



GETTING BACK ON TRACK



I was delighted to step up to the role of CEO in August 2022, having worked with David Braben and the team at Frontier for many years. I continue to be amazed every day by what our talented teams are able to deliver – we have terrific people and an exceptional culture of quality and creativity.

Since I took up the baton from David last summer, our Board and our senior management team have been investing more time in reviewing our future plans. We are conscious that our financial performance over the last two years has not been good enough, and although there is always room for improvement on project execution and operational delivery, I firmly believe that the majority of our financial challenges have been driven by some of the decisions that we collectively made over the last five to six years, which did not always result in the expected financial outcomes for the Company. Foundry is an obvious recent example of this, where our financial and operational investments across seven diverse, externally developed games over a four-year period did not deliver a positive return.

With a greater focus on decision making, particularly around project selection, the good news is that we remain very positive about the internal project decisions that we have taken in the last two to three years. In particular, we are excited about the upcoming release of *Warhammer Age of Sigmar: Realms of Ruin* and the own-IP creative management simulation game we are developing for release in FY25.

I am delighted to announce that we are now starting work on a further creative management simulation game for release in FY26, a genre where we have a strong track record.

GAME SELECTION

In January 2024 we'll be celebrating 30 years since David Braben founded Frontier in 1994. That has provided the perfect context in which to look back at our games, and re-evaluate what makes a 'Frontier' game when it comes to our project selection decisions.

Analysing our successes, and also where we have had our greatest challenges, we have defined four project selection pillars: Strategic, Experience, Gameplay, and Longevity.

1. STRATEGIC

We need to be strategic in our selection process. We seek out opportunities to achieve 'first' or 'best' status in viable, currently under-served, market segments where we can be the top title in that segment. We choose projects which build upon existing IP, Frontier experience or technology. We aim to select projects which have strong potential to be profitable within one month of launch and to achieve 100% return on investment within one year. So far, we have achieved this with open-world simulations of galaxies, rollercoasters, zoos, and dinosaurs.

2. EXPERIENCE

It is all about the player's experience. We want to deliver a game which is authentic and accurate to its subject matter, and to nurture or engage with existing communities around those games. We provide non-linear emergent gameplay, with player-enhanced experiences and player-led narratives. We seek an engaging and satisfying player onboarding experience both at launch and post-release.

3. GAMEPLAY

We make sophisticated and challenging games that provide player agency and choice. We offer deeply rewarding playstyles, with multiple options for problem-solving. To support the principles of 'easy to pick up, challenging to master', our games have layered complexity.

4. LONGEVITY

We seek to provide open-ended experiences, with the potential for substantial, sustainable, and profitable post-release content. We nurture our games post-release with ongoing live project support, often through both free and paid content. We enjoy making games that offer creative building, especially where communities of players can share their creations. We aim to support competitive and cooperative play and socialisation both in and out of game. We actively seek to create hooks that keep our communities engaged.

OUR GAME GENRES

These four game selection pillars align strongly with our most successful segment, which we call creative management simulation (CMS). We consider ourselves to be leaders in CMS games, as evidenced by our success with *Planet Coaster*, *Planet Zoo*, *Jurassic World Evolution* and *Jurassic World Evolution 2*. This is a market space where we know we can find opportunities to deliver genre-leading games, and we will continue to focus on this segment. We are in full development for a CMS game for release in FY25, and we have another CMS game scheduled for FY26.

Alongside our strategy for CMS games, we will continue to expand into carefully selected new genres, with a focus on segments which share characteristics with the CMS genre and which therefore align closely to the four selection pillars.

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We are confident that our future projects will deliver.”





OUR GAME GENRES CONTINUED

Our *F1® Manager* game series, being an annual sport management game, leverages our CMS expertise. We delivered a solid first game with *F1® Manager 2022*, with over 850,000 units sold. For *F1® Manager 2023*, which released in July 2023, initial sales have been below the level achieved by the first game, despite good reviews and a positive reception from players. We continue to support *F1® Manager 2023* as we develop our plans for *F1® Manager* in 2024.

Looking ahead to November 2023, I am excited about the release of *Warhammer Age of Sigmar: Realms of Ruin*, our first foray into the real-time strategy genre. We are pleased with the early pre-release reaction to the game and are excited to continue to work to build real-time strategy into a strategic pillar for the Company.

We were pleased to welcome the team from Complex Games, developers of *Warhammer 40,000: Chaos Gate – Daemonhunters*, to Frontier in November 2022 through our first acquisition. Their expertise in turn-based strategy games has given us a strong entry into another new genre, which we are already working to build upon.

The final genre is open-world space simulation. With *Elite Dangerous*, our first self-published game which fully released on PC in December 2014, we captured the imagination of space simulation fans around the world. After nearly 10 years since its first public beta, we have greatly exceeded the original vision for the game.

OUR PEOPLE

During FY23 we grew our headcount through both the 800 and the 900 people milestones, finishing with 915 people as at 31 May 2023, across all of our teams. Organic growth is as strong as ever, with over 230 people choosing to join us during the period, and a further 18 people joining us from Complex Games through the acquisition we completed in November 2022.

Growing and investing in our people is a crucial element of our strategy, as we seek to both nurture and expand our game portfolio. For some of our development teams that means growth in terms of both headcount and capability, and over time we will look to increase the number of our development teams in order to grow the number of projects that we can support at any one time.

We continue to believe that our sophisticated and diverse portfolio of genre-leading games, together with our self-publishing business model and our competitive reward packages, provides an attractive hub for talent.

In the last few years, engagement and communication has emerged as an important element of our people strategy, which was vital during the pandemic and with the emergence of hybrid and remote working as new models of collaboration. It's important that everyone across Frontier understands and is excited by our current projects and our future plans, so we invest time in communicating to everyone across the studio through regular internal livestreams, along with offering regular opportunities to celebrate, socialise and learn.

I'd like to take the opportunity to thank everyone at Frontier for their hard work and support during the year.

OUR PLAYERS

Our players continue to respond positively to the content that we provide to them, through new game releases, free content and updates, and paid content like PDLC packs. Our publishing strategy is very much community focused – we aim to identify, create and nurture communities of players for each of our titles. That aim is best supported where we have opportunities to provide engaging new content, with *Planet Zoo* and *Jurassic World Evolution 2* being particularly good examples of that in FY23, with multiple packs releasing for each title during the period.

We were pleased to add a new player community in the last 12 months, with the release of *F1® Manager 2022* in August 2022 and *F1® Manager 2023* which released in July 2023.

We are currently in the midst of creating what we hope will be another big new community of players, with *Warhammer Age of Sigmar: Realms of Ruin* scheduled for release in November 2023.

As ever, we remain very much player focused, since ultimately all of our success is dependent on what we deliver and how we deliver to our target audiences, and I would like to thank all our players for their continued support.

OUR SHAREHOLDERS

Our financial performance over the last two financial years has been disappointing, and I'd like to thank our shareholders for their patience and support during what has been a challenging time for us. We continue to believe that we have a solid strategic plan, with a pipeline of releases which will get us back on track to deliver the sustainable and growing revenue and profitability that we should be able to achieve with our world-class team of people.

JONNY WATTS CHIEF EXECUTIVE OFFICER

12 September 2023

