony PlayStation 4 – evolves players' relationships with the *Jurassic World* film franchise, placing them in control of operations on the legendary island of Isla Nublar and the surrounding islands of the Muertes Archipelago. Players create and manage their own *Jurassic World* as they bioengineer new dinosaur breeds, construct attractions and containment and research facilities. Every choice leads to a different path and spectacular challenges arise when 'life finds a way.' Frontier's world-class team further expanded the *Jurassic World Evolution* player community with its release on Nintendo Switch in November 2020.



[JURASSICWORLDEVOLUTION.COM](https://www.jurassicworlddevolution.com)



PLANET COASTER

Planet Coaster – available for Windows PC, Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5 – builds on Frontier's genre-defining expertise with coaster park games such as *RollerCoaster Tycoon® 3* and *Thrillville*. It further raises the bar for this popular genre, allowing players to create the theme park of their dreams as they surprise, delight and thrill incredulous crowds, and share their success with the world via the Steam Workshop community. Originally launching on PC only in November 2016, we expanded the *Planet Coaster* community even further in November 2020 with the release of *Planet Coaster: Console Edition* for Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5.



[PLANETCOASTER.COM](https://www.planetcoaster.com)



PLANET ZOO

Planet Zoo – available for Windows PC – is the ultimate zoo sim, featuring authentic living animals who think, feel and explore the world players create around them. *Planet Zoo* allows players to experience a globe-trotting campaign or let their imagination run wild in the freedom of Sandbox mode, create unique habitats and vast landscapes, make big decisions and meaningful choices, and nurture their animals as they construct and manage a truly modern zoo where animal welfare and conservation comes first. We continue to provide our players with the opportunity to expand their zoos with regular new content.



[PLANETZOOGAME.COM](https://www.planetzoo.com)

Frontier at a glance continued

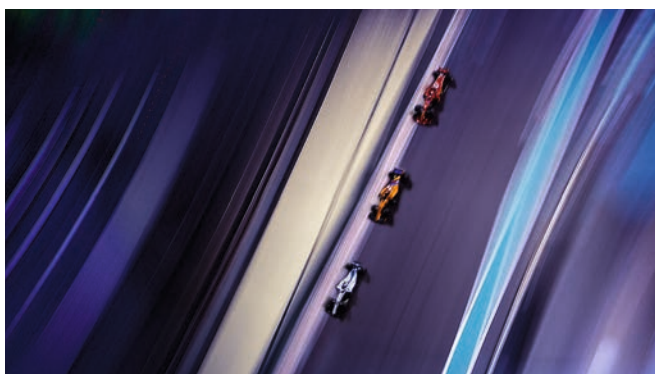
FRONTIER FUTURE TITLES

**JURASSIC WORLD EVOLUTION 2**

In June 2021, we revealed our much-anticipated sequel to the highly successful *Jurassic World Evolution*, building upon our ground-breaking and immersive 2018 management simulation. Releasing on 9 November 2021, *Jurassic World Evolution 2* introduces a compelling new narrative campaign, incredible new features, and more awe-inspiring dinosaurs brought to life with captivating authenticity. Together with expanded construction and more customisation options, the result is an even bigger and better *Jurassic World* game.



[JURASSICWORLDEVOLUTION2.COM](https://www.jurassicworlddevolution2.com)

**FORMULA 1® MANAGEMENT GAMES**

In March 2020, we announced a multi-year exclusive licence with Formula 1® ('F1') to develop and publish PC and console management games annually for the world's most prestigious motor racing competition. F1 is one of the most popular global sporting franchises in the world, and we believe the combination of the F1 brand together with our extensive experience in management games will deliver fantastic game experiences to a wide and varied audience around the world. The licence provides Frontier with the rights for four F1 seasons (2022 to 2025 inclusive). Our first game will release during the 2022 F1 season.

**WARHAMMER AGE OF SIGMAR REAL-TIME STRATEGY GAME**

In May 2020, Frontier announced an exclusive IP licence with Games Workshop to develop and publish its first real-time strategy game, planned for release in FY23, within the rich and extensive world of *Warhammer Age of Sigmar*.

Warhammer Age of Sigmar is Games Workshop's most recent iteration of the globally renowned fantasy setting in which the four Grand Alliances of Order, Chaos, Death and Destruction vie for control of the Mortal Realms. We look forward to working closely with the team at Games Workshop to bring the rich world of *Warhammer Age of Sigmar* to a wide audience through an immersive and accessible real-time strategy game on both PC and console.



Frontier Foundry is our games label for publishing titles from third-party developers. By forming partnerships with quality external developers and leveraging the Company's proven publishing expertise, Frontier Foundry is best placed to bring players unique and memorable new games that break boundaries and create legacies. In FY21 we released two titles under Frontier Foundry: *RollerCoaster Tycoon® 3: Complete Edition* on PC and Nintendo Switch, and *Struggling* on PC and Nintendo Switch. We have six future titles signed, with at least three planned for release in FY22.

READ MORE PAGES 30 - 33



STRUGGLING

Frontier Foundry's debut third-party published title, *Struggling*, launched in August 2020 on PC and Nintendo Switch. Developed by the Montreal-based studio Chasing Rats Games, *Struggling* is the physics-based co-op platformer where up to two players control the arms of our fleshy hero, Troy, as he sets out on an outrageous adventure.

ROLLERCOASTER TYCOON® 3: COMPLETE EDITION

September 2020 saw the return of a timeless icon, published by Frontier Foundry. Packed full with enhanced visuals, optimised controls, and both *Soaked!* and *Wild!* expansion packs, this latest incarnation of the genre-defining classic is available on PC and Nintendo Switch.

LEMNIS GATE

This exciting turn-based combat strategy shooter with revolutionary four-dimensional gameplay, comes to PC, PlayStation 5, Xbox Series X|S, PlayStation 4 and Xbox One in September 2021. Developed by Ratloop Games Canada, *Lemnis Gate* tasks players with defeating opponents in brain-bending 1v1 and 2v2 arena matches.

FAR: CHANGING TIDES

Swapping sand dunes for sea waves, *FAR: Changing Tides* expands on the inhospitable world created by developers, Okomotive, in their multi award-winning debut title, *FAR: Lone Sails*. Players control Toe, a hero trapped in a drowned landscape with little chance of survival. Finding an abandoned ship, the journey to safety will take players across the horizon in a desperate bid for freedom as Toe seeks answers about what happened to their home. *FAR: Changing Tides* is scheduled for release in calendar year 2022 on PC, Xbox Series X|S, PlayStation 5, Xbox One, PlayStation 4, Switch.

WARHAMMER 40,000®: CHAOS GATE - DAEMONHUNTERS

Developed by Complex Games, Canada, *Warhammer 40,000: Chaos Gate - Daemonhunters* will pitch humanity's greatest weapon, the Grey Knights, against the corrupting forces of Chaos in this brutal and fast-paced, turn-based tactical RPG. Players will experience the ruthless, merciless combat of the 41st millennium, following the journey of these elite warriors through an exciting new narrative. *Warhammer 40,000: Chaos Gate - Daemonhunters* will release on PC in 2022.

FURTHER TITLES

Frontier Foundry has signed a further three as yet unrevealed titles so far, including a project with experienced developer Haemimont Games. Our initial target is to achieve at least four releases per year from FY23 onwards, with Frontier Foundry becoming a material part of Frontier's overall business.



A REMARKABLE YEAR



DAVID GAMMON NON-EXECUTIVE CHAIRMAN

“Our ‘Launch & Nurture’ strategy continues to deliver.”

Delivering record financial results in FY21 is a testament to the strength of our portfolio of game franchises which is a product of the talent and hard work of our great team of people. I'd like to thank everyone at Frontier for their dedication and teamwork; supporting our games, our players and each other through the challenges of 2020 and 2021.

As we begin a trial of hybrid office/home working we can reflect back on the terrific output from our teams in FY21 while almost exclusively working from home: the continued support of *Planet Zoo* through new content as it entered its second year; reaching new audiences for both *Planet Coaster* and *Jurassic World Evolution* as a result of adding new digital platforms to their distribution; the successful release and remarkable technical achievement of *Elite Dangerous: Odyssey*, and launching our first Frontier Foundry titles.

Frontier's 'Launch & Nurture' strategy continues to deliver, with our four game franchises together reporting record revenues of £91 million in FY21. We believe our proven model of identifying, and then executing upon, opportunities to establish and maintain ourselves as genre leaders, creates one of the lowest risk and consistently high return business models in the games industry.

Building on an existing successful game with a compelling sequel is an example of our desire to maintain genre leadership, reduce risk and deliver strong margins. We were therefore very pleased to announce *Jurassic World Evolution 2*



in June 2021 for release later in calendar year 2021. This launch, now confirmed for 9 November 2021, builds on the strong foundations of *Jurassic World Evolution*, which we released in 2018 and is our biggest selling game to date.

Our future roadmap is an exciting mix of support and expansion for our existing franchises while creating new genre-leading titles. We look forward to bringing our first Formula 1® management game to PC and console during the 2022 F1 season as part of our licence to release a game each year over at least four F1 seasons. In FY23 (the 12 months to 31 May 2023) we have our exciting *Warhammer Age of Sigmar* real-time strategy game scheduled for release.

Alongside our internally developed games we have a rich portfolio of future titles through development partnerships under our Frontier Foundry games label. We have at least three games planned for release in FY22 which have now all been announced: *Lemnis Gate*; *FAR: Changing Tides* and *Warhammer 40,000: Chaos Gate – Daemonhunters*. Our strategy to engage our resources and experience to bring carefully selected opportunities from other development studios is now ready and set up for success.

We have always taken a responsible and considerate approach to running our business, with our strategy of growing and nurturing our games and our staff being a critical pillar to achieving long-term sustainable success. ESG (Environmental, Social, Governance) has emerged in recent years as a key consolidation of important topics for consideration by Company stakeholders – usually employees, customers and investors – for many businesses and industries. Recently we created a dedicated section of our website which consolidates all of our ESG information into one place. This new ESG hub enables our investors, our players and our people to access all of the latest Frontier news, data, statements and policies relating to ESG topics. Find out more by heading to <https://www.frontier.co.uk/ESG-hub>

We have a strong and well-aligned Board of Directors, with seven highly experienced, capable and motivated individuals. During FY21 we continued to engage together through regular meetings, almost all through video conference calls. With the lifting of restrictions we look forward to more opportunities to again hold in-person Board meetings. Regardless of the format of our interaction, there is always debate and challenge, supported by detailed management information and facilitated by each of our different areas of expertise, business experiences and individual perspectives.

As a Board we believe that we have the optimal model and long-term strategy for Frontier, which builds upon our strengths and manages our risks. The successful execution of that strategy is achieved through our great people, and I'd like to thank them again for their tremendous professionalism and contribution in FY21. We look to the future with confidence based on our great team, our successful portfolio, our passionate player communities, our very supportive national and international shareholders, and our exciting roadmap of games.

DAVID GAMMON
NON-EXECUTIVE CHAIRMAN
8 September 2021

WHAT SETS FRONTIER APART?

680+ PEOPLE

a world-class team (as at 31 August 2021)

27+

years of long, successful and varied experience

14m+

base game units across 4 self-published titles

£300m+

of self-published revenue since 2013 IPO

- COBRA game development technology
- Clear and dependable Launch and Nurture strategy
- Developer-led approach
- Strong, growing portfolio
- Proven, trusted partner for IP owners
- Successfully proven lower risk/higher return opportunity selection
- Publishing capability for own developments and third-party titles



**"I am really excited
about our roadmap
of future releases."**

DAVID BRABEN
FOUNDER AND CEO

DAVID BRABEN FOUNDER AND CEO

EMBRACING CHANGE



The games industry has always experienced, and driven, significant change, adaptation and evolution over its many decades within the wider entertainment industry. I believe it's that long experience and expectation of change that has allowed the games industry to deal positively with the challenges from the coronavirus pandemic, that has created so much disruption and change to the world in the last 18 months.

At Frontier we had grown used to our teams working together closely in the same physical space to create amazing, complex and immersive game experiences for our communities of players. In March 2020 this quickly changed to almost 100% home working – we changed our long-established processes dramatically, with our teams continuing to connect and collaborate with each other, but through video conference calls and other sharing tools.

I am proud of how well everyone has made the best of the change in our working arrangements, and we know that for some people it has provided them with greater personal flexibility while also allowing greater focus on individual tasks with task-based working hardly affected. For other things, particularly when people work together as a creative group, we have found there is no substitute for collaboration within the same physical space. On our large and complex projects, which regularly require a lot of teamwork to identify and overcome technical and creative challenges, human interactions work better face-to-face.

There is also the challenge of training and mentoring staff, and enabling everyone to establish new working connections while maintaining their existing ones – team building at its core. Learning by osmosis has always been a very important element of the development of our people alongside more structured training, particularly for our graduates and more junior staff, but also for new joiners at all levels. Needless to say, attempting to learn by osmosis through Teams or Zoom calls during the pandemic has been less than ideal.

We will soon be starting a trial period of a hybrid working model which is a blend of studio based working and remote working which we hope will deliver the best of both worlds: the benefits of home working combined with the physical collaboration opportunities that working together in the studio delivers.

Our excellent team continues to grow, increasing 22% during FY21 to 634 as at 31 May 2021 (31 May 2020: 520). By 31 August 2021 we had further expanded to 680 people, and we continue to recruit talented individuals to nurture our existing portfolio and support our roadmap of future titles. We have successfully added well over 200 people to the team remotely during the extended period of home working over the last 18 months, which is a testament to the efforts of our managers and our onboarding process.

OUR PORTFOLIO

FY21 saw the announcement (in June 2020) and release (in May 2021) of *Elite Dangerous: Odyssey* on PC, our most ambitious development project to date: the addition of first-person on-foot gameplay into our 1:1 galactic simulation of the whole Milky Way. This meant bringing the human scale to a galaxy nearly 100,000 light years across. Completing this large and complex expansion without the benefits of face-to-face collaboration was challenging, and despite a successful alpha period, unfortunately the launch was hindered by connectivity issues, and this turned the positive reception of the alpha to one of negativity. Despite its initial challenges, hundreds of thousands of players are enjoying the experience. I am delighted with the underlying achievement by our team, and remain confident that more and more players will upgrade to *Odyssey* over time as we continue to refine the experience.

Our releases in FY21 related to existing games, which is a great illustration of our model of nurturing genre-leading game franchises post-launch. I have already mentioned the ambitious *Odyssey* expansion for *Elite Dangerous*, and our other three successful game franchises delivered new content too; *Planet Zoo* saw three new PDLC packs during the financial year alongside free updates; *Planet Coaster* came to console with *Planet Coaster: Console Edition* for the Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5; and *Jurassic World Evolution* benefitted from a major new platform launch in the period, with *Jurassic World Evolution: Complete Edition* coming to Nintendo Switch. I am delighted that our post-launch support model continues to support both our players and our investors, with a record revenue performance delivered in FY21 from our four existing successful franchises.

Turning to our future releases, I am really excited about our roadmap of future releases. We have been working on *Jurassic World Evolution 2* for around two years, and so it was a lovely moment to reveal the news in June 2021 that we would be releasing a sequel to our best-selling game to date. It's now in its final stages of development and will be released into the wild on 9 November 2021. With our annual Formula 1® management game series starting in calendar year 2022, and our first ever real-time strategy game which utilises *Warhammer Age of Sigmar* IP a little further out, I think it's fair to say that we have our strongest ever release line-up, supported by our strongest ever existing portfolio. Looking further out into 2023 and beyond, I am delighted to say that we continue to have even more great game opportunities.

FRONTIER FOUNDRY

Frontier Foundry is our own games label for third-party publishing, which leverages our publishing capability, industry experience, commercial partnerships, and financial resources to supplement our own development roadmap by partnering with other high-quality developers to bring more games to market. We take a developer-led approach to publishing, benefitting from our long and varied experience of a being a developer under a variety of different business models. Our approach is resonating well with potential partners, and we are delighted with our future line-up, with six great titles scheduled from six different teams, including at least three titles coming in this financial year. This makes FY22 an important year for Frontier Foundry, as it builds to become a material part of our overall business.

STRATEGIC REPORT OUR INDUSTRY

The coronavirus pandemic has been an interesting time for the games market. Lockdowns around the world helped to boost demand for digital entertainment, and the gradual transition towards interactivity within the wider industry that started long ago, with younger age groups in particular giving video games as their top chosen source of entertainment, has accelerated under coronavirus. As expected, there is evidence that a good proportion of this extra demand came from new players in addition to existing ones. For Frontier, the immersive and stimulating nature of our games has, we hope, provided enjoyment to a larger and more diverse audience who will stay with us for the long term, supported by our nurturing approach to our games post-launch.

Through these challenging times the games industry has further cemented its number one spot as the largest sector within the \$300+ billion entertainment industry, which includes games, film, TV and music. While we are often associated with PC games, we have a strong track record of success on multiple platforms, as illustrated by our launch of *Planet Coaster* on both old and new generation PlayStation and Xbox consoles in November 2020. Our platform successes in FY21 extended to Nintendo Switch with our first titles releasing in the period, notably with *Jurassic World Evolution: Complete Edition* which also released in November 2020.

Chief Executive's statement continued

STRATEGIC REPORT CONTINUED

OUR INDUSTRY CONTINUED

Our main development focus remains on rich, engaging cinematic experiences on PC and console, as the audiences on these platforms greatly value games exhibiting Frontier's key development strengths of compelling gameplay and high production quality. Currently, the mobile sector is overcrowded and has a very low barrier to entry, making audiences less predictable and much less influenced by quality. 'Discoverability' (the ability to find a title) is also better on PC and console, with excellent support from reviewers, content creators, influencers and social media.

New business models, namely the rise of subscriptions and streaming services, have been prominent in the last few years. We have participated successfully with subscription models like Microsoft's Games Pass and we'll continue to consider all commercial opportunities that best expand our audience while delivering strong returns for our development efforts. We are pleased to have added the Epic Games Store as a platform partner in the last 18 months, with both *Elite Dangerous* and *Jurassic World Evolution* featuring as part of Epic's free games weeks, delivering incremental base game revenue in addition to substantial audience expansions which benefits PDLC sales. Streaming services for games have not yet gained much traction, likely held back by technical considerations and player inertia, but we'll continue to consider these opportunities as they arise.

The entire games market is moving rapidly towards digital download as the primary delivery model, and this transition has almost certainly been further accelerated by the coronavirus stay-at-home restrictions from March 2020 onwards. Mobile and PC have been close to 100% digital for several years, and the console audience is quickly catching up, as focus shifts to the new generation of hardware, and older business models are replaced. Digital sales represented 96% of Frontier's revenue in FY21, with only 4% from sales of physical discs (FY20: 3%).

Our particular focus on 'Launch and Nurture', which is effectively a 'games as a service' model, is working very well, producing four successful titles so far, but we will continue to monitor and consider different delivery model options as the industry continues to evolve.

OUR VISION

Our vision for Frontier is to become one of the most respected entertainment companies in the world. As the boundaries between the different entertainment mediums continue to blur, Frontier is in a great position to lead the evolution and the merging of those mediums. As a leading developer and publisher of high-quality sophisticated and immersive game experiences, the foundations for achieving our vision are strong. We have a sustained and diverse track record of success in both development and publishing, we have strong relationships with platforms and IP owners and have become a trusted and go-to partner for major global IPs, and we nurture our games and our player communities over many years to achieve continued success.

In the medium term we are focused on continuing to support and grow our game portfolio, which includes both our own internal developments and our partner developments under our Frontier Foundry games label. Meanwhile, we continue

to expand our existing relationships and add new ones within the wider entertainment industry, to support our longer-term vision of being a key player in digital entertainment.

If you look back ten years and imagine listing what you thought the top dozen most respected entertainment companies would be in 2021, it is likely even those in the industry would only get about half of them right (failing for example to include companies like Amazon, Netflix and Tencent). The industry now is pretty well unrecognisable from what it was then. Similarly, in ten years' time the entertainment industry will again be unrecognisable from where it is now, as will Frontier, but our goal is to be on that list.

OUR STRATEGY AND BUSINESS MODEL

We believe that publishing our own games, and selectively those of other high-quality development studios, is the best way to maximise the benefit of our core skills, our assets and our COBRA game development technology platform. The Company's focus is on identifying, developing and delivering top-quality titles with long play times.

We will continue to follow our repeatable model to support our games over many years with new releases and updates, and to create further titles in underserved game genres where we can use our key expertise, knowledge and/or valuable external IP to deliver highly differentiated, best-in-class player experiences. Frontier's games take a long time to fully master, so yield longevity and great value for players. This longevity and loyalty of our great communities should help further build our revenue pipeline over the long term.

Our strategic objective is to create long-term sustainable growth through successfully publishing a growing number of game franchises. Our strategic focus is on two key areas:

- developing our business to achieve repeatable success; and
- creating and managing game franchises.

We continue to grow our teams so that we can continue to support our existing games while also increasing the frequency of major new releases. The increase in the number of releases supporting our existing games, such as major PDLC launches, helps to smooth revenue, but major releases of new games are still a significant factor in the revenue stream. As we scale the frequency of new game releases over future years, this will have a smoothing effect on growth, but in the meantime revenue is sensitive to the specific schedule of such releases and may therefore exhibit 'stepped' behaviour across financial years, as those new games are released. In FY21 we were delighted to achieve record annual revenue without a new major release – all of our revenue came from existing game franchises. In FY22 we expect a major step-up in total revenue through the launch of *Jurassic World Evolution 2*, on top of the significant ongoing contributions from our existing portfolio.

We are growing our portfolio, and consequently we are increasing our development team to enable us to support additional games while generating new content for our existing titles. We will continue to grow our resources and capability to enable us to scale-up the number of major releases we are able to deliver each year. This will not require us to increase our workforce linearly because supporting an existing title typically requires fewer staff than creating a new one.

As stated in the Group's previous Annual Reports and other communications, in addition to the current core model of using internal resources, supplemented by outsourced services, the Group will continue to explore other opportunities to accelerate its scale-up.

Frontier Foundry, our own games label for third-party publishing first announced in June 2019, continues to grow, with six titles signed for future release, including at least three in FY22. We are looking to achieve at least four releases per year from FY23 onwards, which should enable this exciting new part of our business to become a material contributor.

We will also continue to explore opportunities for commissioning (outsourcing the majority of development of Frontier games to other developers) and enhancing the Group's franchise portfolio or capabilities via acquisitions. The Group has considered a number of possible acquisitions, but so far none has met our valuation, product alignment and culture fit thresholds.

DAVID BRABEN FOUNDER AND CEO

8 September 2021



CURRENT TRADING AND OUTLOOK

Our existing game franchise portfolio continues to perform well. Engagement with our *Elite Dangerous* player community is gradually improving, and we remain confident that more and more players will upgrade to *Odyssey* over time as we continue to improve and refine the experience. We continue to see strong sales of *Planet Zoo* (supported by new PDLC), *Planet Coaster* and *Jurassic World Evolution*, illustrating the benefits of our multi-franchise launch and nurture model.

Our biggest launch in FY22, *Jurassic World Evolution 2*, will release on 9 November 2021, and we expect it to deliver a strong performance over the Holiday season (Thanksgiving and Christmas). In FY22 we'll continue to support all of our existing titles. In particular, *Planet Zoo* will benefit from engaging new PDLC content; we already have seven popular packs with the *Africa* pack the latest to be released in June 2021, at the start of FY22. Frontier Foundry will deliver at least three new releases in FY22, with *Lemnis Gate*, *FAR: Changing Tides* and *Warhammer 40,000: Chaos Gate – Daemonhunters* all announced for release in this financial year.

Based on the anticipated ongoing performance of our existing portfolio, combined with an exciting new release schedule for FY22, the Board's projected revenue range for FY22 is £130 million to £150 million, implying an annual growth rate of 43% to 65% above the record revenue reported for FY21.

Looking further out, for FY23, the Board's projected revenue range is £160 million to £180 million, based on the anticipated performance of our current and future game franchises, together with a growing contribution from our games label for third-party publishing, Frontier Foundry.

OUR MULTI-FRANCHISE BUSINESS MODEL

KEY STRENGTHS

OUR PEOPLE

Our team is instrumental in making authentic games that define genres and receive critical acclaim.

RESEARCH AND DEVELOPMENT

We continue to invest in the necessary facilities to develop our games and support our world-class team.

IN-HOUSE TECHNOLOGY

Our development process uses our proprietary COBRA tools and technology to facilitate innovative features.

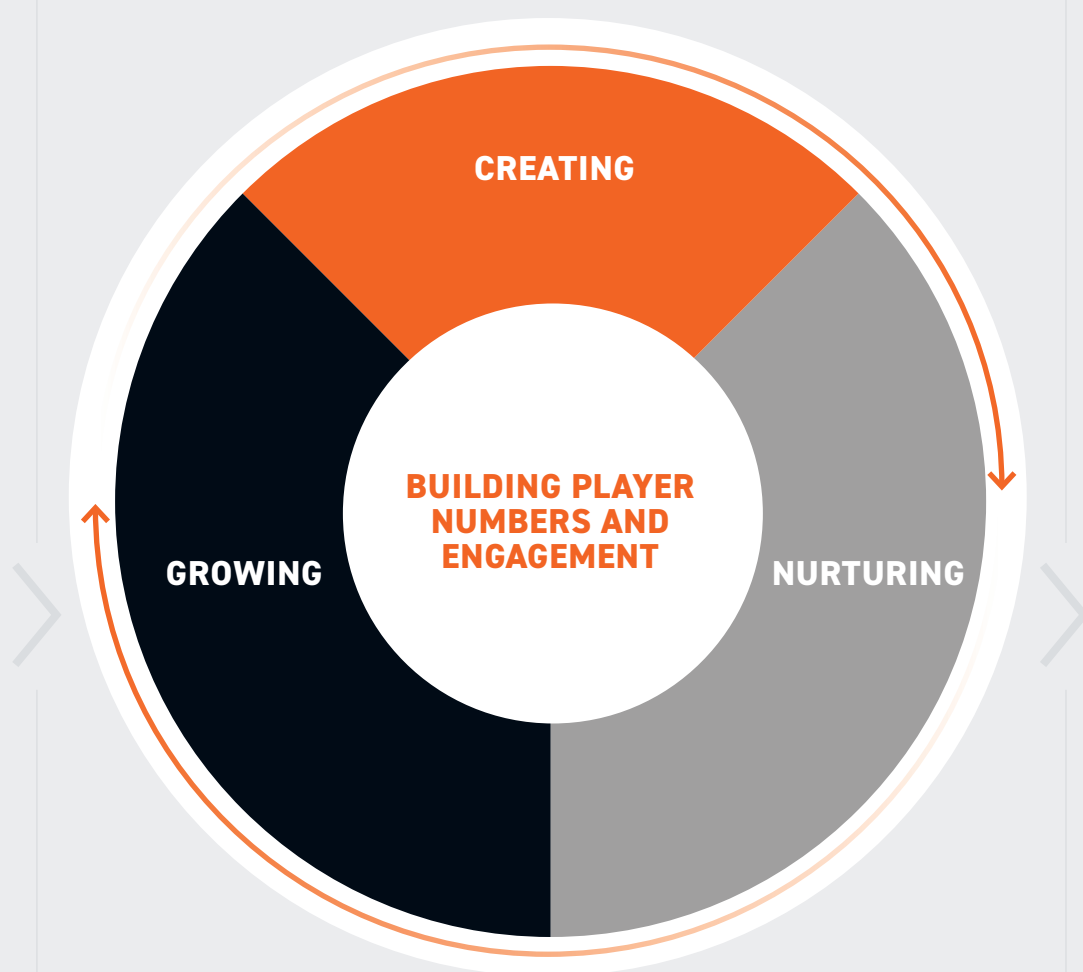
AUDIENCE

We have a passionate, engaged audience and we strive to delight them with our continued developments.

PARTNERSHIPS

We work with our selected partners to widen our audience, monetise our games and bring other games to market.

CREATING, NURTURING AND GROWING TO ACHIEVE REPEATABLE SUCCESS



CREATING

High-quality, innovative experiences

Frontier uses experience gained from a track record in the games industry over three decades to create games that build on our world-class expertise.

NURTURING

Boosting player experience and increasing awareness

Frontier avoids 'pay-to-win' features, instead continuing to expand each game through an ongoing programme of free and paid-for expansions and add-ons.

GROWING

Expanding our team and building relationships

Frontier grows its resources, portfolio, player base and partnerships to deliver long-term success.

STAKEHOLDER VALUE

OUR PEOPLE

We supported our people during the challenges of coronavirus, who worked hard together to deliver for each other, our players and our investors. We sustained strong annual bonuses for FY21.

PLAYERS

New content and/or platforms for all four of our existing game franchises.

>14 million base game units of self-published games sold (as at 31 May 2021).

COMMERCIAL PARTNERS

Continued strong sales performance of *Jurassic World Evolution* including release on Nintendo Switch. *Jurassic World Evolution 2* announced for FY22. First annual F1 management game coming for 2022 season. *Warhammer Age of Sigmar* real-time strategy scheduled for FY23. Platform relationships strengthened and major additions with Epic and Nintendo Switch.

SHAREHOLDERS

Record financial results in FY21. Operating profit margin maintained at 22%. Cash balances of £42.4 million (as at 31 May 2021).

DEVELOPERS

Six development partners signed for future Frontier Foundry game releases.

DEVELOPING OUR BUSINESS TO ACHIEVE REPEATABLE SUCCESS

INVEST

We invest our development resources in games with strong franchise potential, primarily on PC and console.

In order to maximise the return on our core skills and assets we target game genres where we have established expertise and/or intellectual property within our teams. Audiences on the chosen platforms tend to value games that exhibit Frontier's key development strengths.

To accelerate our progress and increase the frequency of launches we are continuing to scale-up our organisation, not just in terms of staff numbers, but also in terms of leadership skills, training, organisational structure, process and external partnerships.

We also invest in the necessary facilities to support our world-class team. In April 2018 we moved all of our staff into a brand new office space on the Cambridge Science Park, with a great many custom features. Our teams managed admirably during the work-from-home restrictions of coronavirus, and now as we carefully and selectively transition back to the studio we will strive to maximise the efficiency and effectiveness of office working, starting with a six-month trial period of hybrid office/home working.

DEVELOP

We use online channels to create and engage with player communities during game development.

This practice provides a valuable source of feedback, and these player communities provide excellent advocacy for each title prior to launch.

Our development process uses our proprietary COBRA development tools and technology to facilitate innovative features and the creation of top-quality games with strong differentiation for the PC and console audiences. Our control of this technology also removes the risks related to ongoing access to third-party licensed technology alternatives, as has happened in the past where successful tool providers are acquired by a major rival player. In addition, the direct engagement with those involved in the engine development, and the ability to control the delivery dates and new feature roadmap of that technology can be invaluable, for example giving first-mover advantage with new technologies.

PUBLISH

With each of our game franchises, we plan for the long term and how best to support and sustain the audience for each one.

A dedicated team monitors progress based on sentiment towards the games, success of each of the distribution channels and platforms, and the up-take of additional content both free and paid, allowing us to reach the widest possible audience over time. Free content is a valuable tool to help retain and restore existing audiences and support sentiment, while paid content both helps monetise the game and brings new players as new content triggers online coverage on platforms like YouTube or Twitch, increasing sales of the corresponding base game and for other paid expansion content.

We also monitor the geographical performance of our titles, understanding and monitoring under and over performance versus expectations in each territory, and will continue to look for opportunities to tailor our price to a level more appropriate to each local economy.

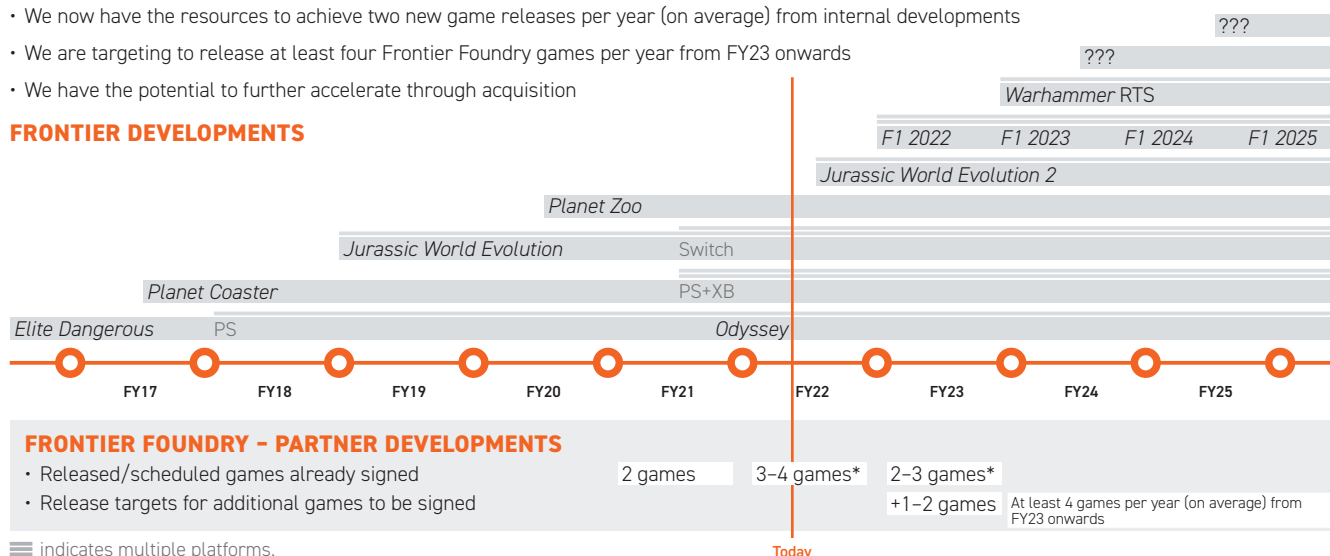
Our business model and strategy continued

GROWING OUR PORTFOLIO

OUR FUTURE PLANS

- We now have the resources to achieve two new game releases per year (on average) from internal developments
- We are targeting to release at least four Frontier Foundry games per year from FY23 onwards
- We have the potential to further accelerate through acquisition

FRONTIER DEVELOPMENTS



* Total of six already signed for planned release in FY22 & FY23.

CREATING AND NURTURING FRANCHISES

In order to maximise the return on our core skills and assets we target game genres where we believe we can deliver both high-quality, differentiated offerings using established expertise and intellectual property, and have a strong chance of successful market entry.

We use this proven, rigorous and repeatable model to invest our resources with the intention of creating world-class games with strong franchise potential and plans for strong post-launch product support to help realise this potential. With *Elite Dangerous* we knew there had been significant success in the past, not least because of our own games in that area in previous decades, and also that there were no games like it at the time, and we believed that we possessed the differentiated technical capability to digitally replicate our own Milky Way Galaxy. We verified that there was a significant appetite for such a game with Kickstarter crowdfunding at the end of 2012 and early 2013, and the game itself has now vindicated that decision with continued success in its sixth year of full release (its seventh year since early access). For comparison, other high-profile space exploration games that entered Kickstarter in the early 2010s have still not released at all, speaking to the challenges of the genre and to our team's expertise and ability to deliver compelling product in a timely fashion. In May 2021 we released *Elite Dangerous: Odyssey* on PC, a major expansion to the *Elite Dangerous* experience through the addition of first-person on-foot gameplay.

With *Planet Coaster*, we were releasing a title in competition with an established and well-loved franchise, *RollerCoaster Tycoon*® 3. Frontier developed *RollerCoaster Tycoon*® 3 for Atari in 2004 when we were a work-for-hire business and it was a very successful game for over a decade. The success of *RollerCoaster Tycoon*® 3 over such a long period of time meant there was no meaningful Coaster Park competition

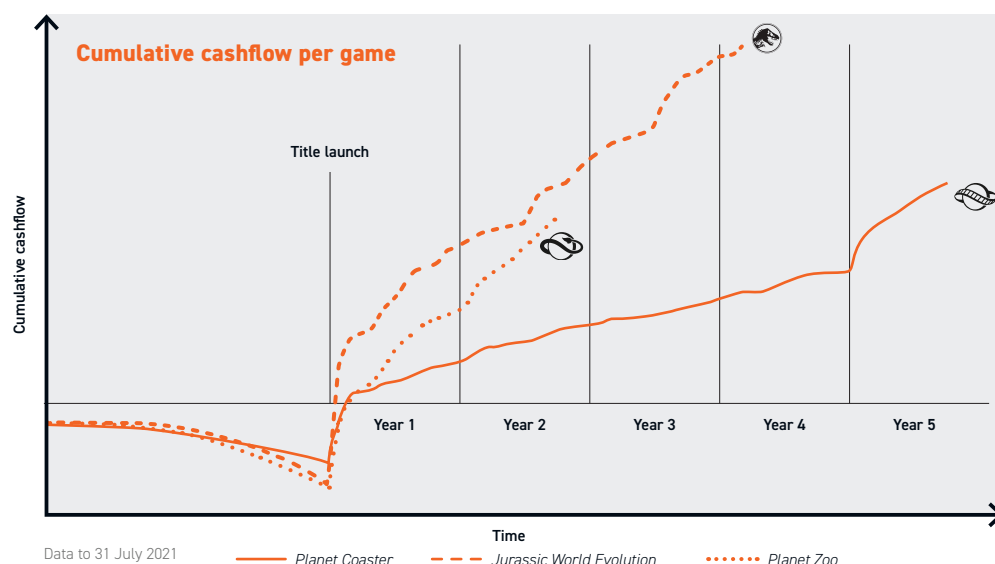
within the sector for all that time. We knew we could do a better job, and many of the same team that made it back in 2002-2004 were still at Frontier, hence our confidence we could 'knock it out of the park' with a new game. In other words, we were confident it was therefore underserved and that we could create its natural successor as another genre-defining title. The fans loved what they saw during early access and, despite Atari launching *RollerCoaster Tycoon*® World the day prior to *Planet Coaster*'s launch, we achieved that aim and *Planet Coaster* now dominates the sector and continues to be successful in its fifth year of release, with our talented team further expanding the *Planet Coaster* audience through its launch on the Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5; in November 2020. We believe our interactive success with *RollerCoaster Tycoon*® 3 and *Planet Coaster* has built up unique capabilities within Frontier to create and manage 'simulation management' experiences.

Jurassic World Evolution followed in June 2018 (in collaboration with the team at Universal Games and Digital Platforms), and in November 2019 *Planet Zoo* released as our fourth self-published game, following the same model and leveraging our unparalleled expertise of in-game creature portrayal, and management gameplay. The last successful game in the zoo game sector was *Zoo Tycoon* with Microsoft in 2013, developed by Frontier for Microsoft, and with *Planet Zoo* we are confident we have developed a game that will dominate its sector for many years to come, with our player base continuing to grow through our nurturing model of supporting the base game with both free content and PDLC packs. As we progressed from *Zoo Tycoon* to *Jurassic World Evolution* and *Planet Zoo* and shortly to *Jurassic World Evolution 2*, we believe we have developed unique skillsets in terms of realistically simulating and bringing beautifully to life large animals, alone and in herds, both historical and current. *Jurassic World Evolution 2* builds on the solid foundations of our learning from all of our experiences in this genre, including the specific success of our biggest game to date, *Jurassic World Evolution*.

LAUNCHING AND NURTURING A GAME FRANCHISE

Our approach is to develop and launch a game with the full intention of supporting it over many years, continuing to stimulate our target audience and delivering sustainable multi-year revenue and earnings.

We continually measure our performance using key performance indicators.



OUR FUTURE PLANS

We will continue to grow the capacity and capability of our organisation in both commercial and development areas in order to further the successful evolution of our franchises.

We will endeavour to enhance and expand our franchises and grow their audiences using appropriate additional products, platforms, media, marketing, distribution channels and charging models through investing in the necessary people, organisation, resources and infrastructure.

We are building a broad portfolio of franchises, each different to the last and each with the capabilities to expand over time. At the same time we are scaling up for the future so we can release games more frequently. All upcoming franchises will be selected using the same approach set out above, and we already have several in different phases of development.

As part of this process, we will explore additional potential partnerships and licensing opportunities. We will also continue to review potential acquisition targets that could augment our capacity or add new capabilities as well as IP that may help us achieve our goals.

During 2020 we signed and announced two strategically important IP licences with Formula 1® and Games Workshop.

Our partnership with Formula 1® provides us with an exclusive annual opportunity to deliver an engaging management game to the exciting world of Formula 1® on multiple platforms. Our first game will release during the 2022 Formula 1® season, building on our long experience in the wide management simulation genre.

Our Games Workshop partnership gives us the exclusive multi-platform opportunity to develop a compelling real-time strategy game to the rich world of *Warhammer Age of Sigmar*. Delivering on this exciting partnership for a FY23 release will draw on our varied experience while entering a new genre for us, of real-time strategy games.

In June 2021 we revealed our partnership with Universal for a sequel to our biggest selling game to date, with *Jurassic World Evolution 2* announced for release on 9 November 2021.

Our future franchise portfolio is likely to continue to contain a blend of Frontier-owned IP, like *Elite Dangerous*, *Planet Coaster* and *Planet Zoo*, and some with third-party licensed IP, like *Jurassic World Evolution*, *Jurassic World Evolution 2* and our future plans for the Formula 1® and *Warhammer Age of Sigmar* games. Games based on owned IP provide Frontier with the benefit of having complete creative freedom and higher margins, while games based on licensed IP have the potential to more easily reach large new audiences and leverage existing lore and characters, such as with *Jurassic World Evolution*. We review the value of licensing proven third-party major global IP versus developing our own IP for each potential future franchise on a case-by-case basis. We also consider the long-term benefits of relationships with these IP partners and how they can help with future opportunities as the wider entertainment sector continues to change, presenting ever more opportunities for new types of entertainment.

We will continue to grow Frontier Foundry, our games label for third-party publishing, as we work with carefully selected development partners to deliver engaging new experience. We have six titles signed for future release, including at least three titles for FY22. We are looking for Frontier Foundry to achieve at least four releases per year from FY23 onwards. This not only continues our existing repeatable model, in terms of leveraging our expertise in identifying opportunities and publishing, but also diversifies our business model, allowing us to increase more quickly the size of our game portfolio, which has retail cross-selling advantages and is an efficient use of our financial resources.

THE ODYSSEY HAS BEGUN





DECEMBER
2014

release date

400 BILLION

star systems to explore

1

BAFTA nomination



Elite Dangerous is now in its eighth financial year since release on PC in December 2014, coming to Xbox One in 2015 and PlayStation 4 in 2017. Since first release we have continued to support *Elite Dangerous* and our Commanders with updates, free content, major expansions and personalisation opportunities.

The *Horizons* season of chargeable expansions launched in December 2015 with *Planetary Landings* and concluded in September 2017 with *The Return*, with each release in the season providing new headline gameplay features plus a large number of quality of life enhancements and other tweaks, fixes and improvements.

The *Beyond* season of free updates delivered enhancements to the overall player experience, including foundational changes to the core systems of *Elite Dangerous* and delivering new in-game content, across four chapters during the period February 2018 to December 2018.

In May 2021 we released our most ambitious expansion to date, *Elite Dangerous: Odyssey*, on PC. *Odyssey* marks the birth of a highly anticipated new era for our long-running definitive space simulation, allowing players to touch down on countless new planets powered by stunning new tech, see breath-taking new scenery, engage in first-person combat and explore with unrestricted freedom from a feet-on-the-ground perspective.

In addition to major expansion packs, *Elite Dangerous* has a strong back catalogue and future roadmap of in-game personalisation items. This rich customisation model was further enhanced by the launch of an in-game virtual currency called ARX in September 2019, which has smoothed the purchasing process for players while also rewarding regular engagement with the game.

We continue to support *Elite Dangerous* and our player community, and look forward to more and more Commanders stepping up to engage with *Odyssey* over time.



ELITEDANGEROUS.COM

EVOLVING COASTER PARK SIMULATION





NOVEMBER
2016

release date

250,000+

player created workshop
items

11

paid DLC packs



Planet Coaster was successfully launched on PC in November 2016 after a short beta period, achieving the global #1 position on the Steam distribution channel and continuing to sell strongly through the subsequent holiday period. In accordance with our strategy, we began to release free updates, each of which adds headline features but also expands and improves different creative and management aspects of the game.

In addition to the free updates, players are able to introduce further content into their parks through the purchase of paid downloadable content (PDLC) packs. The first of these released in July 2017 and in total *Planet Coaster* now has 11 separate PDLC packs available to buy. The most recent, the *Ghostbusters* pack using Sony Pictures IP, released in June 2019, at the beginning of FY20.

Following its continued success on PC – passing 2.5 million base game units sold in January 2020 – *Planet Coaster* expanded its audience in November 2020 through its arrival on console, launching simultaneously on Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5. Our team did an amazing job in bringing the creativity of *Planet Coaster* to console audiences, including the delivery of Frontier Workshop – a brand new tool which allows our console players to share content.

We love seeing the creativity of our *Planet Coaster* community on all platforms.



[PLANETCOASTER.COM](https://www.planetcoaster.com)

BUILD YOUR OWN JURASSIC WORLD





JUNE 2018

release date

8

paid DLC packs

7

Islands



Jurassic World Evolution, our first self-published licensed title, launched on 12 June 2018, at the start of FY19.

It was our first self-published title (although not our first game) to debut simultaneously on PC, PlayStation 4 and Xbox One, and the first to benefit from a major marketing event by launching alongside the latest film in the franchise, *Jurassic World: Fallen Kingdom*, at the start of the biggest games industry show of the year – the Electronic Entertainment Expo (E3) in Los Angeles.

The opportunity was identified and approved through our thorough project assessment process. It leveraged our management and builder game expertise, plus our unrivalled expertise in implementing believable in-game animals from games such as *Dog's Life*, *Kinectimals* and *Zoo Tycoon*. In this case, we determined that being able to use the *Jurassic World* IP would significantly benefit awareness with the most recent movie in the franchise released in June 2018, around the 25th anniversary of the original movie.

Jurassic World Evolution evolves the players' relationship with the *Jurassic World* film franchise, placing them in control of operations on the legendary island of Isla Nublar and the surrounding islands of the Muertes Archipelago. Players create and manage their own *Jurassic World* as they bioengineer new dinosaur breeds and construct attractions, containment, and research facilities. Every choice leads to a different path and spectacular challenges arise when 'life finds a way'.

Jurassic World Evolution features Jeff Goldblum as the voice of Dr. Ian Malcolm, who guides players through the moral choices and tactical decisions that will test their building and management skills as they attempt to successfully run their own *Jurassic World*. He is joined by Bryce Dallas Howard as operations manager Claire Dearing and BD Wong as geneticist Dr. Henry Wu in an all-new story that touches on key characters and events from across the *Jurassic World* franchise.

Jurassic World Evolution's first PDLC pack was available at launch and as a 'deluxe' bundle during pre-order. Consistent with our strategy for our first two titles, we have released a number of free updates since launch and we have also provided players the opportunity to engage with paid-for content. There are now eight PDLC packs available for *Jurassic World Evolution*, including the most recent, the *Jurassic World Evolution: Return to Jurassic Park* pack, Frontier's biggest selling PDLC pack to date, which released during FY20 in December 2019.

Jurassic World Evolution is Frontier's biggest selling game to date by revenue, passing 3 million base game units sold in March 2020. Following its significant success on PC, PlayStation 4 and Xbox One, Frontier's world-class team further expanded the *Jurassic World Evolution* player community with its release on Nintendo Switch in November 2020 through the release of *Jurassic World Evolution: Complete Edition*.

In June 2021 we revealed our much-anticipated sequel, *Jurassic World Evolution 2*, which introduces a compelling new narrative campaign, incredible new features, and more awe-inspiring dinosaurs brought to life with captivating authenticity. Together with expanded construction and more customisation options, the result is an even bigger and better *Jurassic World* game.


[JURASSICWORLDEVOLUTION.COM](https://www.jurassicworlddevolution.com)

SIMULATION RUNS WILD





50+

authentic animals

NOVEMBER
2019

release date

7

PDLC packs to date



Frontier's fourth self-published title, *Planet Zoo*, launched exclusively for PC on 5 November 2019. *Planet Zoo* rapidly established itself as the ultimate zoo simulation, becoming Frontier's biggest selling PC game during an equivalent time period from release, crossing 1 million units in less than six months.

Featuring authentic living animals, rich management and limitless creativity, in *Planet Zoo* players can build and manage a truly modern zoo where animal welfare and conservation comes first. Players nurture their animals throughout their lives, study and manage every species to see them thrive, and help them raise young to pass their genes onto future generations.

Players can manage their zoo in an expressive world that reacts to every choice they make, as they choose to focus on the big picture or go hands-on and look after the smallest details. Players can thrill visitors with prestigious animals and famous exhibits, develop their zoo and research new technologies and release animals back into the wild to repopulate the planet.

In *Planet Zoo* players can unleash their creativity with the next evolution of *Planet Coaster*'s best-in-class creation mechanics. With powerful creative tools players can create stunning scenery and habitats, dig lakes and rivers, raise hills and mountains and carve tunnels and caves as they build their own zoo. Players see their animals and visitors respond to their creative vision and can share their designs with friends in *Planet Zoo*'s online community.

Consistent with our usual strategy of providing free updates as well as DLC opportunities, *Planet Zoo* now has seven DLC packs, with three packs releasing during FY21: the *Australia* pack, the *Aquatic* pack and the *Southeast Asia* pack. Our seventh pack, the *Africa* pack, released after the start of FY22, in June 2021.

The future for *Planet Zoo* is bright with its ever growing community of players supported by our strategy of free and paid content.


[PLANETZOOGAME.COM](https://planetzoo.com)

A WORLD EVOLVED





Unveiled in June 2021, *Jurassic World Evolution 2* is the much-anticipated sequel to the highly successful *Jurassic World Evolution*, which builds upon the groundbreaking and beloved 2018 dinosaur park management simulation, offering players a thrilling front seat as they take charge of their own *Jurassic World* park.

With a brand-new immersive narrative campaign voiced by cast members from across the *Jurassic World* film franchise, exciting new features, four engaging game modes, and an enhanced and expanded roster of dinosaurs, *Jurassic World Evolution 2* provides fans with everything they need to create authentic and compelling *Jurassic World* experiences.

In *Jurassic World Evolution 2*, for the very first time, players will build their parks beyond the confines of the Muertes Archipelago. Each location brings new terrain and fresh challenges for players to contend with using deep, detailed management tools and creative options. Across this range of beautiful new biomes, including dense forests and scorched deserts, they'll contain, conserve and care for more than 75 prehistoric species, including all-new, highly requested flying and marine reptiles and returning community-favourite dinosaurs. These majestic prehistoric creatures feel more alive than ever, displaying brand new behaviours as they interact with each other, fight for dominance and react intelligently to the world around them.

Boasting four fantastic game modes, players can experience a bold new era for the *Jurassic World Evolution* video game franchise. Set immediately after the Earth-shattering events of *Jurassic World: Fallen Kingdom*, Campaign mode lets players immerse themselves in an original *Jurassic World* story as they lead efforts to control, conserve and contain dinosaurs alongside an iconic cast of characters from the films, including Dr. Ian Malcolm (voiced by Jeff Goldblum) and Claire Dearing (voiced by Bryce Dallas Howard).

For those looking to unleash their creativity, Sandbox mode delivers everything players need to create their perfect Park, while Chaos Theory mode offers a re-imagined take on pivotal moments from the *Jurassic World* film franchise as players strive to make their own mark and change the course of events. Finally, for those that want to test their mastery of the game, there is Challenge mode.

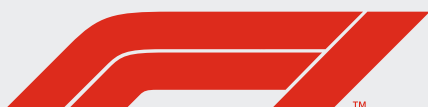
Jurassic World Evolution 2 will release on 9 November 2021 on PC, PlayStation®5, Xbox Series X|S, PlayStation®4 and Xbox One.



[JURASSICWORLDEVOLUTION2.COM](https://www.jurassicworlddevolution2.com)

A PROVEN TRACK RECORD





In March 2020 we announced a multi-year exclusive licence (the 'Licence') with Formula One Management to develop and publish PC and console management games annually for the FIA FORMULA ONE WORLD CHAMPIONSHIP™ ('F1'), the world's most prestigious motor racing competition.

Under the terms of the Licence, Frontier has exclusive rights to develop and publish F1 management games worldwide for PC and console platforms, together with the rights for streaming services, with the first game expected to release for the 2022 F1 season. The Licence provides Frontier with the rights for four F1 seasons (2022 to 2025 inclusive), subject to the achievement of certain financial performance thresholds.

Frontier has extensive experience of developing deeply engaging, high-fidelity simulation games which also achieve widespread global adoption. The partnership with F1 creates an exciting opportunity to bring together Frontier's experience and capability, including its powerful and versatile COBRA game engine, to the management-rich environment of the globally popular and ever changing world of F1.

F1 is one of the most popular global sporting franchises in the world, and we believe the combination of the F1 brand together with our extensive experience in management games will deliver fantastic game experiences to a wide and varied audience around the world.

The addition of a multi-year, multi-platform sports management licence is a strategic milestone for Frontier, which is expected to provide significant annual incremental benefit to Frontier's financial performance from the release of the first game during the 2022 F1 season.

A WHOLE NEW UNIVERSE





In May 2020 Frontier announced an exclusive IP licence (the 'Licence') with Games Workshop to develop and publish a real-time strategy game within the rich and extensive world of *Warhammer Age of Sigmar*.

Warhammer Age of Sigmar is Games Workshop's most recent iteration of the globally renowned fantasy setting in which the four Grand Alliances of Order, Chaos, Death and Destruction vie for control of the Mortal Realms. Unique and distinct in style, and endless in scope, this ever growing universe sits alongside the far future dystopia of *Warhammer 40,000* as the most successful tabletop miniatures games in the world.

Under the terms of the Licence, Frontier has the exclusive rights to develop and publish a real-time strategy game worldwide on PC and console platforms, together with the rights for video gaming streaming services. The game is planned for release in Frontier's financial year ending 31 May 2023 (FY23).

We are working closely with the team at Games Workshop to bring the rich world of *Warhammer Age of Sigmar* to a wide audience through an immersive and accessible real-time strategy game on both PC and console.

OUR GAMES LABEL FOR THIRD-PARTY PUBLISHING



Frontier Foundry's mission is simple: expand the Company's excellent game portfolio by partnering with exciting developers. With our heritage as a developer, combined with our wealth of publishing experience, Frontier is perfectly placed to offer third-party studios expertise and guidance throughout the development cycle, delivering the vision its creators intended.

Frontier Foundry successfully released two games in FY21 and we have six titles signed for future release, with at least three planned for FY22. Over the next few years we plan to establish Frontier Foundry as a significant business, generating a material proportion of Frontier's revenue and profit. Our initial target is to achieve at least four releases per year from FY23 onwards, helping to expand the overall Company's portfolio into new genres and platforms.

Frontier Foundry's first two titles, *RollerCoaster Tycoon® 3: Complete Edition* and *Struggling* released in FY21. We have announced *Lemnis Gate*, *FAR: Changing Tides* and *Warhammer 40,000: Chaos Gate – Daemonhunters* for release in FY22.

STRUGGLING

In August 2020 Frontier Foundry announced the flash-launch of *Struggling* as its debut third-party published title, developed by the Montreal-based studio Chasing Rats Games.

Struggling is the physics-based co-op platformer where up to two players control the arms of our fleshy hero, Troy, as he sets out on an outrageous adventure. Outrun ravenous rats, joyride a dirt bike and vault over pools of unmentionable waste, all on your epic quest to find legendary Abomination Gods.

Struggling's attention-grabbing art style combines elements of comedy and horror to submerge players in a hilarious but unsettling world. Our squishy protagonist will need to solve challenging physics-based puzzles using momentum and inertia to swing itself through four visually unique worlds, including horrific labs, perilous canyons, and even feverish hyper-dreams.

Struggling earned high praise including Best in Show, Best Art Direction, Best Audio Design and Public's Favourite at Montreal Independent Game Awards, IGN's Top 4 Co-op Game at Pax East and PC Gamer's E3 Hidden Gem, to name but a few.

Struggling is available on PC and Nintendo Switch.



ROLLERCOASTER TYCOON® 3: COMPLETE EDITION

In September 2020 Frontier Foundry announced *RollerCoaster Tycoon® 3: Complete Edition*, the genre-defining classic amusement park management game, releasing onto Nintendo Switch and PC.

RollerCoaster Tycoon® 3: Complete Edition captures all the ingenuity and depth of the original game and brings it up to date for current gaming platforms with lush high definition visuals, widescreen support and a completely reimagined control system specially designed for the Nintendo Switch.

RollerCoaster Tycoon® 3: Complete Edition includes the much-loved *Soaked!* and *Wild!* Expansions. You can control park finances, shops, services and staff to succeed in dozens of scenarios and realise your dreams of becoming a successful amusement park tycoon. If you prefer to let your imagination run wild without restrictions, jump into Sandbox Mode where you have all the creative tools in the game from the get-go.

Frontier Foundry continued



LEMNIS GATE

In August 2020 Frontier Foundry unveiled, *Lemnis Gate*, the exciting turn-based combat strategy shooter with revolutionary four-dimensional gameplay.

Developed by Ratloop Games Canada, *Lemnis Gate* tasks players with defeating opponents in brain-bending 1v1 and 2v2 arena matches. Players have 25 seconds to execute an action, be it blasting an enemy, manoeuvring an operative, or setting up their next move. After all players have taken turns, the next 25-second round begins. There are five rounds in total, giving rise to a near endless variety of incredible and creative plays.

There are countless possibilities and endless outcomes. This turn-based strategy shooter subverts one of the world's most popular genres, challenging players to throw out the rule book as they exploit time itself in this ultimate cognitive test. That's why it's already winning accolades, including the 'Best Gameplay' award from the Montreal Independent Game Awards 2019, an 'Outstanding Original Game' nomination from the Unreal E3 Awards 2019 and a spot at the finals of the Ubisoft Indie Series 2019.

Lemnis Gate will launch on PC, PlayStation 4 and Xbox One in September 2021.

FAR: CHANGING TIDES

In June 2021 Frontier Foundry announced a publishing partnership with Swiss based development team, Okomotive, on their next title, *FAR: Changing Tides*. The game was unveiled at the PC Gaming Show and is currently due for release in calendar year 2022 on Xbox Series X/S, PlayStation 5, Xbox One, PlayStation 4, Switch, Steam and Epic Store.

Swapping sand dunes for sea waves, *FAR: Changing Tides* expands on the inhospitable world created by developers, Okomotive, in their multi award-winning debut title, *FAR: Lone Sails*. Players control Toe, a hero trapped in a drowned landscape with little chance of survival. Finding an abandoned ship, the journey to safety will take players across the horizon in a desperate bid for freedom as Toe seeks answers about what happened to their home.

With the same captivating art style, meditative side scrolling gameplay and haunting soundtrack from composer Joel Schoch as *FAR: Lone Sails*, the next entry into the world created by Okomotive will present fans with a fresh experience as they sail the high seas and scour the deepest ocean floors, later this year.



WARHAMMER 40,000®: CHAOS GATE – DAEMONHUNTERS

In June 2021 Frontier Foundry announced *Warhammer 40,000®: Chaos Gate – Daemonhunters*, a new game in partnership with world-renowned *Warhammer 40,000* creator Games Workshop®.

Developed by Complex Games, Canada, *Warhammer 40,000: Chaos Gate – Daemonhunters* will pitch humanity's greatest weapon, the Grey Knights, against the corrupting forces of Chaos in this brutal and fast-paced, turn-based tactical RPG.

Armoured in faith and shielded by devotion, the Grey Knights' very existence is rooted in mystery: the possession of any unsanctioned knowledge about their secretive brotherhood is punishable by death. In *Warhammer 40,000: Chaos Gate – Daemonhunters*, players will experience the ruthless, merciless combat of the 41st millennium, following the journey of these elite warriors in a narrative penned by acclaimed New York Times bestselling author, Aaron Dembski-Bowden.

Warhammer 40,000: Chaos Gate – Daemonhunters will release on PC in calendar year 2022 (and in Frontier's FY22) on PC. This exciting new title will build on Frontier's existing partnership with Games Workshop®. Frontier have previously announced their *Warhammer® Age of Sigmar®* real-time strategy title, which is currently in development.



HAEMIMONT GAMES

In June 2019 Frontier signed its first third-party publishing agreement with Haemimont Games.

Haemimont Games, founded in 1997 in Bulgaria, boasts a passionate team of over 60 highly skilled people and a wealth of experience in the strategy and management game genres, developing the hit title *Surviving Mars* and titles in the *Tropico* series. The partnership will see Frontier and Haemimont work together on a new project for release in FY22, with Frontier providing the development funding as well as marketing and distribution.

More news on the project will be available closer to launch, which is expected to be either FY22 or FY23.

OTHER TITLES

In addition to the projects mentioned above, we have two further exciting titles planned for FY23. Our initial target for Frontier Foundry is to achieve at least four releases per year from FY23 onwards. With at least three planned for FY22, Frontier Foundry is well set for successful growth.

Principal risks and uncertainties

EFFECTIVELY MANAGING OUR RISKS IN A DYNAMIC INDUSTRY DURING A GLOBAL PANDEMIC

The global pandemic has changed our business, as it has done for so many companies. The biggest change has been the enforced period of remote working for the majority of our workforce. Collaboration is a very important element of our success in developing sophisticated and engaging games and content, and so the extended lack of opportunities for teams to work together in the same physical space has been a challenge. On the other hand, task-based work can be very efficient at home as it can often be a less distracting place to work compared to a busy office environment. In our view it's not appropriate to simply add a 'pandemic risk' to the risk register which is regularly reviewed by the Board. Instead we have considered the resulting impact of the coronavirus pandemic on the various risk items within our register – for example the increased risks of lower levels of engagement through reduced physical team interaction, leading to inefficiencies, underperformance and/or retention issues.

While coronavirus has created a lot of change in the last 18 months, we are well placed as a company which is used to reacting to and creating change, to deal with those challenges. Our industry is used to regular and significant changes in terms of business model, competition and technology.

Over our long, successful track record of developing a wide variety of game genres in the work-for-hire model, we developed many areas of unique technical expertise, as well as the understanding of how to identify and execute developments to succeed in very different game genres.

There is a great deal of risk in the work-for-hire model, with the biggest issue being major changes at publishers, particularly when they became financially compromised. Moving to self-publish our own games allowed us to gain much greater commercial reward on the deployment of our development resources compared to our previous (pre-2013) work-for-hire business model, and addressed this key risk. The change of business model has enabled us to significantly grow our revenue and our profit margins, and generate cash, helping us to build a strong balance sheet.

Self-publishing puts us in full control of our development roadmap, allowing us to gain the efficiencies that come from a long-term strategic overview of our development and publishing plans, and also insulates us against the risk of the commercial performance of third-party publishers.

Our development expertise and strategic focus on sophisticated games that engage audiences for the long term means we have been able to deliver great commercial success and continuing multi-year revenues for each of our first four genre-leading games.

Building an ongoing revenue stream in this way acts to reduce the overall risk to the Company of each subsequent new game that we develop. In fact, in FY21 we achieved record financial results without a new game launch, which illustrated the strength of our chosen model of launching and then nurturing our games.

As part of our publishing operations we engage with elements of our core audience for each new game early, and then during development, which also greatly helps mitigate the risk of bringing an entirely new game to market.



Our profitability has increased since our move to self-publishing through our scale-up of resources and the growth of our portfolio. While we do benefit from Video Games Tax Relief (VGTR), we report our financial operating performance before VGTR to represent better our underlying financial performance. With pre-VGTR operating profit margins of 22% consecutively achieved in FY19, FY20 and FY21 we believe our strategy – identifying opportunities to develop, launch and nurture high-quality, self-published, genre-leading games that build on our strengths and unique track record – is one that reduces risk while achieving high returns in an industry often associated with 'hit risk'.

We are reducing risk further, while generating incremental revenue and profit, through our Frontier Foundry games label for third-party publishing, a strategy which further leverages our experience and expertise. Our intimate understanding of the development process and the strong publishing expertise we have developed are key elements of our attraction for third-party developers.




Our expertise also allows us to curate the overall balance of our Frontier Foundry portfolio towards success, while rapidly broadening our audience beyond our current internally developed genres.

The third-party publishing business model is an efficient use of capital that reduces risk and helps us bring scale and diversity to our portfolio which in turn helps our retail monetisation activities – it will allow us to accelerate the growth of revenues, profits and shareholder value.




The Executive team maintains a risk register to identify, monitor and mitigate the risks faced by the Group, escalating the key risks for further consideration at full Board level on a regular basis. Based on that process the key business and financial risks for the Group are set out below:

Description	Mitigation	Change
<h2>1 TALENT ACQUISITION</h2> <p>If the Group is not able to grow its team to achieve the required numbers of people with the necessary skills, the execution of its business plan will be compromised.</p> <p>LINKS TO STRATEGY INVEST DEVELOP PUBLISH</p>		
	<p>The Group continues to prioritise direct recruitment, outreach and staff onboarding in order to ensure that its plans can be achieved. Over 200 people joined Frontier during FY21, growing headcount to over 630 as at 31 May 2021. We have continued to recruit during the challenges of the pandemic, with an actual acceleration in the rate of recruitment compared to pre-coronavirus levels. We have visibility of our future needs via a regularly reviewed plan of record and undertake analysis of potential bottlenecks. The Group is a Tier 2 visa sponsor, to facilitate its objective to employ the best possible people from the worldwide talent pool. In the last three years we have expanded our HR team to add dedicated talent acquisition resources. We also balance internal and external resources through outsourcing. Brexit has increased the cost of hiring talent from the EU but has not slowed us down.</p>	
<h2>2 TALENT RETENTION AND ENGAGEMENT</h2> <p>Staff departures could create staff and key skill/ experience shortages and compromise the execution of the Group's business plan. Reduced levels of staff engagement may also compromise the plan.</p> <p>LINKS TO STRATEGY INVEST DEVELOP PUBLISH</p>		
	<p>This area of risk has seen the greatest increase during coronavirus for a number of reasons: the ability for existing staff to remain engaged with their colleagues and the wider Company while working at home, our ability to on board new starters including the establishment of their formal and informal networks, the mentoring and development of staff at multiple levels, the loss of Company culture, the increased likelihood for people to consider opportunities at other companies, and finally the resistance of some staff to returning to some level of studio-based working.</p> <p>During the pandemic we substantially increased our internal Company communications, including through both Company messaging and more social interactions across different channels. However, we firmly believe that getting back to some level of studio-based collaborative working for the majority of people is really important in addressing those risk factors just mentioned.</p> <p>Beyond the challenges of remote working we believe that our attractive project portfolio, our talented staff and our good quality leadership make Frontier a place where talented people want to build their careers. We offer training and development programmes alongside competitive incentive schemes to further enhance our ongoing attractiveness as an employer. We seek to minimise days lost to sickness via healthcare benefits and general morale and wellbeing initiatives. We have initiatives in place to achieve high levels of employee engagement. We ensure that everyone shares in the success that we create together.</p>	

KEY TO CHANGE IN RISKS

-  Increase
-  Decrease
-  No change

Principal risks and uncertainties continued

Description	Mitigation	Change
<h3>3 CYBER-SECURITY</h3> <p>A breach of security could take many forms and could significantly impact the business and impair its self-publishing plans.</p> <p>Exposure includes that of failure of security at our partners, including Amazon, Valve, Microsoft, Sony and Nintendo.</p> <p>LINKS TO STRATEGY INVEST DEVELOP PUBLISH</p>		
	<p>We have well-established cyber-security policies, processes, technologies and tools intended to secure our data and systems, and prevent and detect unauthorised access to, or loss of, our data, or the data of our customers, consumers or employees. We are not complacent and we regularly review our arrangements. During FY21 we hired a dedicated Information Security specialist. Despite our best efforts there remains a risk that a cyber attack may remain undetected for a prolonged period of time, and since the techniques used by criminal hackers and other third parties to breach systems change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures.</p> <p>We maintain insurance policies to mitigate our risk, although they may be insufficient to reimburse the Company for all losses or all types of claims that may be caused by security breaches or system disruptions.</p>	
<h3>4 DECISION AND EXECUTION RISK</h3> <p>The Group has been successful as both a work-for-hire developer and as a self-publishing developer, with the Company now 100% focused on self-publishing its own games alongside partner developed titles since its transition of business models in 2013. While successful project execution is very important under both models, inherently both the rewards and the risks under a publishing model are probably greater, as this model necessitates both good decisions in terms of project selection combined with strong execution against those decisions.</p> <p>LINKS TO STRATEGY INVEST DEVELOP PUBLISH</p>		
	<p>Frontier has a long history of good decision making and strong project execution.</p> <p>The Group's approach to project selection focuses on identifying opportunities to create genre-leading games with strong launch capabilities, which can be nurtured post-release to deliver long-term sustainable returns. The strength of this approach was illustrated in FY21 through the achievement of record financial results without a new game release. However, Frontier cannot be complacent about decision making and our rigorous project selection process is regularly reviewed.</p> <p>Complacency is our enemy on execution as well – we must push ourselves to retain our strong execution record. The coronavirus pandemic has increased execution risk through reduced collaboration which has resulted in inefficiencies and reduced alignment. The impact is greater on larger projects and this was certainly a factor in the challenged release of <i>Elite Dangerous: Odyssey</i> in May 2021. We look forward to an increase of in-studio working but we cannot rely fully on this. We must continue to challenge our own internal assumptions and those wider trends to remain at the forefront of the industry. Overall the Group remains confident that it can use its experience and expertise to continue to deliver on the product, technology, commercial and operational aspects that support its strategy.</p> <p>The Frontier Foundry games label for third-party publishing introduces different kinds of decision and execution risk compared to our internal developments, which we are managing with a strong team of dedicated staff with experience of managing third-party developments. We apply a rigorous process to partner selection, including a thorough review of execution risk on a case-by-case base for new external opportunities such as those provided through Frontier Foundry.</p>	
<h3>5 CURRENCY RISK</h3> <p>The majority of Frontier's resources are located in the UK and therefore the Group's operating costs are mainly in Pounds Sterling (GBP). Sales are global, in multiple countries and in multiple currencies. The Group therefore has short-term transaction and translation risks, in addition to the longer-term economic risk of developing in the UK and selling worldwide. The largest exposure is the US Dollar (USD).</p> <p>LINKS TO STRATEGY INVEST DEVELOP PUBLISH</p>		
	<p>The Group has expanded its revenue sources and there has been a subsequent increase in revenue from non-GBP currencies in the last few years. While the longer-term economic risks of selling globally cannot be avoided, forward foreign exchange contracts have been used to cover a portion of the foreign currency income and thus give some degree of certainty over the rate of exchange. The Group will continue to review the most effective way of managing transaction and translation risks.</p>	

Description	Mitigation	Change
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6 GROWTH MANAGEMENT

The Group's future success will depend on its ability to manage and fund its anticipated expansion through the utilisation of internal resources together with the realisation of external opportunities such as outsourcing, commissioning and publishing. These external opportunities may also include acquisitions. Such expansion and investment are expected to place demands on management, support functions and working capital. If the Group is unable to manage and fund its expansion effectively, its business and financial results could suffer.

LINKS TO STRATEGY [INVEST](#) [DEVELOP](#) [PUBLISH](#)

The pandemic has increased the pressure on our ability to manage growth, mainly through risk areas already covered: the engagement and retention of our staff and the execution of our projects.

Currently we are firmly focused on three areas: supporting our existing portfolio, delivering on our excited roadmap of new titles, and supporting Frontier Foundry to become a material part of our business.

To succeed on our plans, we must have clear decisions, achievable plans, good communication and engaged staff.

To support all of our people in delivering on our goals, we invest in suitable training for key staff and in key internal systems. The Group's Board includes experienced Non-Executive Directors who ensure risks are managed regularly and objectively, and who ensure that we remain focused on our priorities. Our cash resources give us the freedom to invest in our long-term success, and we prudently manage liquidity by monitoring forecast cash inflows and outflows both in the short and medium term, as well as our long-term investment needs and opportunities. We provide appropriate resources and attention on external opportunities to develop our game portfolio and business, such as those opportunities identified through the Group's Frontier Foundry games label.



7 MARKET DISRUPTION

The Group operates in a fast-moving industry where competitive products, larger competitors, new market trends or disruptive technology may emerge which reduce its ability to compete and execute its business plan.

LINKS TO STRATEGY [INVEST](#) [DEVELOP](#) [PUBLISH](#)

Investing in its own COBRA technology and self-published games allows the Group to continue to innovate, and we seek to make our processes and business decisions agile and well informed so we can anticipate and exploit such changes. We believe this risk is mitigated by our track record of execution on new platforms and the flexibility demonstrated by the diverse range of video games we have successfully developed in the past. The Group is focused on the development and ownership of IP, which it believes will create the greatest long-term value for the Group, compared with other business models that Frontier could pursue such as the work-for-hire model that the Group transitioned away from in 2013–2014.



This Strategic Report was approved by the Board and signed on its behalf by:

ALEX BEVIS
CFO AND COMPANY SECRETARY

8 September 2021

KEY TO CHANGE IN RISKS

- Increase
- Decrease
- No change

A RECORD YEAR FROM A GREAT PORTFOLIO



ALEX BEVIS CFO AND COMPANY SECRETARY

“We look to the future with confidence.”

OVERVIEW

Our existing portfolio of games, supported by new content and new platforms for those games through our nurturing post-release model, delivered record financial results in FY21 with revenue of £90.7 million (FY20: £76.1 million) and operating profit of £19.9 million (FY20: £16.6 million). The fact that we delivered record numbers without releasing a major new game demonstrates the success of our “Launch and Nurture” model. As ever our financial performance reflects the hard work of our talented people who continue to support our global game communities. We look to the future with confidence based on our growing team, our great portfolio, our exciting roadmap and our strong financials.

TRADING

All four of our genre-leading game franchises benefitted from new content and/or new platforms during FY21. Our strategy of supporting and nurturing our titles post-release continues to pay dividends, with all of our titles providing material financial contributions in FY21 through both base game sales and PDLC. We supported our growing *Planet Zoo* player community, our most recent game which released in November 2019, with three PDLC packs in FY21. We now have seven packs in total as at 8 September 2021. Alongside free content, PDLC packs help to keep the game fresh for existing players while helping to entice new players to join the *Planet Zoo* community, resulting in additional revenue from the newly released PDLC as well as existing PDLC and the base game. *Planet Coaster* and *Jurassic World Evolution* revenues benefitted from new platforms, while sales on their existing platforms continue to perform strongly. *Planet Coaster*, which launched on PC in November 2016, came to console in November 2020 with *Planet Coaster: Console Edition* for Xbox Series X|S, Xbox One, PlayStation 4 and PlayStation 5. *Jurassic World Evolution*, which released in June 2018 on PC, Xbox One and PlayStation 4, further expanded its audience through the launch of *Jurassic World Evolution: Complete Edition* on Nintendo Switch in November 2020. *Elite Dangerous* benefitted from both new channels and new content in the period. In November 2020 *Elite Dangerous* released on the Epic Games Store, including participation in Epic's Free Games Week at launch which significantly increased the player base while generating additional revenue. In May 2021 we released our most ambitious expansion to date for *Elite Dangerous*, *Elite Dangerous: Odyssey*, which generated launch revenues on PC in that month. The overall reception to this major content update has been disappointing, but we are confident that as we improve and enhance the *Odyssey* experience we will see more and more Commanders engaging with the expansion.

Alongside our internally developed portfolio, Frontier Foundry, our games label for third-party publishing, delivered its first revenues in FY21 through the release of *Struggling* and *RollerCoaster Tycoon® 3: Complete Edition*, with each title launching on PC and Nintendo Switch. Frontier Foundry is set to grow significantly in FY22 with the release of at least three new titles.

The performance of our four game franchises together with Frontier Foundry generated total revenue in FY21 of £90.7 million (FY20: £76.1 million). Delivering a record sales performance without a major new game launch shows the strength of our strategy to support our games post-launch. Our primary sales strategy is through digital distribution, working with key partners like Steam, Epic, Humble and Genba on PC and with console owners: Microsoft for Xbox, Sony for PlayStation and more recently Nintendo for Switch. Digital sales represented 96% of revenue in FY21, with only 4% from sales of physical discs (FY20: 3%), despite the release of physical discs for *Planet Coaster* on its release on Xbox and PlayStation in November 2020.

Gross profit was £63.1 million in the year (FY20: £51.6 million) with gross margin at 70% (FY20: 68%). Our gross margin percentage tends to vary across different periods based on four main factors: the split of own-IP versus licensed IP game revenue (since licensing IP attracts royalty costs), variations in commission rates on digital stores (for example Steam versus Epic), revenue from subscription models such as Microsoft's Game Pass, and the proportion of revenue derived from the sale of physical discs. Our gross margin percentage in FY21 increased by 2% versus FY20 mainly through a higher proportion of sales from own-IP games together with higher subscription model revenue from Microsoft and Epic.

Gross research and development (R&D) expenses in the period grew by 42% to £34.9 million (FY20: £24.6 million). The substantial year-on-year growth reflected our continued investment to support our growth strategy through three main areas: investment in our team including significant headcount growth; investment in our portfolio through greater outsourcing activity which allows our internal teams to focus on the most value-adding development work; and investment in Frontier Foundry development partner projects.

Capitalisation of costs for game development related intangible assets, together with continued investment in our leading game technology, accounted for £27.8 million in the period (FY20: £19.8 million). Costs related to new chargeable products, or the development of technology to support new chargeable products, are typically capitalised, subject to the usual criteria set out under accounting standard IAS 38. Development costs associated with the development or

support of existing products are generally expensed as incurred. Costs capitalised in FY21 represented 80% of gross R&D expenditure which is consistent with prior periods (FY20: 80%).

Amortisation charges for game development and game technology related intangibles grew to £14.9 million for the period (FY20: £11.2 million). The increase released a full year of amortisation for *Planet Zoo*, which released half way through FY20, together with amortisation charges for releases during FY21; *Planet Zoo* PDLC packs; new platform launches for *Planet Coaster* and *Jurassic World Evolution*; and *Elite Dangerous: Odyssey*.

Net research and development expenses recorded in the income statement, being gross spend, less capitalised costs, plus amortisation charges, increased to £22.0 million in FY21 (FY20: £16.0 million) with the majority of the rise related to amortisation charges.

Sales, marketing and administrative expenses totalled £21.2 million in FY21 (FY20: £18.9 million) as a result of greater investment in marketing to support our portfolio combined with the slightly higher administration costs.

Overall net operating expenditure in FY21 grew to £43.2 million (FY20: £34.9 million) with higher costs across all three areas: R&D, Sales & Marketing, and Administration.

Operating profit grew by 20% to £19.9 million in FY21 (FY20: £16.6 million) which is a Company record. Operating margin of 22% was achieved in FY21, which is consistent with the performance in both FY20 and FY19.

EBITDA (earnings before interest, tax, depreciation and amortisation) increased to £38.1 million (FY20: £31.5 million). However, the Company does not consider this to be a particularly useful 'cash profit' measure of performance since it adds back amortisation charges relating to game developments and game technology but without also adjusting for (i.e. deducting) the costs capitalised in the period related to those intangible assets, producing a one-sided measure. The operating cashflow measure, described in the later cash section, is a more appropriate measure of 'cash profit'.

Frontier benefits from enhanced corporate tax deductions on certain expenditures under the Video Games Tax Relief (VGTR) scheme and under the R&D Tax Credits scheme, both of which help to reduce taxable profits. Frontier also benefitted during the period from tax deductions related to employee share option gains. The combination of the enhanced tax deductions on expenditures and share option tax deductions in the period, together with tax adjustments for prior periods, generated a corporation tax credit of £2.4 million in the income statement in FY21 (FY20: corporation tax charge of £0.3 million).

Financial review continued

TRADING CONTINUED

During FY21, Frontier elected into HMRC's Patent Box Regime and made a patent box claim on patent-related profits from FY19 onwards. The patent box claim had little impact on the FY21 income statement tax credit, however, as the benefits were realised through a substantial increase in the tax losses carried forward to future periods. The effect of the patent box claim will therefore be realised through cash tax benefits in the future.

Profit after tax for FY21 grew by 36% to £21.6 million (FY20: £15.9 million) and basic earnings per share increased 34% to 55.4p (FY20: 41.3p).

BALANCE SHEET AND CASHFLOW

We continue to benefit from a strong balance sheet, with £42.4 million of cash at 31 May 2021 (31 May 2020: £45.8 million). The total net cash outflow during the year of £3.3 million (FY20: net cash inflow of £10.4 million) included £10 million of investment in Frontier shares purchased by our Employee Benefit Trust, and therefore net cash would have grown by £6.7 million in FY21 excluding those shares purchases. Operating cashflow, which is effectively a measure of 'cash profit' being EBITDA excluding non-cash items less investments in game developments and Frontier's game technology related intangible assets, was £12.2 million in FY21 (FY20: £13.6 million).

Intangible assets includes game technology, internal game developments, Frontier Foundry game developments, third-party software and IP licences. Total intangible assets increased by £18.6 million to £71.3 million at 31 May 2021 (31 May 2020: £52.7 million). The majority of the growth related to investments in our own internally developed titles, including new content and platform releases for our existing portfolio, together with investments in Frontier Foundry partner developments.

Tangible assets relate mainly to IT equipment and the fit-out of the leased office facility, which the Company occupied in April 2018. The net balance at 31 May 2021 was £6.1 million (31 May 2020: £5.9 million).

Following the adoption of IFRS 16 "Leases" effective for Frontier from 1 June 2019, the Company's balance sheet at 31 May 2021 includes a right-of-use asset valued at £21.1 million (FY20: £22.7 million) for the Company's lease over its headquarters office building in Cambridge. A similar figure (the difference related to timing of actual rental payments) of £22.2 million at 31 May 2021 (31 May 2020: £23.5 million), is recorded on the balance sheet as a lease liability, split between current and non-current liabilities.

Trade and other receivables totalled £13.7 million at the end of the period (31 May 2020: £12.3 million) with the majority of the balance related to gross revenue due from digital distribution partners.

Trade and other payables totalled £14.8 million (31 May 2020: £13.7 million) being mostly made up of distribution platform commissions due on the sales transactions not yet settled, and bonus costs and other staff related accruals.

Within non-current liabilities (amounts due after 12 months) a balance of £9.2 million is held at 31 May 2021 (31 May 2020: £8.2 million) which includes IP licence costs for the minimum

guaranteed royalties payable on the licences signed with Formula 1® and Games Workshop in FY20.

The current tax asset balance as at 31 May 2021 of £6.5 million (31 May 2020: £2.4 million) relates to the tax returns, including VGTR claims, for FY19 and FY20, and for the draft tax return for FY21. In June 2021 £4.0 million was received from HMRC related to the FY19 and FY20 tax returns.

Deferred tax assets and liabilities have been recorded as at 31 May 2021 for the estimated values of temporary differences, and the potential value of tax deductions relating to future share option exercises. The net balance for deferred tax assets less deferred tax liabilities recorded as at 31 May 2021 totalled £0.4 million (31 May 2020: £2.1 million). Due to the expected continued benefit from enhanced tax deduction schemes in future periods and the streaming of profits and losses in different trades, a deferred tax asset for carried forward tax losses has not been recognised as at 31 May 2021 as it is uncertain when they will be utilised. The same situation applied at 31 May 2020. The estimated tax value of losses carried forward at 31 May 2021 is £10.0 million (31 May 2020: £3.8 million).

ALEX BEVIS
CFO AND COMPANY SECRETARY

8 September 2021



KEY PERFORMANCE INDICATORS

Revenue (£m)

£90.7m

21	90.7
20	76.1
19	89.7
18	34.2
17	37.4

Operating profit (£m)

£19.9m

21	19.9
20	16.6
19	19.4
18	2.8
17	7.8

Operating margin (%)

22%

21	22
20	22
19	22
18	8
17	21

Net cash balance (£m)

£42.4m

21	42.4
20	45.8
19	35.3
18	24.1
17	12.6

EBITDA* (£m)

£38.1m

21	38.1
20	31.5
19	29.0
18	9.4
17	12.7

EPS (basic) (p)

55.4p

21	55.4
20	41.3
19	46.9
18	9.6
17	22.7

Operating cashflow** (£m)

£12.2m

21	12.2
20	13.6
19	16.8
(2.8)	18
	17
	3.4

* Earnings before interest, tax, depreciation and amortisation.

** EBITDA excluding non-cash items less investments in game developments and Frontier's game technology.

NURTURING

A SAFE, COLLABORATIVE AND REWARDING PLACE TO WORK

Frontier employs amazing people who are instrumental in making authentic games that define genres, break boundaries and sell millions of copies to gamers around the world. We share a vision of developing, launching and nurturing world-class games that put both Frontier and the games industry itself at the forefront of the global entertainment industry.



680

staff in Cambridge
(as at 31 August 2021)

36

nationalities

>200

new joiners in FY21

GROWING OUR TEAM

Our Frontier team continues to expand, giving us more opportunities to nurture and grow our game portfolio. We are on track with our ambitious hiring and scale-up plans, which have enabled us to increase our average new hires per month from ten in FY20 to 17 in FY21. Our headcount grew to 634 people at the end of FY21, and continues to increase rapidly in FY22. As at 31 August 2021 our team had grown to 680 people, and we continue to recruit talented individuals to nurture our existing portfolio and support our roadmap of future titles.

It is thanks to our great team of people, our technology, and our growing communities of gamers around the world, that FY21 was another record year for Frontier, despite the continued challenges of the pandemic.

Frontier recognise that there is still a lack of diversity within the games industry. As we continue to develop and grow our team, our aspiration is to increase and empower others across all diverse backgrounds to join our brilliant industry filled with like-minded and creative individuals.

CREATING AN ENVIRONMENT FOR SUCCESS

Frontier is committed to providing a stimulating atmosphere for high achievers who are passionate about what they do. Our aim is to create and maintain a safe, collaborative and rewarding environment for our people.

As a self-publishing developer, we effectively plan our roadmap in order to optimise team work schedules. A healthy work-life balance is an important part of our culture and we support this through offering a range of family-focused benefits as well.

We reward our teams through a structure of remuneration which includes a competitive base package, bonus and equity schemes, as well as a wide array of medical and lifestyle benefits and perks. Frontier reviews this rewards and remuneration structure regularly to ensure that everyone in the team continues to share in the success that they help to deliver.



INVESTING IN OUR PEOPLE

OUR PEOPLE

ARE AT THE HEART OF EVERYTHING WE DO

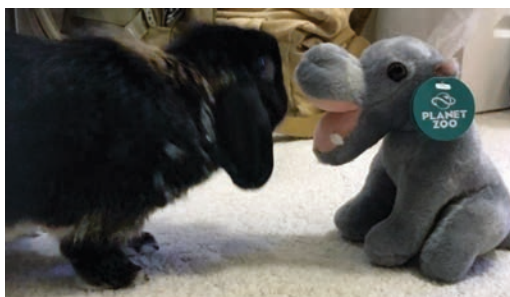
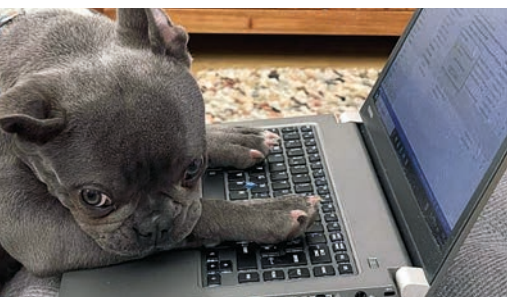
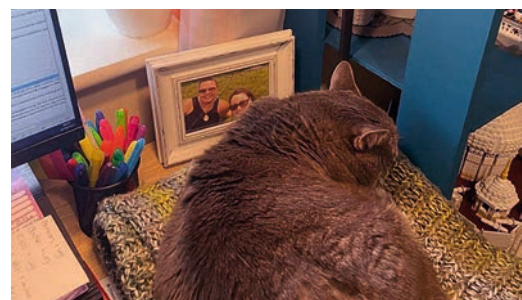
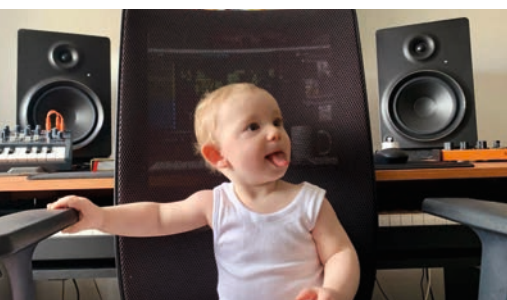
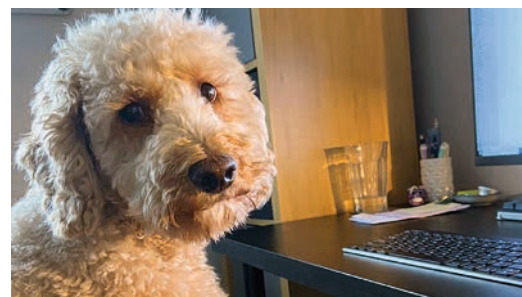
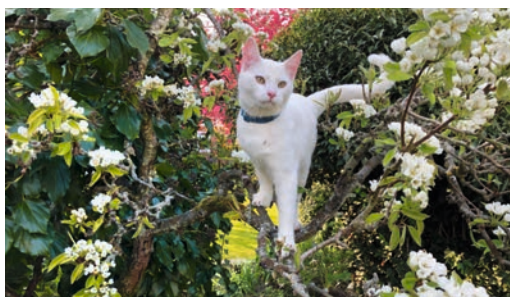
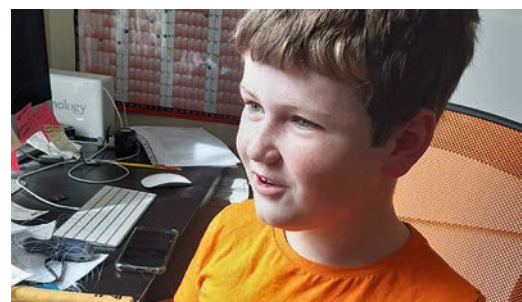
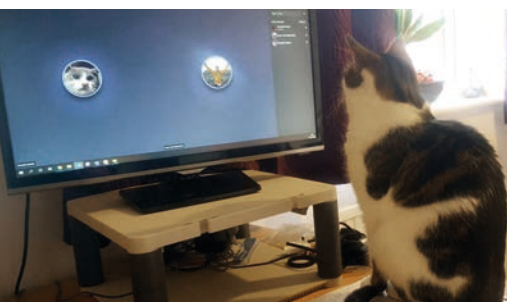
Creating and supporting our games and our game communities across the world. Since our people create our value, we value our people – we invest time and effort to help our people establish and navigate a plan for their future. This includes generating in-house and external training opportunities with a focus on developing both hard and soft interpersonal skills, management practices, technical knowledge and First Aid and Mental Health First Aid programmes.



LIFE IN LOCKDOWN

A VISUAL RECORD OF WORKING THROUGH THE PANDEMIC

We've developed various different strategies for connecting our people and keeping them engaged during the pandemic. These photos are part of our 'Time Capsule Initiative' – a chance for our people to share one image which they felt represented their experience of working during the pandemic.



Our impact – environmental, social and governance

A RESPONSIBLE AND CONSIDERATE APPROACH

Since the founding of the Company in 1994, Frontier has endeavoured to conduct business in a considerate, responsible and ethical manner. To do this, we have placed our key stakeholders – our people, our players, our partners and our investors – at the core of everything we do. We aim to be a leader in our industry for creating games which in themselves, and through the process of creating and nurturing them, resonate with the key environmental, social and governance ('ESG') principles of our stakeholders, as well as society as a whole.



ESG INFORMATION HUB

In September 2021 we created a dedicated section of our website which consolidates all of our ESG information into one place. This new ESG hub enables our investors, our players and our people to access all of the latest Frontier news, data, statements and policies relating to Environmental, Social and Governance topics. Find out more by heading to www.frontier.co.uk/esg-hub.



ESG IN THIS ANNUAL REPORT

The best place to access our latest ESG information is by visiting the ESG hub mentioned above. However, this Annual Report also contains the following items which are associated with ESG topics:

Greenhouse gas emissions statement – page 51

Our people strategy – page 42

Our business model – page 12

Our management of risk – page 34

Our corporate governance – page 53

FUTURE ESG PLANS

Frontier strives for quality and this includes our approach to our internal and external systems which have an impact on our stakeholders and the wider world. We continue to review opportunities to implement best practice ESG processes as well as improving communications of our progress through ESG reporting. Any new initiatives will be reviewed on a periodic basis to ensure we continue to evolve with new data and protect and strengthen our alignment with stakeholder values.

Section 172 statement

ENGAGING WITH OUR STAKEHOLDERS

Statement by the Directors in relation to their statutory duty in accordance with S172(1) Companies Act 2006

Under S172 of the Companies Act 2006 ('the Act'), directors of UK companies have a duty to promote the success of their company for the benefit of the members as a whole. The purpose of the strategic report within a company's annual report and accounts has always been to inform members about how directors have performed their S172 duties. Over time the government noted that the content, format and overall quality of information presented in strategic reports published by different companies varied enormously. To address this, the government has recently added a new requirement for all large companies to include a separate 'S172 Statement' in their strategic reports to improve consistency and quality.

The Board of Directors of Frontier Developments plc (the 'Company') have always taken their duties under s172(1) of the Companies Act 2006 seriously. The Directors consider that they have acted in a way that would promote the success of the Company for the benefit of its members as a whole in the decisions they have taken during the year ended 31 May 2021. In making this statement the Directors considered the longer-term consideration of stakeholders and have taken into account the following matters:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for the high standards of business conduct; and
- f) the need to act fairly between members of the Company.

Our business model on pages 12 to 15 summarises the Frontier approach to creating, launching and nurturing our games which is at the heart of our stakeholder engagement, delivering long-term value to all of our stakeholders.

The Board considers Frontier's key stakeholders to be players, staff, shareholders and business partners, and also acknowledges that there is a wider responsibility to the community in which the Company operates. The Group's culture and employee welfare are a particular focus for the Company and pages 42 and 43 display our people and our working environment. Investor relations form part of the Board's responsibilities and the many ways in which we communicate with our shareholders are shown on page 56. Our business partners share in our continued success and we discuss our ongoing approach to these partnerships in our Future Plans section on page 24. We set out on page 45 our approach to social responsibility to the local community.

HOW WE ENGAGE WITH STAKEHOLDERS

The Directors take the views of our stakeholders into account when making important, long-term decisions. The Company's strategy of long-term sustainable growth is discussed by our CEO, David Braben, on pages 8 to 11 and our current and future portfolio of games is set out on pages 2 to 5. Building our portfolio requires input from all of our stakeholders to ensure we are producing high-quality and engaging games which in turn provide a long-term benefit to our members. Our approach to continued stakeholder engagement is set out below:

PLAYERS

- Social communities and forums provide a direct way for players to interact with our community team.
- Regular live streaming events take place to encourage players to engage with the game on a social level.
- Customer support feedback from players influences bug fixes and content updates.

STAFF

- Prior to the pandemic, Frontier Friday events were held throughout the year to allow all staff to participate in an informal Company catch-up and celebrate the Company's performance with their colleagues while enjoying food and drinks on site. We look forward to the return of staff events such as these, as we believe they are an important way for people to maintain and grow their network, and to strengthen Company culture.
- All staff are invited to a quarterly performance and development review with their line managers. This is to ensure that employees are working to agreed objectives to support the overall Company plan and to set training and development goals.
- Frontier awards share options to senior staff to recruit, retain and motivate these key members of staff to help drive the success of the Company. Frontier also provides a Sharesave equity scheme which allows all members of staff to share in the long-term success and growth of the Company.
- Frontier offers a Management Development programme for all line managers to ensure that staff are motivated and supported in their working environment.
- Staff engagement surveys are conducted to encourage an open, transparent and honest culture. The results of these surveys are presented to the Board and are used in the decision making process to ensure that important issues reflect employee feedback.

- Competitive rewards and remuneration package including base salary, bonus and a suite of flexible benefits including wellbeing support and options. Further details can be found in the Our People section on pages 42 and 43.
- Frontier fosters an environment of connection through support of self-led employee activity groups with interests such as sports, life drawing, board games, women in games and more.

SHAREHOLDERS

- Twice-yearly roadshow investor events to coincide with the interim and annual results. These roadshows present the financial results and also provide insight to the investors on Company performance.
- Outside of the roadshow schedules, there are regular opportunities for investors to meet with the CEO and CFO through 1-2-1 meetings, fireside chat events, and investor conferences.

BUSINESS PARTNERS

- Frontier benefits from strong ongoing business relationships created throughout its long history of success, including partnerships with video game platform and channel partners, IP owners and developers.
- During FY21 our platform and channel partnerships with Steam, Epic, Microsoft, Sony and Nintendo helped to deliver record revenues for our existing portfolio of genre-leading titles.
- In March 2020 we announced a multi-year exclusive licence with Formula 1®. F1 is one of the most popular global sporting franchises in the world and along with our extensive experience in management games we believe this will deliver a fantastic game experience to a worldwide audience.
- In May 2020 Frontier announced an exclusive licence with Games Workshop to develop a real-time strategy game using the rich and extensive world of *Warhammer Age of Sigmar*. *Warhammer Age of Sigmar* is a globally renowned fantasy setting and we look forward to working closely with Games Workshop to bring this world alive to a wide audience on PC and console.
- In June 2021 we revealed *Jurassic World Evolution 2*, a much-anticipated sequel to our biggest selling title to date, in partnership Universal Games and Digital Platforms.
- Frontier Foundry is our games label for third partner publishing, which enables us to partner with other high-quality developers to bring more games to market.