

GROWING AND EVOLVING

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

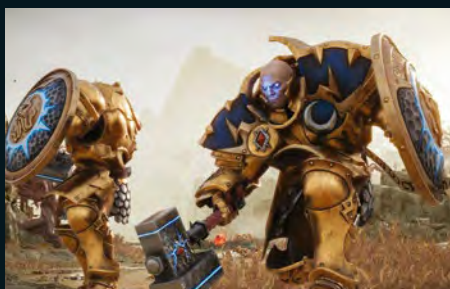
Frontier creates innovative genre-leading games, primarily for personal computers and video game consoles, with a growing team of over 900 talented people.

The main studio is in Cambridge, UK, with a second smaller studio in Winnipeg, Canada, following Frontier's acquisition of Complex Games in 2022.

Frontier's self-published game portfolio includes *Elite Dangerous*, *Planet Coaster*, *Planet Zoo*, *Jurassic World Evolution*, *Jurassic World Evolution 2*, *F1® Manager 2022*, *F1® Manager 2023*, and *Warhammer 40,000: Chaos Gate - Daemonhunters*.

In November 2023, Frontier will release *Warhammer Age of Sigmar: Realms of Ruin*, incorporating the globally popular Games Workshop IP in a real-time strategy game, a new market segment for Frontier.

Frontier looks forward with confidence, based on a world-class team and a renewed strategy to deliver sustainable growth and financial performance through selecting, developing, launching, and nurturing genre-leading games in carefully selected market segments.



ANNUAL REPORT HEADLINES

See a summary of our progress in FY23 including our financial performance and strategic highlights, together with our latest news and outlook statement

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OUR BUSINESS MODEL

Find out about our Select, Develop, Launch & Nurture approach to creating and publishing our genre-leading games

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OUR STRATEGY

Hear more about how we achieve repeatable success to deliver long-term sustainable growth

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OUR PEOPLE

Discover what makes our team so special and how we support and develop our talented people

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OUR GAMES

Learn more about our portfolio of genre-leading games

Warhammer Age of Sigmar: Realms of Ruin [PAGE 04](#)

F1® Manager 2023 [PAGE 07](#)

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REFINING OUR STRATEGY

STRATEGIC HEADLINES

A THRIVING AND GROWING PORTFOLIO

- Frontier's post-launch nurturing strategy delivered another strong performance in FY23, with games released before the start of the financial year delivering 72% of the total revenue in the period.
- *Jurassic World Evolution 2*, created in collaboration with Universal Products & Experiences and released in November 2021, was the biggest revenue contributor in the portfolio for FY23, benefitting from new content in the period including two major PDLC packs inspired by Universal Pictures and Amblin Entertainment's *Jurassic World* franchise.
- In August 2022 Frontier further expanded its portfolio with the release of *F1® Manager 2022*, the first title in an annual series of *Formula 1®* management games, which sold over 800,000 units in FY23.
- The second annual title in the *Formula 1®* series, *F1® Manager 2023*, released in July 2023 (in FY24). This second iteration of the series has achieved good reviews and a positive reception from players, although initial sales were lower than expected.
- Support for *F1® Manager 2023* continues whilst plans for *F1® Manager* in 2024 are developed.
- In November 2023, Frontier's first entry into the popular real-time strategy (RTS) genre will be released. *Warhammer Age of Sigmar: Realms of Ruin*, set within Games Workshop's globally popular Warhammer IP, gives unique perspectives on the in-game action with unprecedented visual fidelity, and introduces an innovative control system to the proven gameplay mechanics of the genre, allowing console players to fully experience the RTS genre for the first time.
- Frontier has a strong position in the creative management simulation (CMS) genre, and development of further CMS games continues – the first is on track for release in FY25, with another title now in development for release in FY26.

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FIRST ACQUISITION

- In November 2022, Frontier added a new development team through the acquisition of experienced game development studio Complex Games Inc. (Complex). This followed the successful collaboration between Complex and Frontier on the development and publication of the turn-based strategy game *Warhammer 40,000: Chaos Gate – Daemonhunters*, the biggest selling title in the portfolio of games published by Foundry.
- The acquisition has created a core development footprint for Frontier in Canada, a region with an extensive and growing talent pool for videogame development, and the team is in the process of scaling-up to support future growth.
- Integration activities and growth plans for Complex are on track, and the acquisition delivered modest accretive financial benefits in FY23, as expected.

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CLOSURE OF FRONTIER FOUNDRY

- In June 2023 Frontier confirmed the closure of its third-party publishing label, Frontier Foundry (Foundry), following the completion of a strategic review.
- The decision has already enabled a heightened level of operational focus to be applied to Frontier's own internally developed portfolio of titles.

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FY23 FINANCIAL HEADLINES

- Revenue of £104.6 million (FY22: £114.0 million) was achieved through the ongoing performance of games which released in earlier financial years, sales from *F1® Manager 2022* which released in August 2022, and modest contributions from new Foundry titles released during the period.
- Adjusted EBITDA* was a loss of £4.6 million (FY22: profit of £6.7 million), reflecting lower revenues achieved in FY23 versus the prior period and investment in titles for release in future years as Frontier gears up to deliver two new game releases per financial year from FY24 onwards.
- Operating profit in FY23 was negatively impacted by £28.7 million of non-cash intangible asset impairment and accelerated amortisation charges resulting from the closure of Foundry and a prudent re-assessment of the overall future performance of the *F1® Manager* franchise following lower than expected initial sales of *F1® Manager 2023*. The incremental non-cash charges resulted in an operating loss of £26.6 million in the period (FY22: profit of £1.5 million).
- Frontier continues to be well capitalised, with a cash balance at the end of FY23 (on 31 May 2023) of £28.3 million and £24.8 million as at the end of August 2023. The net cash outflow of £10.4 million in FY23 was after outflows of £10.9 million for the acquisition of Complex and £3.0 million for the purchase of shares in the Employee Benefit Trust. Cash would have grown in FY23 if the acquisition and share purchases are disregarded.

[FULL FINANCIAL REVIEW ON PAGES 17 TO 19](#)

CURRENT TRADING AND OUTLOOK

We have achieved a solid start to FY24, which began on 1 June 2023, through the ongoing performance of the existing portfolio over the summer.

The release of *F1® Manager 2023* in July 2023 has so far not delivered the expected sales contribution, but any revenue shortfall in FY24 is expected to be offset by continued strong performance across the rest of the portfolio, as well as confirmed but as yet unannounced additional revenue streams, including for *F1® Manager 2023*.

The big new game release for FY24 is still to come, with *Warhammer Age of Sigmar: Realms of Ruin* scheduled for release in November 2023. Our marketing campaign for launch kicked off strongly with our presence at Gamescom at the end of August.

The Board continues to be comfortable with market expectations for FY24, with consensus revenue at £108 million and consensus Adjusted EBITDA* loss of £9 million.

The Board is confident that the Company can return to attractive levels of financial performance over the medium-term, based on the strength of its existing portfolio and planned new releases, underpinned by the refocusing of its strategy.

* Earnings before interest, tax, depreciation, and amortisation charges related to game developments and Frontier's game technology, less investments in game developments and Frontier's game technology, and excluding impairment charges, share-based payment charges and other non-cash items.



NURTURING AND EXPANDING 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 'Select, Develop, Launch & Nurture' model, creating a strong portfolio of games.

RELEASED TITLES



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

[MORE ON PAGE 24](#)



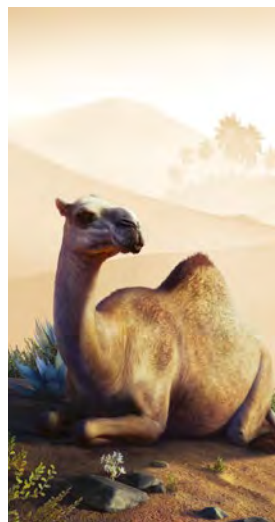
JURASSIC WORLD EVOLUTION
[JURASSICWORLDDEVOLUTION.COM](https://www.jurassicworlddevolution.com)
JURASSIC WORLD EVOLUTION 2
[JURASSICWORLDDEVOLUTION2.COM](https://www.jurassicworlddevolution2.com)

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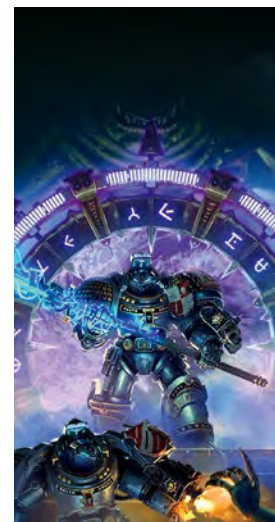
PLANET COASTER
[PLANETCOASTER.COM](https://www.planetcoaster.com)

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

[MORE ON PAGE 16](#)



WARHAMMER 40,000: CHAOS GATE - DAEMONHUNTERS
[CHAOSGATE.COM](https://www.chaosgate.com)

[MORE ON PAGE 13](#)



F1® MANAGER 2022
[F1MANAGER.COM](https://www.f1manager.com)
F1® MANAGER 2023
[F1MANAGER.COM](https://www.f1manager.com)

ANNUAL FORMULA 1® MANAGEMENT GAMES

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WARHAMMER AGE OF SIGMAR: REALMS OF RUIN
[AOSREALMSOFRUIN.COM](https://www.aosrealms.ruin.com)

[MORE ON PAGE 04](#)



A YEAR OF TRANSITION



“
The Board is confident
that the Company can
return to attractive levels
of financial performance.”

It has been an interesting and eventful time at Frontier. I joined the Board on 22 September 2022 and became Chairman at the start of December 2022, succeeding David Gammon, who had been Chairman for 10 years. My thanks go to my predecessor for his significant contribution to the evolution of Frontier throughout his tenure. There have been several other changes to the Board with Jonny Watts becoming Chief Executive Officer and David Braben moving to the role of President and Founder in August 2022. Alongside those changes, James Dixon stepped up to join the Board as Chief Operating Officer and Jessica Bourne was promoted to the role of General Counsel and Company Secretary.

More recently, on 1 June, Charles Cotton retired as a Non-Executive Director after nearly seven years on the Board, and I thank him for his contribution. On the same day, Leslie-Ann Reed joined the Board as Non-Executive Director and Chair of the Audit Committee.

I have long admired Frontier and the games it develops and publishes, and I am honoured to have been asked to join the team. I believe in Frontier's strategy to Select, Develop, Launch, & Nurture genre-leading games that best fit Frontier's expertise and competitive advantages to deliver long-term value to our stakeholders.

The financial year that ended 31 May 2023 was a challenging one. In January 2023 we announced a reset of our revenue expectations following a lower-than-expected sales contribution from *F1® Manager 2022*, the general sales underperformance across the portfolio during the Christmas holiday period, and the poorer than expected performance of the Foundry games. Subsequently, we took the difficult decision to cease all activity relating to acquiring new third-party titles within Foundry. We took this opportunity to refocus and reset, with all of the Group's efforts on Frontier's own internally developed portfolio of titles.

For FY23 we are reporting a loss before interest and taxation of £26.6 million after incremental non-cash charges totalling £28.7 million relating to the closure of Foundry and a cautious assessment of the future performance of the *F1® Manager* franchise following the initial underperformance of *F1® Manager 2023* which released in July 2023.

The Board is confident that the Company can return to attractive levels of financial performance over the medium-term, based on the strength of its existing portfolio and planned new releases.

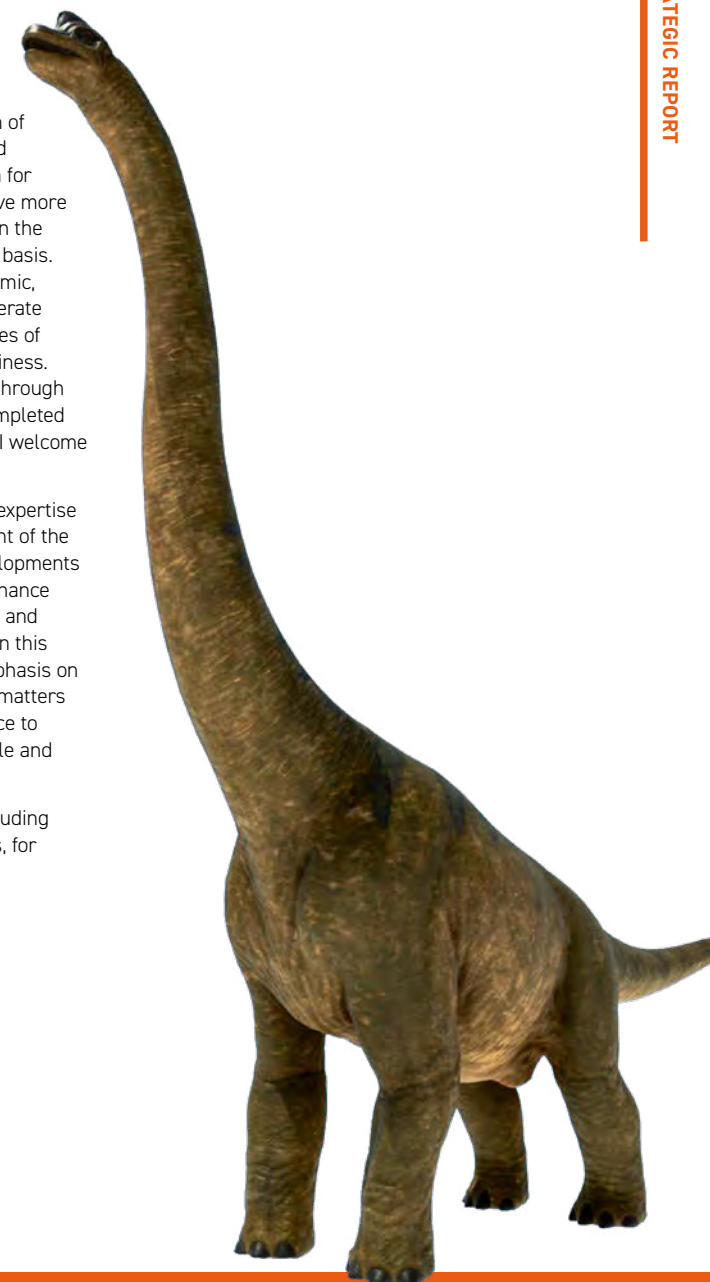
Frontier is a people business. We have a team of talented people who work hard to develop and publish our games. I am very grateful to them for their dedication and commitment. We now have more than 900 people, some of whom are working in the studio, some remotely and others on a hybrid basis. In common with many businesses post-pandemic, we are constantly considering how best to operate to safeguard and accommodate the preferences of our people while efficiently managing the business. For the first time we have had people join us through acquisition, when on 1 November 2022 we completed the acquisition of developer Complex Games. I welcome all our new joiners to the Frontier team.

We want to ensure that the Board's time and expertise is utilised to support the strategic development of the Group. We consider updates on industry developments and market trends. The Board takes its governance responsibilities very seriously. The structures and processes we have in place are summarised in this Annual Report. We are placing increasing emphasis on environmental, social, and governance (ESG) matters to ensure we have the right framework in place to enable our business to operate in a sustainable and responsible way.

I would like to thank all our stakeholders, including our people, our players, and our shareholders, for their support.

DAVID WILTON
CHAIRMAN

12 September 2023





CONQUER THE MORTAL REALMS

In May 2020, Frontier announced an exclusive IP 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 : REALMS OF RUIN
[AOSREALMSOFRUIN.COM](https://aosrealmsofruin.com)

Warhammer Age of Sigmar: Realms of Ruin is set in Ghur, the savage Realm of Beasts, an inhospitable, violent land where only the strongest survive. In the single-player campaign, the forces of Order dispatch the celestial, reformed champions known as the Stormcast Eternals to reclaim this realm. After establishing a precarious foothold in this dangerous place, their fortress settlement is under serious threat from the Kruleboyz, the sinister and violent Orruk faction who call Ghur their home. When this Stormcast detachment's leader, Sigrun, learns about a source of arcane power that can protect against the Kruleboyz, they venture into the swamplands at great risk to obtain it – beginning the campaign's twisted cinematic tale of desperate survival.

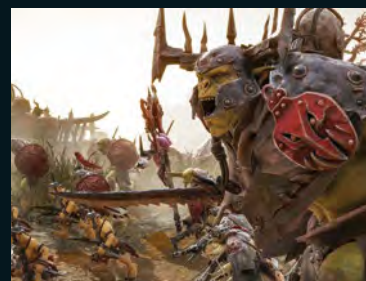
When the Stormcast Eternals venture out into Ghur and after a perilous journey, they reach the location of a powerful artefact – yet they find it bound in the ethereal chains of the Nighthaunt, the servants of Nagash, who unleash a storm of wraiths to defend it. The Nighthaunt bring swarms of ghostly apparitions and diabolical horrors to the battlefield in *Realms of Ruin*, taking advantage through sheer strength in numbers. As well as appearing as antagonists

in the campaign, the Nighthaunt are fully playable in Conquest Mode and multiplayer, with a wide range of units inspired by their tabletop counterparts. Conquest Mode is the repeatable single-player challenge mode that pits players against a series of unpredictable combat scenarios.

Co-written with Black Library author Gavin Thorpe, this rich *Age of Sigmar* narrative is based on the Dawnbringer Crusades from the tabletop game's most recent edition.

Frontier is working closely with the team at Games Workshop to bring the rich world of *Warhammer Age of Sigmar* to a wider audience through an immersive real-time strategy game on both PC and console. Under the terms of the IP 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 game streaming services.

Warhammer Age of Sigmar: Realms of Ruin will launch on 17 November 2023 for PC via Steam and the Epic Games Store, PlayStation® 5, and Xbox Series X|S. Pre-orders are now available across all platforms.



GAMES
WORKSHOP®



OFFICIALLY
LICENSED



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.

“

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





REWRITE EVERY RACE

F1® Manager 2023 released in July 2023, digitally only, on Steam, Epic Games Store, PlayStation 5, Xbox Series X|S, PlayStation 4 and Xbox One, followed by the physical release for all console versions in August 2023. This is the second instalment of our multi-year exclusive 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.

F1® MANAGER 2023

[F1MANAGER.COM](https://www.f1manager.com)

Through multiple years of development in close partnership with F1®, the Frontier team has used its expertise in management games to give players the opportunity to enter the captivating, pressurised, thrilling world of the pinnacle of motorsport. As a Team Principal, players are challenged to guide an official F1® team to glory, via smart management and strategy both on and off the track.

On race weekends, players forge a path to success using careful planning, data, driver feedback, and intuition. The player will give detailed orders to drivers, deliver the optimal strategy, and react to unpredictable moments to achieve victory. Away from the circuit, the player will make all the key decisions and establish a long-term plan for the team, balance the books, work within the cost cap, and develop and manufacture new parts for the cars. They will scout and hire real-world staff along with F1®, F2™ and F3™

drivers to the team, expand and improve facilities, vote on regulations and adapt to changes through multiple seasons and ups and downs.

Introduced for *F1® Manager 2023*, players can now relive key moments from the 2023 FIA Formula One World Championship™ with the brand-new Race Replay mode, which features two types of unique scenarios. In Starting Grid, players take control of a team of their choice in a full race which replicates the track conditions and grid positions from its real-world counterpart. Race Moments, meanwhile, challenges fans to take control of a specific scenario part-way through the real Grand Prix, aiming to achieve a set objective before the chequered flag is waved, capturing key strategic calls from throughout a thrilling season.

The power is in the player's hands to control the future of an F1® team, writing the next chapter in their legacy. Drive every decision.



F1
MANAGER 22

F1
MANAGER 23





EVOLVING OUR BUSINESS MODEL

There are a wide variety of business models within the games industry and the wider digital entertainment sector. Our chosen model is to create and publish our own content with the ultimate aim of achieving strong financial returns on our investments over many years. This year we have introduced 'Select' to our existing 'Develop, Launch, & Nurture' model to emphasise and demonstrate the importance of our selection process.

OUR MODEL

SELECT

We seek out opportunities to create genre-leading games in proven but under-served markets, with a focus on segments that align with our experience and expertise. We have a particularly strong track record in the creative management simulation (CMS) segment. In certain spaces we have achieved repeated success, with *Jurassic World Evolution* (June 2018) and *Jurassic World Evolution 2* (November 2021) in the 'dinosaur park management' segment being a recent example. We also seek out opportunities to expand into genres which share characteristics with the CMS segment – we refer to these as adjacent genres. Our upcoming real-time strategy game – *Warhammer Age of Sigmar: Realms of Ruin* – is a great example of that.

DEVELOP

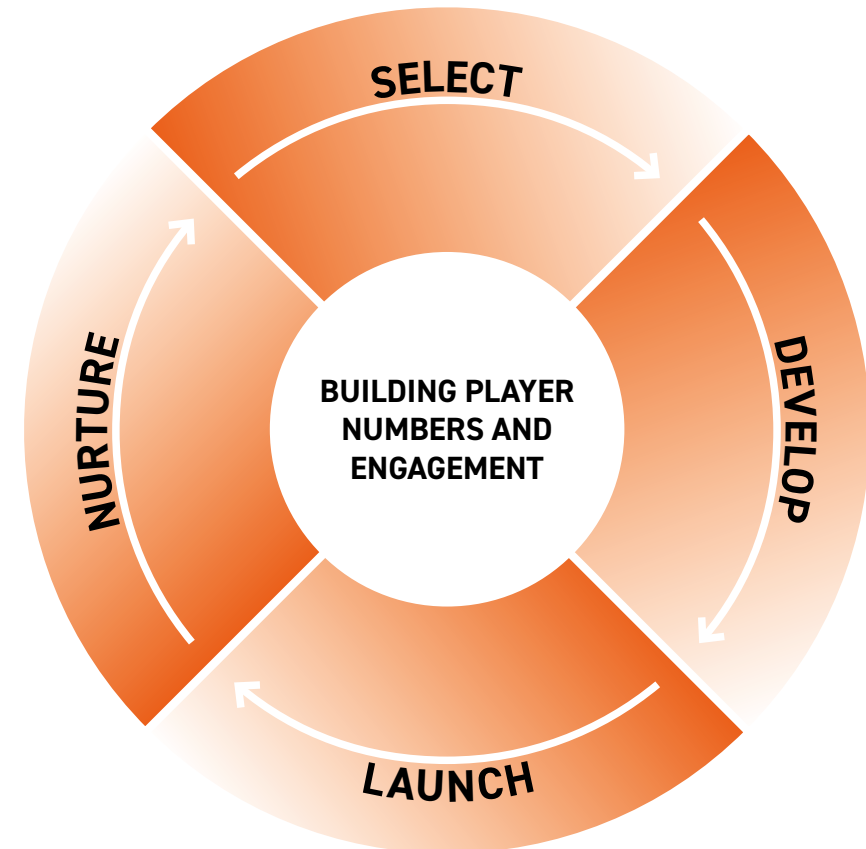
We start our development projects with a relatively small team of people – focusing on scoping and planning. Scoping and planning is essential in determining whether we will proceed into full development. Once we have made the decision to proceed – and as we progress further through the 'Develop' phase – the number of people working on a new game development grows, and a wider range of disciplines become involved. At the peak, we will usually have well over 100 Frontier people contributing to a project. If we add in outsource partner support, then the total team size could be 200 or more.

LAUNCH

As we progress towards release, our publishing team will develop and execute launch plans, which will usually be focused on establishing and supporting a community of players. This community-focused approach may start six months or more before release. The 'Launch' phase is very important. We want each game release to be as positive as possible. However, it's also typically the start of a long journey of post-release engagement and nurturing, which incorporates new content and active community support.

NURTURE

Our 'Launch' goal is to achieve genre-leading status, and our 'Nurture' goal is to maintain that status for an extended period, measured in years. This is achieved through satisfying existing players with new content and community support, and by engaging with more and more players over time.





CREATING OUR CONTENT

- We invest in the creation of our own games and supporting PDLC using our world-class team, supplemented by our outsource partners.
- We focus on games with strong franchise potential, primarily on PC and console. Audiences on those platforms tend to value games that exhibit Frontier's key development strengths of creating deep, immersive, and high-fidelity games.
- 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.
- 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 PC and console audiences.
- We also use industry-leading tools and technology where appropriate, particularly where a large amount of outsource work is required.
- We use online channels to create and engage with player communities during game development. This practice provides a valuable source of feedback, and creating and nurturing these player communities provides excellent advocacy for each title prior to launch and long into each game's life cycle.

PUBLISHING OUR CONTENT

- We bring our content to market through strong product launches, directly targeting our selected player audiences and leveraging our relationships with partner platforms and distribution channels.
- With each of our games, 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, the 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 overperformance 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.
- We have also supported the creation of content from carefully selected development partners, releasing that content under our Foundry games label using our internal publishing team.
- How we invest to deliver financial returns through the development and publication of our own content can be described as having four distinct phases – 'Select, Develop, Launch & Nurture'. Our development and publishing teams, together with all of our other teams, support all four phases of our model.

SUPPORTING OUR BUSINESS MODEL

Our experience, resources, and partnerships provide us with some key competitive advantages when operating under our chosen model:

OUR EXPERIENCE

We use our experience gained from a track record in the games industry over three decades to make good decisions and then execute on those decisions, creating games that build on our world-class expertise.

OUR PEOPLE

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

OUR TECHNOLOGY

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

OUR AUDIENCES

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

OUR PARTNERSHIPS

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

OUR TRACK RECORD OF GROWTH, EVOLUTION, AND INNOVATION

Our industry is constantly changing and our performance to date, including managing rapid growth over the last few years, positions us well to continue to thrive in the ever-changing games sector.



CREATE YOUR OWN JURASSIC WORLD

Jurassic World Evolution 2 successfully launched in November 2021 on PC, PlayStation 5, Xbox Series X|S, PlayStation 4 and Xbox One as a much-anticipated sequel to Frontier's ground-breaking management simulation, *Jurassic World Evolution* (2018).

Jurassic World Evolution 2 delivers a compelling Campaign mode featuring Dr Ian Malcolm (voiced by Jeff Goldblum) and Claire Dearing (voiced by Bryce Dallas Howard), a deeper, richer suite of creative tools and customisation options, over 75 awe-inspiring prehistoric species, and many more incredible features and modes. One of these is the all-new Chaos Theory mode, where players take charge as they revisit pivotal moments from across six films in the *Jurassic World* and franchise in a series of 'what if' scenarios, such as taking on John Hammond's original vision of Jurassic Park, where disaster is averted and the park is able to welcome its very first guests, or working alongside Simon Masrani to build *Jurassic World*.

Authenticity is at the heart of *Jurassic World Evolution 2*. Chaos Theory mode features era-specific building sets for the specific levels, and Campaign

mode plunges players right into the middle of the action where they help lead the Department of Fish and Wildlife (DFW) following the earth-shattering events of *Jurassic World: Fallen Kingdom*. In Challenge and Sandbox modes, players can test their park management skills or take control of their own ultimate *Jurassic World* with all the tools at their disposal.

Having released four new DLC packs during FY23, including the release of the Dominion Malta Expansion, in December 2022, players are now able to introduce feathered species and marine reptiles to their parks, along with celebrating the 30th anniversary of *Jurassic Park* with a free update including over 20 new iconic decorations, such as the statue of the immortalised Mr. DNA.



JURASSIC WORLD EVOLUTION
[JURASSICWORLDEVOLUTION.COM](https://www.jurassicworld.com/evolution)

JURASSIC WORLD EVOLUTION 2
[JURASSICWORLDEVOLUTION2.COM](https://www.jurassicworld.com/evolution2)





OUR STRATEGY FOR LONG-TERM SUSTAINABLE GROWTH

Our objective is to deliver long-term sustainable value for all our key stakeholders by expanding on our Select, Develop, Launch, & Nurture strategy. The key to developing our business and achieving repeatable success lies in three areas: exceptional experiences for our players, great opportunities for our people, and growing returns for our shareholders. We will deliver on these through a combination of strong game launches, creating free and paid-for DLC post-launch, and actively supporting our community, encouraging user-generated content creation.

OUR PORTFOLIO STRATEGY

We are building a portfolio of genre-leading games, with a focus on the creative management simulation (CMS) segment and genres which share characteristics with our CMS games such as authenticity, emergent player-led experiences, and creativity.

We have a repeatable business model of releasing and supporting high-quality games in proven, but under-served, segments and sub-segments where we have relevant experience and where there is a reasonable expectation of our title becoming the dominant game in that sector. We build a community around the title and continue to support it with free and paid content over many years, to create the longevity we have already seen with our existing titles and hope to see with those in the future.

We use our key expertise and, where applicable, valuable external IP to deliver highly differentiated, best-in-class player experiences. Frontier's games are set in rich environments and take a long time to fully master, thereby yielding longevity and great value for players. Over time we enhance and expand our games and grow their audiences using appropriate additional products, platforms, media, marketing, distribution channels, and charging models.

Looking ahead over the next three years, we plan to further consolidate our success within the CMS genre, the segment which includes our four most successful titles to date: *Planet Coaster* (2016), *Jurassic World Evolution* (2018), *Planet Zoo* (2019), and *Jurassic World Evolution 2* (2021). We have a CMS game scheduled for release in each of FY25 and FY26.

Building on *F1® Manager 2022* and *F1® Manager 2023*, we aim to further expand the audience for our *F1® Manager* annual series of games within our existing licence agreement with Formula 1®. We are currently developing our plans for *F1® Manager* in 2024.

The real-time strategy (RTS) genre shares many of the characteristics of our games in the CMS genre, and it's been an ambition for Frontier to enter this RTS genre for some time. We were therefore delighted to sign a partnership with Games Workshop in early 2020 to develop Frontier's first RTS game, with *Warhammer Age of Sigmar: Realms of Ruin* now only a few months away from release in November 2023. We see the RTS genre as a potential key pillar for future Frontier titles.

Turn-based strategy (TBS) is another great genre which aligns well with CMS, and we were thrilled that Complex Games, *Warhammer 40,000: Chaos Gate – Daemonhunters* developer, joined the Frontier family in November 2022. The acquisition of the team in Canada has also created a small footprint in a new territory for recruiting talent.

Over the last few years, part of our portfolio strategy has been to add titles developed by carefully selected partner studios through our Foundry games label. However, due to disappointing financial performance and increased competition amongst publishers, we decided to stop seeking out new partnership opportunities during 2023, with Foundry effectively ceasing activity in June 2023.





OUR PEOPLE STRATEGY

How we recruit, retain, develop, and engage our talented people is a major part of our strategy, which is crucial for our long-term success.

In order to deliver on our plans to nurture our existing games and add new titles to our portfolio, we must continue to scale-up our organisation, not just in terms of headcount, but also in terms of key technical capabilities, leadership skills, training, organisational structure, process, and external partnerships.

We want to grow the size and capability of each of our development teams, whilst also adding new teams so that we can accelerate the frequency of major new game releases. Increasing our output does not necessitate a linear increase in our headcount, since supporting an existing title typically requires fewer people than creating a new one.

It's not just about our development teams of course, since we also have numerous teams which publish our games, and provide all of the crucial services which support our games, our players, our people and our Company.

In order to recruit, retain, and develop our people, we aim to provide great opportunities for personal development including through performance management systems, mentoring, training, and learning.

We will further build the capacity and capability of our organisation further through talent acquisition, talent management, and leadership succession planning and we will develop our leadership and management capability, including through training and learning programmes.

We seek to foster and maintain a high level of engagement across everyone at Frontier, through open and frequent communication.

Increased investment in our people supports the growth and development of everyone at Frontier to be the best that they can be and to have the best experience possible while working at Frontier, as they expand and nurture our portfolio of genre-leading games.

“

We seek to foster and maintain a high level of engagement across everyone at Frontier.”





FULFIL YOUR DUTY

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


In the grim darkness of the 41st millennium a new monstrous threat looms over the galaxy. The champions of the plague god Nurgle have begun to spread a new contagion, The Bloom. This virulent plague that spreads Nurgle's influence across worlds and mutates planets into manifestations of his twisted image. It falls on you, the newly appointed Force Commander of the Grey Knights aboard the Baleful Edict Strike Cruiser, to take up arms and strike down the heresy before it spreads out of control.

Warhammer 40,000: Chaos Gate – Daemonhunters released successfully on PC in May 2022 to a very positive reception and recently released its second expansion, Execution Force. It builds on Frontier's existing partnership with Games Workshop - Frontier is internally developing a real-time strategy game set within Games Workshop's *Warhammer Age of Sigmar* IP (see page 04).



WARHAMMER
40,000
CHAOS GATE
DAEMONHUNTERS

WARHAMMER 40,000: CHAOS
GATE - DAEMONHUNTERS

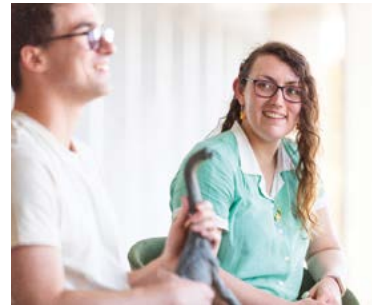
 [CHAOSGATE.COM](https://chaosgate.com)





AN ENGAGING, EXCITING CULTURE

Our team are amazing, talented people who are instrumental in making our much-loved authentic games that define genres, break boundaries, and sell millions of copies to players around the world. We connect with our hybrid team through our internal livestreams, allowing us to share in our vision of creating, launching, and nurturing world-class games that put both Frontier and the games industry itself at the forefront of the global entertainment industry.





CREATING THRIVING ENVIRONMENTS

We believe that our people are critical to us achieving continued success – as such our people remain at the heart of everything we do. The key areas of focus of our people strategy are employee engagement, retention and attraction of talent, and striving for excellence in leadership. This includes generating in-house and external training opportunities with a focus on leadership coaching, developing our existing talent and our talent pipeline, raising awareness of inclusivity and diversity, and career progression.

Our people strategy has two overarching focuses: to develop, retain and engage our team; and to strive for exceptional leadership.

DEVELOPING, RETAINING, AND ENGAGING OUR TEAM

As an inclusive, diverse, and people-oriented company, we aim to ensure that people at Frontier are appropriately challenged, that there is a high-performance culture, and that there are opportunities for everyone to grow, with individuals being supported to take ownership of their wellbeing.

We aim to attract, nurture, and retain the talent we need to support and drive the delivery of our roadmap across all projects and locations, aligning with our ambitious hiring and scaling-up plans. During FY23, 251 people joined us, bringing our headcount to 915 people on 31 May 2023. We continue to grow; on 31 August 2023 our team had increased further to 919 people, nurturing our existing portfolio and supporting our roadmap of future titles.

We offer flexible, sustainable, and fair rewards and have recognition mechanisms that will attract and retain our people. We will continue to reward people for their individual achievements while ensuring that everyone is able to share in Frontier's success.

STRIVING FOR EXCEPTIONAL LEADERSHIP

Our leaders and managers consistently drive our vision and have the capability and confidence to engage, develop, challenge and reward our people, think commercially, be accountable, make effective decisions, and deliver excellence through their teams. Our aim is to build our leadership coaching by introducing our new Leadership Development Programme (LDP), along with ensuring that we hire and promote managers and leaders with the skills, behaviours, and mindsets we need to thrive.

As we continue to grow, becoming even larger and more sophisticated in how we operate, it is critical that we are open to refining and optimising our structure to ensure that we are as efficient and effective as possible with the people that we have. We will ensure that responsibility for business performance exists across our management and leadership roles, with a small number of senior leaders being held accountable for refining and optimising our organisational structure.



Number of people
(on 31 August 2023)

919

New joiners in FY23

251

Nationalities

49

“

We believe that authentic games last a lifetime and, in order for us to continue making smart, creative choices for our games, we need the smartest, most creative people in our teams.”

[CAREERS.FRONTIER.CO.UK](https://careers.frontier.co.uk)



DISCOVER LIMITLESS CREATIVITY

Frontier's fourth self-published title, *Planet Zoo*, launched exclusively for PC in 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 come first. Players nurture their animals throughout their lives, study and manage every species to see them thrive.

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 their guests with prestigious animals and famous exhibits. They can develop their zoo, 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 ponds and streams, raise hills, and carve tunnels as they build their own zoo. Players see their animals and guests alike 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 PDLC releases (including a deluxe upgrade pack), *Planet Zoo* is now onto its 15th PDLC pack to date, which is the Oceania Pack, due to be released in September 2023. *Planet Zoo* also supports real-life initiatives for animal conservation and has partnered with highly acclaimed zoos such as Edinburgh Zoo, Chester Zoo, and San Diego Wildlife Alliance.

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



PLANET ZOO
[PLANETZOO.COM](https://planetzoo.com)



PLANNING FOR FUTURE SUCCESS



OVERVIEW

FY23 revenue of £104.6 million (FY22: £114.0 million) was delivered through a solid performance from the existing portfolio of games (released prior to 1 June 2022), which accounted for 72% of revenue during the financial year, together with contributions from games released during the period. *Jurassic World Evolution 2*, which released in November 2021 through collaboration with Universal Products & Experiences, was the strongest performer in the portfolio, with revenue in its first 18 months exceeding the performance of the first *Jurassic World Evolution* game during its first 18 months. *F1® Manager 2022* was the leading revenue generator amongst new games, selling over 800,000 units in its first nine months following its release in late August 2022 up to the end of the financial year on 31 May 2023.

Adjusted EBITDA*, a measure of cash profitability, was a loss of £4.6 million in FY23 (FY22: profit of £6.7 million), which reflects the decrease in revenue, an increase in costs, and continued investment in future games as Frontier gears up to deliver two new game releases per financial year from FY24 onwards.

Operating profit as reported under IFRS was adversely impacted by non-cash intangible asset impairment and accelerated amortisation charges totalling £28.7 million in the year arising from two events: the underperformance and subsequent closure of Foundry, and a prudent re-assessment of the future financial performance of the *F1® Manager* franchise following a lower than expected initial sales contribution from *F1® Manager 2023* which released in July 2023, after the end of the financial year.

These non-cash intangible asset impairment and accelerated amortisation charges led to an operating profit before those adjustments of £2.1 million becoming a reported operating loss of £26.6 million. The non-cash intangible asset impairment and accelerated amortisation charges had no impact on cashflow, cash balances or Adjusted EBITDA.

In November 2022 Frontier added a new development team with the acquisition of experienced game development studio Complex Games Inc. (Complex), following the successful collaboration between Complex and Frontier on the development and publication of turn-based strategy game *Warhammer 40,000: Chaos Gate – Daemonhunters*. Integration activities and growth plans for Complex are on track, and the acquisition delivered modest accretive financial benefits in FY23, as expected.

Frontier continues to be well capitalised, with total cash balances on 31 May 2023 of £28.3 million (31 May 2022: £38.7 million) and £24.8 million on 31 August 2023. The reduction in cash during FY23 reflected a greater investment in significant game developments for release in future years, £10.9 million for the acquisition of Complex, and the £3.0 million purchase of shares by the Employee Benefit Trust undertaken in May 2023 to satisfy future share option exercises by employees. Cash would have grown in FY23 if the acquisition and share purchases are disregarded.

We're confident that our renewed and proven strategy of selecting, developing, launching, and nurturing genre-leading games will get us back on track in terms of our financial performance.

OUR EXISTING GAME PORTFOLIO

Our portfolio of titles which released before FY23 – *Elite Dangerous*, *Planet Coaster*, *Planet Zoo*, *Jurassic World Evolution*, *Jurassic World Evolution 2* and *Warhammer 40,000: Chaos Gate – Daemonhunters* – continues to reach new audiences, and each delivered material revenues in FY23. *Jurassic World Evolution 2* and *Planet Zoo* performed especially well, each supported by four new PDLC packs releasing in FY23, alongside free content. In FY24 new PDLC packs and free content for both *Jurassic World Evolution 2* and *Planet Zoo* have already been released, with more planned during this financial year.

Jurassic World Evolution 2 was the strongest performer in the portfolio, with revenue in its first 18 months exceeding the performance of Frontier's all-time leading revenue generator, the first *Jurassic World Evolution* game, during its first 18 months.

F1® MANAGER

FY23 benefited from the release of another new Frontier game in late August 2022, *F1® Manager 2022*, the first annual title in a major new sports franchise for Frontier. By 31 May 2023 *F1® Manager 2022* had achieved over 800,000 units sold across all platforms and formats, with strong engagement at release. This level of sales was a solid performance for the first game in the series but was below Frontier's original expectations.

Our second title in the series, *F1® Manager 2023*, released after the end of the financial year in July 2023. Sales during the pre-order phase for *F1® Manager 2023* were below the level achieved by *F1® Manager 2022*, and although the sales performance post-launch has been more encouraging, the current

revenue projections for *F1® Manager 2023* in FY24 are now below the level achieved by *F1® Manager 2022* in FY23. The Company will continue to build on the more positive recent sales trends, including through support of the title through the remainder of the 2023 *F1®* season. We are currently developing our plans for *F1® Manager* in 2024.

As part of the annual audit process for FY23 we reviewed the carrying values of our intangible assets across the portfolio, with a particular focus on the *F1® Manager* series due to the performance of both *F1® Manager 2022* and *F1® Manager 2023*. Following a prudent re-assessment of the overall future performance of the *F1® Manager* franchise a non-cash impairment charge of £15.0 million was recorded in the FY23 financial statements against the intangible assets relating to the franchise.

FOUNDRY

Foundry is Frontier's game label for publishing games developed by external partners.

Financial performance across the Foundry game portfolio has been disappointing and, overall, the business has not delivered Frontier's expectations of a positive return on investment within the first year of each title.

As a result of this financial underperformance, and an increased level of competition amongst third-party publishers, in June 2023 Frontier announced the decision to cease all activity relating to acquiring new third-party titles and instead re-focus on internal titles.

This decision has enabled an increased level of operational focus to be applied to Frontier's own internally developed portfolio of titles, which has delivered a strong return on investment. Foundry games which have already been released will continue to be supported, including those in active post-release development.

* Adjusted EBITDA is earnings before interest, tax, depreciation, and amortisation charges related to game developments and Frontier's game technology, less investments in game developments and Frontier's game technology, and excluding impairment charges, share-based payment charges and other non-cash items.



OVERVIEW CONTINUED

FOUNDRY CONTINUED

The disappointing financial performance of games published under the Foundry games label resulted in non-cash intangible asset impairment and accelerated amortisation charges totalling £13.7 million being recorded in FY23, with £10.6 million being accelerated amortisation charges reflecting the relatively steep decline of Foundry game sales post-release compared with the more sustained trends for Frontier developed games, together with Foundry game asset impairments totalling £3.1 million.

COMPLEX GAMES

In November 2022 Frontier added a new development team with the acquisition of experienced game development studio Complex Games, following the successful collaboration between Complex and Frontier on the development and publication of turn-based strategy game *Warhammer 40,000: Chaos Gate – Daemonhunters*, which is the biggest selling game published under the Foundry games label.

Founded in 2001 by Noah Decter-Jackson and Adrian Cheater, Complex has over 21 years of experience in a wide variety of game genres and platforms. The studio is based in Winnipeg, in the Canadian Province of Manitoba, and at acquisition Complex employed 18 talented people, primarily developers. As at 31 August 2023 the team had grown to 25.

The acquisition, which is Frontier's first, supports Frontier's strategic objectives through the creation of a core development footprint for Frontier in Canada, a region with an extensive and growing talent pool for video game development. Frontier intends to grow the development team in Winnipeg to support future growth.

Having worked closely during the development and launch of *Warhammer 40,000: Chaos Gate – Daemonhunters*, the acquisition had been de-risked through a deep mutual understanding and alignment of the culture, ability and ambition of the two companies, and the closer collaboration achieved by the acquisition has enabled Complex and Frontier to more effectively nurture *Warhammer 40,000: Chaos Gate – Daemonhunters*.

In the medium to long term, the growing development team in Winnipeg will add to Frontier's game portfolio through the application of Frontier's Select, Develop,

Launch, & Nurture strategy, which will support Frontier's continued delivery of sustainable and profitable growth.

Frontier acquired 100% of the shares in Complex for an upfront cash consideration of CAD\$13.3 million (£8.4 million). Conditional deferred cash consideration of up to CAD\$5.2 million (£3.3 million) will be payable subject to Complex meeting certain operational milestones during the period to 31 December 2023. In addition, the four employee shareholders - the two founders and the two studio principals - will participate in a five-year profit-share cash earn-out scheme, which aligns with Frontier's strategy to Select, Develop, Launch, & Nurture new games developed by the Winnipeg studio.

The total maximum upfront and deferred consideration of up to CAD\$18.4 million (£11.7 million) will be funded from Frontier's existing cash resources. The additional profit-share earn-out of up to CAD\$11.8 million (£7.5 million) payable annually over five years to the four employee shareholders will be funded from future cash profits generated from games developed by the Winnipeg studio.

Net identifiable assets and liabilities on acquisition totalled net assets of £1.2 million and fair value adjustments in respect of assets identified through the purchase price allocation (PPA) process totalled £2.9 million. This resulted in a goodwill balance of £7.7 million being recognised on the consolidated statement of financial position on acquisition. Further information is included in note 9 of the financial statements.

Integration activities and growth plans for Complex are on track, and the acquisition delivered modest accretive financial benefits in FY23, as expected.

Following Foundry activity ceasing, the operations of Complex, including *Warhammer 40,000: Chaos Gate – Daemonhunters* and future games developed, will be reclassified into our portfolio of internally developed titles.

FINANCIAL PERFORMANCE

FY23 revenue of £104.6 million fell short of our record revenue of £114.0 million in FY22 following the underperformance of *F1® Manager 2022* against original expectations, the general sales underperformance across the portfolio during the Christmas holiday period and disappointing sales

for Foundry games. As a result of this, gross profit decreased to £67.3 million (FY22: £73.6 million) with a gross profit margin of 64% (FY22: 65%). The small reduction in our gross profit margin percentage in FY23 versus FY22 was mainly due to subscription deals, which do not attract commission payable, representing a higher proportion of revenue in FY22 than in FY23.

Gross research and development (R&D) expenses in the period grew by 11% to £52.9 million (FY22: £47.5 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; the staff costs in respect to Complex Games from November 2022; and investment in Foundry development partner projects.

Development costs for supporting Foundry games in FY23 were £9.6 million, representing 18% of total gross R&D investment. Following the decision to cease activities for any new games for Foundry, there will be a significant reduction in this spend in FY24, although post-release development funding and support are being provided in FY24 for *Stranded: Alien Dawn* and *The Great War: Western Front*.

Capitalisation of costs for game development related intangible assets, together with continued investment in our leading game technology, accounted for £37.6 million in the year (FY22: £35.2 million). Costs related to the development of new chargeable Frontier or Foundry content, or the development of technology to support new content, 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 FY23 represented 71% of gross R&D expenditure which was similar to FY22 (74%).

Amortisation and impairment charges for intangible assets related to game developments and Frontier's game technology grew to £52.6 million in total for the year (FY22: £33.9 million) including the additional one-off non-cash Foundry intangible asset impairment and accelerated amortisation charges of £13.7 million and the *F1® Manager* non-cash impairment charge of £15.0 million. In the prior year, FY22, a one-off, non-cash impairment charge of £7.4 million was recorded for *Elite Dangerous: Odyssey*.

For FY24 the Company has reviewed and updated its approach to intangible asset identification and amortisation following the incremental accounting charges suffered in FY22 and FY23. As a result of this review, intangible assets related to games and PDLC which release after 1 June 2023 will be amortised more rapidly in the first 12 months following their release, through the adoption of a steeper amortisation charge profile than the previous default method of straight-line amortisation. This updated approach will not impact Adjusted EBITDA, which is a measure of cash profit, but it may have a short-term adverse impact on reported operating profit in FY24 as we transition from the previous amortisation profile to the updated model. Updated amortisation profiles were applied in FY23 to Foundry games which released in the period and to the *F1® Manager* game franchise.

Net research and development expenses recorded in the consolidated income statement, being gross spend, less capitalised costs, plus amortisation and impairment charges, increased to £67.9 million in FY23 (FY22: £46.2 million). The substantial rise reflected a combination of our increased investment in newly released and future content, together with the large one-off, non-cash Foundry and *F1® Manager* intangible asset impairment and accelerated amortisation charges.

Sales, marketing, and administrative expenses remained largely the same at £26.1 million in FY23 (FY22: £25.9 million) as a result of sustained investment in marketing to support the launch of *F1® Manager 2022*, our major new game release in the year, new Foundry titles, and our existing game portfolio, including new PDLC releases and price promotion events, as well as slightly higher administration costs due to the continued growth of the business.

Overall, net operating expenditure in FY23 grew to £93.9 million (FY22: £72.1 million), mainly as a result of higher net research and development expenses, along with the additional non-cash intangible asset impairment and accelerated amortisation charges of £28.7 million which were due to the financial performance of Foundry and the *F1® Manager* series. After taking account of those charges, this resulted in an operating loss as reported under IFRS of £26.6 million (FY22: profit of £1.5 million).



We're confident that a renewed focus on our proven strategy will deliver for all of our stakeholders."

FINANCIAL PERFORMANCE CONTINUED

Adjusted EBITDA*, a measure of cash profitability whereby game development costs are expensed as they are incurred, was in line with the expectations set in January 2023, being a loss of £4.6 million (FY22: profit of £6.7 million). The year-on-year reduction reflected the decrease in revenue, an increase in costs, and continued investment in future games as Frontier gears up to deliver two new game releases per financial year from FY24 onwards.

On corporation tax, Frontier continues to benefit strongly from HMRC incentive schemes, specifically Video Games Tax Relief (VGTR), R&D tax credits and Patent Box. Frontier receives enhanced corporate tax deductions on certain expenditures under the VGTR and R&D tax credit schemes, both of which help to reduce taxable profits.

Frontier elected into HMRC's Patent Box regime in FY21, making claims for patent-related profits from FY19 onwards. Patent Box has delivered benefits from FY21 onwards, including in the form of enhancements to the value of tax losses carried forward to future periods. The full effect of the benefits of the Patent Box claim will therefore be realised through cash tax benefits in the future.

Frontier also benefited 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 £5.6 million in the consolidated income statement in FY23 (FY22: £8.7 million).

Loss after tax for FY23 was £20.9 million (FY22: profit of £9.6 million) and the basic loss per share was 53.6p (FY22: earnings per share of 24.6p).

BALANCE SHEET AND CASHFLOW

We are well capitalised, with £28.3 million of cash at 31 May 2023 (31 May 2022: £38.7 million) and £24.8 million at 31 August 2023. The £10.4 million reduction in cash during FY23 reflected a greater investment in significant game developments for release in future years, working capital movements, £10.9 million for the acquisition of Complex, and the £3.0 million purchase of shares by the Employee Benefit Trust undertaken

in May 2023. Cash would have grown in FY23 if the acquisition and share purchases are disregarded.

Goodwill relates wholly to the acquisition of Complex Games in November 2022, with a balance of £7.2 million at 31 May 2023 following a £0.5 million exchange rate movement in the period (31 May 2022: £nil).

Our other intangible asset values include game technology, internal game developments, Foundry game developments, third-party software, and IP licences. Total other intangible assets decreased during the year to £57.0 million at 31 May 2023 (31 May 2022: £70.8 million) as a result of the Foundry and *F1® Manager* impairment and accelerated amortisation charges. Our investments in the year related to our own internally developed titles, including new content for our existing portfolio, our technology, and support for our Foundry partner developments. Those investments in new content and technology were more than offset by amortisation and impairment charges which included the one-off £28.7 million adjustment for Foundry and *F1® Manager* 2023.

Property, plant and equipment relate mainly to IT equipment and the fit-out of the leased studio facility, which the Group has occupied from April 2018. The net balance at 31 May 2023 was £5.7 million (31 May 2022: £6.6 million).

Following the adoption of IFRS 16 "Leases" effective for Frontier from 1 June 2019, the consolidated statement of financial position at 31 May 2023 includes a right-of-use asset valued at £17.9 million (31 May 2022: £19.5 million) for the Group's lease over its headquarters studio building in Cambridge. A similar figure (the difference related to timing of actual rental payments) of £19.3 million at 31 May 2023 (31 May 2022: £20.7 million) is recorded on the consolidated statement of financial position as a lease liability, split between current and non-current liabilities.

Trade and other receivables due within one year totalled £15.6 million at 31 May 2023 (31 May 2022: £24.7 million) with the majority of the balance related to gross revenue due from digital distribution partners. The year-on-year decrease primarily relates to higher revenue in the final months of FY22 versus FY23, which included *Jurassic World Evolution 2* entering Microsoft's Game Pass subscription service in May 2022.

Trade and other payables due within one year totalled £16.5 million at 31 May 2023 (31 May 2022: £21.8 million), being mostly made up of distribution platform commissions, IP licence royalties and developer royalties due on the sales transactions not yet settled, and other staff-related accruals. The decrease in liabilities largely relates to the year-end revenue variances mentioned above and the absence of a bonus provision being included at 31 May 2023 due to the minimum bonus performance payout not being achieved.

Within non-current liabilities (amounts due after 12 months) a balance of £4.2 million is held at 31 May 2023 (31 May 2022: £6.1 million) which includes IP licence costs for the minimum guaranteed royalties payable on the licences with Formula 1® and Games Workshop.

The current tax asset balance at 31 May 2023 of £9.4 million (31 May 2022: £7.9 million) relates to the filed tax returns, including VGTR claims, for FY22, and the draft tax returns for FY23. In June 2023, £3.9 million was received from HMRC related to the FY22 tax returns.

The net balance for deferred tax assets less deferred tax liabilities recorded at 31 May 2023 was a liability £0.4 million (31 May 2022: £1.3 million asset). Deferred tax assets and liabilities have been recorded at 31 May 2023 for the estimated values of temporary differences, the potential value of tax deductions relating to future share option exercises, and a portion of carried forward tax losses in the Group.

The Group's tax arrangements concerning income streams under VGTR and Patent Box enhancements can be complex, and at 31 May 2023 there was insufficient certainty concerning the utilisation of other tax losses to create any other deferred tax assets related to accumulated losses. The Group's total unrecognised tax losses as at 31 May 2023 were £80.2 million (31 May 2022: £50.2 million).

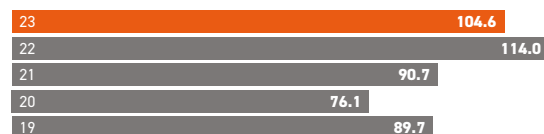
ALEX BEVIS
CHIEF FINANCIAL OFFICER
12 September 2023



MEASURING OUR PERFORMANCE

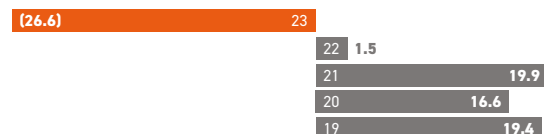
Revenue (£m)

£104.6m



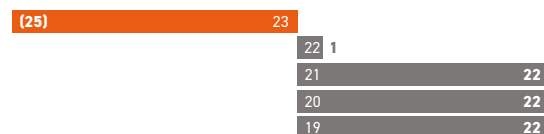
Operating (loss)/profit (£m)

£(26.6)m



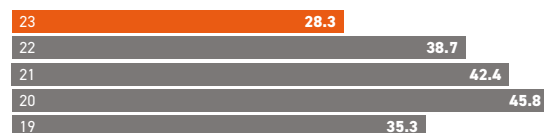
Operating (loss)/profit margin (%)

(25)%



Cash balance (£m)

£28.3m



EBITDA (£m)

£33.0m



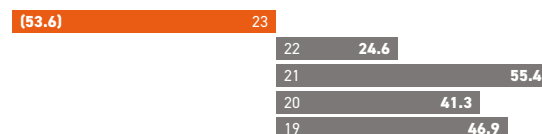
Adjusted EBITDA* (£m)

£(4.6)m



EPS (basic) (p)

(53.6)p



* Adjusted EBITDA is earnings before interest, tax, depreciation, and amortisation charges related to game developments and Frontier's game technology, less investments in game developments and Frontier's game technology, and excluding impairment charges, share-based payment charges and other non-cash items.





ADDITIONAL PERFORMANCE MEASURES

In addition to measures of financial performance derived from IFRS reported results – revenue, operating profit, operating profit margin percentage, earnings per share, and cash balance – Frontier publishes, and provides commentary on, financial performance measurements derived from non-statutory calculations. Frontier believes these supplementary measures, when read in conjunction with the measures derived directly from statutory financial reporting, provide a better understanding of Frontier's overall financial performance.

EBITDA

EBITDA, being earnings before tax, interest, depreciation, and amortisation, is commonly used by investors when assessing the financial performance of companies. It attempts to arrive at a 'cash profit' figure by adjusting operating profit for non-cash depreciation and amortisation charges. In Frontier's case, EBITDA does not provide a clear picture of the Group's cash profitability, as it adds back amortisation charges relating to game developments, but without deducting the investment costs for those developments, resulting in a profit measure which does not take into account any of the costs associated with developing games. Since EBITDA is a commonly used financial performance measure, it has been included below for the benefit of readers of the accounts who may value that measure of performance.

	12 months to 31 May 2023 £'000	12 months to 31 May 2022 £'000
Operating (loss)/profit	(26,580)	1,536
Depreciation and amortisation	41,438	32,199
Impairment of other intangible assets	18,117	7,398
EBITDA	32,975	41,133

ADJUSTED EBITDA

Frontier also discloses an Adjusted EBITDA measure which, in the Group's view, provides a better representation of 'cash profit' than EBITDA. Adjusted EBITDA for Frontier is defined as earnings before interest, tax, depreciation, and amortisation charges related to game developments and Frontier's game technology, less investments in game developments and Frontier's game technology, and excluding impairment charges, share-based payment charges and other non-cash items. This effectively provides the cash profit figure that would have been achieved if Frontier expensed all game development investment as it was incurred, rather than capitalising those costs and amortising them over several years.

	12 months to 31 May 2023 £'000	12 months to 31 May 2022 £'000
Operating (loss)/profit	(26,580)	1,536
Add back non-cash intangible asset amortisation charges for game developments and Frontier's game technology	34,490	26,475
Add back non-cash intangible asset impairment charges	18,117	7,398
Deduct capitalised investment costs in game developments and Frontier's game technology	(37,632)	(35,220)
Add back non-cash depreciation charges	3,909	3,562
Add back non-cash movements in unrealised exchange (gains)/losses on forward contracts	(239)	474
Add back non-cash share-based payment expenses	3,340	2,452
Adjusted EBITDA (loss)/profit	(4,595)	6,677

RESEARCH AND DEVELOPMENT (R&D) EXPENSES

Research and development (R&D) expenses recorded in Frontier's consolidated income statement are arrived at after capitalising game development costs and after recording amortisation charges for games which have been released. Similar to the principles of the Adjusted EBITDA measure showing financial performance as if all game development investments were expensed as incurred, Frontier provides commentary on the difference between gross R&D expenses (before capitalisation/amortisation) and net R&D expenses (after capitalisation/amortisation). The net R&D expenses figure aligns with the R&D expenses recorded in the consolidated income statement, whereas the gross R&D expenses figure provides a better representation of 'cash spend' on R&D activities.

	12 months to 31 May 2023 £'000	12 months to 31 May 2022 £'000
Gross R&D expenses	52,882	47,526
Capitalised investment costs in game developments and Frontier's game technology	(37,632)	(35,220)
Amortisation charges for game developments and Frontier's game technology	34,490	26,475
Impairments of other intangible assets	18,117	7,398
Net R&D expenses	67,857	46,179



CREATE SKY-HIGH THRILLS



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 the game's roadmap, free updates have added headline features, while expanding and improving different creative and management aspects of the game.

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

In addition to the free updates, players can introduce further content into their parks through the purchase of paid downloadable content (PDLC) packs. The first of these was released in July 2017, and in total *Planet Coaster* now has 11 separate PDLC packs available to purchase.

Following its continued success on PC – passing 4 million base game units sold in April 2022 – *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. The team did an amazing job in bringing the creativity of *Planet Coaster* to console audiences, including the delivery of the Frontier Workshop – a sharing tool that allows console players to share created content with each other.

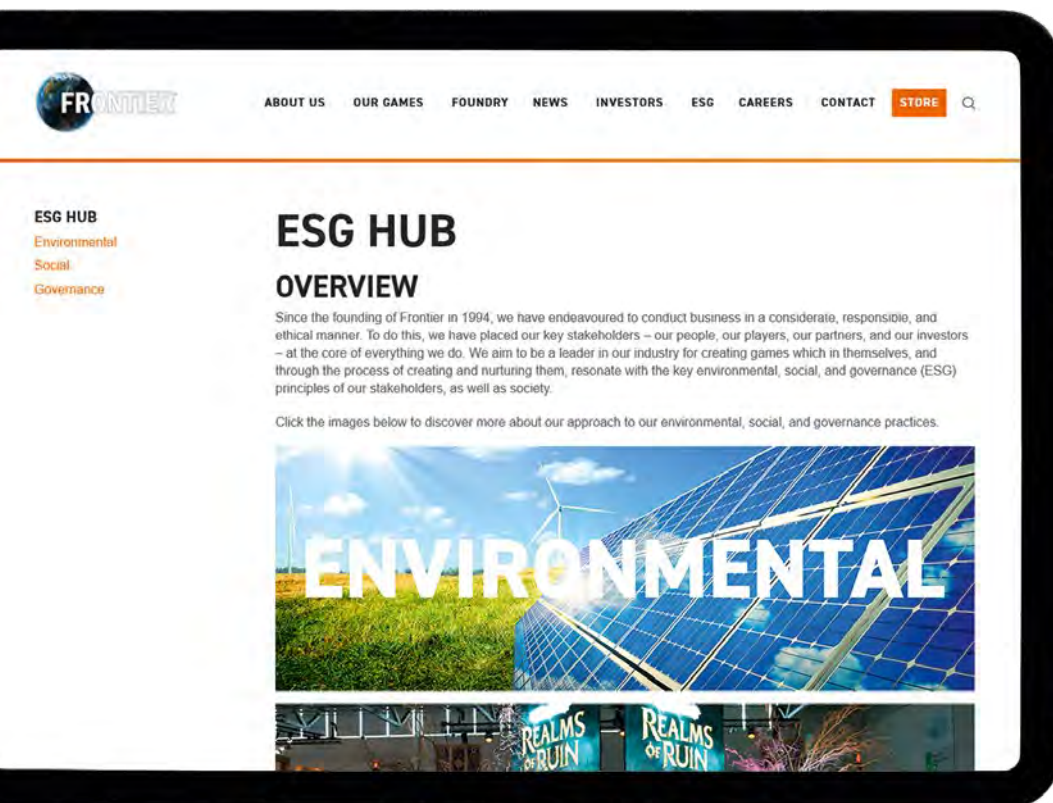
The team loves seeing the creativity of our *Planet Coaster* community across multiple platforms.





A RESPONSIBLE, CONSIDERATE APPROACH

Frontier has always endeavoured to conduct business in a considerate, responsible, and ethical manner. To do this, we place our key stakeholders – our people, our players, our partners, our investors, and the public – 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.



VISIT THE HUB AT

[FRONTIER.CO.UK/ESG-HUB](https://frontier.co.uk/esg-hub)

ESG INFORMATION HUB

Launched in September 2021, our ESG hub is a dedicated section of our website which consolidates all of our ESG information in one place. Our ESG hub enables our investors, our partners, our players, and our people to access all the latest Frontier news, data, statements, and policies relating to ESG topics. Find out more by heading to 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:

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

[PAGE 38](#)

GREENHOUSE GAS EMISSIONS STATEMENT

[PAGE 40](#)

OUR BUSINESS MODEL

[PAGE 08](#)

OUR STRATEGY

[PAGE 11](#)

OUR PEOPLE

[PAGE 14](#)

OUR MANAGEMENT OF RISK

[PAGE 25](#)

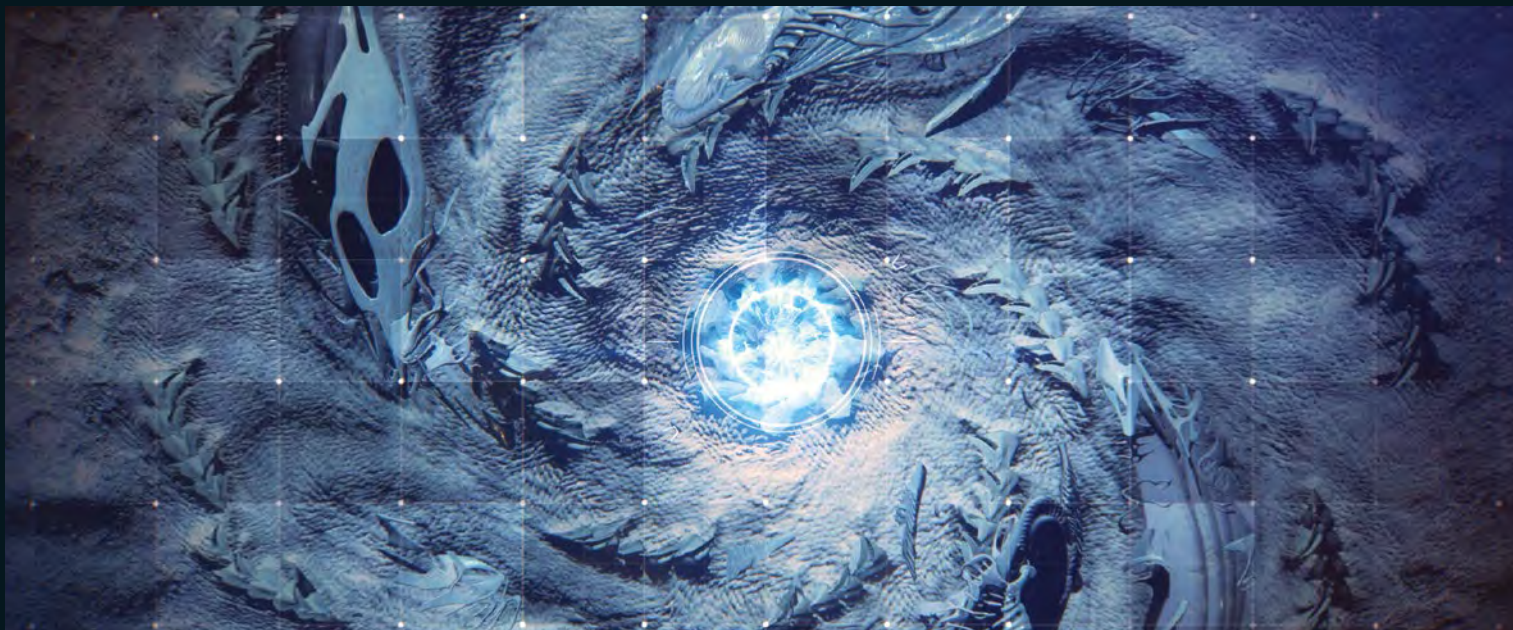
OUR CORPORATE GOVERNANCE

[PAGE 41](#)

FUTURE ESG PLANS

Frontier strives for quality. This includes a quality 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 improve 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.





FIGHT FOR HUMANITY

Elite Dangerous is now in its tenth financial year since its release on PC in December 2014. It then released on Xbox One in 2015, and PlayStation 4 in 2017. Since its first release, Frontier has continually supported *Elite Dangerous* and *Commanders* with updates, free content, major expansions, and personalisation opportunities, selling over 5.1 million base game units to date.

Over the years, we have seen the *Horizons* season, concluding with the *Return*. The *Beyond* season delivered enhancements to the overall player experience. May 2021 saw the release of the most ambitious expansion to date on PC, *Elite Dangerous: Odyssey*, marking the birth of a highly anticipated new era for Frontier's 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.

Following the events of the Azimuth Saga finale, where humanity provoked the Thargoids with the unsuccessful activation of the Proteus Wave weapon, players witnessed the Thargoids unleashing an all-out assault on humanity-controlled space for the first time in *Elite Dangerous*' history. In March 2022 Frontier moved its focus to supporting PC only (stopping support for console),

in order to allow more focus on the narrative. The most recent narrative phase has been well received by the community as they continue to battle it out against unprecedented threats in the Thargoid War.

Frontier continues to support *Elite Dangerous*, and its player community, and looks forward to more and more *Commanders* stepping up to engage with *Odyssey* over time.



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



EFFECTIVELY MANAGING OUR RISKS

Our people are our greatest asset, and so naturally many of our key risks relate to our people. Our strategy of nurturing and growing our portfolio of games requires a large number of talented and engaged individuals working together to produce amazing content and to deliver that content to our player communities.

The significant increase in remote working since the pandemic has heightened people-related risks for us, with the main challenges related to collaboration, connectivity, and engagement. In our view, exclusive or predominant remote working introduces additional risks around people working together and feeling connected and engaged with each other and the Group as a whole. Of course, there are great benefits from remote working too, and so finding the right balance has been, and will continue to be, important.

Recruitment rates have been at record levels in the last 12 months, and we have seen a decrease in our voluntary turnover in comparison to the previous

year. We continue to believe that our sophisticated and diverse portfolio, together with our self-publishing business model and our competitive reward packages, provides an attractive home for talent, but of course we can never be complacent, and we will continue to review opportunities to improve our offering.

Our ongoing success relies on making good decisions, and then executing efficiently and effectively on those decisions. Our people are at the heart of making those decisions and successfully executing our plans. We benefit from having experienced and talented groups of managers and senior leaders, and our focus is on supporting, growing, and developing our managers and leaders to mitigate business risks related to decisions and execution.

Our growth plans are based on nurturing our existing titles in addition to expanding our portfolio with new titles, which helps to reduce our risks around product underperformance. Building an ongoing revenue stream in this way acts to reduce the overall risk to the Group of each subsequent new game that we develop. FY23 was challenging in respect of the disappointing financial performance and the subsequent closure of Foundry.

Although the closure of Foundry is disappointing, it allows an increased operational focus from senior management on our internal titles going forward, which is particularly important as we increase the cadence of new game launches in the future.

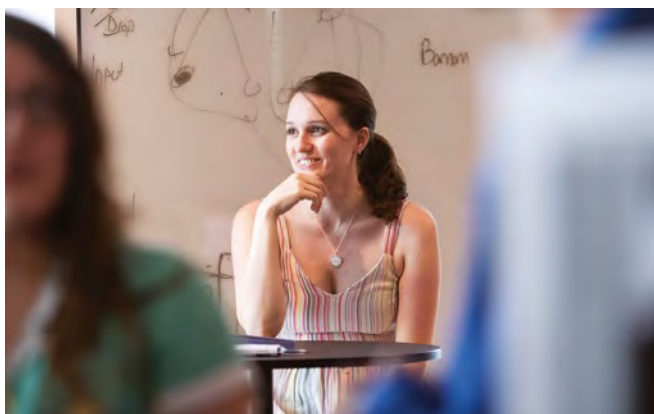
As the Group continues to build its game portfolio, the project selection process becomes increasingly important and requires significant input from senior management across multiple functions of the business. A robust selection process, supported by a strong development and marketing execution, is the key to our future success, so therefore is, and continues to be, a key area of focus.

We also continue to review and refine our publishing operations; however, we believe the existing strategy of engaging with elements of our core audience for each new game early, and then during development, greatly helps mitigate the risk of bringing new games to market.

The final category of risks relates to outside influences, namely market changes and cyber security. We continue to review and manage these risk areas carefully, with a particular focus on cyber-based risks in the last 12 months.

“

Our ongoing success relies on making good decisions, and then executing efficiently and effectively on those decisions. Our people are at the heart of making those decisions and successfully executing our plans.”





Description	Mitigation	Change
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1 TALENT ACQUISITION

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.

LINKS TO STRATEGY PORTFOLIO **PEOPLE** FOUNDRY

The Group continues to prioritise direct recruitment, outreach, and staff on-boarding in order to ensure that our plans can be achieved. We actively accelerated our efforts on talent acquisition over the last three financial years – 251 people joined Frontier during FY23 (including those acquired within Complex Games), compared with 268 new hires in FY22 and 207 recruits joining us in FY21.

The skills and experience that we need for success are in high demand, both within the games industry and in adjacent technology and entertainment sectors. Our talented team, collaborative culture, strong game portfolio, and engaging business model provide strong selling points to prospective candidates. We review our remuneration packages to ensure that we remain an attractive competitive choice.

Planning ahead for our future needs is visualised and reviewed through our plan of record, which also helps identify potential bottlenecks. The Group is a Tier 2 visa sponsor, to facilitate our objective to employ the best possible people from the worldwide talent pool. We also balance internal and external resources through outsourcing, which has been particularly valuable for the development of titles within the *F1® Manager* franchise.



2 TALENT RETENTION AND ENGAGEMENT

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.

LINKS TO STRATEGY PORTFOLIO **PEOPLE** FOUNDRY

This risk continues to be high from the disruption and change created by the coronavirus pandemic. Challenges include: the ability for existing staff to remain engaged with their colleagues and the wider Group while working from 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 potential loss of Group culture; flexible working expectations leading to less efficient working; and the increased likelihood of people considering opportunities at other companies.

To mitigate the heightened retention and engagement risks we have substantially increased our internal Group communications in recent years, including through Group messaging and interactive internal livestream broadcasts, the promotion of social interactions across different digital channels, and the continued support of our Group-wide social events, including the summer and winter parties.

During FY23 we have invested a significant amount of time and resource in reviewing and improving both our technology and processes to improve the efficiency of hybrid/remote working. This should not only increase productivity, but also improve the Group's working environment and therefore staff morale.

We believe that our attractive project portfolio makes 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.

We continue to evaluate the impact on our teams' efficiency of the various hybrid working models we are looking to support, implementing new tools and processes to help staff adapt.



KEY TO CHANGE IN RISKS

Increase

Decrease

No change

New risk



Description	Mitigation	Change
<h3>3 CYBER-SECURITY</h3> <p>The cyber threat landscape is ever changing and a breach of confidentiality, integrity or availability of our information and systems could cause a significant impact to business operations and reputation.</p> <p>The increased threats from social engineering, credential theft, software vulnerabilities and theft or destruction of data, as well risks from remote working, supply chains and other global or market events, elevate the cyber risk.</p> <p>Exposure includes that of failure of security at our partners, including Amazon, Valve, Microsoft, Sony and Nintendo.</p> <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</p>	<p>We have well-established cyber-security policies, processes and controls intended to prevent unauthorised access to the data of our customers, consumers or employees.</p> <p>We regularly review our arrangements, and during FY23 we have continued to build and improve our cyber resilience framework to better protect our systems, detect threats and respond to and recover from incidents. This includes robust risk management, training, monitoring and business continuity and recovery planning.</p> <p>We continually assess and improve our environment and security capabilities to ensure we are doing our utmost to protect our infrastructure.</p> <p>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 have become more advanced, we may be unable to anticipate these techniques or implement adequate preventative measures.</p> <p>The risk of a security failure from one of our partners is a risk where we have limited control in terms of technology. However, we seek to mitigate this risk by continuing to have strong business relationships and direct communication routes that we can use to resolve any incidents that may occur.</p>	
<h3>4 DECISION AND EXECUTION RISK</h3> <p>The Group's business model is to identify and select game opportunities, and then to develop those games, typically over a two to three year period, with the objective of delivering a profitable return on their investment, typically over several years. Making the correct project decisions, and then executing effectively and efficiently on those projects, is therefore key to success. The Group is therefore exposed to both significant decision risk and significant execution risk.</p> <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</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.</p> <p>Project selection is the key decision that underpins the success of our future roadmap and therefore requires significant input from multiple functions across the business to ensure we have considered all aspects of the project, including the addressable market, consumer appetite, development resources required and related risks, and robust financial projections. Although the Group has a strong decision process in place, we must regularly challenge and review our objectives, assumptions, and information sources that we use to maximise our return on investment.</p> <p>The Group has a strong execution record to date; however, we must continue to push ourselves to execute to time, cost and quality to produce a best-in-class product. This includes ensuring that we are using appropriate technology, such as COBRA and third-party technology, effectively and efficiently.</p> <p>Development execution must also be supported by a strong marketing execution using our experienced publishing team to ensure we not only capture our core audience for the product but also reach adjacent audiences to maximise revenue generation.</p> <p>We must also continue to challenge our own internal assumptions and review wider trends to remain at the forefront of the industry. We remain confident that we can use our experience and expertise to continue to deliver on the product, technology, commercial and operational aspects that support our strategy.</p>	
<h3>5 ECONOMIC AND GEOPOLITICAL RISK</h3> <p>The Group is exposed to widespread macro-economic, currency, inflation, and regulatory risks.</p> <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). Rising inflation and cost of utilities have both a direct impact on our overhead costs as well as an indirect impact in that rising costs are likely to absorb a larger proportion of employee income.</p> <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</p>	<p>The Group offers competitive remuneration packages and regularly undertakes pay reviews where inflation and other factors are taken into consideration.</p> <p>As a product, our games must continue to represent an appropriate value proposition to our players. In a challenging economic environment where players have less disposable income, it becomes increasingly important to ensure our games stand out and provide exceptional entertainment.</p> <p>The Group trades globally with increasing revenue from non-GBP currencies. This creates a potential currency mismatch between cost and revenue. 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> <p>Trading globally exposes Frontier to regulatory and geopolitical risks over which it has little forewarning and no influence.</p>	



Description	Mitigation	Change
<h2>6 GROWTH MANAGEMENT</h2> <p>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 and commissioning. 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.</p> <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</p>	<p>There continues to be significant 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.</p> <p>The Group grew through acquisition during FY23, when Complex Games was acquired on 1 November 2022. Our roadmap includes plans to scale the studio to operate as an additional development team, which will in turn increase our cadence of game launches each financial year. Acquisition continues to be a growth opportunity that is considered; however, it can also pose a potential threat if management becomes consumed with the acquisition and integration process. Consequently, the Group needs to ensure it has the appropriate skills and support within the senior management team.</p> <p>Currently we are firmly focused on three areas: supporting our existing portfolio, delivering on our exciting roadmap of new titles, and scaling the Complex studio.</p> <p>To succeed in our plans, we must have clear decisions, achievable plans, good communication and engaged staff.</p> <p>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 in both the short and medium term, as well as our long-term investment needs and opportunities.</p>	
<h2>7 MARKET DISRUPTION</h2> <p>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.</p> <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</p>	<p>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.</p> <p>The Group continuously monitors potential new technologies to ensure we remain in line with our competitors; however, we also consider potentially negative consequences that could damage or disrupt our internal development.</p>	
<h2>8 CLIMATE CHANGE</h2> <p>Climate change is not only a future challenge. The IPCC report in 2021 was declared a 'code red for humanity'. The IPCC, IEA and COP26 have reinforced the changes that are required to rewire the economy to a low-carbon one.</p> <p>The impact of climate change can be summarised as:</p> <ul style="list-style-type: none"> a) the physical risks (e.g. flooding) that may cause damage and business disruption, extreme weather impact on supply chains, and global warming affecting human activity, mass emigration and global economic output; and b) the transition risks in managing the shift to a low-carbon economy, and investment/expenditure to manage the transition and remain viable – the potential for reputation damage should the transition be poorly executed or risk of 'greenwashing' if announcements are not supported by actions that are measurable. <p>LINKS TO STRATEGY PORTFOLIO PEOPLE FOUNDRY</p>	<p>The Group is committed to investigating and reporting on climate-related risks and opportunities in adherence with internationally accepted recommendations, such as those published by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Physical risks are mitigated by the fact that we operate in a digital industry and therefore do not operate with a significant physical asset base, with the studio being the only material physical asset. Physical risks are further mitigated by an ever-growing global workforce.</p> <p>Transition risks are mitigated by continuing to reduce carbon use to minimise impact, and the fact that we produce and sell the vast majority of our content digitally and that we operate in an energy efficient building which we utilise under a flexible hybrid working model, reducing our energy footprint and the number of commuting journeys taken by our people.</p> <p>Although climate change is considered to be a principal risk, as is it for many other businesses, it is deemed to be a significant generic risk rather than it having a direct impact on the Group, due to the nature of the Group's operations.</p>	

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

ALEX BEVIS
CHIEF FINANCIAL OFFICER
12 September 2023



ENGAGING WITH OUR STAKEHOLDERS

Statement by the Directors in relation to their statutory duty in accordance with S172(1) of the 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') has always taken its 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 2023. 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 and strategy as set out on pages 08 to 09 and 11 to 12 describe our approach to creating and publishing our content, which is at the heart of our stakeholder engagement, delivering long-term value to all our stakeholders.

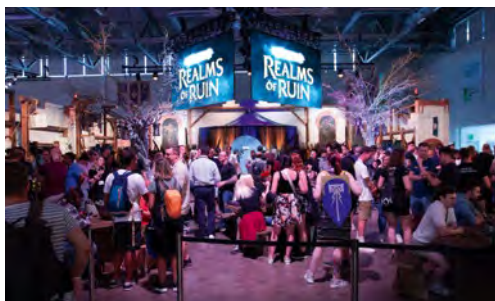
The Board considers Frontier's key stakeholders to be players, staff, shareholders, and business partners and also acknowledges that there is a wider responsibility to the community in which the Company operates. The Group's culture and employee welfare are a particular focus for the Company and pages 14 to 15 display our people and the 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 31. Our business partners share in our continued success, as explained in Our Business Model on pages 08 to 09 and Our Strategy on pages 11 and 12. We set out on page 23 our approach to social responsibility to the local community.





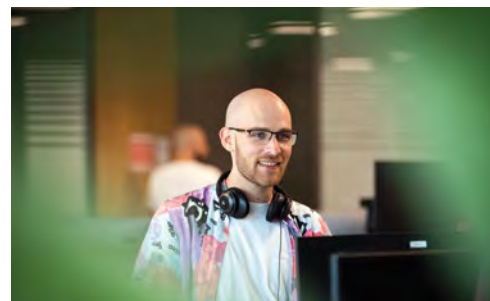
HOW WE ENGAGE WITH OUR STAKEHOLDERS

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 described on pages 11 to 12 and our current and future portfolio of games is set out on page 02, with a feature page for each of our titles on pages 04, 07, 10, 13, 16, 22, and 24. 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:



OUR PLAYERS

- We build and maintain social communities for each of our games, exploring new methods such as TikTok and livestreaming, to provide a direct way for players to interact and connect with our community team and with each other.
- From our in-house recording studio we produce regular livestreams, exploring and developing creative, engaging new ways and tools to engage our players on a social level, and to reveal to them the latest updates and features of our titles.
- By exhibiting at events such as gamescom and Silverstone, we give players the opportunity to experience our games, allowing them exclusive access to preview our upcoming titles, as well providing exciting new opportunities for our influencers to play and share our games to their audiences ahead of launch.
- Through building meaningful relationships with a network of global influencers, we're able to reach greater audiences across platforms such as YouTube, Twitch, TikTok and more. Our team pairs the right influencers with the right games to ensure our influencers are passionate about the titles they're playing and promoting, helping them to create meaningful and engaging content.
- Our customer support feedback from players influences the bug fixes and content updates we make, ensuring we are responsive and reactive to our players.



OUR PEOPLE

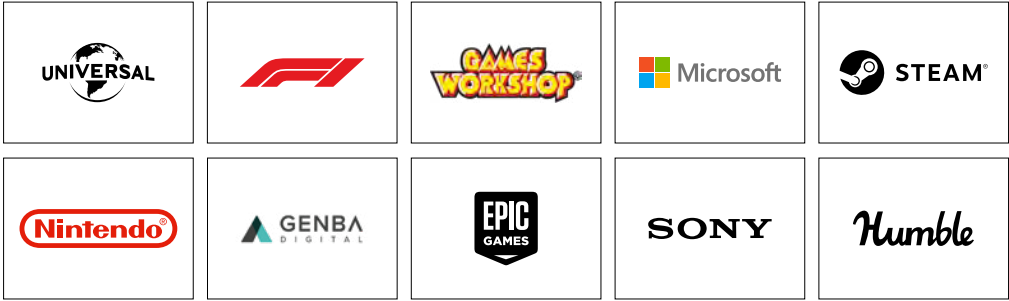
- Engagement has been a major focus area for us over the last few years. We have invested in multiple communication strategies to help everyone feel connected with each other, our projects, and the Company overall. These strategies include the development of our Microsoft Teams channels for social, news and fun posts as well as for more formal communications, and the development of internal livestream broadcasts for Company updates and game news.
- We have also significantly increased the frequency and scale of our internal events including Studio Social events, major game celebrations and two annual parties: our Summer Party and Winter Party.
- At Frontier, we foster 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.
- 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.
- In December 2021, we created an elected staff Engagement Group to further boost communication, connectivity and inclusion, which we have been running now for nearly two years.
- We offer a Management Development Programme for all line managers to ensure that staff are motivated and supported in the working environment. We have also recently introduced our Leadership Development Programme for senior managers and leaders.
- 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.





“

Building our portfolio requires input from all of our stakeholders to ensure we are producing high-quality and engaging games.”



- Competitive rewards and remuneration package including base salary, bonus, and a suite of flexible benefits which include wellbeing support and options. Further details can be found in the Our People section on pages 14 and 15.
- Share options are rewarded to senior staff to recruit, retain, and motivate these key members of staff to help drive the success of the Company. We also provide a Sharesave equity scheme for all members of staff, to allow them to share in the long-term success and growth of the Company.

OUR 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 FY23 we have continued to develop our platform and channel partnerships with Steam, Microsoft, Sony, Nintendo, Epic, Genba and Humble. Having strong business relationships has allowed us to benefit from subscription deals in recent years, which we expect to remain part of our strategy in the future.
- Our IP partners include Universal Games and Digital Platforms (*Jurassic World Evolution* and *Jurassic World Evolution 2*), F1® (Formula One Digital Media Limited and Formula Motorsport Limited) (*F1® Manager 2022* and *F1® Manager 2023*), and Games Workshop (*Warhammer 40,000: Chaos Gate – Daemonhunters* and *Warhammer Age of Sigmar: Realms of Ruin*).

OUR SHAREHOLDERS

- Twice-yearly roadshow investor events are held 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 one-to-one meetings, fireside chat events, and investor conferences.