



30 YEARS OF CREATIVITY, INNOVATION AND AUTHENTICITY

Frontier is a leading independent developer and publisher of video games for PC and console, creating immersive and fun gameplay, with unparalleled artistic quality.

At Frontier, we specialise in creating endless possibilities in playful, fun and creative worlds. From some of the world's biggest licensed entertainment and sporting franchises, to intricately crafted worlds where players can explore and make their mark, our games are all underpinned by our unwavering passion for creating compelling and innovative experiences that continue to inspire and delight our players.

We have created games that have defined genres, been critically acclaimed, and reached many millions of players. With a rich history spanning over 30 years, we are best known for our creative management simulation games, including our *Planet Coaster Franchise*, *Planet Zoo*, and our *Jurassic World Evolution Franchise*. Our portfolio also includes critically acclaimed titles in alternative genres, such as *Elite Dangerous*, our *F1® Manager Franchise*, and our games incorporating two of Games Workshop's Warhammer IPs.

Our talented team of diverse individuals is brought together to nurture our existing portfolio and develop our exciting future roadmap. Our people are passionate about creating innovative, genre-leading games and authentic worlds for our extensive player communities.

We are dedicated to attracting the best talent across our two studios. Our headquarters is a large modern studio, in the renowned technology cluster and historical city of Cambridge, UK. Our second studio hosts our Complex Games team, located in Winnipeg, the capital and largest city of Manitoba, Canada.

This year, we are celebrating 30 years in the games industry and we look to the future with renewed confidence following our strategic reset in FY24.



HEADLINES

See a summary of the headlines for FY24, including our financial performance and strategic highlights, together with our latest news and outlook statement

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CELEBRATING 30 YEARS

Find out about Frontier's history in the games industry since its foundation in 1994

[PAGE 02](#)

OUR BUSINESS MODEL AND PORTFOLIO STRATEGY

Read about how we achieve repeatable success to deliver long-term sustainable growth in a challenging industry through our Select, Develop, Launch & Nurture approach to creating and publishing our genre-leading games

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OUR PEOPLE

Discover how we reward, develop, and engage with our talented people

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HEADLINES

RESET AND BACK ON TRACK

FY24: RESET, REFOCUSED AND RESHAPED

- Strategic reset in H1 FY24 to focus on our core strength in creative management simulation (CMS) games.
- Organisational Review during H2 FY24 supported our strategic reset, reshaping our teams and reducing our annual operating costs by approximately 20%.
- Strong CMS back catalogue performance in H2 delivered FY24 revenue ahead of expectations at £89.3 million (FY23: £104.6 million).
- These factors delivered a return to profitability in H2 on an Adjusted EBITDA** basis, before the £4.9 million gain from the sale of the *RollerCoaster Tycoon 3* (RCT3) publishing rights.
- Adjusted EBITDA** profit of £0.9 million for FY24, including the gain from the sale of the RCT3 publishing rights.
- IFRS operating loss of £28.4 million (FY23: loss of £26.6 million) due to non-cash impairment charges for underperforming non-CMS games and restructuring costs.
- The strong H2 trading performance, cost reductions, sale of the RCT3 publishing rights, and tax cash credits resulted in an increase in cash during H2 of over £12 million, to £29.5 million at 31 May 2024 (30 November 2023: £17.1 million; 31 May 2023: £28.3 million).

FY25 AND BEYOND: A STRONG PIPELINE

- Encouraging start for FY25, through the ongoing performance of the CMS-led back catalogue.
- *F1® Manager 2024* released as planned on 23 July 2024.
- *Planet Coaster 2* was announced in July 2024 and the reaction and engagement from the Planet Coaster community and beyond has been encouraging ahead of its release in autumn 2024.
- Development is on track for a third *Jurassic World* game coming in FY26, in collaboration with Universal Products & Experiences, alongside the promotional support of Universal Pictures and Amblin Entertainment's all-new film, *Jurassic World Rebirth*, currently scheduled for release on 2 July 2025.
- Another currently unannounced CMS game is in development for release in FY27.
- The Board remains confident of delivering profit in FY25 as the next step to improved financial performance and sustainable growth.

* Earnings before interest, tax, depreciation, and amortisation.

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

FINANCIAL SUMMARY

Revenue

£89.3M

IFRS operating loss

(£28.4M)

EBITDA*

£26.8M

Adjusted EBITDA**

£0.9M

Cash

£29.5M

[FULL FINANCIAL REVIEW ON PAGES 09 TO 11](#)





30 YEARS OF FRONTIER

CELEBRATING 30 YEARS

Frontier began its journey in 1994, through its founder David Braben. Co-author of the seminal game Elite, David built a team to continue creating high-quality, innovative and iconic games in the rapidly evolving games industry. Frontier has grown immensely over the subsequent three decades to build a uniquely diverse catalogue of games – enabled by our COBRA technology – that has defined genres, earned critical acclaim and won a place in the hearts of millions of players.



GAMES DEVELOPED BY FRONTIER

In the beginning, we developed games that built upon our space-game experience, creating games such as *Frontier: Elite II* and *Darxide*. Over time, we expanded our remit to work on a wide variety of genres, creating a legacy of much-loved classics including *RollerCoaster Tycoon 3*, *Dog's Life* and the *Wallace and Gromit* games. Over two decades, we developed our expertise in the creative management simulation (CMS) genre with a continuous focus on authenticity and creativity.



30 YEARS OF FRONTIER CONTINUED

GAMES DEVELOPED AND PUBLISHED BY FRONTIER

In our third decade, we expanded and transitioned to become a fully self-published developer of genre-leading games, including through partnerships with world-class IPs: Jurassic World, Formula 1®, and Warhammer.

Elite Dangerous

Planet Coaster

Jurassic World Evolution

Planet Zoo

Jurassic World Evolution 2

F1® Manager 2022

F1® Manager 2023

F1® Manager 2024

Warhammer Age of Sigmar: Realms of Ruin



GAMES PUBLISHED BY THE FRONTIER FOUNDRY GAMES LABEL

From 2019 to 2023, we sought to diversify our portfolio into alternative genres by supporting development partners across several new games.

Struggling

Lemnis Gate

RollerCoaster Tycoon® 3: Complete Edition

Warhammer 40,000: Chaos Gate – Daemonhunters

FAR: Changing Tides

Deliver Us Mars

Stranded: Alien Dawn

The Great War: Western Front

Now, after 30 years of establishing our legacy, our renewed strategy is focused back on what we do best. We're using our extensive experience and track record of success in CMS games to our full advantage, giving us a great springboard and strong foundations for future success. Looking ahead, we're thrilled to be launching the highly anticipated *Planet Coaster 2* to players later this year, with a *Jurassic World* game and another exciting CMS game on the horizon.

READ MORE ABOUT OUR GAMES DEVELOPED AND PUBLISHED BY FRONTIER ONLINE:

- [ELITEDANGEROUS.COM](https://www.elitedangerous.com)
- [PLANETCOASTER.COM](https://www.planetcoaster.com)
- [JURASSICWORLDDEVOLUTION.COM](https://www.jurassicworlddevolution.com)
- [PLANETZOO.COM](https://www.planetzoo.com)
- [JURASSICWORLDDEVOLUTION2.COM](https://www.jurassicworlddevolution2.com)
- [F1MANAGER.COM](https://www.f1manager.com)
- [AOSREALMSOFUIN.COM](https://www.aosrealms.com)



FRONTIER TODAY - OUR SUCCESS STORIES

AN ESTABLISHED GENRE-LEADING PORTFOLIO

The most popular and strongest-performing games in our portfolio are our creative management simulation (CMS) games. We enhance our base games by delivering additional content through both free and paid downloadable content (DLC/PDLC) which helps to build compelling franchises. Loved by millions of players, they bring authentic, sophisticated simulations with endless creativity and countless possibilities.

PLANET COASTER



Launched on PC in 2016, *Planet Coaster* paved the way for our nurturing strategy, with 11 PDLC packs since its launch, and *Planet Coaster: Console Edition* (2020) expanding our audience even further. It continues to perform even now, with the Steam 'Mega Sale' event in May 2024 reaching over one million new players ahead of the launch of its sequel, *Planet Coaster 2*, in autumn 2024.

PLANET COASTER (2016)

[PLANETCOASTER.COM/PLANET-COASTER-1](https://planetcoaster.com/planet-coaster-1)

JURASSIC WORLD EVOLUTION



Introducing a simulation world where chaos is inevitable, but where 'life finds a way,' the first in our licensed-IP *Jurassic World Evolution Franchise* launched on PC and consoles in 2018. It has been our biggest-selling game in its lifetime to date. Players enjoyed eight PDLC packs, including the best-selling *Jurassic World Evolution: Return to Jurassic Park* pack.

JURASSIC WORLD EVOLUTION (2018)

[JURASSICWORLDDEVOLUTION.COM](https://jurassicworlddevolution.com)

PLANET ZOO



Loved by millions since its release on PC in 2019, we brought *Planet Zoo: Console Edition* to our PlayStation and Xbox players in March 2024, expanding our audience and bringing them over four years' worth of features, content and animals, including our most recent PDLC, the *Grasslands & Africa Bundle Pack*, released on PS5 and Xbox Series X | S in July 2024. The *Barnyard Animal Pack*, released on PC in April 2024, was our 18th PDLC pack to date for PC.

PLANET ZOO (2019)

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

JURASSIC WORLD EVOLUTION 2



In this compelling sequel, players were introduced to the all-new Chaos Theory mode, where they revisit pivotal moments from across the six films in Universal Pictures & Amblin Entertainment's *Jurassic World* franchise. Our tenth PDLC, *Jurassic World Evolution 2: Park Managers' Collection Pack*, launched in May 2024, building on the repeated success of our 'Select, Develop, Launch & Nurture' strategy.

JURASSIC WORLD EVOLUTION 2 (2021)

[JURASSICWORLDDEVOLUTION2.COM](https://jurassicworlddevolution2.com)



FRONTIER FUTURE - OUR CMS ROADMAP

A RENEWED FOCUS ON THE CMS GENRE

Following our strategic reset in FY24, our roadmap for the next three financial years is to leverage our extensive experience to expand our portfolio within the tried and tested CMS space. We will follow our 'Select, Develop, Launch & Nurture' model to build on our strong portfolio of high-quality, genre-leading games which keep our players engaged over years, and sometimes decades. Our established portfolio of self-published games continues to be nurtured and supported, even as we move our future roadmap focus towards the CMS genre.

PLANET COASTER 2



Coming in autumn 2024 (in FY25), *Planet Coaster 2* is our highly anticipated sequel to *Planet Coaster* (2016), bringing all-new water park gameplay, incredible attractions, stunning scenery and authentic creative management. We can't wait to see our players' creative parks come to life!

PLANET COASTER 2

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

JURASSIC WORLD GAME



We have confirmed a third *Jurassic World* game due for release in FY26 alongside the promotional support of Universal Pictures and Amblin Entertainment's all-new film, *Jurassic World Rebirth*, currently scheduled for release on 2 July 2025. This builds on the success of our best-selling franchise to date, which has delighted millions of players around the world.

FUTURE CMS GAME

IN DEVELOPMENT
FOR RELEASE
IN FY27

Due for release in FY27, our strategic focus continues as our team ramps up development of another CMS game.



We are leveraging our proven 'Select, Develop, Launch & Nurture' strategy as we continue to build and support our portfolio."



CHAIRMAN'S STATEMENT

GETTING BACK ON TRACK



The Board is confident that our refocused CMS pipeline will deliver for all our stakeholders."

ILSE HOWLING
CHAIRMAN

The last twelve months have been one of the most difficult periods in Frontier's 30-year history. However, following our strategy reset and organisational reshaping, I'm pleased to report that the Board is confident that we are now in an excellent position to deliver improved financial performance and sustained growth.

During 2023, we refocused our strategy towards our core strengths and expertise in creative management simulation (CMS) games. This followed past plans to diversify Frontier's portfolio, which did not deliver the expected revenues and financial returns.

During the second half of the financial year, we undertook an Organisational Review to reshape Frontier to enable us to deliver more efficiently on our project plans and to reduce annual operating costs by 20%. This was tough for everyone in the Company, as we reduced our team size to just over 700 employees through a hiring freeze and a redundancy process.

We would like to thank all of our employees for their commitment and dedication during this period.

The results of the Organisational Review have been immediate and the evidence of our financial and commercial turnaround in the second half of the year is encouraging. Now, with Frontier's strongest-ever lineup of CMS games set to launch over the next three years supported by a rich plan of post-launch content, the Board is confident that we are in a strong place to deliver for all of our stakeholders. This is a testament to the talent and dedication of our people, to the strength of our IP and to our long-term partnerships, as well as to the millions of players around the world who continue to love and support our games.

Our exciting future release schedule includes: *Planet Coaster 2* coming in autumn 2024 (FY25); a third *Jurassic World* game in FY26; and an as-yet unannounced new CMS game in FY27.

Stepping up as Chairman this year, I am delighted to be working with a collaborative and engaged Board, with each member bringing a different perspective and expertise to our work. We take our responsibilities as Directors seriously, devoting appropriate time to governance matters including environmental, social and governance topics, risk assessment and stakeholder engagement and management.

Finally, I'd like to thank all our stakeholders again – from our exceptionally talented, creative and resilient teams, to our commercial partners, our shareholders and, of course, our passionate players – for your continuing support.

ILSE HOWLING
CHAIRMAN
10 September 2024





CHIEF EXECUTIVE OFFICER'S STATEMENT

REFOCUSED AND RESHAPED



Our talented people are working together to bring our strongest-ever roadmap to life.”

JONNY WATTS
CHIEF EXECUTIVE OFFICER

In the two years since I stepped up to the role of CEO, we have released multiple games, delivered engaging new content for our established franchises and kicked-off a number of exciting new game developments. During that period, player engagement with our CMS games has delivered the strongest revenue performances, as our CMS games and additional content continue to resonate and connect with both new and existing players. However, our non-CMS game launches in the period did not deliver the financial returns we had expected.

As a result, during 2023 we undertook a strategic reset, focusing on our proven success and experience in CMS games. This was underpinned by an Organisational Review that we announced in October 2023 and completed in March 2024.

FY24, being the 12 months ended 31 May 2024, was very much a year of two halves. The first half presented disappointing financial performance from underperforming non-CMS game releases and the subsequent start of the Organisational Review. The second half brought strong CMS performances, including the release of *Planet Zoo: Console Edition*, and excellent collaboration across the whole of Frontier, which have put us back in a strong position for the future.

I'd like to highlight the hard work and support of our talented team of people during the last 12 months. They rose admirably to the challenges created by our strategic pivot and Organisational Review.

FIRST HALF OF FY24

Following the end of FY23 and our decision to close Frontier Foundry, the first half of FY24 presented further challenges. July 2023 saw the launch of our second *F1® Manager* game, *F1® Manager 2023*, which achieved sales below our expectations and those of its predecessor, *F1® Manager 2022*. In November 2023, we released *Warhammer Age of Sigmar: Realms of Ruin* following its showing at gamescom in August 2023, however, it did not resonate with enough players and we missed our sales targets.

Having already determined our strategic pivot to CMS games ahead of the full release of *Warhammer Age of Sigmar: Realms of Ruin*, in October 2023 we confirmed the difficult but necessary decision to undertake an Organisational Review to reshape our teams and reduce operational costs. The resulting tough period of change included a number of redundancies across multiple teams, which was understandably painful for our people.

SECOND HALF OF FY24

It's been encouraging to see the strength of our established game portfolio, notably our CMS games, with *Planet Coaster*, *Planet Zoo*, *Jurassic World Evolution*, and *Jurassic World Evolution 2* all delivering pleasing material revenue contributions. *Planet Zoo* benefitted from four new paid downloadable content (PDLC) packs on PC across the financial year, and I was delighted with its launch onto PlayStation and Xbox with *Planet Zoo: Console Edition*, released in March 2024. *Jurassic World Evolution 2* players also had the opportunity to engage with four new PDLC packs during FY24. With these two established games, *Jurassic World Evolution 2* and *Planet Zoo*, ranking first and second in FY24 by revenue contribution, it is clear that the CMS genre remains an area of strength for us.





CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

SECOND HALF OF FY24 CONTINUED

Our publishing relationships are stronger than ever and we have seen particularly strong outcomes from promotional activity on Steam, the world's largest distributor of PC games. Frontier participates in various seasonal, publisher-specific, genre-specific and game-specific Steam promotions throughout the year. Notably, *Planet Coaster* helped deliver a strong finish to the financial year, with a special Steam-requested 95% promotion event, 'Mega Sale', which saw over one million new players purchasing the game in May 2024, increasing our customer base and creating an uptick in paid content purchased after the end of the discount period. This further validation of the potential audience for *Planet Coaster 2* is encouraging ahead of its forthcoming release.

In H2 FY24, I was also pleased that our teams expanded the audience for *Warhammer 40,000: Chaos Gate – Daemonhunters* with its release on consoles in February 2024. Our *Elite Dangerous* players have also seen a number of exciting developments, including the introduction of purchasable new ships and the next phase of the ongoing Thargoid War.

FY25 TRADING

We have seen a good start to the new financial year. This has been headed by the ongoing strength of the CMS-led back catalogue, with *Planet Zoo* and *Jurassic World Evolution 2* again the star performers.

Outside of the CMS genre, we were pleased to release *F1® Manager 2024*, our third iteration in the *F1® Manager Franchise*, in July 2024. Our team continues to develop and expand the experiences for *Elite Dangerous* players as we head towards our tenth anniversary at the end of 2024.

THE FUTURE

The strong historical and ongoing performances of our CMS games give me great confidence in our refocused portfolio strategy. It provides a solid foundation, shaped by the successes, challenges and learnings of our 30-year history.

We are committed to developing games which not only align to our existing strengths and players' expectations for a Frontier CMS game, but that also have strong potential to deliver the level of financial return that our previous CMS games achieved. We are focused on player experience, quality and innovation while keeping a close eye on our costs, and I am pleased with the progress we are making.

We now have what I believe is Frontier's strongest-ever roadmap, with three self-published CMS games planned for the next three consecutive financial years, underpinning our realigned focus. These are backed by the expertise of our talented teams, who have delivered repeated successes in this genre. We will draw on this previous development and publishing experience, as well as our core audience understanding, to deliver our roadmap.

Planet Coaster 2 launches in autumn 2024 (FY25) and our third *Jurassic World* game is coming in FY26, alongside the promotional support of Universal Pictures and Amblin Entertainment's all-new film, *Jurassic World Rebirth*, currently scheduled for release on 2 July 2025. Our third, unannounced CMS game is in development and scheduled for FY27, and I look forward to unveiling our plans closer to its launch.

In the near term, I am very much looking forward to the launch of *Planet Coaster 2*. To date, we have executed a successful marketing campaign which has increased the addressable audience by introducing over one million new players to the original game and it will benefit from launching across all platforms simultaneously. The game is designed to be recognisable to existing players, while adding exciting new key



gameplay and technical features they have asked for, including unparalleled customisation, water park attractions and the 'Frontier Workshop' which will allow creators to share their blueprints, enabling even deeper community engagement.

We will continue to apply the proven success of our business model to nurture our existing portfolio of games, including by releasing PDLCs, as we further engage our audiences and help maximise the returns from our valuable and established back catalogue.

We have started taking positive steps to build back trust from our employees. This will take time, but I am confident that we can achieve this by delivering against our updated plans and by further enhancing our employee experience. We are now in a stronger and more sustainable position, having reshaped Frontier for a better future.

I'd like to thank our people for their ongoing dedication and support, our players for their community spirit, and our shareholders for their commitment and investment in Frontier. I look forward to providing further updates on the progress against our updated strategy in the future.

JONNY WATTS
CHIEF EXECUTIVE OFFICER
 10 September 2024



FINANCIAL REVIEW

RESET FOR FUTURE SUCCESS



We are in a strong position to deliver, following our strategic reset."

ALEX BEVIS
CHIEF FINANCIAL OFFICER

FY24 was a financially challenging year, characterised by underperforming game launches in H1 that were partly offset by a strong back catalogue performance and substantial cost reductions through the H2 Organisational Review.

Having taken decisive strategic and operational actions during the year, we are now in a strong position to deliver improved financial performance and sustainable growth through our strategic reset to focus on CMS games, our reduced cost base and our talented teams.

REVENUE AND GROSS PROFIT

Solid performances from the established portfolio, particularly our genre-leading CMS games, helped to deliver total revenue in FY24 of £89.3 million (FY23: £104.6 million). The reduction from the prior year resulted from lower-than-expected contributions from the two new games released in the year, *Warhammer Age of Sigmar: Realms of Ruin* and *F1® Manager 2023*. Among the established portfolio, the strongest performers were *Planet Zoo* and *Jurassic World Evolution 2*, with both games benefitting from multiple PDLC packs, and *Planet Zoo* receiving a further boost from the successful launch of *Planet Zoo: Console Edition* in March 2024. As a result, the proportion of Group revenue generated by CMS titles grew to 62% in FY24 (FY23: 58%), which included the ongoing contributions from *Planet Coaster*, which achieved a 96% annual revenue sustain rate, and *Jurassic World Evolution*.

Gross profit, being revenue less distribution costs, IP royalties and other cost of sales, decreased to £61.3 million in FY24 (FY23: £67.3 million) due to the year-on-year reduction in revenue, which was partially offset by a strong gross profit margin performance of 69% (FY23: 64%). The significant increase in the gross profit margin percentage in FY24 versus FY23 was due to a higher proportion of revenue being derived from own-IP games which do not carry IP royalties and from subscription deals which do not attract distribution commission.

OPERATING COSTS

Adjusted operating costs, excluding the impact of non-cash accounting adjustments and restructuring costs, were reduced by 9% from £71.9 million in FY23 to £65.3 million in FY24. The year-on-year decrease was due to the cost reductions undertaken through the Organisational Review in the second half of the financial year and the closure of Frontier Foundry in June 2023. Overall, costs were reduced by 28% in H2 FY24 versus H1 FY24, with expenditure of £37.9 million in H1 falling to £27.4 million in H2.

Adjusted research and development (R&D) costs fell by 12% in FY24 to £45.0 million (FY23: £51.1 million). The reduction mainly resulted from substantially lower external development funding following the closure of the Frontier Foundry games label in June 2023. Frontier Foundry game funding was reduced

from £6.4 million in FY23 to £1.6 million in FY24, with the remaining project milestones being completed during H1 FY24. R&D people-related costs increased year-on-year by £2.3 million (6%), despite the H2 cost reductions, due to continued recruitment up to the commencement of the Organisational Review in October 2023 and the impact of the August 2023 pay review. R&D people-related costs subsequently fell by 13% from H1 FY24 to H2 FY24 through the Organisational Review. Other R&D costs, including technology, licensing and outsource, were reduced by £3.6 million in FY24 compared with FY23, in part through the actions taken to reduce costs during the Organisational Review.





FINANCIAL REVIEW CONTINUED

OPERATING COSTS CONTINUED

Adjusted sales, marketing, and administrative costs fell by 3% to £20.3 million in FY24 (FY23: £20.9 million) with only modest year-on-year reductions for both sales and marketing costs (3%) and administrative costs (2%). For the full year of FY24, the impact of H2 cost reductions was outweighed by the impact of a greater level of spending in H1 on the launch of two new games before the commencement of the Organisational Review in October 2023. Sales and marketing costs were heavily weighted towards H1 (72% of the costs for the full year), since both new games that launched in the year were released in H1. Cost reductions in marketing in H2 also contributed to the H1 weighting. The Organisational Review also resulted in a 23% reduction in administrative costs from H1 to H2.

IFRS ADJUSTING ITEMS

Whereas adjusted operating costs reduced year-on-year by 9%, total operating expenditure in FY24, as recorded under IFRS, fell only slightly compared with the prior year, dropping to £93.2 million (FY23: £93.9 million). The difference is due to movements in the three most significant non-cash accounting elements, all of which relate to intangible assets: capitalisation, amortisation and impairments.

Costs related to the development of new chargeable content, or the development of technology to support new content, are typically capitalised in accordance with the requirements of accounting standard IAS 38 *Intangible Assets*, subject to those costs meeting the criteria defined by the standard. Conversely, development costs associated with the development or support of existing products are generally expensed as incurred.

In FY24, the total cost capitalised fell substantially compared with the previous year, with £26.5 million capitalised in FY24 (59% of adjusted R&D expenditure) versus £37.6 million in FY23 (74% of adjusted R&D expenditure). The reduction in the proportion of expenditure capitalised was due to the strategic reset to refocus on CMS games and the resulting adjustment in staff allocations across projects, combined with the impact of closing Foundry.

As noted in the 2023 Annual Report and Accounts, steeper amortisation charge profiles were adopted for new game and PDLC releases compared with the previous default method of straight-line amortisation following a FY23 review of our approach to intangible asset identification and amortisation. This updated approach therefore brings forward non-cash amortisation charges compared with the previous method. As a result of this change, amortisation charges in both FY23 and FY24 were relatively high versus previous years at £34.5 million and £31.0 million respectively (FY22: £26.5 million; FY21: £14.9 million). The FY24 charge included £5.0 million of amortisation charges for *Warhammer Age of Sigmar: Realms of Ruin* recorded in its month of release, November 2023. A further non-cash intangible asset impairment was recorded for *Warhammer Age of Sigmar: Realms of Ruin* due to its lower-than-expected launch performance, which resulted in a total impairment charge of £16.9 million in FY24. In FY23, total impairment charges of £18.1 million were recorded against some of the games published under the Frontier Foundry games label and in respect to the *F1® Manager Franchise*. Amortisation charges in future financial years are expected to be lower as a result of these one-off impairment charges.

The restructuring charge from the Organisational Review in FY24 totalled £1.4 million (there was no charge in FY23), with redundancy costs making up the majority of the cost.

SALE OF ROLLERCOASTER TYCOON 3 PUBLISHING RIGHTS

The publishing rights for *RollerCoaster Tycoon 3* (RCT3), a game developed by Frontier and released in 2004, returned to Frontier in 2018 under the original development agreement. Since then, Frontier has been publishing the game on PC, Mac, iOS and Nintendo Switch. On 15 March 2024, Frontier sold the publishing rights for RCT3 to Atari Inc (Atari) to enable Atari to become the sole publisher of all major titles within the *RollerCoaster Tycoon Franchise*. Total consideration for the sale of the publishing rights was agreed at US\$7.0 million, comprising US\$4.0 million of upfront cash and US\$3.0 million of deferred cash consideration. A gain on sale of the publishing rights of £4.9 million, representing the upfront consideration received in the period and the discounted net present value of future consideration, has been recorded in other operating income in the consolidated income statement. No value had been attributed to the publishing agreement on the consolidated statement of financial position prior to the transfer.

FINANCIAL PERFORMANCE

Adjusted EBITDA*, which reflects cash profitability with game development costs expensed as they are incurred, was a profit of £0.9 million in FY24 (FY23: loss of £4.6 million), which was generated on £15.3 million lower revenue than in FY23. The £5.5 million year-on-year increase was achieved through the strong trading performance in the second half of FY24, annual operating costs being reduced by approximately 20% through the Organisational Review that completed in March 2024, and the £4.9 million gain on sale of RCT3 publishing rights in March 2024. H2 FY24 was profitable, excluding the gain from the sale of the RCT3 publishing rights.

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

Performance in FY24 as reported under IFRS was an operating loss of £28.4 million (FY23: £26.6 million). The losses in both years included the impact of impairment charges, which were higher in FY23, with FY24 seeing an adverse impact from a lower level of cost capitalisation and restructuring costs, but benefitting from lower amortisation charges.

TAX

The enhanced tax deductions on expenditures from tax credit schemes, together with tax adjustments for prior periods, generated a corporation tax credit of £7.0 million in the consolidated income statement in FY24 (FY23: £5.6 million).

We continue to benefit strongly from UK and Canadian tax incentive schemes, specifically Video Games Tax Relief (VGTR), R&D tax credits, Patent Box, the Manitoba Interactive Digital Media Tax Credit and the Canada SR&ED Program. We receive enhanced corporate tax deductions on certain expenditures under these tax credit schemes, which help to reduce taxable profits.

LOSS AFTER TAX AND EARNINGS PER SHARE

Loss after tax for FY24 was £21.5 million (FY23: £20.9 million) and the basic loss per share was 55.6p (FY23: 53.6p).

CASH POSITION AND CASHFLOW

We remain well capitalised, with £29.5 million of cash at 31 May 2024 (31 May 2023: £28.3 million) and £28.5 million at 31 August 2024. Frontier has no debt. The increase in cash during FY24 reflected a strong trading performance in the second half of FY24, cost reductions from the Organisational Review, the sale of RCT3 publishing rights and receipt of tax credits of £9.2 million covering two years' worth of tax returns (FY22 and FY23).



FINANCIAL REVIEW CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FY24 saw some significant changes in Frontier's consolidated statement of financial position, with net assets decreasing by £19.1 million overall, including through a £21.3 million reduction in intangible assets which resulted from impairment charges of £16.9 million for *Warhammer Age of Sigmar: Realms of Ruin* and amortisation charges of £31.0 million exceeding costs capitalised (intangible asset additions) of £26.5 million.

Intangible assets include game developments, game technology, third-party software and IP licences, and the overall asset value reduced to £35.7 million at 31 May 2024 (31 May 2023: £57.0 million).

Other non-tax assets at 31 May 2024 included £7.0 million of goodwill related to the acquisition of Complex Games Inc. in November 2022 (31 May 2023 £7.2 million), property, plant, and equipment of £4.7 million (31 May 2023: £5.7 million), right-of-use assets totalling £19.7 million (31 May 2023: £17.9 million) and trade and other receivables of £13.6 million (31 May 2023: £15.6 million).

Right-of-use assets relate to the lease of our headquarters in Cambridge and a small studio occupied by our Complex Games team in Winnipeg, Canada. A similar figure (the difference related to timing of actual rental payments) of £21.3 million at 31 May 2024 (31 May 2023: £19.3 million) is reported in lease liabilities and is split between current and non-current liabilities.

The majority of the value of trade and other receivables relates to gross revenue due from digital distribution partners. The year-on-year £2.0 million decrease primarily relates to a receivable recognised in May 2023 in respect to *Jurassic World Evolution 2* entering PlayStation Plus subscription service and cash being received in June 2023, as well as lower prepayments and other debtors as a result of cost reductions undertaken during the year.

Total liabilities of £40.6 million at 31 May 2024 (31 May 2023: £45.0 million) reduced by £4.4 million during FY24, with the significant movement relating to the net effect of a reduction in trade and other payables of £6.6 million and an increase in lease liabilities of £2.0 million following an increase in the underlying rent of the two studios during the year. The decrease in trade and other payables resulted from the cost reductions undertaken during H2, from the lower revenue related accruals and through the final payment of the deferred consideration in respect to the acquisition of Complex Games Inc.

The current tax asset balance at 31 May 2024 of £7.2 million relates to the FY24 draft tax returns, including VGTR claims, with receipt expected during FY25. The balance at 31 May 2023 of £9.4 million related to two years' worth of tax returns (FY22 and FY23), with the cash receipts for these returns both being received during FY24.

Our tax arrangements concerning income streams under VGTR and Patent Box enhancements can be complex, and at 31 May 2024 there was insufficient certainty concerning the utilisation of other tax losses to create any other deferred tax assets related to accumulated losses. Our total unrecognised tax losses as at 31 May 2024 were £109.5 million (31 May 2023: £80.2 million).

ALEX BEVIS CHIEF FINANCIAL OFFICER

10 September 2024



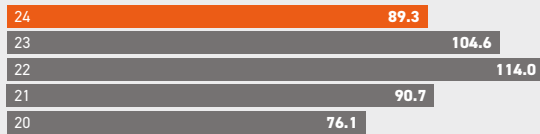


KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

Revenue (£m)

£89.3m



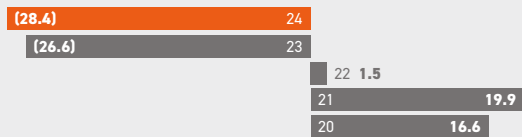
EBITDA (£m)

£26.8m



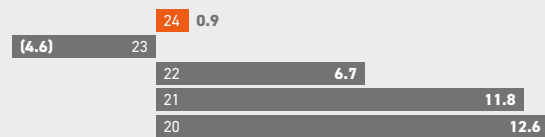
IFRS operating (loss)/profit (£m)

(£28.4m)



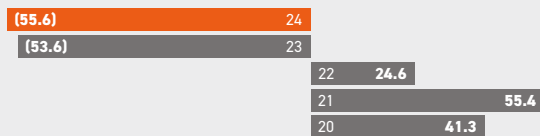
Adjusted EBITDA* (£m)

£0.9m



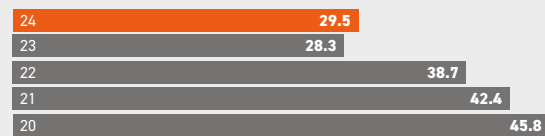
EPS (basic) (p)

(55.6p)



Cash balance (£m)

£29.5m



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





KEY PERFORMANCE INDICATORS – NON-STATUTORY MEASURES

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 – we have published and provided commentary on our financial performance measurements, derived from non-statutory calculations. We believe these supplementary measures, when read in conjunction with the measures derived directly from statutory financial reporting, provide a better understanding of our 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 our case, EBITDA does not provide a clear picture of our 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 2024 £'000	12 months to 31 May 2023 £'000
Operating loss	(28,413)	(26,580)
Restructuring costs	1,405	–
Depreciation and amortisation	36,892	41,438
Impairment of other intangible assets	16,930	18,117
EBITDA	26,814	32,975

ADJUSTED EBITDA

Our Adjusted EBITDA measure, in our view, provides a better representation of 'cash profit' than EBITDA. We define Adjusted EBITDA as earnings before interest, tax, depreciation, amortisation and impairment charges related to game developments and game technology, less investments in game developments and game technology, and excluding restructuring costs, share-based payment charges and other non-cash items. This effectively provides the cash profit figure that would have been achieved if we 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 2024 £'000	12 months to 31 May 2023 £'000
Operating loss	(28,413)	(26,580)
Add back non-cash intangible asset amortisation charges for game developments and game technology	30,965	34,490
Add back non-cash intangible asset impairment charges	16,930	18,117
Deduct capitalised investment costs in game developments and game technology	(26,520)	(37,632)
Add back non-cash depreciation charges	3,782	3,909
Deduct non-cash movements in unrealised exchange gains on forward contracts	(37)	(239)
Add back non-cash share-based payment expenses	2,778	3,340
Add back restructuring costs	1,405	–
Adjusted EBITDA profit/(loss)	890	(4,595)



OUR BUSINESS MODEL AND PORTFOLIO STRATEGY

OUR BUSINESS MODEL

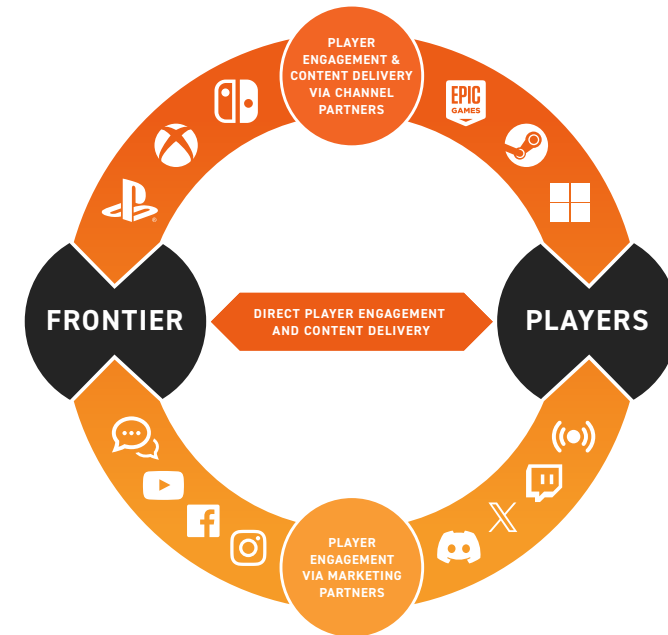
Our business model covers two main goals. Firstly, to create engaging, genre-leading interactive digital entertainment – our games. Secondly, to publish our games to our target player audiences, delivering attractive financial returns on our investments over many years. Operating successfully in this model delivers for all three of our key stakeholder groups: our players; our people; and our shareholders.

CREATING OUR CONTENT

- We focus on games with strong franchise potential, primarily on PC and console. Audiences on these platforms tend to value games that exhibit Frontier's key development strengths of creating deep, immersive and high-fidelity games.
- We invest in the creation of our games, and supporting PDLC, using our world-class team, supplemented by our outsource partners.
- 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.
- In order to maximise the return on our core skills and assets, we target game genres where we have established expertise within our teams and/or intellectual property. Above all, our CMS genre is our strongest and where we are most experienced.
- We use online channels to create and engage with player communities during game development. This practice provides a valuable source of feedback. 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

- Our publishing division consists of several strong multi-disciplinary teams covering commercial, marketing, PR, community, and influencer management, as well as a full service in-house creative team.
- We bring our content to market through strong data-driven 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 throughout the entire product lifecycle.
- Our dedicated publishing team monitors progress based on sentiment towards the games, the success of each of the distribution channels and platforms, and the uptake of additional content, both free and paid, allowing us to reach the widest possible audience over time.
- Free content is a valuable tool that we use to help retain and restore existing audiences and support sentiment. Paid content helps to monetise the game but also brings in new players as the 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. We continue to look for opportunities to tailor our price to a level more appropriate to each local economy.



SUPPORTING OUR SUCCESS

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

OUR EXPERIENCE

We use our experience, gained from a track record in the games industry over three decades, to inform our decision making and create games that build on our world-class expertise.

OUR PEOPLE

Our extensive team of people brings extraordinary talent, which is instrumental in ensuring that we make and deliver 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 ONGOING EVOLUTION AND INNOVATION

Our industry is constantly changing. Our performance and adaptability to date position us well to continue to thrive in the ever-changing games sector.



OUR BUSINESS MODEL AND PORTFOLIO STRATEGY CONTINUED

OUR PORTFOLIO STRATEGY

Our strategy for long-term, sustainable success within our chosen business model incorporates four key elements: Select, Develop, Launch & Nurture:



SELECT

We seek out opportunities to create immersive games in proven but under-served markets, with a focus on genres and themes 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, such as through *Jurassic World Evolution* (June 2018) and its sequel *Jurassic World Evolution 2* (November 2021), and by introducing new platform editions including *Planet Coaster: Console Edition* (November 2020) and *Planet Zoo: Console Edition* (March 2024).



DEVELOP

We start our development projects with a relatively small team of people – focusing on scoping, analysing and planning. This is essential to determine 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 employees contributing to a project, often supported by additional resources from outsourced partners.



LAUNCH

As we progress towards release, our publishing team will create 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

Following our 'Launch' goal, which is to achieve genre-leading status, our 'Nurture' goal is to then maintain that status for an extended period, measured in years. This is achieved through engaging existing players with new content and community support, and by reaching more and more players over time to continuously grow our game communities.

REFINING OUR PORTFOLIO STRATEGY

As highlighted during 2023, the move to diversify our game portfolio over the last few years, including through third-party publishing and entering new genres, did not deliver the anticipated success. As a result, we refined our strategy in FY24 to refocus on CMS games, an area in which we are considered an industry leader, in order to leverage experience from our most successful titles and deliver more predictable returns.

We now have three CMS games scheduled for release over the next three consecutive financial years: *Planet Coaster 2* is scheduled for release in autumn 2024 (FY25); another *Jurassic World* game, confirmed on 9 May 2024, is scheduled for release in FY26; and a third unannounced CMS game is planned for release in FY27.

As well as nurturing and developing our CMS portfolio, we continue to support *Elite Dangerous*, *Warhammer 40,000: Chaos Gate - Daemonhunters*, and our *F1® Manager Franchise*. Additionally, the Complex Games team at our Winnipeg Studio, Canada, are working on a new game for release in a future financial year.

REVIEWING OUR ORGANISATIONAL OPERATIONS

During FY24, alongside reviewing our portfolio strategy, we also undertook an Organisational Review to refocus, reset and reshape Frontier to deliver on the updated strategic plan more efficiently, return the Company to cash profit and create a sustainable foundation for the future. The cost reduction elements of the review were completed by March 2024, with the targeted 20% reduction of annual operating costs fully effective from the start of FY25.



OUR BUSINESS MODEL AND PORTFOLIO STRATEGY CONTINUED

CASE STUDY

OUR BUSINESS MODEL AND PORTFOLIO STRATEGY IN ACTION – PLANET COASTER

Back in 2014, as *Elite Dangerous* was nearing its release, Frontier considered many options for its next game. After a thorough selection process, a roller coaster management game, *Planet Coaster*, was chosen. Frontier already had a wealth of expertise in that genre during its work-for-hire period, including the highly successful *RollerCoaster Tycoon 3 (RCT3)*, released in November 2004. The proven market audience for a coaster management game was enticing, especially as there had not been a strong new entrant in that space for well over ten years.

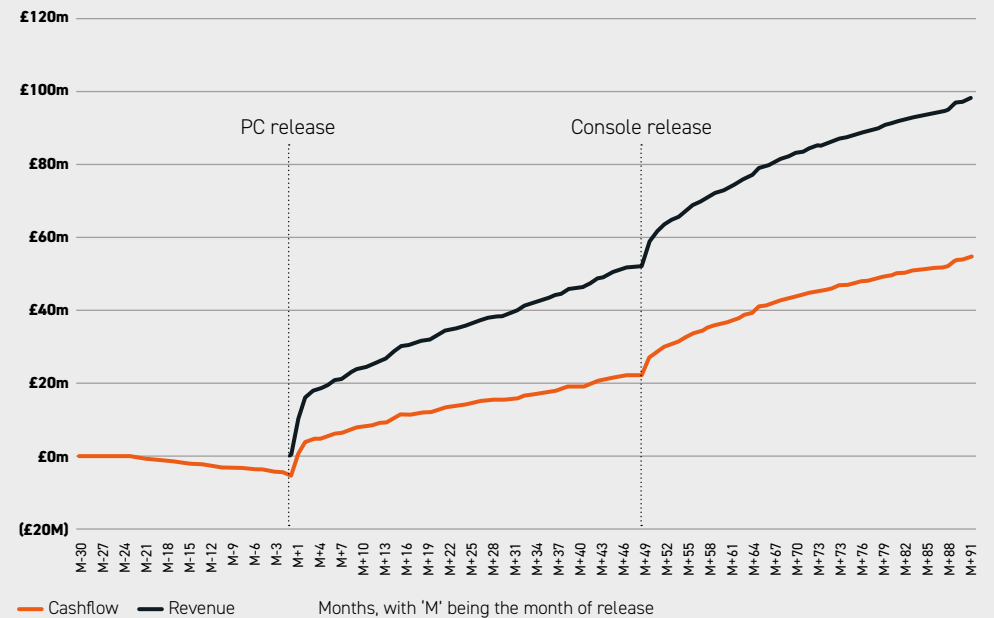
Frontier started work during early 2015, and in March 2016 *Planet Coaster* was revealed to the world as a spiritual successor to RCT3. It landed on PC in November 2016 with positive responses from players and critics. During the first nine months, Frontier focused on delivering enhancements and upgrades to the base game. Following that, new paid downloadable content (PDLC) started to be developed through theme-based packs. Over time, these packs became increasingly popular with players, often being delivered alongside free updates to the base game.

At the start of 2019, Frontier started to develop a console version of the game to meet the growing demand from the console-playing audience. In November 2020, Frontier successfully brought the ultimate coaster park management game to players on PlayStation and Xbox through *Planet Coaster: Console Edition*. Over its life of nearly eight years, *Planet Coaster* has sold over 6 million base game units across PC, PlayStation and Xbox (excluding subscription deals), generating a total revenue of almost £100 million, with almost one-quarter of the revenue coming from 11 PDLC packs on PC and seven across consoles.

In July 2024, Frontier announced the long-anticipated sequel, *Planet Coaster 2*, which is planned to take over the baton as the world's leading coaster management game. *Planet Coaster 2* is scheduled for release in autumn 2024 on PC, PlayStation and Xbox.



Cumulative revenue and cumulative cashflow
(revenue less all development, distribution and marketing costs)





OUR PEOPLE

REBUILDING OUR ENGAGING CULTURE

Everyone at Frontier is key to the Company's success. We are aware of the pressures on our people, especially during the Organisational Review, and how the health of our Company and the wellbeing of individuals are closely tied.

We are committed to making Frontier a place where people can thrive, with a culture where we are all ambitious, collaborative, accountable and do the right thing. This means we support our people to work smarter, focusing on what matters most to improve efficiencies.

A focus on Diversity, Inclusion and Equity is key to supporting our inclusive culture. We support employee-led Advocacy Groups to enable a platform for feedback and awareness building.

Sharing our success and recognising and rewarding our people equitably continues to be an important

part of our culture. In April 2024, we introduced a new initiative that provided all employees with the opportunity to be a shareholder within the Company.

Effective communication and collaboration are core areas of focus across the Company; we provide opportunities to come together socially through employee events and continue to 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 at the forefront of the global entertainment industry.





OUR PEOPLE STRATEGY

FOSTERING CREATIVITY, ADAPTABILITY AND LEADERSHIP

We encourage our teams to bring creative and critical thinking to their roles, to remain adaptable and always be prepared for change and to be effective, inspirational leaders to pave the way for the next generation of leadership. Our people are critical to us achieving continued success.

After a period of change in the Organisational Review, our people strategy has been reshaped to focus on five key areas that are reflective of our current goals for the future. These have been guided by direct feedback from our employees through our annual Staff Survey, which we are pleased to say has sustained a high response rate, despite the team reshaping.

ENGAGEMENT

We strive to engage our people and encourage them to connect with Frontier, reinforcing the belief that they are a valued part of our team who are key to our success. In addition to the annual Staff Survey, we have introduced employee groups dedicated to giving feedback directly to the Executive team, which will help us shape and enhance our employee experience. We continue to invest in social activities and events which drive networking and socialising. We also engage and connect with our people to include and inform them about our games in development.

MANAGEMENT AND LEADERSHIP

Our leaders and managers play a crucial role in helping their teams to thrive. Our aim is to develop managers and leaders to grow their skills, behaviours and mindsets to achieve this. We want them to inspire, identify and develop the next generation of leaders which, in turn, will support the productivity, engagement and innovation of our people.

PERFORMANCE AND DEVELOPMENT

As an inclusive, diverse, 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. Supporting effective performance management maximises the value that employees can bring, preparing them for career growth and progression, and ensuring everyone's goals are aligned with our Company objectives.

REWARD AND RECOGNITION

We offer flexible, sustainable and fair rewards and have recognition mechanisms to help us identify outstanding skills and behaviours. We will continue to reward people for their individual achievements while ensuring that everyone is able to share in Frontier's success.

RETENTION AND TALENT

Talent acquisition is now focused on remaining sustainable and cautious, with a strong emphasis on finding the desired experience, skills and behaviours to achieve our strategic aims. We will continue to nurture our people by making conscious efforts to retain our talented team through boosting engagement, supporting development, offering rewards and recognising excellence.



We believe that authentic games last a lifetime and, in order for us to continue making creative, innovative games, we need to engage, support and invest in our people."

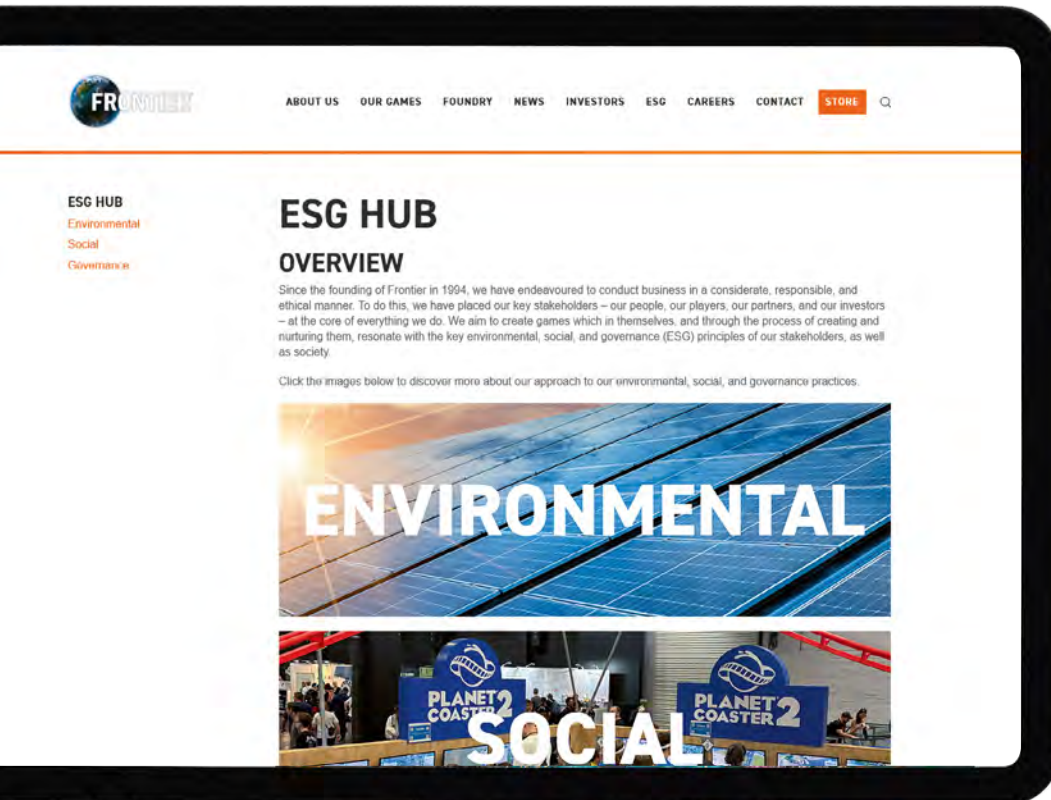
[CAREERS.FRONTIER.CO.UK](https://careers.frontier.co.uk)



OUR IMPACT - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

A SUSTAINABLE, CONSIDERATE APPROACH

We have 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 an industry leader 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

Our ESG hub is a dedicated section of our website which consolidates all of our ESG information in one place. It enables our investors, our partners, our players, our people and the public 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.

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 for our ESG processes, as well as improve communications of our progress through ESG reporting. Any new initiatives will be reviewed periodically to ensure we continue to evolve with new data and protect and strengthen our alignment with stakeholder values.

ESG IN THIS ANNUAL REPORT

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)
[PAGE 34](#)
GREENHOUSE GAS EMISSIONS STATEMENT
[PAGE 35](#)
OUR BUSINESS MODEL AND PORTFOLIO STRATEGY
[PAGE 15](#)
OUR PEOPLE
[PAGE 17](#)
OUR MANAGEMENT OF RISK
[PAGE 20](#)
OUR CORPORATE GOVERNANCE
[PAGE 37](#)




PRINCIPAL RISKS AND UNCERTAINTIES

OUR STRATEGY RESET HAS REDUCED OUR RISK PROFILE

Frontier has established policies and procedures to identify, evaluate and manage risks at appropriate business levels. A comprehensive risk register is maintained, covering project, operational, financial, compliance and strategic risks. The dynamic risk assessment process includes emerging and established risks, with each risk monitored and updated as necessary. A rating system assesses the likelihood and impact of risks, alongside the effectiveness of mitigating controls in place.



Each project and relevant department maintain its own risk register, typically reviewed on a monthly basis. The key risks are escalated to the Corporate Risk Register, which is reviewed quarterly by the executive Risk Committee, and any material changes are escalated to the Executive Board. Additionally, a full report on internal controls and assurances alongside the principal risks is submitted to the Board on an annual basis.

Our recent refocus of our business strategy has significantly reduced our risk profile. Following a period of diversification of game genres and business models, we are now focused on developing and publishing games in proven genres where we have expertise, while continuing to maximise the value from our portfolio of established released games.

The industry has seen consistent growth in the number of titles released year-on-year, outstripping the increase in players and creating a very congested and competitive landscape. This makes it increasingly difficult for individual titles to be commercially successful. The **Market Competition and Disruption** risk is therefore shown as increased.

PROJECT, OPERATIONAL AND DEPARTMENT

RISK LEAD

Tactical risk lists related to a specific area of the business



CORPORATE RISK REGISTER

RISK COMMITTEE

Key risks escalated to Executive Committee for assessment in the wider business context



PRINCIPAL RISKS

BOARD

Principal areas of risk faced by the business



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED



brand. This provides a very strong base from which to nurture long-tail support through free and paid content, community support, and audience broadening, ultimately delivering year-on-year revenue performance from each franchise.

To execute this strategy, the right skills and experience across all departments are necessary. Ensuring the ability to recruit, engage, develop and retain employees remains critical to meet our strategic ambitions, and despite then having consolidated our structure and not looking for significant growth in the short term, the **People and Teams** risk remains static due to continued competition for talent in the market.



Selecting the right balance and cadence of games, platforms and partners, as well as maximising how we strategically apply our skills, experience, IP and technology, is critical to maintaining a reliable portfolio of titles that provide adequate robustness in changing market conditions and player trends. The **Portfolio Strategy** risk is primarily that of underperformance at release, and has been significantly mitigated based on our proven historical success and belief that our current pipeline of CMS-led games is our strongest yet.

The **Game Release Pipeline** risk is concerned with ensuring our games are delivered on time, within budget and are of high quality. We expect them to receive strong critic and player reviews, with broad audience awareness and ultimately excite our target audience to drive sales and build loyalty within the

We work closely with a reasonably limited pool of service providers and partners, be that co-development services, gaming platforms, sales platforms and IP partners. The **Key Partner Relations** risk covers the importance of maintaining strong working relationships with these partners.

The various **Regulatory and Reputational** risks remain largely unchanged. We continue to monitor the changing regulatory landscape and ensure internal policies and procedures are in place to mitigate potential reputational damage. We promote responsible games and gaming practices and have zero tolerance for any form of toxicity in our gaming communities.

The next category of risks relates to outside influences, namely **Economic and Geopolitical, Climate Risk and Sustainability and Cybersecurity**. We continue to review and manage these risk areas carefully, to ensure we remain informed of all regulatory and legislative requirements, have mitigation and contingency plans for events beyond our control and are demonstrating best practice in managing these risks.

The final risk, which we have introduced this year, is **Financial Management** following the cost reductions undertaken and increased focus on return on investment.

Our 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 strategic reset and refocus demonstrate our effective decision making and proactive approach to reducing risk. Our people are at the heart of executing our plans efficiently and effectively, preparing us for future success."







PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk area	Description	Mitigation
<p>MARKET COMPETITION AND DISRUPTION</p> 	<p>MARKET COMPETITION There continues to be strong competition for player attention, both from direct competitors but also overall player gaming hours due to the number of games released annually. Without the ability to cut through the crowd and gain enough visibility and desirability to players, sales suffer.</p> <hr/> <p>TECHNICAL ADVANCEMENTS The gaming sector is heavily reliant on technology, primarily through ever-increasing gameplay complexity and visual fidelity driven by advancing PC platform technical capabilities and new consoles.</p> <hr/> <p>DISRUPTIVE PLATFORMS AND TECHNOLOGIES The Group operates in a fast-moving industry where new market trends or disruptive technology may emerge which reduce its ability to compete and execute its business plan.</p>	<p>Our refocused strategy on consistently reliable titles and genres allows us to focus our experience on providing games that players know will provide them the experience they are looking for, as well as the comfort that through post-release support, the game will continue to be updated, refreshed and receive new content. In this way, we continue to build and retain a strong fan base for our brands.</p> <p>Frontier games occupy a specific market segment where we are able to leverage the scale of our Studio and teams to produce and support genre-leading games without requiring AAA development budgets. Our commercial results enable us to maintain strong platform partner relationships and secure important marketing and featuring directly on key sales platforms and channels.</p> <hr/> <p>Investing in its own COBRA technology allows the Group to continue to innovate, while providing technical independence from reliance on third-party game engines. We have managed the transition from Gen 8 to Gen 9 consoles while continuing to advance the capability of our COBRA engine. We believe mitigation of this risk is demonstrated through our track record of diverse games.</p> <hr/> <p>The Group continuously monitors potential new technologies to ensure we remain in line with our competitors, taking a balanced view on the benefits and potentially negative consequences that could damage or disrupt our internal development.</p> <p>The Group works closely with a variety of platform partners to maintain reliable routes to market and remain responsive to new sales channels and models.</p> <p>Frontier has taken a pragmatic approach to AI, seeking to minimise any IP or ownership disputes and align with partner contractual requirements, while taking advantage of the benefits it has to offer where appropriate.</p>
<p>PORTFOLIO STRATEGY</p> 	<p>PORTFOLIO SELECTION AND GROWTH Risks around the portfolio strategy relate to the potential selection of titles that the Group struggles to develop and launch effectively, as well as having either too narrow or too broad a portfolio.</p> <p>Lacking an appropriate balance of titles, experience of genres and schedule of releases, the Group may find it hard to manage shifting market trends or an underperforming title, and hence be unable to manage and fund its expansion effectively.</p> <hr/> <p>VALUE PROPOSITION AND PLAYER LOYALTY The risk of failing to analyse and react to the changing player landscape and releasing a title that fails to resonate with players, be that due to the game itself, perceived lack of value proposition, or inability to engage player loyalty through effective long-tail support and nurturing of the game, could lead to significantly reduced revenues.</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>The Group has significantly reduced its risk appetite for diversification, and as well as focusing purely on self-developed titles, is looking to maximise returns on franchises with solid historical performance, with a strong focus on the CMS space.</p> <p>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 and greenlighting 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.</p> <hr/> <p>Early and continuous market analysis is built into our selection and development process to ensure maximum alignment of our games with player expectations.</p> <p>Our games provide multiple ways to play and offer endless gameplay. Post-release additional content keeps the games fresh, which, together with competitive pricing, means that players receive great value in the number of hours of gameplay our games provide.</p>





PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk area	Description	Mitigation
<p>GAME RELEASE PIPELINE</p> 	<p>DEVELOPMENT RISK Game development is complex, requiring careful planning, coordination, execution and constant re-evaluation across multiple technical and creative disciplines. Risks include games being over budget, late, poor quality or simply not engaging player interest.</p> <hr/> <p>LAUNCH RISK Each new game launch risks a negative reception or limited visibility in the market, which can lead to a reduction in revenue, lower margins, and reduced cashflows, ultimately risking impairment of capitalised development costs.</p> <hr/> <p>NURTURE RISK Failing to support players, communities and evangelists through launch and post-launch periods to build support and provide additional content can result in lowered engagement and awareness, waning player interest and ultimately lost revenue.</p>	<p>Frontier has a strong track record over 30 years of making the correct project decisions and executing effectively and efficiently on those projects.</p> <p>A renewed focus on internally developed titles means greater control of the development process, costs and timescales.</p> <p>We have increased the regularity and level of oversight on project development progress and costs as well as audience and marketing analysis and alignment to enable teams to remain focused on the core vision and goals and how we best fulfil player expectations.</p> <hr/> <p>Early and continuous assessment of target audience ensures that when we first announce a product, it is received well. Go-to-market plans are developed to maximise impact at launch and engage the most appropriate influencers and partners to spread the excitement and visibility of our games.</p> <p>Targeted digital marketing campaigns and synchronous releases across PC and console platforms maximises ROI for marketing spend.</p> <p>Robust Quality Assurance (QA) processes extrapolate the quality that will be delivered at launch, allowing an assessment of the expected public reception to the game experience.</p> <hr/> <p>Post-release roadmap includes planning for features, content and quality-of-life improvements to be delivered based on extensive learnings from previous similar games.</p> <p>We use multiple ways to engage and grow our gaming communities, including our own social media and community teams, ongoing fresh content and support, influencer outreach and platform partner activity and promotions.</p> <p>Price promotions add more players as the title ages and the value proposition changes to match different consumer purchase patterns.</p>
<p>PEOPLE AND TEAMS</p> 	<p>HIGH-PERFORMING TEAMS, RETENTION AND RECRUITMENT The skills and experience that we need for success remain in high demand, both within the games industry and in adjacent technology and entertainment sectors.</p> <p>Multiple factors can lead to the risk of miscommunication, lowered productivity and ultimately disengagement and loss of employees, including: failing to maintain strong communication networks within teams and across the business, and especially for onboarding new starters; inadequately mentoring and developing employees at multiple levels; not maintaining Company culture and cohesion; and flexible working expectations vs practicalities.</p> <p>If key members of staff do decide to leave, it is important that succession plans are in place to ensure that knowledge and skills are not lost.</p>	<p>This risk has seen the greatest increase initially from the disruption and change created by the coronavirus pandemic, and more recently from the commercial difficulties in the wider games industry, and specifically the restructure and redundancies the Group has had to make.</p> <p>We believe that our attractive project portfolio and friendly working environment makes Frontier a place where talented people want to build their careers. Our annual Staff Survey, which we introduced four years ago, continues to be an important way for us to listen and take appropriate action based on feedback provided by our people.</p> <p>We continue to work hard on internal Company communications, including through Company messaging and interactive internal livestream broadcasts, more frequent leadership team meetings and cascaded communications and the promotion of both in-person and digital social events.</p> <p>Salaries are benchmarked across the industry to ensure we remain competitive and a profit related bonus scheme is paid annually to all employees. All employees are able to participate in share option plans, and our senior people typically receive an annual award of share options. As part of our 2024 remuneration plan, all members of the Company were also provided with equity.</p> <p>Our dedicated HR team continues to work closely with our people managers to provide support and guidance and we are extending succession planning to 'Head of' level in Q1 2025.</p> <p>The Group remains a visa sponsorship license holder with the ability to provide skilled worker visa sponsorship for candidates and their families where necessary. However, the Home Office has significantly increased these costs over recent years, including for visa renewals, which has added to our recruitment costs. We offer generous relocation allowances and, where appropriate, provide people with the services of a Cambridge relocation specialist.</p>



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk area	Description	Mitigation
PEOPLE AND TEAMS CONTINUED	HEALTHY AND PRODUCTIVE WORKING ENVIRONMENT Risk factors affecting health and wellbeing, and ultimately negatively impacting our teams' creativity and commitment, include the inability to work effectively together, unsustainable stress, poor working conditions, including discrimination, harassment or exclusion and the inability to raise work-related concerns.	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 employees adapt. 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. Frontier has, among others, stress, equality and harassment policies that are created to ensure that everyone is treated fairly and with respect, and that measures are taken through the grievance procedure in the event of any shortcomings so that the risk of discrimination is minimised.
	KEY PARTNER RELATIONS  CO-DEVELOPMENT PARTNER RISK The risks include capacity or cost limitations, receiving an inferior result from the business partner, or the partner ceasing to be available. The actions of suppliers and partners have a direct impact on Frontier's reputation if they do not act in a sustainable manner, as this entails risks that are social and/or business ethical. Furthermore, unsustainable actions by a supplier or partner can affect their employees and the societies in which the supplier or partner operates in a negative way.	We enhance the capacity of our internal teams through the use of outsourcing partners. This enables us to manage the fluctuating capacity needs as projects pass through different development phases, as well as source key skill sets. Dedicated employees work closely with our partners to negotiate, specify, integrate and maintain quality. Frontier seeks to work with established high-quality partners with a solid industry reputation. We carry out appropriate due diligence checks on suppliers and partners, as well as ensuring suitable levels of insurance and liability cover are in place. In 2023, we have implemented our Supplier Code of Conduct, which we require all suppliers to adhere to.
	DIGITAL PLATFORMS Sales are largely conducted through a few digital platforms. If any key platform owner was forced to take down its platform, it could in the short term lead to a loss of income and a longer interruption could affect the Group's financial position and results. Additionally, a significant change of business model on that platform would directly affect sales of our titles.	While the number of sales and distribution platforms is limited, they are well established within the industry, and have provided a reliable route to market for many years. Should any disruption occur, we would expect it to be rectified quickly, and sales to only be temporarily delayed rather than lost. Our commercial team works closely with all platform partners to understand market trends, best practice sales discounts and promotions as well as negotiate platform deals.
CYBERSECURITY  IP PARTNERS The Group works with a small number of world-class third-party IP partners and there is risk should any breakdown in these partnerships occur.	We work very closely with a small number of high-profile IP partners to maintain strong working relationships through regular and open communication. We ensure third-party IP is used responsibly and under appropriate license, and our in-house legal team works closely with the game teams to support them and our partners.	
FIRST-PARTY CYBER The ongoing threat of cyber-attacks and data security breaches continues to be a concern to the organisation and could cause a significant impact to business operations and reputation. Social engineering, credential theft, software vulnerabilities and theft, disclosure or destruction of data, as well as the introduction of AI continue to elevate risk.	Our Information and Cybersecurity programme focuses on people, process and technology to ensure we are continually improving our cyber defence strategies, and enhancing our resilience to cyber-attacks to prevent unauthorised access to our information systems and the data of our customers, consumers and employees. We continue to assess the cyber risk of the organisation on a regular basis to ensure we're aligning Company strategies and following industry recommendations and best practices to help better protect our information systems, detect threats and respond to and recover from incidents.	
THIRD-PARTY CYBER Security failings in our supply and sales chain, including our partners, as well as other global or market events also enhance our cyber risk.	Despite our best efforts, there remains a risk that threat actors continue to find new tactics, techniques and procedures (TTPs) to gain access and remain undetected for a prolonged period of time, and we may be unable to anticipate these techniques or implement adequate preventative measures in time.	

KEY TO CHANGE IN RISKS



Increase



Decrease



No change



New risk





PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk area	Description	Mitigation
ECONOMIC AND GEOPOLITICAL 	ECONOMIC CONDITIONS Rising inflation and cost of living have both a direct impact on our overhead costs as well as an indirect impact on employees' income. Worldwide rises in costs also have a significant impact on overall disposable income, and hence greater competition for players to spend on our games.	The Group offers competitive remuneration packages and regularly undertakes pay reviews where inflation and other factors are taken into consideration. While our games are less exposed as premium paid titles, it is clear that price sensitivity has never been higher and ensuring that our games represent great value for money is something that we must continue to monitor closely.
	CURRENCY RISK The Group is exposed to widespread macro economic, currency and inflationary risks. 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).	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.
	GEOPOLITICAL FACTORS Geopolitical influences affect trade relations and embargoed territories can affect global sales figures.	Trading globally exposes Frontier to regulatory and geopolitical risks over which it has little forewarning and no influence. The best mitigation for this risk remains that we trade across multiple territories.
CLIMATE RISK AND SUSTAINABILITY 	PHYSICAL CLIMATE RISK Adverse impacts of climate change could include physical risks (e.g. flooding) that may cause damage and business disruption, extreme weather impact on supply chains, global warming affecting human activity, mass emigration and global economic output.	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 offices being the only material physical asset. Physical risks are further mitigated by a geographically diverse workforce and the ability to work remotely, should the central office be inaccessible.
	TRANSITIONAL RISK Transitional risks in managing the shift to a low-carbon economy while ensuring the investment/expenditure to manage the transition remains viable include increased regulation, increases in energy prices, changing consumer behaviour and increases to the cost of equipment and services.	We are continuing to measure and reduce carbon use to minimise impact. We produce and sell over 99% of our content digitally and 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. Furthermore, the Company tries to minimise travel for business in favour of digital meetings, extend the lifetime of equipment, reduce paper handling and work with suppliers who also have a focus on sustainability.
	REPUTATIONAL RISK In addition, the failure of the Group to respond effectively to increasing stakeholder and societal expectations for companies to respond to climate change with action to reduce the environmental impact of their operations may result in reputational damage and the failure to attract and retain talent.	The Group is committed to investigating and reporting on climate-related risks and opportunities in adherence to internationally accepted recommendations, such as those published by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) see pages 34 to 35. We continually look for ways to decrease carbon usage through direct energy usage reduction, recycling and reduction in waste. Further information can be found in the ESG hub of our website at www.frontier.co.uk/esg-hub .



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk area	Description	Mitigation
REGULATORY AND REPUTATIONAL 	REGULATORY COMPLIANCE Trading globally exposes Frontier to regulatory and geopolitical risks over which it has little forewarning and no influence. Failure to comply with applicable laws and regulations can lead to fines as well as loss of confidence from key stakeholders. Developments in areas such as climate change are likely to lead to increased regulation and policy that may affect the Group's operations.	Long-term success and growth require the Group to act in a business ethical way, maintaining positive relationships with all its stakeholders. Frontier continuously monitors regulatory developments and ensures that the Company complies with all applicable laws and regulations in the jurisdictions in which we operate.
	REPUTATION RISK Risk arising from breaches of good practice or our legal obligations, which could damage the good reputation of the Company. Risk of corruption and fraud leading to deteriorating or terminating relationships and decisions that are not business centric.	Processes are in place to ensure all third-party IP is licensed correctly (including appropriate use of generative AI tools) as well as ensuring that the Company and third-party information is kept confidential. We have implemented policies, guidance and procedures for ensuring compliance with anti-bribery and anti-modern slavery legislation. All expenses and purchases must be approved by the relevant person's manager or budget holder and by the finance department. The Company has a whistleblower system to increase the probability to notice and address actions that are not business ethical. In the past year, no whistleblowing events were raised.
	RESPONSIBLE GAMING Risk of being seen to be acting in a negative way towards any of our stakeholders, be that our players, employees, partners, shareholders or the wider public. Inappropriate levels of gaming can lead to addiction and reduced wellbeing for players, as well as a negative impact on day-to-day life. Toxic behaviour creates an unhealthy and excluding environment around the Company's games. This leads to fewer people taking part in the Company's important player communities, games losing popularity and ultimately loss of revenue. Toxic behaviour on engagement channels also risks affecting the wellbeing of both employees and players.	Frontier produces premium games with post-release high-value PDLC, typically on a quarterly cadence. Our games are non-controversial, socially responsible and aim to build cohesive player communities for the enjoyment of everyone. We do not aggressively monetise players or use microtransactions that encourage addictive behaviours; rather, we aim to provide what is seen as good long-term value to players. Frontier has zero tolerance for all forms of toxic behaviour and has Community Management teams as well as terms of use to counteract offensive posts. The Company also offers employees training in social media and player contact. Frontier has a Code of Conduct for players and our Customer Support teams are constantly monitoring player behaviour and reports, with escalating levels of options for handling toxic behaviour, including full bans if necessary.
FINANCIAL MANAGEMENT 	Management of our internal financial operations, including cashflow management, internal controls and effective policies and processes to ensure strong cost control across the business.	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. We provide appropriate resources and attention on external opportunities to develop our game portfolio and business. Focus remains on building and maintaining strong partner relationships to enable the Group to secure subscription deals and other commercial opportunities. The Group undertook an Organisational Review during FY24 that resulted in a 20% reduction in annual operating costs and eliminated all discretionary spend. During the review, tighter cost controls were implemented, for instance approval levels being reduced in all areas of the Group and an increased emphasis being placed on return on investment on all spend. Further information on financial risk assessment can be found in the Auditor's Report on pages 44 to 50.

This Strategic Report was approved by the Board of Directors and signed on behalf of the Board.

ALEX BEVIS
CHIEF FINANCIAL OFFICER
 10 September 2024

KEY TO CHANGE IN RISKS  Increase  Decrease  No change  New risk



SECTION 172 STATEMENT

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 added a 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 Act 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 2024.

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 14 to 16 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, employees, shareholders and business partners and also acknowledges that there is a wider responsibility to the community in which the Company operates. Our culture and employee welfare is a particular focus for the Company and pages 17 and 18 display our people strategy 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 29. Our business partners share in our continued success, as explained in our business model and portfolio strategy on pages 14 to 16. We set out on page 40 our approach to social responsibility to the local community.





SECTION 172 STATEMENT CONTINUED

HOW WE ENGAGE WITH OUR STAKEHOLDERS

The Directors take the views of our stakeholders into account when making important, long-term decisions. Our strategy of long-term sustainable growth is described on pages 14 to 16 and our current and future portfolio of games is set out on pages 04 and 05. 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 monthly livestreams called Frontier Unlocked, developing creative, engaging new ways 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 as 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

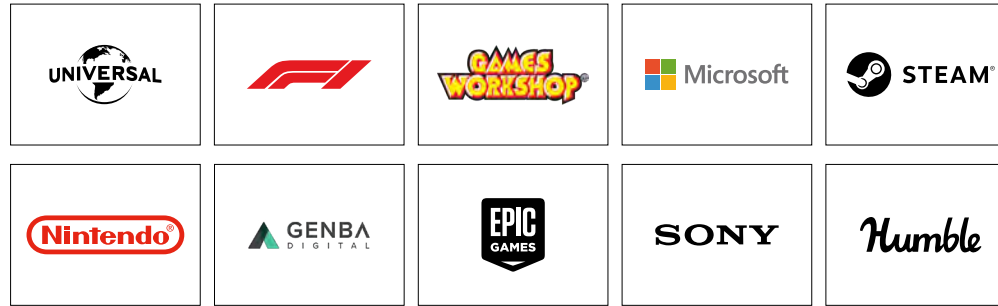
- Employee engagement is one of our major focus areas which has grown over the last few years. We have built a communication and engagement strategy to drive connectivity, networking and alignment on our projects and the Company overall. This strategy includes the use of our Microsoft Teams channels for news and social posts, as well as for more formal communications. We also use internal livestreams to broadcast Company updates and game news internally.
- Our internal events have significantly increased in frequency and scale, including our regular Studio Social events, major game celebrations and two annual parties: our Summer Party and Winter Party.
- We foster an environment of connection through supporting employee-led activity groups with interests such as sports, life drawing, board games and more.
- Staff engagement surveys are conducted annually 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.
- This year, we have introduced two new employee groups to provide feedback on both employee experience and social activities.
- All employees 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.



SECTION 172 STATEMENT CONTINUED



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



OUR BUSINESS PARTNERS

- 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 17 and 18.
- Share options are rewarded to senior employees 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.

- 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 FY24, 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*, *F1® Manager 2023*, and *F1® Manager 2024*), 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 Chairman, CEO and CFO through one-to-one meetings and investor conferences.



BOARD OF DIRECTORS

AN EXPERIENCED TEAM



DAVID BRABEN
PRESIDENT AND FOUNDER

Committees: Nominations



JONNY WATTS
CHIEF EXECUTIVE OFFICER

Committees: Nominations



ALEX BEVIS
CHIEF FINANCIAL OFFICER



JAMES DIXON
CHIEF OPERATING OFFICER



ILSE HOWLING
NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Committees: Audit, Nominations, Remuneration



LESLIE-ANN REED
NON-EXECUTIVE AND
SENIOR INDEPENDENT DIRECTOR

Committees: Audit (Chair), Nominations, Remuneration



DAVID WALSH
NON-EXECUTIVE DIRECTOR

Committees: Audit, Nominations (Chair),
Remuneration (Chair)



JAMES MITCHELL
NON-EXECUTIVE DIRECTOR

ALL DIRECTORS' BIOGRAPHIES CAN BE FOUND AT:
[WWW.FRONTIER.CO.UK/INVESTORS/DIRECTOR-BIOGRAPHIES-AND-COMMITTEES](https://www.frontier.co.uk/investors/director-biographies-and-committees)



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2024

The Directors present their report for the Group and Company together with the financial statements for the year to 31 May 2024. The financial statements are prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (IFRSs).

BUSINESS REVIEW

A review of the Group's development performance and future development is provided in the Strategic Report (see pages 01 to 29). Information on the financial risk management strategy is given within that report and in note 25 to the financial statements.

GOING CONCERN

The Group and Company's forecasts and projections, taking account of current cash resources and reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period to 30 September 2025. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements.

The Group's day-to-day working capital requirements are expected to be met through the cash and cash equivalent resources (including treasury deposits) at the balance sheet date of 31 May 2024 of £29.5 million along with expected cash inflows from current business activities. Cash and cash equivalent resources (including treasury deposits) at 31 August 2024 were £28.5 million. The Annual Budget approved by the Board of Directors, which has been used to assess going concern, reflects assessments of current and future market conditions and the impact this may have on cash resources.

The Group has also performed stress testing on the Annual Budget in respect of potential downside scenarios to identify the break point of current cash resources and to identify when current liquidity resources may fall short of requirements.

The scenarios both consider a reduction in predicted revenues; however, the reduction would need to be severe in order to prevent the Group from continuing as a going concern and is considered to be highly unlikely to occur. The Group has also identified mitigating actions that could be reasonably taken, if required, to offset the reduction of cash inflows, to enable it to continue its operations for the period to 30 September 2025. Consideration has also been made over the impairment charges (as disclosed in note 10); however, given these are accounting charges as opposed to cash outflows, these do not materially change the forecasts for going concern purposes. The forecasts reflect the latest expectation of revenues across all key titles, including those which were subject to impairment in FY24.

The sensitivities included in the stress testing include a significant reduction of revenue for the Group from both the existing portfolio and future game launches, including factoring in delays to major game launches.

As expected, the scenarios resulted in an accelerated use of current cash resources; however, in all scenarios tested the current cash resources were sufficient to support the Group's activities. This is due to a variety of factors:

- the Group currently has significant cash reserves to maintain the current level of operations;
- the development and publishing of titles has progressed as expected; and
- should a more extreme downside scenario occur, the Group could take further mitigating actions by reducing discretionary spend.

Having considered all the above, including the current strong cash position, no current impact on debtor recoverability and the continued strong trading performance for the Group, the Directors are satisfied that there are sufficient resources to continue operations for the period to 30 September 2025. The financial statements for the year ended 31 May 2024 are therefore prepared under the going concern basis.

SHARE ISSUES

Details of shares issued during the year are included in note 20 to the financial statements. The Company has one class of Ordinary Shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company, except for shares held by the Employee Benefit Trust (EBT) that are not eligible to vote under the Trust deed.

DIRECTORS' REMUNERATION, SHARE OPTIONS AND SHAREHOLDINGS

Details of Directors' remuneration and share options are provided within the Remuneration Report and are in addition to the interests in shares shown below.

The Directors who held office on 31 May 2024 and their holdings, including direct family holdings where applicable, in the Ordinary Shares of the Company at that date were as follows:

Name	Holding at 31 May 2023	2023 %	Acquired in the financial year*	Sold in the financial year	Holding at 31 May 2024	2024 %
David Braben	12,899,953	32.7	—	—	12,899,953	32.7
Jonny Watts	30,000	0.1	18,984	—	48,984	0.1
Alex Bevis	27,000	0.1	23,000	—	50,000	0.1
James Dixon	31,180	0.1	—	—	31,180	0.1
Ilse Howling	1,006	—	—	—	1,006	—
James Mitchell	120,044	0.3	265,000	—	385,044	1.0
David Walsh	—	—	—	—	—	—
Leslie-Ann Reed	—	—	20,032	—	20,032	0.1
Total	13,109,183	33.3	327,016	—	13,436,199	34.1

* Including shares acquired through option exercises.

DETAILS REGARDING DIRECTORS' EQUITY TRANSACTIONS ARE INCLUDED IN THE REMUNERATION REPORT ON PAGE 43



REPORT OF THE DIRECTORS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors have prepared the Group and Company financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (IFRSs). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Group and Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable IFRSs have been followed, subject to any material departures disclosed and explained in the Group and Company's financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' INDEMNITY ARRANGEMENTS

During the year, the Company purchased Directors' and Officers' liability insurance in respect of itself and its Directors.

INTELLECTUAL PROPERTY AND RESEARCH AND DEVELOPMENT

The Group actively protects its intellectual property via trademark and patent registrations. While the Directors consider these to be of significant value, the costs associated with registrations are expensed.

The Group invests significant resources into the development of game assets and in research and development tools. Costs that meet the criteria for capitalisation are included in other intangible assets (see note 10 of the financial statements). The Group's adjusted research and development costs to support its strategy was £45.0 million in the year (FY23: £51.1 million).





REPORT OF THE DIRECTORS CONTINUED FOR THE YEAR ENDED 31 MAY 2024



DIVIDEND

The Directors are not recommending the payment of a dividend (FY23: £nil).

EMPLOYEE INVOLVEMENT

The Group seeks to encourage and promote an agile, open, fair and meritocratic culture of engagement, achievement and fun.

The Group is committed to the principle of equal opportunities in employment. Its aim is to ensure that no job applicant or employee receives less favourable treatment or is placed at a disadvantage by requirements or conditions that cannot be shown to be justifiable and thereby promote equality of opportunity for employment within the Group on grounds such as sex, disability, marital status, religion, colour, race, nationality, ethnic or national grounds, age or sexual orientation.

The Group's policies and procedures are created and administered in such a way that they do not tolerate or foster such discrimination. The Group has employee groups that meet regularly and feeds back to the Executive team and relevant departments.

The Group encourages employee involvement in the Group's performance by using a bonus scheme for all staff. In addition, it seeks to issue share options at relevant times or to utilise other equity plans where appropriate.

EMPLOYMENT POLICIES

The Group is committed to following UK employment law for its Cambridge-based operations, Canadian employment law for its Winnipeg-based operations and applicable labour codes for its US operations based in Nevada.

Where possible, the Group strives for similar employment and benefit arrangements between territories.

HEALTH AND SAFETY AND ENVIRONMENT

The aim of the Directors is to provide healthy, safe and congenial working conditions, equipment and systems of work for all employees.

The Directors further intend to provide sufficient information, training and supervision to enable employees to do their work safely, effectively and without risk to themselves or to others. We acknowledge that we are responsible for the safety of visitors, both professional and social, who enter the premises.

Frontier recognises its duty to comply and operate within the requirements of statutory environmental legislation and is committed to minimising the environmental impacts of its business operations. The Directors of the Group will support this policy with this commitment in mind.



REPORT OF THE DIRECTORS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) is an industry-led group which helps investors understand their financial exposure to climate risk and works with companies to disclose this information in a clear and consistent way. Frontier supports the aims and principles of the TCFD and has provided the appropriate information in its 2024 Annual Report. In meeting the requirements of Listing Rule 9.8.6 R, the Board has concluded that we comply with all recommended disclosures.

Disclosures	Recommended disclosures	Response
A. GOVERNANCE		
Disclose the organisation's governance around climate-related risks and opportunities.	1. Describe the Board's oversight of climate-related risks and opportunities.	The Frontier Developments plc Board of Directors reviews key climate-related risks and opportunities and oversees mitigation strategies as part of an annual review of Frontier's principal and emerging risks. James Dixon, Frontier's Chief Operating Officer, has specific Board member responsibility for ESG matters, including climate change and sustainability.
	2. Describe management's role in assessing and managing climate-related risks and opportunities.	We have a Risk Committee that reviews ESG topics regularly, feeding into the Board's annual review process. The Risk Committee meets on a quarterly basis to ensure that climate-related risks are properly managed and that opportunities are continually identified to reduce the Group's carbon footprint. See frontier.co.uk/esg-hub .
B. STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Risks: due to the nature of the business and our digitally focused business model, we do not anticipate any significant climate-related risks that would have a material financial impact on the Group over the short, medium and long term. Opportunities: almost all of our content is delivered digitally, with only 0.7% of our games in FY24 (FY23: 5.0%) being distributed on physical discs, which is much lower than many publishers in our industry. We already operate an energy-efficient building with a flexible hybrid working model, reducing our energy footprint and the number of commuting journeys taken by our people. We continue to seek out opportunities to reduce our impact on the environment.
	4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	No significant climate-related risks have been identified that have a material impact on the Group's business, strategy and financial planning.
	5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Group's current business model and strategy remains resilient when considered against different climate-related scenarios.



REPORT OF THE DIRECTORS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

Disclosures	Recommended disclosures	Response
C. RISK MANAGEMENT		
Disclose how the organisation identifies, assesses and manages climate-related risks.	6. Describe the organisation's processes for identifying and assessing climate-related risks.	<p>The Group has a Risk Committee that ensures appropriate processes are in place for identifying, evaluating and managing the principal risks, which could have an impact upon the Group's financial performance. Climate change has been disclosed as an emerging risk in recent years and was escalated to a principal risk in 2022.</p> <p>The Risk Committee and Board has considered the potential impact of regulatory change that could occur in the short to medium term and is satisfied that material changes would not be required to business processes due to the nature of the business.</p>
	7. Describe the organisation's processes for managing climate-related risks.	See previous – A. Governance – Frontier has introduced a new structure, including a formal Risk Committee, to identify climate-related risks to be reported to the Board annually, including making decisions to mitigate, transfer, accept or control those risks.
	8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	As part of the Group's risk management, within the detailed corporate risk register, climate-related risks are determined alongside other principal risk areas, e.g. market competition and disruption, portfolio strategy and people and teams. The assessment is quantified via a likelihood/impact matrix to determine the overall net risk after mitigation.
D. METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>Metrics:</p> <ul style="list-style-type: none"> • Scope 1 and Scope 2 emissions – certificated by an independent third party; • electricity sourced from renewable only providers; and • BREEAM Excellent rating of Frontier's studio. <p>See frontier.co.uk/esg-hub.</p>
	10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>GHG emissions are disclosed as per the SECR requirements.</p> <p>An assessment has been carried out for Scope 3 emissions, which fall under the materiality threshold.</p> <p>See GHG/SECR disclosure on page 35 and frontier.co.uk/esg-hub.</p>
	11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>Frontier has committed to short-term targets:</p> <ul style="list-style-type: none"> • maintain third-party accredited carbon footprint certification; • to continue to source 100% of electricity that has been sustainably generated from green and renewable sources; and • zero waste to landfill.

FRONTIER DEVELOPMENTS PLC – GREENHOUSE GAS EMISSIONS STATEMENT

This greenhouse gas (GHG) emissions statement has been calculated using an operational control approach as described in the Greenhouse Gas Protocol (revised edition, 2004).

Since April 2018, Frontier has occupied a new, energy-efficient studio on the Cambridge Science Park, which has a BREEAM Excellent rating and an EPC rating of B. There are solar PV panels installed on the roof providing renewable electricity in addition to that purchased from the grid. The building is metered and monitored by a Building Management System (BMS) which minimises the use of electricity through power saving facilities, operating equipment efficiently and alerting the Facilities Management team of any abnormalities in range values. Further energy savings are employed through the use of high-efficiency VRF heating and cooling systems, high-efficiency water heaters and high-efficiency LED lighting and photocell dimming in the studio.

Although Frontier has good energy efficiency, measures are always taken, where possible, to increase energy efficiency further. Signage has been placed in meeting rooms to remind employees to keep the temperature at around 22°C. Energy compliance audits are carried out periodically under the Energy Savings Opportunity Scheme (ESOS), alongside the landlord and the wider aims of Cambridge Science Park.



REPORT OF THE DIRECTORS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

FRONTIER DEVELOPMENTS PLC – GREENHOUSE GAS EMISSIONS STATEMENT CONTINUED

CARBON FOOTPRINT

For FY24, we partnered with PlanetMark (www.planetmark.com) to certify our carbon emission data.

Scope 1 emissions refer to emissions from activities owned or controlled by Frontier that release emissions into the atmosphere. This includes direct emissions from air conditioning and refrigeration units and our gas usage. Actual and estimated data has been collected from direct meter readings, meter readings included on supplier invoices and service reports provided by suppliers. No air conditioning nor refrigeration leakage has been found in any of the units in FY24.

Scope 2 emissions refer to indirect emissions from the consumption of purchased electricity from facilities owned or under the operational control of Frontier. Actual and estimated data has been collected from direct meter readings and meter readings included on supplier invoices. In FY24, we have measured these emissions using the market-based emissions approach, which is based on net energy consumed after adjusting for energy supplied into the grid from Frontier's solar panels. This change in approach resulted in a significant reported reduction in tCO₂e from FY23, which had been calculated based on energy consumed without netting out energy supplied. Scope 2 emissions reported in FY24 under the previous approach would have been 321 tCO₂e, which would have represented a 4% decrease from FY23.

Scope 3 emissions are emissions that are as a consequence of Frontier's actions, but the source is not owned or controlled, and that are not classed as Scope 2 emissions. This includes emissions from business travel in rental or employee-owned vehicles where Frontier is responsible for purchasing the fuel.

ASSESSMENT PARAMETERS

Baseline year	1 June 2019 to 31 May 2020
Consolidation approach	Operational control
Boundary summary	All entities and all facilities under operational control included subject to the materiality threshold applied
Consistency with the financial statements	The only variation is that leased properties deemed to be under operational control have been included in Scope 1 and 2 emissions
Materiality threshold	Materiality has been set at Group level at 5%*
Assessment methodology	Greenhouse Gas Protocol
Intensity ratio	Emissions per employee

* The total of any excluded emission sources is estimated to be less than 5% of the Group's total reported emissions.

GHG emissions source	Consumption used to calculate emissions			Consumption used to calculate emissions		
	kWh	tCO ₂ e	tCO ₂ e/employee	kWh	tCO ₂ e	tCO ₂ e/employee
Scope 1	32,619	6	0.01	29,320	5	0.01
Scope 2	1,579,555	201	0.26	1,616,805	335	0.37
Total		207	0.27		340	0.38

SUBSTANTIAL SHAREHOLDERS

On 31 July 2024, the following parties each held 3% or more of the issued share capital of Frontier Developments plc, based on notifications received by the Company of disclosable interests together with an analysis of the Company's share register as at that date. Therefore, this information might not necessarily reconcile with the latest notifications received by significant shareholders and announced via RNS.

Name	Shareholding	%
David Braben*	12,899,953	32.7
Tencent Holdings	3,386,252	8.6
Working Capital	3,334,063	8.4
Interactive Brokers	1,539,637	3.9

* Includes spouse and other direct family holdings.

AUDITOR

A resolution to re-appoint the Auditor will be proposed at the forthcoming Annual General Meeting. In accordance with normal practice, the Directors will be authorised to determine the Auditor's remuneration.

Approved by the Board of Directors and signed on behalf of the Board.

ALEX BEVIS

CHIEF FINANCIAL OFFICER

10 September 2024



CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MAY 2024

EFFECTIVE AND EFFICIENT GOVERNANCE

CHAIRMAN'S INTRODUCTION AND SUMMARY

Having stepped up to the role of Chairman in November 2023, it is my responsibility to ensure that the Company continues to apply appropriate corporate governance arrangements and, through regular review, that those arrangements are effective and efficient.

We take our governance responsibilities seriously and devote appropriate time and effort to ensure that Frontier is run on a responsible and considerate basis, with a focus on long-term sustainable success. As part of our approach to governance, we endeavour to take into account all of our key stakeholders and consider our influence within the games industry and our impact on wider society.

Frontier has followed the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Sized Companies (the 'QCA Code') since 2018, refining the Company's corporate governance arrangements in order to follow the ten principles of the QCA Code. In 2024, we have taken steps to further review and refine our alignment with the 2023 update to the QCA Code, against which the Company will report in FY25.

This Annual Report provides insights into the Company's ongoing engagement with the QCA Code, reflecting its dedication to maintaining high standards of corporate governance. Frontier's alignment with the QCA Code underscores our commitment to transparency, accountability and effective management, which are crucial to ensure effective engagement with shareholders and the wider stakeholder community, as well as supporting long-term success.



The table below sets out the ten principles of the QCA Code and provides direction to the relevant section(s) in this Annual Report.

QCA Code principle	Relevant section(s) of the Annual Report
1 A strategy and business model for long-term value creation	<ul style="list-style-type: none"> • CEO's Statement (pages 07-08) • Strategic Report (pages 01-29)
2 Understand and meet shareholder needs and expectations	<ul style="list-style-type: none"> • Investor relations – Corporate Governance Report (page 40) • S172 Statement (pages 27-29)
3 Understand and meet wider stakeholder needs and social responsibilities	<ul style="list-style-type: none"> • Strategy and business model – Strategic Report (pages 14-16) • Corporate culture and social responsibility – Corporate Governance Report (page 40) • Our people (page 17) • Our impact (page 19) • S172 Statement (pages 27-29)
4 Embedded risk management	<ul style="list-style-type: none"> • Strategy and business model – Strategic Report (pages 14-16) • Principal risks and uncertainties (pages 20-26) • Internal control and business risk – Corporate Governance Report (page 40)
5 A well-functioning and balanced Board	<ul style="list-style-type: none"> • Board of Directors (page 30) • Board overview – Corporate Governance Report (page 38)
6 Board experience, skills and capabilities	<ul style="list-style-type: none"> • Board of Directors (page 30) • Board overview – Corporate Governance Report (page 38)
7 Performance of the Board and continuous improvement	<ul style="list-style-type: none"> • Board overview – Corporate Governance Report (page 38)
8 Corporate culture based on ethical values and behaviours	<ul style="list-style-type: none"> • Corporate culture and social responsibility – Corporate Governance Report (page 40)
9 Effective governance structures which support good decision making	<ul style="list-style-type: none"> • Chairman's introduction and summary – Corporate Governance Report (page 37) • Board overview – Corporate Governance Report (page 38) • Board Committee reports – Corporate Governance Report (pages 38-39)
10 Communication of Company governance and performance	<ul style="list-style-type: none"> • Chairman's introduction and summary – Corporate Governance Report (page 37) • Board Committee reports – Corporate Governance Report (pages 38-39)



CORPORATE GOVERNANCE REPORT CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

BOARD OVERVIEW

The Board is responsible for the long-term growth and profitability of the Group. Among its responsibilities it works with management to set corporate values and to develop strategy, including deciding its risk management policy and financial objectives.

The schedule of matters reserved for the attention and resolution of the Board includes:

- overall business strategy;
- review of key operational and commercial matters;
- review of key finance matters including approval of financial plans, changes to capital structure, acquisitions and disposals of businesses, material capital expenditure and dividends;
- governance: Board membership and powers, including the appointment and removal of Board members, the set-up and delegation of matters to appropriate Committees and the reviewing of reporting back thereof;
- approval of interim and year end financial statements;
- stock exchange related issues including the approval of communications to the stock exchange and communications with shareholders in conjunction with any financial public relations firm;
- subsidiary Board appointments, as the 100% shareholder, and review of key decisions at their Board meetings;
- approval of acquisitions, disposals, borrowing facilities, premises and matters proposed by the corporate lawyer and nominated advisor and broker;
- appointment and performance review of key advisors; and
- approval of letters of recommendation for the Employee Benefit Trust (EBT) in respect of the operation of share option schemes.

The Board meets regularly during the year and the entire Board is invited to attend all meetings, with the Board meeting on ten occasions during FY24. Approximately half of the time at Board meetings is set aside for core strategic issues. At least two meetings a year have extended time allowed where the focus is predominantly on core strategic issues.

The Chairman and the Company Secretary plan the agenda for each Board meeting in consultation with all other Directors. The agenda is issued with supporting papers ahead of the Board meetings, along with appropriate information required to enable the Board to discharge its duties.

The composition of the Board of Directors is illustrated on page 30. The Board of Frontier Developments plc currently comprises eight Directors:

- four Non-Executive Directors – Ilse Howling, James Mitchell, Leslie-Ann Reed and David Walsh; and
- four Executive Directors – Jonny Watts (CEO), David Braben (President and Founder), Alex Bevis (CFO) and James Dixon (COO).

Our Board is supported by Jessica Bourne, General Counsel and Company Secretary.

As per the individual biographies, the Directors have a range of experience and provide a balance of skills, experience and knowledge to the Board.

The Board, led by the Chairman, regularly reviews the overall performance of the Board and makes adjustments to ensure the structure and focus of the Board meet the evolving requirements of the Group. In 2018, the Board established an annual formal Board assessment process based on a QCA structured questionnaire. As a result of these annual assessments, each year actions are taken to improve, refine and formalise certain Board processes and reports.

All Directors are subject to election at the first Annual General Meeting following their appointment and to re-election annually thereafter.

The Chairman and Chief Executive Officer have distinct roles; the principal responsibility of the Chairman is the effective operation of the Board of Directors, while the Chief Executive Officer is responsible for the operation of the Group to deliver on its strategic objectives.

The role of the Company Secretary is to ensure reliable and regular information flows to the Board and its Committees and to ensure applicable rules and regulations are followed. The Company Secretary is available to all Directors to provide advice and assistance and is responsible for providing governance advice to the Board.

BOARD COMMITTEES

The Committees report regularly to the Board on the performance of the activities they have been assigned.

AUDIT COMMITTEE

The Audit Committee comprises only Non-Executive Directors and its members are Leslie-Ann Reed (Committee Chair), David Walsh and Ilse Howling. The Committee is supported by Jessica Bourne (Company Secretary) and Alex Bevis (CFO).

The Audit Committee determines the terms of engagement of the Group's Auditor and, in consultation with the Auditor, the scope of the audit. It will receive and review reports from management and the Auditor relating to the interim and annual accounts as well as the accounting and internal control systems in use by the Group and Company. The Audit Committee has unrestricted access to the Group's Auditor.

The Audit Committee also reviews accounting and treasury policies, financial reporting including key performance indicators and supporting key areas of management judgements and corporate governance standards. The Audit Committee is open to attendance by any Director and reports its key issues at Board meetings.

In FY24, the Audit Committee met on three occasions and all meetings were attended by the external Auditor, Ernst & Young.

Key areas of activity

The significant issues considered by the Audit Committee during the year were as follows:

- revenue recognition, including in respect of deferred revenue recognition of *Planet Zoo: Console Edition* sales;
- accounting for the sale of *RollerCoaster Tycoon 3* publishing rights;
- impairment of capitalised development costs, including the impairment of *Warhammer Age of Sigmar: Realms of Ruin* intangible assets;
- accounting of restructuring costs in respect to the Organisational Review;
- going concern assessments;
- taxation, including focus on Video Games Tax Relief, Patent Box and RDEC; and
- share-based payments, including in respect to share options granted during FY24.

Other activities considered by the Audit Committee during the year were as follows:

- review of the Annual Report and Accounts and Interim Results;
- review of the external Auditor's findings from the prior year audit;
- environmental, social and governance matters;
- review of key accounting policies;
- internal control and risk management reviews;
- external audit performance review;
- IFRS 16 *Leases* accounting; and
- treasury policy, counterparty and foreign exchange risk review.



CORPORATE GOVERNANCE REPORT CONTINUED FOR THE YEAR ENDED 31 MAY 2024

REMUNERATION COMMITTEE

The Remuneration Committee comprises only Non-Executive Directors and its members are David Walsh (Committee Chair), Ilse Howling, and Leslie-Ann Reed. The Committee is supported by Jessica Bourne (Company Secretary), Alex Bevis (CFO) and Yvonne Dawes (Head of HR).

The Remuneration Committee reviews the scale and structure of the Executive Directors' future remuneration and the terms of the service agreements with due regard to the interests of shareholders. No Director is permitted to participate in discussions or decisions concerning their own remuneration. The Remuneration Committee also approves annual salary review limits, bonus schemes and payment limits, in addition to significant employee benefits, such as pensions, medical insurance and share option schemes.

In FY24, the Remuneration Committee met on five occasions.

Key areas of activity

The key areas of activity considered by the Remuneration Committee during the year were as follows:

- review of Directors' remuneration against benchmark data;
- annual salary review, including the challenges in respect to inflation;
- review of staff benefits through employee surveys and benchmarking;
- extensive review of equity schemes, including CSOP, LTIP and Sharesave, including the grant of share options to all staff employed by the Group during the year; and
- bonus scheme assessment, outcomes and implementation.

NOMINATIONS COMMITTEE

The Nominations Committee comprises David Walsh (Committee Chair), Ilse Howling, Leslie-Ann Reed, David Braben and Jonny Watts (appointed in December 2023).

The Committee is supported by Jessica Bourne (Company Secretary).

The Nominations Committee reviews the constituents of the Board and its Committees to ensure appropriate balanced representation.

In FY24, the Nominations Committee met on one occasion.

Key areas of activity

The key areas of activity considered by the Nominations Committee during the year were as follows:

- Board composition and the assessment of the need for further Non-Executives;
- overview of the Organisational Review undertaken during the year; and
- review of senior positions required to strengthen the organisation and succession planning.

ATTENDANCE AT MEETINGS DURING THE YEAR

Director	Board	Committees		
		Audit	Remuneration	Nominations
David Braben	10/10	—	—	1/1
Jonny Watts	10/10	—	—	—
Alex Bevis	10/10	—	—	—
James Dixon	10/10	—	—	—
Ilse Howling	10/10	3/3	5/5	1/1
David Walsh	10/10	3/3	5/5	1/1
James Mitchell	10/10	—	—	—
Leslie-Ann Reed	10/10	3/3	5/5	1/1
David Wilton*	5/5	1/1	3/3	1/1

* David Wilton retired from the Board on 27 November 2023.



CORPORATE GOVERNANCE REPORT CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

AUDITOR INDEPENDENCE

The Group's external Auditor is Ernst & Young LLP, which has served the Group from the 31 May 2020 year end to date. The external audit function provides independent review and audit. It is the responsibility of the Audit Committee to review and monitor the external Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements as well as developing and implementing policy on the engagement of the external Auditor to supply non-audit services.

The Audit Committee monitors procedures to ensure the rotation of external audit partners every five years and audit managers every seven years. The current audit partner is Anup Sodhi, and this is his fifth year with the Group. There are no non-audit services and the audit fees are set out in note 6.

SENIOR MANAGEMENT AND GROUP FUNCTIONS

Frontier's senior management is involved in multiple functions within the Group.

It is responsible for reviewing the overall organisational structure of the Group, as well as refining and implementing the recruitment and retention programme in order to identify and hire the right candidates as required in addition to retaining existing staff members.

INTERNAL CONTROL AND ASSESSMENT OF BUSINESS RISK

The systems for internal control and risk management processes are designed to manage and mitigate risks that may impact achievement of the Group's strategic objectives. Such systems can only provide a reasonable but not absolute level of assurance against material misstatement or loss.

Project and departmental risks are assessed and presented at weekly progress meetings.

Strategic risks are regularly reviewed by the Board and a Corporate Risk Register is maintained.

The Group's overall risk assessment process is facilitated by the Chief Operating Officer, who runs weekly operational progress meetings and holds and appraises the Corporate Risk Register with the Executive Directors at least once a year. A further review is then undertaken with senior management and the Corporate Risk Register itself is updated for the Executive team to consider.

Once the review has concluded, the revised Corporate Risk Register is presented to the Audit Committee, which assesses the updated register and confirms the key risks. A proposal for updating the risks reported in the Annual Report is then drawn up; the Audit Committee will then take its recommendations to the Board on key risks and the reporting thereof.

CONTROL ENVIRONMENT AND INTERNAL AUDIT

The Group has established operating procedures appropriate to its size and structure for reporting both financial and non-financial information to the Board. These include, but are not limited to:

- operating guidelines and procedures with approval limits;
- accounting policies, controls and procedures;
- performance monitoring systems updated monthly for review at Board meetings; and
- regulatory and legal changes that may materially impact on the business.

Due to the Executive Directors' close involvement in business activities, the Group does not currently believe that an internal audit function is necessary. The Audit Committee considers the need annually and will advise the Board as and when it feels this position is required.

INVESTOR RELATIONS

The Group places considerable importance on communication with shareholders and maintains regular contact with both current and potential shareholders through investor roadshows linked to annual and interim results, investor conferences and ad-hoc meetings and conference calls. In addition to externally located meetings, the Group also hosts investors for on-site meetings. Investor relations activity is led by the CFO and meetings are typically presented by the CEO and CFO. The Chairman regularly meets with investors as required and the other Directors also participate in investor activity.

Investor relations activities have continued largely as before, with phone or video meetings complementing face-to-face meetings.

The Group's website has a dedicated investor page which contains the latest information including the most recent results presentation.

www.frontier.co.uk/investors

CORPORATE CULTURE AND SOCIAL RESPONSIBILITY

The Group operates in the competitive, technically challenging and highly creative games industry. Successful projects in this constantly evolving industry require a clear and ambitious creative vision, keen awareness of customer preferences and habits, very high attention to detail, world-class multi-disciplinary ability and effective project management skills.

These characteristics have defined the culture of the Group and the Board and we believe that our inclusive, meritocratic high-performance culture supports the ambitious vision for the Group that we have established.

The Board considers that Frontier's four key stakeholder groups are its people, its players, its shareholders and its business partners. In addition, it acknowledges the Group's responsibilities to the local community in which it has major operations, principally Cambridge, and the wider video games industry. The Group participates in local and national events that promote the video games industry and computer science, as well as establishing relationships with students in partner universities by contributing to courses and mentoring projects. The Group continues to recruit graduates and takes its responsibility seriously to support and mentor its recruits. The Group has also supported charitable activities, including donations to plant trees through the National Trust. Our President and Founder, David Braben, helps with the promotion of computer science in the UK. David is one of the founders of the Raspberry Pi Foundation, Vice President of SpecialEffect (a charity which puts the fun and inclusion back into the lives of people with physical disabilities by helping them play video games) and a champion of education in computer science at all levels.



CORPORATE GOVERNANCE REPORT CONTINUED FOR THE YEAR ENDED 31 MAY 2024

ANNUAL GENERAL MEETING

The AGM will be held at:

The Trinity Centre
24 Science Park
Milton Road
Cambridge
CB4 0FN

On: 30 October 2024

At: 9.30am (GMT)

The Company's Annual General Meeting (AGM) affords shareholders the opportunity to question the Chairman and the Board.

All voting at the meeting will be conducted on a poll where every shareholder present in person or via proxy will have one vote per share held. The Group will convey the results of the poll via RNS following the AGM.

Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to the Company Secretary, Jessica Bourne, Frontier Developments plc, 26 Cambridge Science Park, Milton Road, Cambridge CB4 0FP, UK, or via email to ir@frontier.co.uk.

DETAILS OF RESOLUTIONS TO BE PROPOSED AT THE MEETING ARE SET OUT IN THE NOTICE OF ANNUAL GENERAL MEETING ON PAGES 85 TO 89

Notice of the AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 21 days before the AGM via post.





REMUNERATION REPORT FOR THE YEAR ENDED 31 MAY 2024

As Frontier Developments is an AIM-listed company, it is not required to disclose all the information included in this Remuneration Report. However, in the interests of transparency, the Board has chosen to provide the following details as a voluntary disclosure.

The Auditor is not required and has not, except where indicated, audited the information included in the Remuneration Report.

The Remuneration Committee is responsible to the Board for developing remuneration policy. The Report of the Remuneration Committee has been approved by the Board of Directors for submission for shareholders' approval at the Annual General Meeting.

REMUNERATION COMMITTEE TERMS OF REFERENCE

The Remuneration Committee comprises three Non-Executive Directors of the Group: David Walsh (Committee Chair), Ilse Howling and Leslie-Ann Reed. The Committee is supported by Jessica Bourne (Company Secretary), Alex Bevis (CFO) and Yvonne Dawes (Head of HR). The Remuneration Committee meets at least twice a year.

The Remuneration Committee is responsible for the following functions:

- setting of remuneration for Directors and officers, including pay, annual cash bonuses and long-term incentive arrangements;
- approval of the overall increase for annual pay and bonus levels for all other staff;
- approval of share option plans or arrangements;
- setting of overall share option issues;
- approval of any significant employee benefit arrangements; and
- reviewing the Committee's terms of reference and submitting to the Board for subsequent approval.

REMUNERATION POLICY

Our remuneration strategy is to ensure that:

- everyone has a package that is fair and appropriate for their role;
- people are rewarded for their individual achievements;
- everyone is able to share in Frontier's success; and
- irrespective of gender or race, people performing equal work are paid equally.

The Remuneration Committee reviews the remuneration arrangements for the Executive Directors on an annual basis to ensure that the packages are consistent with the Group's strategic objectives and that they align with the best interests of shareholders. The annual review includes benchmarking analysis against other AIM companies.

COMPONENTS OF EXECUTIVE DIRECTORS' REMUNERATION OVERVIEW

The objective of the remuneration policy described above is to establish and maintain arrangements and individual packages which attract, retain and motivate the talent necessary to support the Group's strategy. The Committee believes it is important to achieve an appropriate balance between fixed elements of remuneration and performance related elements, with a particular focus on the latter given the Group's aspirations to deliver better financial performance and sustainable long-term growth through its renewed CMS-focused strategy.

Directors and staff are all encouraged to acquire shares in the Company and to hold these shares for the long term. This participatory element is an important aspect of the Group's culture and its focus on long-term performance.

SERVICE CONTRACTS

In accordance with general market practice, each of the Executive Directors has a rolling service contract. The following table shows the date of the service contract for each Executive Director in post during FY24:

Executive Director	Position	Date of appointment	Date of service agreement	Notice period
Jonny Watts	Chief Executive Officer	1 July 2013	8 July 2013	Six months
David Braben	President and Founder	1 July 2013	8 July 2013	Six months
Alex Bevis	Chief Financial Officer	1 April 2017	3 October 2016	Six months
James Dixon	Chief Operating Officer	10 August 2022	5 August 2022	Six months

BASE SALARY

The Committee reviewed the salaries of the Executive Directors in August 2023 as part of the Company-wide annual pay adjustment process. The Committee concluded that the base salaries for the Executive Directors were broadly in line with AIM benchmarking analysis and that, given the Group's disappointing financial performance in FY23, it was not appropriate to consider salary increases. Following the Organisational Review announced in October 2023 to reshape Frontier and reduce operating costs by 20%, the Executive Directors elected to reduce their base salaries by 20% effective from 1 November 2023. The Committee reviewed the reduced salaries of the Executive Directors in August 2024 as part of the Company-wide annual pay adjustment process and concluded that it was not appropriate to consider salary increases given the Group's disappointing financial performance in FY24. The salaries of the four Executive Directors as at 1 September 2024, having been effective from 1 November 2023, are therefore as follows:

Name	Position	Base salary
Jonny Watts	Chief Executive Officer	£320,000
David Braben	President and Founder	£248,000
Alex Bevis	Chief Financial Officer	£248,000
James Dixon	Chief Operating Officer	£184,800

ANNUAL BONUS

Since its foundation in 1994, Frontier has endeavoured to allow all of its staff to share in the success that they help to deliver, through the application of an annual profit-share-based bonus scheme.

Due to financial underperformance in FY23, the minimum threshold conditions for a bonus payment in September 2023 were not satisfied. However, in recognition of everyone's efforts during FY23, the Remuneration Committee approved a payment of £500 in September 2023 to each employee, excluding the Executive Directors.



REMUNERATION REPORT CONTINUED FOR THE YEAR ENDED 31 MAY 2024

Modest employee bonus payments were processed in September 2024 for the financial performance recorded in FY24, which was characterised by a disappointing first half of the financial year and a strong recovery in the second half, including through the impact of cost reductions. The average employee bonus was approximately £600 and Executive Directors did not participate in the September 2024 bonus payments.

Due to financial underperformance in FY22, FY23 and FY24, the Executive Directors have not been awarded a bonus since September 2021, which was payable for the financial performance achieved in FY21.

The bonus scheme for FY25, which applies to all staff including the Executive Directors, was approved by the Remuneration Committee in March 2024, with bonus outcomes dependent on the Group's ability to deliver positive cash profit in FY25 (as measured by Adjusted EBITDA), with a proportion based on salary and a proportion based on individual performance. Payment for the FY25 bonus scheme is due in September 2025 based on performance in the year to 31 May 2025.

EQUITY AWARDS

No share options were granted to all Executive Directors during FY24, with the focus for equity grants being for all other people employed by the Group to allow everyone to have a stake in Frontier's future. In April 2024, the Group granted 500 share options to all staff under its Long Term Incentive Plan (LTIP), with further awards to managers and senior staff under its Company Share Option Plan (CSOP). The exercise price of the options under the LTIP is the nominal value of the Ordinary Shares, being 0.5p each, and the exercise price of the options under the CSOP are at market value on the date of grant. The options have a vesting period of two and three years respectively, with the only vesting condition being that the option holder is employed at the date of vest. The Executive Directors did not participate in any of the awards made in FY24.

PENSION CONTRIBUTIONS, MEDICAL INSURANCE AND OTHER BENEFITS

All four Executive Directors have opted out of Company pension arrangements and their annual salary was previously increased in recognition of these decisions at the date of opt-out.

All four Executive Directors participate in other all-staff benefit arrangements.

From 1 October 2017, the basic life cover was three times annual salary and additional units above this amount can be purchased through salary sacrifice arrangements and one Director opted into this.

From 1 October 2017, basic health cash plan cover commenced for all employees including Executive Directors. Additional cover above this amount can be purchased through payroll deductions and two Directors opted into this.

From August 2014, medical insurance including family cover was offered to all employees including Executive Directors and all Executive Directors have opted to take up these arrangements.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of Non-Executive Directors is determined by the Board and reflects their anticipated time commitment to fulfil their duties.

The Non-Executive Directors' remuneration is subject to the same principles of the remuneration policy for the Group and the same transitional phase of alignment to median market rates was undertaken. The letters of appointment of Non-Executive Directors can be terminated with six months' notice for the Chairman and three months' notice for all other Non-Executive Directors under notice given by either party.

DIRECTORS' REMUNERATION (AUDITED)

The remuneration of the Directors that served during FY24 was as follows:

Director	Salary/fee £'000	Bonus £'000	Pension contribution £'000	Option exercises £'000	Taxable benefits £'000	FY24 Total £'000	FY23 Total £'000
Executive							
Jonny Watts	353	—	—	—	1	354	380
David Braben	274	—	—	—	1	275	305
Alex Bevis	271	—	—	—	1	272	304
James Dixon	204	—	—	—	1	205	253
Non-Executive							
Ilse Howling ¹	71	—	—	—	—	71	50
David Wilton ²	99	—	—	—	—	99	60
David Walsh	50	—	—	—	—	50	50
Leslie-Ann Reed ³	55	—	—	—	—	55	—
James Mitchell ⁴	—	—	—	—	—	—	—
Total	1,377	—	—	—	4	1,381	1,402

1. Appointed as Chairman on 27 November 2023.

2. Retired on 27 November 2023.

3. Appointed as Senior Independent Director on 27 November 2023.

4. James Mitchell waived his fee.

The expense recognised in the statement of comprehensive income for the Executive Directors' share options was £690k (FY23: £778k), with the amount attributable to the highest paid Executive Director being £234k (FY23: £319k).

EQUITY TRANSACTIONS

The equity transactions of the Directors, and persons closely associated with them, for Directors that served during FY24 were as follows:

Director	Date	Transaction	Price per Ordinary Share
Leslie-Ann Reed	12 December 2023	Purchase of 20,032 Ordinary Shares	£0.998
Jonny Watts	13 December 2023	Purchase of 18,984 Ordinary Shares	£1.106
Alex Bevis	13 December 2023	Purchase of 23,000 Ordinary Shares	£1.089
Joy Hu (James Mitchell)	13 December 2023	Purchase of 82,000 Ordinary Shares	£1.147
Joy Hu (James Mitchell)	14 December 2023	Purchase of 145,000 Ordinary Shares	£1.133
Joy Hu (James Mitchell)	15 December 2023	Purchase of 38,000 Ordinary Shares	£1.194

A resolution to accept the Report of the Remuneration Committee will be put to shareholders at the Annual General Meeting.

DAVID WALSH CHAIR, REMUNERATION COMMITTEE

10 September 2024



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

OPINION

In our opinion:

- Frontier Developments plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 May 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Frontier Developments plc which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 May 2024	Statement of financial position as at 31 May 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 29 to 40 to the financial statements including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 28 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process undertaken by management to perform the going concern assessment, including the evaluation of Group's access to available sources of liquidity.
- Inspecting management's internal assessments regarding the Group and parent company's ability to continue to adopt the going concern basis of accounting during the going concern review period to 30 September 2025.
- Inspecting and reperforming the sensitivity/stress testing performed by management, such as the significant reductions to future revenues.
- Assessing the rigour of the stress testing and considering contradictory evidence to determine whether they were sufficiently severe in the context of historic results and the Group's principal risks.
- Challenging the reasonableness of the underlying forecasts used by management by comparing these against historical actual amounts and confirming the consistency of the forecasts with the budget approved by the Board. Our challenge in this regard included analysing the Company's revenue split by each major title, as well as the expected performance of these titles over the assessment period.
- Considering the Group's net cash position through confirming cash balances held at the balance sheet date through to bank confirmations received directly from third-party banks. We have further confirmed the facilities held by the Company at the balance sheet date, as well as confirming that no such facilities contain covenants and therefore no covenant compliance considerations are required.
- Comparing the current trading performance to management's going concern forecast by obtaining the latest available management accounts and latest available Group cash report to identify any issues with current trading and cashflows.
- Considering the further mitigating actions available to the Group, such as further cost mitigations, and the feasibility of management being able to execute such mitigating actions, when considering the likelihood of the stress testing and sensitivity analysis.
- Enquiring of any events or conditions expected outside of the going concern period that may impact upon the ongoing resilience of the business. No such events or conditions were identified.
- Reviewing the appropriateness of management's going concern disclosure in describing the risks associated with its ability to continue to operate as a going concern across the going concern review period to 30 September 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period to 30 September 2025.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of one component (Frontier Developments plc) and limited analytical review and other review scope procedures for the remaining components – Frontier Developments Inc., Frontier Games Limited and Complex Games Inc. The components where we performed full or specific audit procedures accounted for 100% of EBITDA, 100% of revenue and 98% of total assets.
Key audit matters	<ul style="list-style-type: none"> Revenue recognition Capitalisation of internally generated developments costs Impairment of intangibles and goodwill Creative industry tax relief
Materiality	<ul style="list-style-type: none"> Overall Group materiality of £0.8 million, which represents 3% of EBITDA.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the four reporting components of the Group, we selected one component covering entities within the UK, which represent the principal business unit within the Group.

Of the one component selected, we performed an audit of the complete financial information of Frontier Developments plc ("full scope component"), which was selected based on its size or risk characteristics. For the remaining three components ("limited review components"), we performed limited analytical review and other review scope procedures.

The reporting components where we performed audit procedures accounted for 100% (2023: 100%) of the Group's EBITDA, 100% (2023: 100%) of the Group's revenue and 100% (2023: 100%) of the Group's total assets. For the current year, the full scope component contributed 100% (2023: 100%) of the Group's EBITDA, 100% (2023: 99%) of the Group's revenue and 98% (2023: 100%) of the Group's total assets.

Of the remaining three components (Frontier Developments Inc., Frontier Games Limited and Complex Games Inc.), that together represent 0% of the Group's EBITDA, 0% of the Group's revenue and 2% of the Group's total assets. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

INVOLVEMENT WITH COMPONENT TEAMS

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

CLIMATE CHANGE

The Group has determined that climate change is not expected to have a significant impact on their operations given they operate in a digital industry with no significant physical asset base, as described in the Task Force on Climate-related Financial Disclosures and on pages 34 to 35 in the principal risks and uncertainties, which form part of the 'other information', rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of climate risks disclosed have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being intangible assets. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.





INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Revenue recognition (£89.3 million, 2023: £104.6 million)</p> <p><i>Refer to the accounting policies (page 58) and note 4 of the consolidated financial statements (page 61)</i></p> <p>We assessed revenue recognition as a fraud risk as revenue forms the basis for certain of the Group's key performance indicators, including EBITDA.</p> <p>The Group are entering into new and evolving revenue streams, presenting the risk that revenue is recognised incorrectly.</p> <p>Manual journal entries are required to ensure that revenue is recognised appropriately and in the correct period. However, owing to the manual nature of these adjustments, there may be a higher risk of error or potential management override.</p>	<p>The procedures we carried out included the following:</p> <ul style="list-style-type: none"> • We performed walkthroughs of significant classes of revenue transactions to understand significant processes and to identify and assess the design effectiveness of key financial controls. • We have tested a total of 99% of current year revenue through to third-party sales reports (quarterly and monthly where applicable), agreeing these amounts back to the underlying revenue recognised to test the completeness, occurrence and existence of the revenue recognised. A representative sample of these reports have been further agreed through to third-party bank statements to evidence subsequent cash receipt, without issue. • We have performed cut-off testing through performing analytical procedures to identify any balances around our year-end date warranting further investigation. We note that due to the nature of Frontier's revenue (being recognised through manual month-end journals), the key risk surrounding cut-off relates to the level of accrued and deferred income posted as at 31 May 2024. For all significant contract assets and contract liabilities, we have inspected the terms and conditions of these contracts, recalculated the amount of revenue to be recognised in comparison to amounts billed and the resulting contract asset/contract liability. Where relevant we have compared the contract asset to the statement received post year end from the platform and the cash receipt. • We have performed detailed testing procedures surrounding Frontier's deferred income balance, predominantly relating to virtual currency balances held by customers and awaiting use within Frontier's <i>Elite Dangerous</i> game. We have assessed and recalculated management's breakage calculations for this balance, in line with relevant accounting guidance. • We have inspected the terms of all key contracts held by Frontier in relation to revenue recognition, including all key platforms. We have given consideration to these contracts against the relevant accounting standard (namely IFRS15) to ensure appropriate accounting treatment has been made. • We selected a sample of post year-end credit notes to check that, where the credit note relates to the audit period, that these credit notes were appropriately provided for in the financial statements. • We have performed an analytical review by revenue stream, platform and game (on a monthly and yearly basis), to assess unexpected trends and patterns that could be indicative of incorrect revenue recognition, without issue. • We have tested a sample of journal entries in relation to revenue through applying criteria in regard to both quantum and risk profile, such as significantly-sized manual journal postings; and • We have audited the disclosures within the Annual Report and Accounts with reference to the requirements of IFRS. 	<ul style="list-style-type: none"> • Our audit of journal entries in relation to revenue has not identified any instances of management override. • We concluded that revenue recognised in the year to 31 May 2024 is materially correct on the basis of our procedures performed.



INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

KEY AUDIT MATTERS CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Capitalisation of internally generated development costs (additions – £28.8 million, 2023: £38.0 million)</p> <p><i>Refer to the accounting policies (page 56) and note 10 of the consolidated financial statements (page 65)</i></p> <p>During the year, the Group capitalised £28.8 million (2023: £38.0 million) of development costs in relation to various projects. IFRS requires development costs to be capitalised only under specific circumstances highlighted as follows:</p> <ul style="list-style-type: none"> • It is technically feasible to complete the intangible asset; • There is clear intention to complete; • Ability to use or sell the intangible asset exists; • There is adequate technical, financial and other resources to complete the asset; • Future economic benefits are probable; and • Expenditure can be measured reliably. <p>Judgement is therefore required to establish the point at which capitalisation should commence, the nature of costs to be capitalised and the point at which amortisation should commence. There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with IAS 38.</p>	<p>The procedures we carried out included the following:</p> <ul style="list-style-type: none"> • We have performed walkthrough procedures to fully understand the process of capitalisation, as well as identifying key controls in place within the process to prevent or detect and correct errors; • We have compared the treatment adopted by Frontier against UK listed peers, noting that a number also capitalised similar development costs; • We have inspected management's assessment of how the capitalisation criteria have been achieved for a sample of titles (being a combination of key and representative items); • We have tested whether the costs relate to a technologically feasible project, assessed the future economic benefit to be generated by the product and associated cashflows and the useful economic life assigned; • We have walked through management's process for evaluating and monitoring the development plans, corroborating to source documentation, enquiring of the development team to gain an understanding of the projects they are working on and the nature of costs incurred and benchmarking against similar projects; • For salary costs, we have vouched a sample of amounts back to underlying payroll records and met with the project managers to test whether the time related to capital activity; • For overheads, we have reperformed managements calculation and specifically challenged whether each of the cost types meet the definition of "directly attributable" as per IFRS; • For other costs, we have vouched a sample of items to purchase invoice to determine whether they relate to a valid addition and have been correctly recorded; and • We have audited the disclosures within the Annual Report and Accounts with reference to the requirements of IFRS. 	<ul style="list-style-type: none"> • Our audit procedures did not identify any material misstatements with respect to the capitalisation of internally generated development costs.
<p>Impairment of intangible assets (net book value – £42.7 million, 2023: £64.1 million)</p> <p><i>Refer to the accounting policies (page 56) and notes 9 and 10 of the consolidated financial statements (pages 64 and 65)</i></p> <p>The carrying value of intangible assets are primarily made up of capitalised franchise assets related to self-published software and licence amounts. Risk exists that an impairment adjustment is required where the carrying value of these assets exceed the net realisable value. Judgement is required in determining the key inputs to the impairment model, including future revenues and costs.</p> <p>During the year, management have recognised a one-off charge for impairment amounting to £16.9 million against the book value of <i>Warhammer Age of Sigmar: Realms of Ruin</i>.</p>	<p>The procedures we carried out included the following:</p> <ul style="list-style-type: none"> • We have performed walkthrough procedures to fully understand the process of impairment, as well as identifying key controls in place, and confirming the design and implementation effectiveness of the controls within the process to prevent or detect and correct errors; • We audited the underlying cash flows used in the value in use calculation including performing an assessment of historic budgets vs actuals and assessing the feasibility of meeting the forecasts based upon pipelines. • We performed our own sensitivity and break-even analyses over management's calculations for different assumptions, which demonstrated the likelihood of impairment on each game is low. • Recalculated the mathematical accuracy of the impairment models; • Assessed the appropriateness of the discount rate used by management by recalculating based upon relevant inputs, benchmarking against peers and performing reverse stress testing; • Assessed management's forecast accuracy by comparing actual performance against budget in recent years and sensitised the model accordingly; • Compared the carrying value of the cash generating unit to the recoverable amount established by management; • Compared the assumptions in the impairment model to the strategic plans and knowledge of the business gained through the audit; and • We have audited the disclosures within the Annual Report and Accounts with reference to the requirements of IFRS. 	<ul style="list-style-type: none"> • We concluded that the impairment recorded for <i>Warhammer Age of Sigmar: Realms of Ruin</i> was appropriately recognised. No further impairment adjustments were required for other intangible assets. • We have concluded that the methodology applied is reasonable, that the forecast period is appropriate and that the impairment models are mathematically accurate. Management have also established a reliable methodology for determining the underlying assumptions, including forecast revenues and costs.



INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

KEY AUDIT MATTERS CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Creative industry tax relief (income tax credit – £7.0 million, 2023: £5.6 million)</p> <p><i>Refer to the accounting policies (page 59) and notes 7, 17 and 19 of the consolidated financial statements (pages 63 and 69)</i></p> <p>The tax environment for Group is complex as a result of the following reliefs claimed which include both technical complexity and care to avoid inappropriately claiming different types of relief on the same underlying profits:</p> <ul style="list-style-type: none"> • Video Games Tax Relief (VGTR) provides additional tax relief on qualifying expenditure incurred in developing video games; • Patent Box relief which has the effect of taxing profits generated from the patent at a lower rate; and • R&D tax credits – additional tax relief is available on R&D related expenditure. <p>In addition, the Group have brought forward losses which could be offset against future taxable profits. Judgement is required to determine whether this will be required given the level of relief from the above claims and in turn whether a deferred tax asset should be recognised.</p>	<p>With the assistance of EY specialists:</p> <ul style="list-style-type: none"> • We obtained a copy of the certificate necessary to obtain VGTR and performed a review of the key elements, to assess the eligibility for VGTR; • We reviewed management's documentation as to the types of costs to be included in the claim in comparison to the scheme rules and our knowledge of other claims; • For significant costs, we linked them into our other audit work performed or perform separate detailed testing, as necessary; • We also reviewed managements taxable profit forecasts and determine the appropriateness of any deferred tax assets recognised as a result; and • We have audited the disclosures within the Annual Report and Accounts with reference to the requirements of IFRS. 	<ul style="list-style-type: none"> • Our audit procedures did not identify any material misstatements with respect to the reliefs claimed for the period and resulting current and deferred tax.

In the current year, the key audit matters have remained the same as the prior year.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £0.8 million (2023: £1.0 million), which is 3% (2023: 3%) of EBITDA. We believe that EBITDA provides us with the best benchmark, given the profit focus of the Group and that EBITDA is a key performance indicator used by stakeholders of the business.

We determined materiality for the parent company to be £0.8 million (2023: £1.0 million), which is 3% (2023: 3%) of EBITDA.

During the course of our audit, we reassessed initial materiality and updated for the final EBITDA result for the year.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £0.6 million (2023: £0.8 million). We have set performance materiality at this percentage due to our expectation of misstatements being low in both number and value, combined with our review of management oversight through entity level controls, which is also consistent with our previous experience of the Group.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.04 million (2023: £0.05 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.



INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

OTHER INFORMATION

The other information comprises the information included in the Annual Report set out on pages 01 to 43, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the Directors have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are Companies Act 2006, International Financial Reporting Standards, AIM Rules for Listed Companies, General Data Protection Regulations, HM Revenue & Customs regulations and other UK Tax Legislation.
- We understood how Frontier Developments plc is complying with those frameworks by considering the potential for override of entity level controls or other inappropriate influence over the financial reporting process (such as efforts by management to manage earnings), understanding the culture of honesty and ethical behaviour within the Company over our term as Auditor of the Company, and observing whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place. Our work performed over the controls present within Frontier Developments plc has also evidenced a high level of fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.



INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FRONTIER DEVELOPMENTS PLC

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD CONTINUED

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by understanding which areas of the business present potential fraud risk areas (through assessing the presence of opportunities, incentives or potential rationalisation to commit such acts of fraud), understanding where these risks could present themselves and subsequently identifying the process level controls in place to prevent, or detect and correct them. Combining this with our review of entity level controls, which have evidenced management's behaviour and the culture embedded within the Company, we have gained a detailed understanding of the overall susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved direct enquiries with those charged with governance, as well as through meetings held with the Group's internal legal department. We further performed specific analyses and testing of legal expenses incurred in the period to ascertain the nature of such costs and confirm they did not relate to non-compliance with applicable laws and regulations.
- In response to the nature of the Group's operations and the GDPR compliance requirements in place surrounding customer data, the audit team have developed a detailed understanding of the processes and controls in place to prevent non-compliance with such laws and regulations. These procedures have found a suitable environment to prevent such breaches.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the Company on 1 November 2023 to audit the financial statements for the year ended 31 May 2024 and subsequent financial periods. We were appointed as auditors by the directors of Frontier Developments plc and signed an engagement letter on 4 August 2023.
- The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ended 31 May 2020 to 31 May 2024.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ANUP SODHI (SENIOR STATUTORY AUDITOR) FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR LUTON

10 September 2024



CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2024

	Notes	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Revenue	4	89,270	104,575
Cost of sales		(27,954)	(37,230)
Gross profit		61,316	67,345
Research and development expenses	6	(67,881)	(67,857)
Sales and marketing expenses		(11,635)	(12,012)
Administrative expenses		(13,659)	(14,056)
Other operating income	25	4,851	—
Operating loss before restructuring		(27,008)	(26,580)
Restructuring costs	6	(1,405)	—
Operating loss		(28,413)	(26,580)
Net finance (costs)/income		(12)	71
Loss before tax	6	(28,425)	(26,509)
Income tax credit	7	6,953	5,604
Loss for the year attributable to shareholders		(21,472)	(20,905)

All the activities of the Group are classified as continuing.

	Notes	12 months to 31 May 2024 p	12 months to 31 May 2023 p
Loss per share	8		
Basic loss per share		(55.6)	(53.6)
Diluted loss per share		(55.6)	(53.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2024

		12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Loss for the year		(21,472)	(20,905)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(277)	(578)
Total comprehensive loss for the year attributable to the equity holders of the parent		(21,749)	(21,483)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MAY 2024

(REGISTERED COMPANY NO: 02892559)

	Notes	31 May 2024 £'000	31 May 2023 £'000
Non-current assets			
Goodwill	9	6,954	7,160
Other intangible assets	10	35,702	56,987
Property, plant and equipment	11	4,739	5,696
Right-of-use assets	12	19,661	17,860
Total non-current assets		67,056	87,703
Current assets			
Trade and other receivables	13	13,590	15,558
Current tax assets	17	7,216	9,438
Cash and cash equivalents	14	29,523	28,311
Total current assets		50,329	53,307
Total assets		117,385	141,010
Current liabilities			
Trade and other payables	15	(11,096)	(16,521)
Lease liabilities	12	(1,748)	(1,505)
Deferred income	16	(4,351)	(4,355)
Total current liabilities		(17,195)	(22,381)
Net current assets		33,134	30,926
Non-current liabilities			
Provisions	18	(85)	(71)
Lease liabilities	12	(19,535)	(17,773)
Other payables	15	(3,101)	(4,235)
Deferred income	16	(256)	(163)
Deferred tax liabilities	19	(390)	(419)
Total non-current liabilities		(23,367)	(22,661)
Total liabilities		(40,562)	(45,042)
Net assets		76,823	95,968
Equity			
Share capital	20	197	197
Share premium account	20	36,547	36,547
Equity reserve		(13,283)	(14,553)
Foreign exchange reserve		(873)	(596)
Retained earnings		54,235	74,373
Total equity		76,823	95,968

These financial statements were approved by the Directors on 10 September 2024 and signed on their behalf by:

ALEX BEVIS
DIRECTOR

The accompanying accounting policies and notes form part of the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2024

	Notes	Share capital £'000	Share premium account £'000	Equity reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 31 May 2022		197	36,468	(12,769)	(18)	94,492	118,370
Loss for the year		—	—	—	—	(20,905)	(20,905)
Other comprehensive income:							
Exchange differences on translation of foreign operations		—	—	—	(578)	—	(578)
Total comprehensive loss for the year		—	—	—	(578)	(20,905)	(21,483)
Issue of share capital net of expenses	20	—	79	—	—	—	79
Share-based payment charges	23	—	—	3,340	—	—	3,340
Share-based payment transfer relating to option exercises and lapses		—	—	(2,357)	—	2,357	—
Employee Benefit Trust cash outflows from share purchases		—	—	(3,000)	—	—	(3,000)
Employee Benefit Trust net cash inflows from option exercises		—	—	233	—	—	233
Deferred tax movements posted directly to reserves	7	—	—	—	—	(1,571)	(1,571)
Transactions with owners		—	79	(1,784)	—	786	(919)
At 31 May 2023		197	36,547	(14,553)	(596)	74,373	95,968
Loss for the year		—	—	—	—	(21,472)	(21,472)
Other comprehensive income:							
Exchange differences on translation of foreign operations		—	—	—	(277)	—	(277)
Total comprehensive loss for the year		—	—	—	(277)	(21,472)	(21,749)
Share-based payment charges	23	—	—	2,778	—	—	2,778
Share-based payment transfer relating to option exercises and lapses		—	—	(1,508)	—	1,508	—
Deferred tax movements posted directly to reserves	7	—	—	—	—	(174)	(174)
Transactions with owners		—	—	1,270	—	1,334	2,604
At 31 May 2024		197	36,547	(13,283)	(873)	54,235	76,823



CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MAY 2024

	Notes	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Loss before taxation		(28,425)	(26,509)
Adjustments for:			
Depreciation and amortisation	6	36,892	41,438
Impairment of other intangible assets	6	16,930	18,117
Movement in unrealised exchange gains on forward contracts		(37)	(239)
Share-based payment expenses	23	2,778	3,340
Interest received		(832)	(677)
Payment of interest element of lease liabilities		844	607
Other operating income	25	(4,851)	—
Working capital changes:			
Change in trade and other receivables		3,661	11,084
Change in trade and other payables		(4,557)	(3,114)
Change in provisions	18	14	15
Cash generated from operations		22,417	44,062
Taxes received		9,208	3,813
Net cashflows from operating activities		31,625	47,875
Investing activities			
Purchase of property, plant and equipment	11	(960)	(1,335)
Expenditure on other intangible assets		(29,419)	(42,046)
Acquisition of subsidiaries (net of cash acquired)		—	(9,606)
Payments for contingent consideration on business acquisitions	15	(1,516)	—
Sale of <i>RollerCoaster Tycoon 3</i> publishing rights	25	3,195	—
Interest received		832	677
Net cashflows used in investing activities		(27,868)	(52,310)
Financing activities			
Proceeds from issue of share capital	20	—	79
Employee Benefit Trust cash outflows from share purchases	23	—	(3,000)
Employee Benefit Trust cash inflows from option exercises		—	233
Repayment of loans		—	(1,260)
Payment of principal element of lease liabilities	12	(1,665)	(1,461)
Payment of interest element of lease liabilities	12	(844)	(607)
Net cashflows used in financing activities		(2,509)	(6,016)
Net change in cash and cash equivalents from continuing operations		1,248	(10,451)
Cash and cash equivalents at beginning of year		28,311	38,699
Exchange differences on cash and cash equivalents		(36)	63
Cash and cash equivalents at end of year		29,523	28,311

The accompanying accounting policies and notes form part of the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2024

1. CORPORATE INFORMATION

Frontier Developments plc (the 'Group' or the 'Company') develops and publishes video games for the interactive entertainment sector. The Company is a public limited company and is incorporated and domiciled in the United Kingdom.

The address of its registered office is 26 Science Park, Milton Road, Cambridge CB4 0FP.

The Group's operations are based and headquartered in the UK, with subsidiaries based in Canada and the US.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IASs. The financial information has been prepared on the basis of all applicable IFRSs, including all IASs, Standing Interpretations Committee (SIC) interpretations and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) that are applicable to the financial period.

The financial information has been prepared on a going concern basis under the historical cost convention, except for financial instruments held at fair value. The financial information is presented in Sterling, the presentation and functional currency for the Group and Company. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

GOING CONCERN BASIS

The Group and Company's forecasts and projections, taking account of current cash resources and reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period to 30 September 2025. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements.

The Group's day-to-day working capital requirements are expected to be met through the cash and cash equivalent resources (including treasury deposits) at the balance sheet date of 31 May 2024 of £29.5 million along with expected cash inflows from current business activities. Cash and cash equivalent resources (including treasury deposits) at 31 August 2024 were £28.5 million. The Annual Budget approved by the Board of Directors, which has been used to assess going concern, reflects assessments of current and future market conditions and the impact this may have on cash resources.

The Group has also performed stress testing on the Annual Budget in respect of potential downside scenarios to identify the break point of current cash resources and to identify when current liquidity resources may fall short of requirements.

The scenarios both consider a reduction in predicted revenues; however, the reduction would need to be severe in order to prevent the Group from continuing as a going concern and is considered to be highly unlikely to occur. The Group has also identified mitigating actions that could be reasonably taken, if required, to offset the reduction of cash inflows, to enable it to continue its operations for the period to 30 September 2025. Consideration has also been made over the impairment charges (as disclosed in note 10); however, given these are accounting charges as opposed to cash outflows, these do not materially change the forecasts for going concern purposes. The forecasts reflect the latest expectation of revenues across all key titles, including those which were subject to impairment in FY24.

The sensitivities included in the stress testing include a significant reduction of revenue for the Group from both the existing portfolio and future game launches, including factoring in delays to major game launches.

As expected, the scenarios resulted in an accelerated use of current cash resources; however, in all scenarios tested the current cash resources were sufficient to support the Group's activities. This is due to a variety of factors:

- the Group currently has significant cash reserves to maintain the current level of operations;
- the development and publishing of titles has progressed as expected; and
- should a more extreme downside scenario occur, the Group could take further mitigating actions by reducing discretionary spend.

Having considered all the above, including the current strong cash position, no current impact on debtor recoverability and the continued strong trading performance for the Group, the Directors are satisfied that there are sufficient resources to continue operations for the period to 30 September 2025. The financial statements for the year ended 31 May 2024 are therefore prepared under the going concern basis.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group adopted the following amendments to standards and interpretations, which are effective for the first time this year:

- amendment to IFRS 17 – Insurance Contracts;
- amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies;
- amendments to IAS 8 – Definition of accounting estimates;
- amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; and
- amendments to IAS 12 – International tax reforms pillar two model rules.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Directors also considered the impact on the Group of new and revised accounting standards, interpretations, or amendments which have been issued but were not effective for the Group for the year ended 31 May 2024. None are expected to have a material impact on the consolidated financial statements when first applied.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Group and all entities controlled by it, after eliminating intercompany transactions. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. The entities' results are adjusted, where appropriate, to conform to Group accounting policies.

BUSINESS COMBINATIONS AND GOODWILL

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition date fair values.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BUSINESS COMBINATIONS AND GOODWILL CONTINUED

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment every six months using a discounted cashflow method applied to business forecasts. If this review demonstrates that impairment has occurred, this is expensed to the consolidated income statement. Goodwill is allocated to cash generating units (CGUs) for the purpose of impairment testing, with the allocation being made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

The cost of such intangible assets is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. An asset is only recognised if the following conditions are met:

- it meets the definition of an intangible asset under IAS 38 *Intangible Assets*;
- the asset is separable or arises from contractual or legal rights; and
- sufficient information exists to measure reliably the fair value of the asset.

CAPITALISATION OF OTHER INTANGIBLE ASSETS

Other intangible assets are measured at historical cost and comprise four categories:

- game technology, which includes Frontier's game engine and other technology which supports the development and publication of games;
- game developments, which include development of self-published games and also titles under Frontier Foundry;
- third-party software, which includes software bought from suppliers for use within the Group's activities; and
- IP licences, which are based on the minimum guarantees payable by the Group to the IP owner.

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

- completion of the intangible asset is technically and commercially feasible so that it will be available for use in developing games (in respect of development tools) or for sale of games (in respect of self-published software);
- the Group intends to complete the intangible asset and has the ability to use or license it as indicated above, thus generating probable future economic benefits;
- the expenditure attributable to the intangible asset during its development, mainly salary costs, can be measured reliably; and
- the Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Internally generated intangible assets consist of direct labour costs, other specific direct project costs and directly attributable project support costs. Where no internally generated intangible asset can be recognised, development expenditure, including research activities, is recognised as an expense in the period in which it is incurred.

From time to time the Group enters into agreements with third-party intellectual property (IP) owners to secure IP rights to support the development and publication of certain games or game content. These agreements typically contain a schedule of royalties payable to the IP owner, based on a percentage of sales which are expensed as incurred. The agreements may also include guaranteed minimum amounts payable to the IP owner. It is the Group's policy to record a financial liability for the total of any guaranteed minimum amount when the agreement is executed, and these amounts are typically treated as licence costs and capitalised as intangible assets according to, and subject to, the principles of IAS 38.

AMORTISATION OF OTHER INTANGIBLE ASSETS

The useful lives of other intangible assets are assessed as either finite or indefinite and at the year end date no intangible assets are accorded an indefinite life other than goodwill. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated over the estimated useful lives of the assets as follows:

- Game technology – over the period of expected benefit between one and three years
- Game developments – over the period of expected benefit between one and four years
- Third-party software – 2.5 years straight-line
- IP licences – in line with the financial performance following launch of the game

Amortisation of game technology and game developments commences upon completion of the asset. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation charges for other intangible assets that relate to game technology, game developments and third-party software are expensed within research and development expenses. Amortisation charges for IP licences are typically charged to cost of sales, which reflects the IP licence royalties which the minimum guarantees relate to.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three to five years. A long-term growth rate is calculated and applied to project future cashflows after the third year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS CONTINUED

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

The Group assesses where climate risks could have a significant impact, such as the introduction of emissions reduction legislation that may increase costs. These risks in relation to climate related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cashflow forecasts in assessing value in use amounts.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the income statement so as to write off the cost less estimated residual values over their expected useful lives on a straight-line basis over the following periods:

- Fixtures and fittings – 5 years
- Computer equipment – 2.5 years to 5 years
- Leasehold improvements – shorter of the lease term or the useful life of the underlying asset

Residual values and useful economic lives are assessed annually. The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in administrative expenses.

Property, plant and equipment are also assessed for impairment. Refer to the accounting policies in the 'Impairment of non-financial assets' section.

ASSETS IN THE COURSE OF CONSTRUCTION

Assets in the course of construction are stated at cost. Once the asset has been completed, the carrying value of the asset is transferred to leasehold improvements. The asset is depreciated over the remaining life of the lease.

LEASES

At the point of inception of a contract the Group will assess if the contract is for, or contains, a lease. For all contracts that the Group is lessee for, a right-of-use asset is recognised alongside a corresponding lease liability. The Group utilises the short-term lease assets (for leases of 12 months or less) and the low-value assets exemptions. The Group does not hold any contracts whereby it is the lessor.

The lease liability is initially measured as the present value of all future lease payments that are due, but not paid, at the commencement date. The discount factor used for the calculation of the present value is the Group's incremental borrowing rate.

Lease payments are defined as the following elements:

- fixed payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate;

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is then remeasured using the effective interest method. This method increases the lease liability to reflect the interest on the liability and is reduced by the lease payment actually made to result in the carrying amount.

The right-of-use asset is initially measured at cost.

The cost of the asset is defined as the following elements:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives; and
- any initial direct costs incurred by the lessee.

The asset is subsequently measured at cost less accumulated depreciation and any applicable impairment loss.

The depreciation period is the shorter of the lease term or the useful life of the underlying asset. The depreciation period starts at the commencement date of the lease.

The right-of-use asset is presented within the same category as that within which the underlying asset would be presented if the asset were owned and not leased. The Group recognises the asset within property, plant and equipment.

Right-of-use assets are also subject to impairment. Refer to the accounting policies in the 'Impairment of non-financial assets' section.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets comprise trade receivables, other receivables and cash and cash equivalents.

Financial assets classified as loans and receivables are recognised initially at fair value and measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment, except for financial assets designated at fair value through profit and loss (FVTPL). Any change in their value through impairment or reversal of impairment is recognised in the consolidated income statement.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For other financial assets at amortised cost, the Group determines whether there has been a significant increase in credit risk since initial recognition. The Group recognises 12-month expected credit losses if there has not been a significant increase in credit risk and lifetime expected credit losses if there has been a significant increase in credit risk.

Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short-term, highly liquid deposit accounts maturing within three months of their inception.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its financial liabilities. Equity instruments do not include a contractual obligation to deliver cash or other financial assets to another entity. Any instrument that does have the obligation to deliver cash or another financial asset to another entity is classified as a financial liability.

Financial liabilities are presented under liabilities on the consolidated statement of financial position.

The Group's financial liabilities include trade and other payables, deferred income and lease liabilities.

Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method, except for financial liabilities designated at fair value through profit and loss (FVTPL).

FINANCIAL ASSETS AND LIABILITIES AT FVTPL

Derivative financial instruments are financial assets and liabilities measured at fair value through profit and loss (FVTPL) and are financial instruments that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative instruments fall into this category.

Financial instruments in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets and liabilities in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

EMPLOYEE BENEFITS

All accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability within trade and other payables.

The parent company operates a defined contribution retirement benefit scheme which commenced on 1 January 2014 ahead of the Company's expected auto-enrolment date. Payments to defined contribution retirement benefit schemes are charged as an expense in the period to which they relate.

PROVISIONS

Provisions for dilapidations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

SHARE CAPITAL AND RESERVES

Share capital – share capital represents the nominal value of the shares that have been issued.

Share premium – share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Equity reserve – this represents the value of the Employee Benefit Trust (EBT) that is offset against distributable reserves and equity-settled share-based employee remuneration until such share options are exercised.

Foreign exchange reserve – this represents the exchange difference on consolidation of overseas subsidiaries.

Retained earnings – retained earnings include all current and prior period retained earnings.

EMPLOYEE BENEFIT TRUST (EBT)

As the Group is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position as if they were Treasury Shares. The gain or loss on transfer of the shares from the EBT to employees is recognised within equity.

REVENUE

Revenue represents amounts derived from the design, production and sale of computer games software and related technology which fall within the Group's ordinary activities, exclusive of value-added tax and other similar sales taxes. Revenue is recognised as an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Revenue includes income from the commercial release of full games and early access versions of self-published games, paid downloadable content, virtual currency, royalties from published games and associated physical merchandise.

Revenue from released self-published games is recognised in accordance with IFRS 15 on download of the game or upon purchase of in-game digital items.

Free downloadable content or updates provided to consumers are not considered additional performance obligations as these are not promised to the consumer and are only available at the discretion of the Group. Assessment is carried out by management each year as to whether a constructive obligation to provide free downloadable content or updates is created, with no such instances occurring in the financial year.

Revenue from pre-orders of self-published games, whereby receipt of advance payment takes place, is deferred and then recognised when the Group meets its performance obligations upon commercial release of the game.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

REVENUE CONTINUED

The Group also receives licence revenue from providers of subscription services. The Group's customers are the providers of online subscription services which will typically pay the Group a fee to include a product within their wider subscription package. For such arrangements, the Group does not have control in relation to the arrangements between the subscription providers and their subscribers and as such the provider and not the consumer of the subscription service is considered to be the Group's customer. Licence revenue associated with subscription services is recognised, in accordance with IFRS 15, at the point in time when the Group has met its performance obligations associated with that service, which is when the customer is provided with the right to use licence for the game to be made available on a subscription service.

Physical discs are distributed through our agents to retailers and the retailers are considered to be our customer. The performance obligation is satisfied at the point the retailer takes delivery of the discs, but sales are made to retailers with a right of return. Revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Due to the uncertainty around return levels for new games, revenue is not recognised until the discs are sold by the retailer to the end user.

Revenue received from virtual currency is recognised once the performance obligation has been satisfied and the customer has redeemed the virtual currency on paid downloadable content.

SEGMENT REPORTING

The Group identifies one operating segment as the business is managed as a whole, reflecting the transition of the Group from an external publisher to self-publishing. For management purposes, the chief operating decision maker, which the Group considers to be the Chief Executive Officer, reviews the financial information, which is consistent with that reported in its financial statements, with financial performance measured on the basis of contribution before central costs. Assets are not fully directly attributable to any separable activity, other than to self-published software intangibles.

SHARE-BASED PAYMENT TRANSACTIONS

Share options are periodically granted to staff. Share options and warrants are measured at fair value at the date of grant and recognised over the vesting period of the option. Fair value is measured using the Black-Scholes option pricing model for share options without market-based performance conditions or the Monte Carlo simulation for share options with market-based performance conditions. The expected life used in the model is an estimate of the likely average expiry date of the options by reference to the current rate of exercise by employees.

The share-based payment is recognised as an expense in profit or loss, together with a corresponding credit to an equity reserve. This expense is recognised on a straight-line basis based on the Group's estimate of the number of shares that will vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, if new shares are issued, the proceeds received up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. If shares are issued via the EBT, the gain or loss on transfer of the shares from the EBT to employees is recognised within equity. Upon the exercise or lapsing of the grant, a transfer of the cumulative value of the grant is made from the equity reserve to the profit and loss reserve.

INCOME TAXES

Income tax expense comprises the current and deferred tax.

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period that are unpaid at the consolidated statement of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement, except where it relates to items outside profit or loss. Tax relating to items in other comprehensive income is recognised in other comprehensive income and tax relating to items directly in equity is recognised directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax is recognised as a component of tax expense in the consolidated income statement. Deferred tax relating to items directly in equity is recognised directly in equity and deferred tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The Group is elected into the Research and Development Expenditure Credit (RDEC) scheme due to the Company being defined as a 'large company' for taxation purposes.

The RDEC relates to the corporation tax relief receivable relating to qualifying research and development expenditure in the relevant periods and is offset against the related costs and therefore presented within research and development expenses in the consolidated income statement.

The Group is also entitled to Scientific Research and Experimental Development (SRED) tax credits granted by the Canadian federal government and the Manitoba Interactive Digital Media Tax Credit (MIDMTC) granted by the Province of Manitoba. The tax credits are based on qualifying expenditures and are subject to review and possible adjustment by the Canadian Revenue Authority and the Provincial authorities. The tax credits have been recorded in the consolidated income statement in the period the related qualifying expenses have been incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FOREIGN CURRENCIES

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the consolidated statement of financial position date. Income and expenses are translated at the average exchange rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are recognised in other comprehensive income and are accumulated in the foreign currency reserve in equity. On disposal of a foreign operation, the cumulative translation differences are transferred to the profit and loss as a reclassification adjustment as part of the gain or loss on disposal.

Transactions denominated in a foreign currency are translated at the rate of exchange ruling at a month-end rate in order to approximate to the actual rate for the relevant transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the consolidated statement of financial position date.

Foreign exchange differences are charged to the consolidated income statement in the period in which they arise.

EXCEPTIONAL ITEMS

The effects of transactions that are exceptional items by virtue of their nature, size or incidence are separately disclosed where the Group considers such disclosure to be necessary to assist in understanding the underlying trading and financial results of the Group as these costs do not form part of the underlying business.

An example of an item that is considered by the Directors for designation as an exceptional item is restructuring costs within the Group that are both material and incurred as part of a significant change in strategy.

The classification of exceptional items requires management judgement to determine the nature and intention of the transaction.

ALTERNATIVE PERFORMANCE MEASURES

Adjusted EBITDA is used by the Directors as a key performance indicator to assess the financial performance of the Group. It is not a performance measure that is defined under IFRS, since it focuses on cash profitability rather than accounting profitability. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and impairment charges related to game developments and game technology, less investments in game developments and game technology, and excluding restructuring costs, share-based payment charges and other non-cash items. This effectively calculates cash profitability to assess the financial performance of the Group if all game development investment was expensed as incurred, rather than being capitalised and later amortised after game release. The calculation of Adjusted EBITDA is provided within the Strategic Report.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

Accounting judgements – the Group applies judgement in how it applies its accounting policies, which do not involve estimation, which could materially affect the numbers disclosed in these financial statements. The key judgements, without estimation, that could have the most significant effect on the amounts recognised in these financial statements are as follows:

CAPITALISATION OF DEVELOPMENT COSTS

The Group invests heavily in research and development. The identification of development costs that meet the criteria for capitalisation is dependent on management's judgement and knowledge of the work done. Judgements around capitalisation are based on the information available at initial recognition. Economic success of any development is based upon expected future cashflows, where this can be measured reliably, but remains uncertain at the time of recognition as it may be subject to future technical problems and therefore a review for indicators of impairment is completed by game at each period end date. The net book value of the Group's other intangible assets at 31 May 2024 is £35.7 million (31 May 2023: £57.0 million).

DEFERRED TAX

A deferred tax asset is recognised on tax losses carried forward where the Group considers it probable that the losses will be utilised by future profits. This specifically applies to tax losses at the statement of financial position date. In estimating the amount of the deferred tax asset that should be recognised, the Directors make judgements based on current forecasts about the amount of future taxable profits and the timings of when these will be realised. A deferred tax asset of £3.0 million was recognised at 31 May 2024 (31 May 2023: £0.8 million) in respect of carried forward tax losses in the Company to the extent of the taxable temporary differences. This is due to the unlikelihood of the Company having a taxable profit in the foreseeable future to utilise the losses carried forward. A deferred tax asset for the remaining carried forward tax losses of £109.5 million has not been recognised at 31 May 2024 (31 May 2023: £80.2 million) due to uncertainty on the timing of the utilisation of those losses.

Significant estimates – the preparation of financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors consider the following to be the key estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year or in the longer term:

IMPAIRMENT OF CAPITALISED DEVELOPMENT COSTS

Intangible assets are subject to amortisation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, for example a decision to suspend a self-published title under development. Judgement around amortisation periods is needed to ensure the useful economic life of a game is relevant to the expected period of customer demand. Amortisation of IP licenses is presented in cost of sales, with impairments presented within research and development expenses. Amortisation and impairment of development costs are presented within research and development expenses. This presentation is consistent with industry practice.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are reviewed by project for which there are separately identifiable cashflows. Estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Games developed to be self-published are reviewed for impairment based on the status at the end of each financial year and at the half year against projected net earnings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS CONTINUED IMPAIRMENT OF CAPITALISED DEVELOPMENT COSTS CONTINUED

The Group recognised an impairment charge of £16.9 million in FY24 in respect of intangible assets relating to *Warhammer Age of Sigmar: Realms of Ruin* following disappointing financial performance following release. Further information is included in note 10 in respect of this impairment. The Group recognised total impairment losses of £18.1 million during FY23. £15.0 million related to the *F1® Manager Franchise* due to the financial performance of *F1® Manager 2022* (released in August 2022) and *F1® Manager 2023* (released in July 2023). £3.1 million related to games published under the Foundry games label following disappointing financial performance following release.

USEFUL LIFE OF CAPITALISED DEVELOPMENT COSTS

Amortisation of capitalised development costs, included within other intangible assets, is calculated over the useful economic lives of the assets, which is over the period of expected benefit between one and three years for game technology and one and four years for game developments. The estimates of useful economic lives are reviewed at least annually for any changes to this estimate.

SHARE-BASED PAYMENTS

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black-Scholes option pricing model or the Monte Carlo simulation. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 23.

4. SEGMENT INFORMATION

The Group identifies operating segments based on internal management reporting that is regularly reviewed by the chief operating decision maker and reported to the Board. The chief operating decision maker is the Chief Executive Officer.

Management information is reported as one operating segment, being revenue from publishing games and revenue from other streams such as royalties and licencing.

The Group does not provide any information on the geographical location of sales as the majority of revenue is through third-party distribution platforms which are responsible for the sales data of consumers. The cost to develop this information internally would be excessive.

The majority of the Group's non-current assets are held within the UK.

All material revenue is categorised as either publishing revenue or other revenue.

The Group typically satisfies its performance obligations at the point that the product becomes available to the customer and payment is received upfront by the distributors.

Other revenue mainly related to royalty income in both years.

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Publishing revenue	88,096	104,084
Other revenue	1,174	491
Total revenue	89,270	104,575
Cost of sales	(27,954)	(37,230)
Gross profit	61,316	67,345
Research and development expenses	(67,881)	(67,857)
Sales and marketing expenses	(11,635)	(12,012)
Administrative expenses	(13,659)	(14,056)
Other operating income	4,851	—
Operating loss before restructuring	(27,008)	(26,580)
Restructuring costs	(1,405)	—
Operating loss	(28,413)	(26,580)
Net finance (costs)/income	(12)	71
Loss before tax	(28,425)	(26,509)
Income tax credit	6,953	5,604
Loss for the year attributable to shareholders	(21,472)	(20,905)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

5. STAFF COSTS

Aggregate payroll costs of persons employed by the Group (including Directors) during the year were as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Wages and salaries	38,016	36,281
Social security costs	3,924	3,871
Pension costs	3,923	3,683
Share-based compensation (note 23)	2,778	3,340
Restructuring costs	1,287	—
Total staff costs	49,928	47,175

The average number of persons employed by the Group (including Directors) during the year was as follows:

	12 months to 31 May 2024	12 months to 31 May 2023
Research and development	709	704
Sales, marketing and administrative	128	135
Total average number of employees	837	839

The remuneration of the Directors of Frontier Developments plc during the year was:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Executive Director emoluments (including bonuses)	1,106	1,239
Aggregate gains on the exercise of share options	—	—
Non-Executive Director fees	225	210
Non-Executive Director consultancy fees	50	50

The emoluments of the highest paid Director during the year were:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Emoluments (including bonuses and share option gains)	354	380

For detailed Directors' remuneration disclosures refer to the Remuneration Report.

6. PROFIT/(LOSS) BEFORE TAX

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
This is stated after charging:		
Amortisation of other intangible assets (note 10):		
Cost of sales	1,702	1,341
Research and development expenses	31,408	36,188
Administrative expenses	—	—
Impairment of other intangible assets (note 10):		
Research and development expenses	16,930	18,117
Depreciation of property, plant and equipment (note 11):		
Research and development expenses	1,502	1,799
Administrative expenses	408	486
Depreciation of right-of-use assets (note 12):		
Administrative expenses	1,872	1,624
Research and development costs expensed	19,986	15,250
Foreign exchange (losses)/gains	(153)	743
Grants towards research and development	1,041	481
Restructuring costs	1,405	—
Auditor remuneration – audit of the parent company and Group	199	217

Research and development costs expensed is defined as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Research and development expenses	66,379	66,058
Depreciation	1,502	1,799
Less: amortisation charges for game developments and game technology (note 10)	(30,965)	(34,490)
Less: impairments of other intangible assets	(16,930)	(18,117)
Research and development costs expensed	19,986	15,250

Restructuring costs of £1.4 million were incurred from the Organisational Review undertaken in FY24 (FY23: £nil), with redundancy costs making up the majority of the cost.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

7. TAXATION ON ORDINARY ACTIVITIES

The major components of the income tax credit are:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Consolidated income statement		
Current tax:		
Credit in respect of current year	(5,868)	(4,749)
Adjustments in respect of prior years	(894)	(68)
Total current tax	(6,762)	(4,817)
Deferred tax:		
Credit in respect of current year	(185)	(610)
Adjustments in respect of prior years	(6)	(9)
Relating to changes in tax rates	—	(168)
Total deferred tax (note 19)	(191)	(787)
Total taxation credit reported in the consolidated income statement	(6,953)	(5,604)
Consolidated equity		
Deferred tax related to items recognised in equity during the year:		
Net change in share option exercises	174	1,571

Reconciliation of total tax credit at statutory tax rates:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Loss on ordinary activities before taxation	(28,425)	(26,509)
Tax on loss on ordinary activities at standard statutory tax rate of 25% (2023: 20%)	(7,106)	(5,302)
Factors affecting tax expense for the year:		
Expenses not deductible for tax purposes	63	73
Adjustments in respect of prior years	(900)	(77)
Tax rate benefit on surrender of tax losses	—	(972)
Video Games Tax Relief enhanced deductions on which credits claimed	(7,290)	(4,963)
Benefit of Patent Box	—	(234)
Deferred tax not recognised	8,259	6,163
Effect of changes in tax rate	—	(168)
Effect of higher tax rates in Canada	21	(124)
Total taxation credit reported in the consolidated income statement	(6,953)	(5,604)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate increased to 25%. On 31 May 2024, tax on profit on ordinary activities was therefore being measured at the rate of 25% and the deferred taxes have been measured using the tax rate at the date that the deferred tax asset or liability unwinds of 25% (31 May 2023: 20–25%).

For FY24, the Group has recorded a total corporation tax credit of £7.0 million (FY23: £5.6 million). The Group benefits from the enhanced tax deductions available from the Video Games Tax Relief (VGTR) scheme. The Group did not benefit from the Patent Box relief in FY24 as the Group did not generate sufficient profit from patented income. In FY23, the Group benefitted from the Patent Box relief that reduced the taxable profit for *Jurassic World Evolution 2*.

The Group recognised a prior year adjustment of £900k during FY24 due to additional core expenditure in the *F1® Manager Franchise* VGTR claim. During FY23, the Group recognised a prior year adjustment of £77k due to additional core expenditure in the *Elite Dangerous* VGTR claim and brought forward balances on Complex Games Inc.

Effective from 1 April 2023, the corporation tax rate of 25% is aligned with the VGTR tax credit and therefore is no tax rate benefit on surrender of losses for the VGTR tax credit. The tax rate benefit on surrender of tax losses of £972k during FY23 is the additional 5% tax benefit received in respect of surrendering the current year losses for the VGTR tax credit at 25% for the following trades: *Elite Dangerous*, *F1® Manager Franchise*, *Warhammer Age of Sigmar: Realms of Ruin*, and *Planet Coaster 2*.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

7. TAXATION ON ORDINARY ACTIVITIES CONTINUED

The Group benefits from VGTR and can claim an additional (enhanced) deduction from its taxable profit relating to the video game trades. In FY24, the additional deduction in respect of VGTR was £7.3 million, being £29.2 million of qualifying expenditure at a tax rate of 25% (FY23: £5.0 million being £24.1 million of qualifying expenditure at a tax rate of 20%). The £2.3 million year on year increase in the enhanced deduction was due to the increase in core development expenditure in respect of video games that are subject to VGTR.

During FY24, deferred tax not recognised of £8.3 million relates to the tax effected saving on the employee share scheme deduction of £1.3 million, a temporary difference arising on the deferred income in respect of the Research and Development Expenditure Credit (RDEC) grant of £0.1 million and unrecognised tax losses movement of £6.9 million.

The unrecognised deferred tax asset in respect of tax losses of £6.9 million is the additional £27.5 million of tax losses in the year, at a tax rate of 25%. The additional tax losses are in respect of £23.4 million of current year losses, plus £4.1 million of losses that have been derecognised in FY24 to bring the deferred tax asset to £nil due to the unlikelihood of the Group having taxable profits in the foreseeable future to utilise the additional losses. Refer to note 19 for more details on tax losses.

The losses do not have an expiry date.

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profits/(losses) attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the year.

	12 months to 31 May 2024	12 months to 31 May 2023
Loss attributable to shareholders (£'000)	(21,472)	(20,905)
Weighted average number of shares	38,608,645	39,025,746
Basic loss per share (p)	(55.6)	(53.6)

The calculation of the diluted earnings/(loss) per share is based on the profits/(losses) attributable to the shareholders of Frontier Developments plc divided by the weighted average number of shares in issue during the year as adjusted for the dilutive effect of share options.

	12 months to 31 May 2024	12 months to 31 May 2023
Loss attributable to shareholders (£'000)	(21,472)	(20,905)
Diluted weighted average number of shares	38,608,645	39,025,746
Diluted loss per share (p)	(55.6)	(53.6)

The reconciliation of the average number of Ordinary Shares used for basic and diluted earnings/(loss) per share is as follows:

	12 months to 31 May 2024	12 months to 31 May 2023
Weighted average number of shares	38,608,645	39,025,746
Dilutive effect of share options	—	—
Diluted average number of shares	38,608,645	39,025,746

For the 12 months to 31 May 2024, there are 1,293,134 options that have not been included in the table above as they would be anti-dilutive, however could potentially dilute basic earnings per share in future years.

9. GOODWILL

	2024 £'000	2023 £'000
At 1 June	7,160	—
Recognition on acquisition of subsidiary (note 27)	—	7,685
Exchange rate movement	(206)	(525)
At 31 May	6,954	7,160

The Group tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from that business combination. The Group has one CGU for goodwill purposes, defined as the one operating segment as disclosed in notes 2 and 4.

Goodwill impairment tests were carried out at 31 May 2024 in line with the impairment tests carried out on other intangible assets and therefore further detail is included within note 10 in respect of these tests.

As a result of these tests, no impairment charge was required.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

10. OTHER INTANGIBLE ASSETS

The Group's other intangible assets comprise game technology, game developments, third-party software and IP licences. Game technology includes Frontier's COBRA game engine and other technology which supports the development and publication of games. The game developments category includes capitalised development costs for base game and PDLC assets for both internally developed games and games developed by partners within the Frontier Foundry third-party publishing games label. Third-party software includes subscriptions to development and business software. Intangible assets for IP licences are recognised at the execution of the licence, based on the minimum guarantees payable by Frontier to the IP owner.

	Game technology £'000	Game developments £'000	Third-party software £'000	IP licences £'000	Total £'000
Cost					
At 31 May 2022	19,733	129,393	2,390	11,185	162,701
Additions	3,449	34,182	429	—	38,060
Acquisition of a subsidiary	—	3,910	58	—	3,968
Exchange rate movement	—	(300)	—	—	(300)
At 31 May 2023	23,182	167,185	2,877	11,185	204,429
Additions	4,558	21,963	436	1,839	28,796
Disposals	—	(490)	—	—	(490)
Exchange rate movement	—	(150)	(1)	—	(151)
At 31 May 2024	27,740	188,508	3,312	13,024	232,584
Amortisation and impairment					
At 31 May 2022	9,173	77,970	1,651	3,074	91,868
Amortisation charges	3,869	31,898	421	1,341	37,529
Acquisition of a subsidiary	—	—	58	—	58
Impairment charges	3,919	12,474	—	1,724	18,117
Exchange rate movement	—	(130)	—	—	(130)
At 31 May 2023	16,961	122,212	2,130	6,139	147,442
Amortisation charges	3,014	27,951	443	1,702	33,110
Impairment charges	—	15,502	—	1,428	16,930
Disposals	—	(490)	—	—	(490)
Exchange rate movement	—	(109)	(1)	—	(110)
At 31 May 2024	19,975	165,066	2,572	9,269	196,882
Net book value at 31 May 2024	7,765	23,442	740	3,755	35,702
Net book value at 31 May 2023	6,221	44,973	747	5,046	56,987

Amortisation charges for other intangible assets that relate to game technology, game developments and third-party software are expensed within research and development expenses. Amortisation charges for IP licences are typically charged to cost of sales, which reflects the IP licence royalties which the minimum guarantees relate to.

The recoverable amount of each of the assets at 31 May 2024 is determined from the value in use. The key assumption in calculating the value in use was the expected future cashflows. A five-year bottom up forecast for FY25 to FY29 inclusive has been created as a basis of the expected future cashflows, with a pre-tax discount rate of 10% (31 May 2023: 10%) being applied to the future cashflows. The Directors have assessed the sensitivity of the impairment test to incorporate reasonable possible changes in the key assumptions and noted that no material impairment exists in any cases. Climate change is not expected to have a material impact on future cashflows. The Group recognised an impairment charge of £16.9 million in FY24 in respect of intangible assets relating to *Warhammer Age of Sigmar: Realms of Ruin* as a result of the impairment tests at 31 May 2024.

Accumulated cost and amortisation of £490k has been disposed of in respect to *RollerCoaster Tycoon 3* intangible assets included within game developments as a result of the sale of the *RollerCoaster Tycoon 3* publishing rights on 15 March 2024 (note 25).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

11. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 31 May 2022	868	6,651	5,358	12,877
Additions	—	1,295	40	1,335
Acquisition of a subsidiary	12	98	53	163
Exchange rate movement	(1)	(7)	(4)	(12)
At 31 May 2023	879	8,037	5,447	14,363
Additions	42	862	56	960
Disposals	—	(19)	—	(19)
Exchange rate movement	(2)	(8)	(2)	(12)
At 31 May 2024	919	8,872	5,501	15,292
Depreciation				
At 31 May 2022	696	4,190	1,351	6,237
Charge for the year	140	1,805	340	2,285
Acquisition of a subsidiary	6	98	53	157
Exchange rate movement	(1)	(7)	(4)	(12)
At 31 May 2023	841	6,086	1,740	8,667
Charge for the year	38	1,526	346	1,910
Disposals	—	(18)	—	(18)
Exchange rate movement	—	(4)	(2)	(6)
At 31 May 2024	879	7,590	2,084	10,553
Net book value at 31 May 2024	40	1,282	3,417	4,739
Net book value at 31 May 2023	38	1,951	3,707	5,696

Depreciation charges were apportioned to the consolidated income statement as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Research and development expenses	1,502	1,799
Administration expenses	408	486
Total	1,910	2,285

12. LEASES

	Right-of-use assets £'000
Cost	
At 31 May 2022	24,356
Additions	—
At 31 May 2023	24,356
Additions	3,709
Exchange rate movement	(39)
At 31 May 2024	28,026
Depreciation	
At 31 May 2022	4,872
Charge for the year	1,624
At 31 May 2023	6,496
Charge for the year	1,872
Exchange rate movement	(3)
At 31 May 2024	8,365
Net book value at 31 May 2024	19,661
Net book value at 31 May 2023	17,860

Right-of-use assets relate to the Group's leases over its studio headquarters in Cambridge and a small studio occupied by Complex Games in Winnipeg, Canada.

Additions of £3.7 million relate to an increase in lease liabilities (and right-of-use assets) during the year as a result of a rent increase on the studio in Cambridge, as well a new lease commitment for the studio for Complex Games.

Depreciation charges are expensed within administrative expenses in the consolidated income statement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

12. LEASES CONTINUED

Set out below are the carrying amounts of lease liabilities (included under current and non-current liabilities in the consolidated statement of financial position) and the movements during the year:

	2024 £'000	2023 £'000
At 1 June	19,278	20,739
Additions	3,709	—
Accretion of interest	844	607
Lease payments	(2,509)	(2,068)
Exchange rate movement	(39)	—
At 31 May	21,283	19,278
Current	1,748	1,505
Non-current	19,535	17,773

The table below sets out the maturity profile of the contractual undiscounted payments at the year end:

	2024 £'000	2023 £'000
In not more than three months	688	517
In more than three months but less than one year	2,098	1,551
In more than one year but less than five years	11,147	8,272
In more than five years	13,073	11,891
Total	27,006	22,231

The discount rates applied to the leases range between 5.00% and 5.25%.

13. TRADE AND OTHER RECEIVABLES

	31 May 2024 £'000	31 May 2023 £'000
Trade receivables	10,136	10,744
Contingent consideration (note 25)	1,639	—
Derivative financial instruments	84	47
Financial assets (note 21)	11,859	10,791
Prepayments and other debtors	1,717	4,152
Social security and other taxes	14	615
Total trade and other receivables	13,590	15,558

All amounts are short term and the net carrying value of trade receivables is considered a reasonable approximation of fair value. No receivables are past their due date and the majority of receivables are balances due from third-party distributors. The year-on-year decrease primarily relates to a receivable recognised in May 2023 in respect to *Jurassic World Evolution 2* entering the PlayStation Plus subscription service and cash being received in June 2023, as well as lower prepayments and other debtors as a result of cost reductions undertaken during the year.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included the following balances by currency:

	31 May 2024 £'000	31 May 2023 £'000
Great British Pounds (GBP)	13,352	14,556
US Dollars (USD)	11,073	12,400
Euros (EUR)	2,994	1,092
Canadian Dollars (CAD)	2,104	263
Total cash and cash equivalents	29,523	28,311

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

15. TRADE AND OTHER PAYABLES

CURRENT LIABILITIES

	31 May 2024 £'000	31 May 2023 £'000
Trade payables	2,486	4,360
Contingent consideration	—	1,529
Employment related accruals	—	321
Accruals and other payables	7,262	8,776
Financial liabilities (note 21)	9,748	14,986
Accruals and other payables	113	114
Social security and other taxes	1,235	1,421
Total trade and other payables	11,096	16,521

Trade and other payables are due within one year. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value. The decrease resulted from the cost reductions undertaken during the year, from the lower revenue related accruals and through the final payment of the contingent consideration in respect to the acquisition of Complex Games Inc.

NON-CURRENT LIABILITIES

	31 May 2024 £'000	31 May 2023 £'000
Other payables	3,101	4,235

Other payables within non-current liabilities are minimum guarantees payable that are due to IP licence holders. The payment terms range between one and four years.

16. DEFERRED INCOME

Set out below are the carrying amounts of deferred income (included under current and non-current liabilities in the consolidated statement of financial position) and the movements during the year:

	2024 £'000	2023 £'000
At 1 June	4,518	2,466
Deferred during the year	3,479	6,772
Recognised during the year	(3,390)	(4,720)
At 31 May	4,607	4,518
Current	4,351	4,355
Non-current	256	163

All deferred revenue recognised as revenue during FY24 and FY23 related to amounts included in deferred income at the beginning of the year or deferred revenue during the year.

The carrying values of deferred income are considered to be a reasonable approximation of fair value.

Deferred income at the year end comprises:

	31 May 2024 £'000	31 May 2023 £'000
<i>Elite Dangerous</i> virtual currency	860	796
Physical discs still within the distribution channel	663	1,288
Pre-orders of content not yet released	1,503	—
Subscription deals	911	1,990
Total deferred revenue	3,937	4,074
Research and Development Expenditure Credit (RDEC) grant	670	444
Total deferred income	4,607	4,518



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

16. DEFERRED INCOME CONTINUED

Income deferred during the year is as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
<i>Elite Dangerous</i> virtual currency	220	201
Physical discs still within the distribution channel	332	4,137
Pre-orders of content not yet released	1,503	—
Subscription deals	911	1,990
Total revenue deferred	2,966	6,328
Research and Development Expenditure Credit (RDEC) grant	513	444
Total income deferred	3,479	6,772

Deferred income recognised during the year is as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
<i>Elite Dangerous</i> virtual currency	156	206
Physical discs still within the distribution channel	957	4,514
Subscription deals	1,990	—
Total deferred revenue recognised	3,103	4,720
Research and Development Expenditure Credit (RDEC) grant	287	—
Total deferred income recognised	3,390	4,720

17. CURRENT TAX ASSETS

Current tax assets in the consolidated statement of financial position are as follows:

	31 May 2024 £'000	31 May 2023 £'000
Current tax assets	7,216	9,438

The Group has recognised current tax assets in respect of Video Games Tax Relief claims of £7.2 million at 31 May 2024 (31 May 2023: £9.4 million).

18. PROVISIONS

	Dilapidations £'000	Restructuring £'000	Total £'000
At 31 May 2022	56	—	56
Provided for in the year	15	—	15
At 31 May 2023	71	—	71
Provided for in the year	14	1,405	1,419
Provision used during the year	—	(1,405)	(1,405)
At 31 May 2024	85	—	85

The dilapidations provision is based on the estimated costs of work to be performed to bring the buildings back to a state of repair and condition similar to the start of the lease.

The restructuring provision relates to costs provided for in respect to the Organisational Review undertaken during the year, with all of the provision being utilised at 31 May 2024.

19. DEFERRED TAX ASSETS AND LIABILITIES

	Consolidated statement of financial position		Consolidated income statement		Consolidated statement of changes in equity	
	31 May 2024 £'000	31 May 2023 £'000	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Short-term temporary differences	92	99	7	(19)	—	—
Intangible and tangible fixed assets	(3,863)	(2,328)	1,547	(1,356)	—	—
Potential future share option exercises	6	835	655	519	174	1,571
Research and Development Expenditure Credit	358	183	(175)	(112)	—	—
Losses available for offsetting against future taxable income	3,017	792	(2,225)	181	—	—
Deferred tax (benefit)/expense			(191)	(787)	174	1,571
Net deferred tax liabilities	(390)	(419)				
Reflected in the consolidated statement of financial position as follows:						
Deferred tax assets	3,473	1,909				
Deferred tax liabilities	(3,863)	(2,328)				
Net deferred tax liabilities	(390)	(419)				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

19. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate increased to 25%. At the balance sheet date, deferred taxes have therefore been measured using the tax rate at the date that the deferred tax asset or liability unwinds of 25% (31 May 2023: 20-25%).

On 31 May 2024, the £3.9 million deferred tax liability recognised in intangible and tangible fixed assets relates to £3.5 million in Frontier Developments plc and £0.4 million in Complex Games Inc.

The Group is elected into the Research and Development Expenditure Credit (RDEC) scheme. The Research and Development (R&D) tax credit in FY23 and FY24 is offset against and recognised in research and development expenses. The total RDEC claim during FY24 is £769k (FY23: £558k) and has been recognised in the consolidated income statement over the life of the related intangible assets. The actual total RDEC claim for FY23 decreased from £558k to £470k after preparing and submitting the final FY23 UK corporation tax return. A deferred tax asset of £358k has been recognised due to the timing difference of the utilisation of the RDEC notional tax. £358k of the RDEC deferred tax asset is made up of 19% of the RDEC claim in FY22 (£375k), 20% of the RDEC claim in FY23 (£470k) and 25% of the RDEC claim in FY24 (£769k). The RDEC notional tax will be carried forward to reduce the corporation tax liability in the future.

Accumulated Group tax losses at 31 May 2024 are provisionally estimated to be £121.6 million (31 May 2023: £83.4 million). The actual accumulated Group tax losses at 31 May 2023 increased to £98.2 million after preparing and submitting the final FY23 corporation tax returns. The increase of £14.8 million is primarily due to the increase in Patent Box relief in the final FY23 UK corporation tax return.

The accumulated UK tax losses movement of £23.4 million during FY24 relates to current year losses created from non-VGTR trades that were not utilised during the year.

Out of the £121.6 million of tax losses carried forward at 31 May 2024, £12.1 million of tax losses were recognised as a deferred tax asset. £12.1 million was recognised in Frontier Developments plc to the extent of the taxable temporary differences due to the unlikelihood of the Company having taxable profits in the foreseeable future to utilise the additional losses. £0.1 million of tax losses previously recognised in Complex Games Inc in FY23 were fully utilised against the taxable profit generated in FY24.

The Group's tax arrangements concerning income streams under VGTR and Patent Box enhancements can be complex and at 31 May 2024 there was insufficient certainty concerning the utilisation of other tax losses to create any other deferred tax assets related to accumulated losses. It is anticipated that Patent Box deductions and VGTR enhanced deductions will continue to be available in future periods, which will continue to have a significant impact on the taxable losses of the Group and therefore the utilisation of brought forward losses. Taking the above into account, and in line with forecasts for future years, the Group does not expect to utilise the remaining unused tax losses in the foreseeable future. The Group's total unrecognised tax losses at 31 May 2024 were £109.5 million (31 May 2023: £80.2 million).

The losses do not have an expiry date.

20. SHARE CAPITAL AND SHARE PREMIUM

The movement during the year on the Group and Company's issued share capital was as follows:

	Number	Nominal value £
At 31 May 2022	39,423,349	197,117
Shares issued on option exercises and warrants	55,186	276
At 31 May 2023	39,478,535	197,393
Shares issued on option exercises	—	—
At 31 May 2024	39,478,535	197,393

No Ordinary Shares were issued during FY24.

For detailed information of the exercise of options and warrants, refer to page 72 of the consolidated financial statements.

The movement during the year on the Group and Company's share premium was as follows:

	£'000
At 31 May 2022	36,468
Shares issued on option exercises and warrants	79
At 31 May 2023	36,547
Shares issued on option exercises	—
At 31 May 2024	36,547



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

21. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

	31 May 2024 £'000	31 May 2023 £'000
Financial assets at amortised cost		
Trade and other receivables (note 13)	10,136	10,791
Cash and cash equivalents (note 14)	29,523	28,311
Total	39,659	39,102

	31 May 2024 £'000	31 May 2023 £'000
Financial liabilities at amortised cost		
Trade and other payables (note 15)	12,849	19,221
Deferred income (note 16)	4,607	4,518
Lease liabilities (note 12)	21,283	19,278
Total	38,739	43,017

The Group's financial instruments measured at fair value are summarised below:

	31 May 2024 £'000	31 May 2023 £'000
Financial assets at FVTPL		
Forward foreign exchange contracts – held for trading	84	47
Contingent consideration (note 25)	1,639	–

The Group used forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in US Dollars. The forward contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

All forward contracts are held at fair value through the profit and loss by reference to the exchange rate at the balance sheet date.

The Group's foreign currency forward contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract. The observable forward exchange rates are provided by a third party. They are defined as level 2 within the fair value hierarchy. There were no transfers between levels in FY24 or FY23.

22. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The results and financial position of all the subsidiaries are included in the consolidated financial statements. Details of the Company's direct and indirect subsidiaries as at 31 May 2024 are set out below:

Name of company	Country of incorporation	Proportion of Ordinary Shares held	Nature of business	Registered office
Frontier Developments Inc.	USA	100%	Publisher support services	500 N. Rainbow Blvd, Suite 300, Las Vegas NV 89107, USA
Frontier Games Limited	UK	100%	Game development services	26 Science Park, Milton Road, Cambridge CB4 0FP, UK
Complex Games Inc.	Canada	100%	Game development services	300 -161 Portage Avenue E., Winnipeg, MB, R3B 2L6, Canada



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

23. SHARE OPTIONS

The Group has a number of share schemes whereby options may be granted to employees (including Executive Directors) to subscribe for Ordinary Shares in the Group.

The Group operates an HMRC-approved Company Share Option Plan (from January 2014), an unapproved scheme (from January 2014), an HMRC-approved Sharesave scheme (from October 2017 onwards) and a Long Term Incentive Plan (from November 2017 onwards). All share option grants have a contractual term of ten years. The unapproved options carry similar conditions to the main Company Share Option Plan with a vesting period of three years, except for one tranche issued on 15 September 2014 that had a shorter vesting period of one year. The Long Term Incentive Plan has a vesting period ranging between one and three years and typically has performance conditions attached to the options.

Date of grant	Scheme or warrant type	Period when exercisable	Price in pence	2024 Number outstanding	2023 Number outstanding
21 March 2014	Company Share Option Plan	2017–2024	224.5	—	40,700
15 September 2014	Company Share Option Plan	2017–2024	257.5	60,480	60,480
15 September 2014	Unapproved options	2017–2024	257.5	40,900	40,900
15 September 2014	Unapproved options	2015–2024	257.5	288,350	288,350
10 March 2015	Company Share Option Plan	2018–2025	230.0	28,500	30,500
10 March 2015	Unapproved options	2018–2025	230.0	4,000	4,000
21 September 2015	Company Share Option Plan	2018–2025	193.5	19,600	19,600
21 September 2015	Unapproved options	2018–2025	193.5	11,000	11,000
8 September 2016	Company Share Option Plan	2019–2026	174.0	12,300	16,300
8 September 2016	Unapproved options	2019–2026	174.0	23,750	34,750
9 February 2017	Company Share Option Plan	2020–2027	278.0	8,150	8,150
31 May 2017	Unapproved options	2020–2027	406.0	7,389	7,389
31 May 2017	Unapproved options	2020–2027	250.0	100,000	100,000
10 November 2017	Company Share Option Plan	2020–2027	1,094.0	26,330	27,005
10 November 2017	Long Term Incentive Plan	2020–2027	0.5	43,119	48,021
17 October 2018	Company Share Option Plan	2021–2028	1,130.0	31,286	35,998
17 October 2018	Long Term Incentive Plan	2021–2028	0.5	85,298	90,958
6 February 2019	Company Share Option Plan	2022–2029	886.0	3,386	3,386
6 February 2019	Long Term Incentive Plan	2022–2029	0.5	558	558
1 April 2019	Sharesave	2022	783.0	—	2,298
4 October 2019	Company Share Option Plan	2022–2029	1,002.0	29,939	35,361
4 October 2019	Long Term Incentive Plan	2022–2029	0.5	167,795	174,186
25 March 2020	Sharesave	2023	947.0	—	4,655
8 October 2020	Sharesave	2023–2024	2,040.0	1,444	2,148

Date of grant	Scheme or warrant type	Period when exercisable	Price in pence	2024 Number outstanding	2023 Number outstanding
9 October 2020	Company Share Option Plan	2023–2030	2,455.0	2,442	3,663
9 October 2020	Long Term Incentive Plan	2023–2030	0.5	41,461	76,858
27 November 2020	Long Term Incentive Plan	2023–2030	0.5	779	927
25 March 2021	Sharesave	2024	1,972.0	1,368	1,695
8 October 2021	Sharesave	2024–2025	2,124.0	759	970
15 October 2021	Company Share Option Plan	2024–2031	2,540.0	2,362	2,362
15 October 2021	Long Term Incentive Plan	2024–2031	0.5	87,676	100,210
17 March 2022	Sharesave	2025	972.0	4,033	13,894
17 October 2022	Sharesave	2025–2026	1,044.0	2,872	5,728
4 November 2022	Company Share Option Plan	2025–2032	1,272.0	98,090	125,878
4 November 2022	Long Term Incentive Plan	2023–2032	0.5	321,644	367,328
4 November 2022	Unapproved options	2025–2032	1,272.0	35,182	35,182
17 February 2023	Long Term Incentive Plan	2024–2033	0.5	7,955	9,546
17 March 2023	Sharesave	2026	354.0	454,829	744,427
22 May 2023	Company Share Option Plan	2026–2033	582.0	64,782	84,055
3 July 2023	Long Term Incentive Plan	2026–2033	0.5	5,000	—
26 April 2024	Long Term Incentive Plan	2026–2034	0.5	325,000	—
26 April 2024	Unapproved options	2026–2034	206.0	28,000	—
30 April 2024	Company Share Option Plan	2027–2034	209.0	537,000	—
30 April 2024	Unapproved options	2027–2034	209.0	28,000	—
Total number of share options				3,042,808	2,659,416



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

23. SHARE OPTIONS CONTINUED

Movements in the number of share options outstanding:

	31 May 2024 Number	31 May 2023 Number
Opening balance	2,659,416	1,807,088
Granted	928,500	1,461,795
Exercised	(18,252)	(145,677)
Lapsed	(526,856)	(463,790)
Closing balance	3,042,808	2,659,416
Weighted average exercise price on closing balance (p)	251.8	315.6

The share-based compensation charge in the consolidated income statement in FY24 was £2.8 million (FY23: £3.3 million).

Under the rules of the Company Share Option Plan (approved and unapproved), typically options are not exercisable until three years from the date of the grant. There are no performance conditions attaching to the options and the only vesting condition is continued service in the Group.

Under the rules of the Long Term Incentive Plan, options are not exercisable until at least one year from the date of the grant. Typically, there are performance conditions attached to the options related to both profit and share price (TSR) performance during the vesting period and continued service in the Group is required in order to vest.

FAIR VALUE ASSUMPTIONS OF SHARE-BASED PAYMENTS

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model or the Monte Carlo simulation. Details of the share options granted in the year, together with the assumptions used in determining the fair value, are summarised below:

CSOP and unapproved options

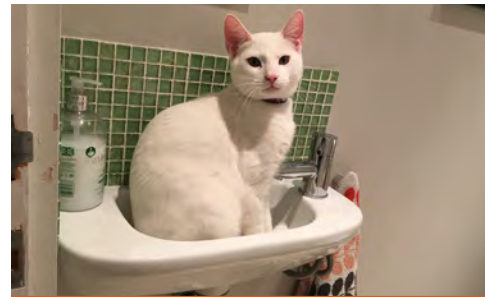
	Unapproved 26 April 2024	CSOP 30 April 2024	Unapproved 30 April 2024
Share price at date of grant (p)	208.5	228.5	228.5
Exercise price (p)	206.0	209.0	209.0
Expected time to expiry (years)	6.00	6.50	6.50
Risk-free interest rate (%)	5.15	5.18	5.18
Expected dividend yield on shares (%)	—	—	—
Expected volatility of share price (%)	68.30	68.55	68.55
Fair value of options granted (p)	137.6	158.9	158.9

LTIP

	LTIP 3 July 2023	LTIP 26 April 2024
Share price at date of grant (p)	576.0	208.5
Exercise price (p)	0.5	0.5
Expected time to expiry (years)	3.00	2.00
Risk-free interest rate (%)	4.43	5.15
Expected dividend yield on shares (%)	—	—
Expected volatility of share price (%)	56.79	68.30
Fair value of options granted (p)	575.6	208.0

EMPLOYEE BENEFIT TRUST (EBT)

On 5 December 2014, the Company set up an EBT for the purposes of allowing employees to exercise their share options, including the choice of being able to do this on a cashless exercise basis. The exercise of options is approved by the Board at each Board meeting, outside of share dealing closed periods, under a letter of recommendation to the Trustees of the EBT. The fulfilment of the share option conversions, whether by issue of shares to the EBT or market purchases, is also made at the same time. The EBT is limited under ABI guidelines to holding not more than 10% of the Ordinary Share capital of the Group. The Trustees are appointed by Ocorian Limited, which administers the Trust. The number of share options exercised by employees in the year and fulfilled as part of these arrangements was 18,252 Ordinary Shares. The EBT had no other assets or liabilities at 31 May 2024 outside of its interest in 862,010 Ordinary Shares.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

24. RELATED PARTY TRANSACTIONS

One shareholder receives ongoing royalties or commission as a percentage of royalty sales for some of the Group's video games launched in prior periods.

Connected party	Expense paid 31 May 2024 £'000	Creditor balance 31 May 2024 £'000	Expense paid 31 May 2023 £'000	Creditor balance 31 May 2023 £'000
Chris Sawyer – royalties	252	–	313	–

Connected party	Change in value of loan expense paid 31 May 2024 £'000	Change in value of loan expense paid 31 May 2023 £'000
Contribution to EBT to purchase shares on market	–	3,000
Voluntary contribution to the Trust to repay outstanding loan balance during the year	–	(3,000)
Movement in year	–	–
Opening loan balance	–	–
Closing loan balance	–	–

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The actual remuneration of the Directors, who are the key management personnel of the Group, is disclosed in the Remuneration Report. The contractual employee benefits are set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures.

	31 May 2024 £'000	31 May 2023 £'000
Short-term employee benefits (including aggregate gains on the exercise of share options)	1,381	1,499
Post-employment benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
IFRS 2 share-based payment charge	690	778

Consultancy fees are paid to Tumbling Dice Ltd, a company in which David Walsh is a common director, amounting to £50k in FY24 (FY23: £50k). The amount outstanding at 31 May 2024 is £nil (31 May 2023: £4k).

25. FINANCIAL INSTRUMENT RISKS

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks in relation to financial assets and liabilities, which are summarised by category in note 21. The main types of risks are credit risk, currency risk and liquidity risk.

The Group's risk management is coordinated in close cooperation with the Board of Directors.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are described below.

CREDIT RISK

The Group's exposure is limited to the carrying amount of financial assets and cash and cash equivalents recognised at the year end date (as summarised in note 21).

In order to minimise credit risk, the Group endeavours only to deal with counterparties which are demonstrably creditworthy. The Group deals with a low number of counterparties, which are all deemed to be quality counterparties.

The Group's management considers all financial assets, not impaired, for each reporting date to be of good credit quality, including those past due. The Board monitors the credit risk by reference to the date of receipt compared to the contractual terms.

The Group considers it has minimal credit risk for liquid funds and other short-term financial assets as cash is held with reputable UK, US and Canadian banks.

At the year end, the Group's financial assets are secured by a debenture issued in favour of Barclays Bank plc.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

25. FINANCIAL INSTRUMENT RISKS CONTINUED

CREDIT RISK CONTINUED

Set out below is the information about the credit risk exposure on the Group's trade and other receivables using a provision matrix:

	31 May 2024 Days past due						31 May 2023 Days past due					
	Current £'000	<30 days £'000	30-60 days £'000	61-90 days £'000	>91 days £'000	Total £'000	Current £'000	<30 days £'000	30-60 days £'000	61-90 days £'000	>91 days £'000	Total £'000
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount at default	10,136	—	—	—	—	10,136	10,791	—	—	—	—	10,791
Expected credit loss	—	—	—	—	—	—	—	—	—	—	—	—

FOREIGN CURRENCY RISK

The Group's reporting currency is Sterling. Exposure to currency exchange rates arises where transactions are in a currency other than the functional currency of the entity, primarily US Dollars (USD), Euros (EUR) and Canadian Dollars (CAD).

The Group has entered into several forward contracts during the financial year in order to mitigate the risk of US currency movements. The closing fair value of the contracts has been disclosed within note 21 and accounted for at fair value through the profit and loss.

The carrying amounts of the Group's Canadian Dollar, US Dollar and Euro-denominated monetary assets outside the functional currency of the entity at the reporting date are as follows:

	31 May 2024			31 May 2023		
	CAD £'000	USD £'000	EUR £'000	CAD £'000	USD £'000	EUR £'000
Monetary assets	2,105	11,073	2,994	263	12,400	1,092

In addition, some of the Group's revenue and overhead transactions are completed in a foreign currency.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the Group's sensitivity to a 5% increase or decrease in the Sterling exchange rate against all relevant currencies, albeit the main exposures are to US Dollars, Euros and Canadian Dollars. An increase in Sterling would lead to a decrease in income and a decrease in equity.

	2024 £'000	2023 £'000
Effect of a 5% change in relevant exchange rate on:		
Consolidated income statement	2,315	2,665
Equity	1,057	937



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

25. FINANCIAL INSTRUMENT RISKS CONTINUED

LIQUIDITY RISK ANALYSIS

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due. The Group manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in day-to-day business. Net cash requirements determine headroom or any shortfalls over the medium term. This analysis shows if there is a need to use the revolving credit facility or seek external funding or the need to secure finance from its shareholder base.

The Group's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months £'000	Between 6 and 12 months £'000	Between 1 and 5 years £'000	Later than 5 years £'000
At 31 May 2024				
Trade and other payables	8,160	1,588	3,101	—
Deferred income	2,073	2,278	256	—
Lease liabilities	867	893	7,965	11,558
At 31 May 2023				
Trade and other payables	13,647	1,339	4,235	—
Deferred income	3,333	1,022	163	—
Lease liability	752	753	6,486	11,287

FINANCIAL ASSETS USED FOR MANAGING LIQUIDITY RISK

Cashflows from trade and other receivables are contractually due within six months.

Cash is generally held in accounts with immediate notice. Where surplus cash deposits are identified these are placed in accounts with access terms of no more than three months.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 June 2023 £'000	Cashflows	Additions	Other	31 May 2024 £'000
Current lease liabilities	1,505	(1,505)	—	1,748	1,748
Non-current lease liabilities	17,773	(1,004)	3,709	(943)	19,535
Forward foreign exchange contracts – held for trading	47	—	—	37	84
Total liabilities from financing activities	19,325	(2,509)	3,709	842	21,367

SALE OF ROLLERCOASTER TYCOON 3 PUBLISHING RIGHTS

On 15 March 2024, Frontier sold the game asset and associated publishing and development rights for RCT3 ('RCT3 assets'), that was previously capitalised as an intangible asset, to Atari to enable Atari to become the sole publisher of all major titles within the *RollerCoaster Tycoon Franchise*. This has therefore been accounted for as a disposal of a fully amortised other intangible asset (note 10). Total consideration for the sale of the RCT3 assets was agreed at US\$7.0 million, comprising £3.2 million (US\$4.0 million) of up-front cash and £2.4 million (US\$3.0 million) of deferred cash consideration. A gain on sale of the RCT3 assets of £4.9 million, representing the up-front consideration received in the period (£3.2 million) and the discounted net present value of future consideration (£1.7 million), has been recorded in other operating income in the consolidated income statement.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items during the year:

	Contingent consideration £'000
At 31 May 2023	—
Gains recognised in other operating income	1,713
Cash received	(57)
Exchange rate movement	(17)
At 31 May 2024	1,639



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

25. FINANCIAL INSTRUMENT RISKS CONTINUED

SALE OF ROLLERCOASTER TYCOON 3 PUBLISHING RIGHTS CONTINUED

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at		Unobservable inputs	Inputs	Relationship of observable inputs to fair value
	31 May 2024 £'000	31 May 2023 £'000			
Contingent consideration	1,639	—	Discount rate	8.45%	A change in the discount rate by 100 bps would increase/decrease the fair value by £45k
			Expected cash inflows	\$3.0 million	If Atari decided to discontinue and no longer sell RCT3 the fair value would reduce to £nil

Valuation processes

The Finance department of the Group includes a team that performs the valuation of contingent consideration required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates are determined using a risk-free interest rate, which is defined as the Bank of England base rate plus inflation rate.
- Contingent consideration expected cash inflows are estimated based on the terms of the sale of the publishing rights and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

26. POST BALANCE SHEET EVENT

After 31 May 2024 and before the signing of the accounts on 10 September 2024, commercial discussions with an IP partner resulted in the voluntary termination of a contract for a future game before full development started. This resulted in the derecognition of £1.92 million of other intangible assets and £1.96 million of non-current liabilities related to minimum guarantees. The resulting net gain of approximately £40k will be credited to the FY25 consolidated income statement.

27. BUSINESS COMBINATIONS

On 1 November 2022 (FY23), the Group acquired experienced game development studio Complex Games Inc following a successful collaboration with the development and launch of *Warhammer 40,000: Chaos Gate – Daemonhunters*.

Frontier acquired 100% of the share capital in Complex for an upfront cash consideration of CAD\$13.3 million (£8.4 million) and conditional deferred cash consideration of up to CAD\$5.2 million (£3.3 million), which was payable subject to Complex meeting certain operational milestones during the period to 31 December 2023. The deferred cash consideration was payable regardless of the employment status of the sellers.

In addition, the four employee shareholders – the two founders and the two studio principals – will participate in a profit-share earn-out of up to CAD\$11.8 million (£7.5 million) payable annually over five years. The purchase agreement stipulates that the profit-share earn-out will only be paid to each employee if they remain employed by the Group and therefore this purchase consideration is deemed to be post-acquisition expenses under IFRS 3 (note 15).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

27. BUSINESS COMBINATIONS CONTINUED

The finalised fair values of identifiable assets acquired and liabilities assumed at the acquisition date were:

	Carrying value at acquisition £'000	Fair value adjustment £'000	Fair value £'000
Non-current assets			
Intangible assets	—	3,910	3,910
Property, plant and equipment	6	—	6
Total non-current assets	6	3,910	3,916
Current assets			
Trade and other receivables	2,216	—	2,216
Cash and cash equivalents	411	—	411
Current tax assets	143	—	143
Total current assets	2,770	—	2,770
Current liabilities			
Trade and other payables	(330)	—	(330)
Loans payable	(1,260)	—	(1,260)
Total current liabilities	(1,590)	—	(1,590)
Non-current liabilities			
Deferred tax liability	—	(1,056)	(1,056)
Total non-current liabilities	—	(1,056)	(1,056)
Net identifiable assets and liabilities	1,186	2,854	4,040
Goodwill (note 9)			7,685
Total consideration			11,725

A technology-based intangible asset of £3.9 million was recognised on acquisition in game developments within other intangible assets, which relates to the software IP behind *Warhammer 40,000: Chaos Gate – Daemonhunters*. The recognition of the intangible asset also generated a deferred tax liability of £1.1 million, being the asset value at a tax rate of 27%, which is the corporation tax rate in the Province of Manitoba.

The main factors leading to the recognition of goodwill on the acquisition were the presence of certain intangible assets in the acquired entity, which are not valued for separate recognition. These include expertise in the acquired entity, enhancing and growing our development capabilities, broadening our portfolio, and extending our geographical footprint.

The goodwill balance did not result in a deferred tax asset as the goodwill balance is not tax deductible in the UK.

Advisor fees incurred in respect of the acquisition totalled £nil in FY24 (FY23: £0.3 million) and were charged to the consolidated income statement, with no further costs anticipated.

The final payment of deferred cash consideration of £1.5 million was paid during FY24 (note 15).

28. SUBSIDIARY AUDIT EXEMPTION

Frontier Games Limited (registered company number: 12553555) is exempt from the requirements relating to the audit of individual accounts for the year ended 31 May 2024 by virtue of Section 479A of the Companies Act 2006.



COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2024

(REGISTERED COMPANY NO: 02892559)

	Notes	31 May 2024 £'000	31 May 2023 £'000
Non-current assets			
Investment in subsidiaries	31	9,897	10,873
Other intangible assets	32	34,180	55,368
Property, plant and equipment	33	4,555	5,695
Right-of-use asset	34	18,984	17,860
Total non-current assets		67,616	89,796
Current assets			
Trade and other receivables	35	14,626	15,830
Current tax assets	38	1,067	2,372
Cash and cash equivalents	36	29,128	28,069
Total current assets		44,821	46,271
Total assets		112,437	136,067
Current liabilities			
Trade and other payables	37	(19,470)	(17,211)
Lease liability	34	(1,612)	(1,505)
Deferred income	16	(4,351)	(4,355)
Total current liabilities		(25,433)	(23,071)
Net current assets		19,388	23,200
Non-current liabilities			
Provisions	18	(85)	(71)
Lease liability	34	(18,895)	(17,773)
Deferred income	16	(256)	(163)
Other payables	37	(3,101)	(4,235)
Total non-current liabilities		(22,337)	(22,242)
Total liabilities		(47,770)	(45,313)
Net assets		64,667	90,754
Equity			
Share capital	20	197	197
Share premium account	20	36,547	36,547
Equity reserve		(13,283)	(14,553)
Retained earnings		41,206	68,563
Total equity		64,667	90,754

The Company has taken the exemption under Section 408 of the Companies Act 2006 not to present a full income statement, but the loss for the Company was £28,691k (FY23: £23,518k).

These financial statements were approved by the Directors on 10 September 2024 and signed on their behalf by:

ALEX BEVIS
DIRECTOR



COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2024

	Notes	Share capital £'000	Share premium account £'000	Equity reserve £'000	Retained earnings £'000	Total equity £'000
At 31 May 2022		197	36,468	(12,769)	91,295	115,191
Loss for the year		—	—	—	(23,518)	(23,518)
Total comprehensive loss for the year		—	—	—	(23,518)	(23,518)
Issue of share capital net of expenses	20	—	79	—	—	79
Share-based payment charges	23	—	—	3,340	—	3,340
Share-based payment transfer relating to option exercises and lapses		—	—	(2,357)	2,357	—
Employee Benefit Trust cash outflows from share purchases		—	—	(3,000)	—	(3,000)
Employee Benefit Trust net cash inflows from option exercises		—	—	233	—	233
Deferred tax movements posted directly to reserves	39	—	—	—	(1,571)	(1,571)
Transactions with owners		—	79	(1,784)	786	(919)
At 31 May 2023		197	36,547	(14,553)	68,563	90,754
Loss for the year		—	—	—	(28,691)	(28,691)
Total comprehensive loss for the year		—	—	—	(28,691)	(28,691)
Share-based payment charges	23	—	—	2,778	—	2,778
Share-based payment transfer relating to option exercises and lapses		—	—	(1,508)	1,508	—
Deferred tax movements posted directly to reserves	39	—	—	—	(174)	(174)
Transactions with owners		—	—	1,270	1,334	2,604
At 31 May 2024		197	36,547	(13,283)	41,206	64,667



NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2024

29. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company financial statements have been prepared in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IASs.

The financial information has been prepared on a going concern basis under the historical cost convention, except for financial instruments held at fair value. The financial information is presented in Sterling, the presentation and functional currency for the Company. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Please refer to the Group financial statements for additional information concerning the basis of preparation. For references in the Company financial statements to notes numbered earlier than note 29, refer directly to specific notes in the Group financial statements.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income in these financial statements. The Company's overall result for the year is given in the statement of changes in equity.

OTHER SIGNIFICANT ACCOUNTING POLICIES

The Company applies consistent accounting policies to those applied by the Group. Please refer to the Group financial statements for disclosure of other relevant accounting policies.

AUDITOR STATUTORY DISCLOSURE

The audit fee for the Company is outlined in note 6 of the Group financial statements.

30. STAFF COSTS

Aggregate payroll costs of persons employed by the Company (including Directors) during the year were as follows:

	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Wages and salaries	36,462	35,259
Social security costs	3,894	3,854
Pension costs	3,849	3,644
Share-based compensation (note 23)	2,778	3,340
Restructuring costs	1,287	—
Total staff costs	48,270	46,097

The average number of persons employed by the Company (including Directors) during the year was as follows:

	12 months to 31 May 2024	12 months to 31 May 2023
Research and development	673	691
Sales, marketing and administrative	127	135
Total average number of employees	800	826

31. INVESTMENT IN SUBSIDIARIES

	31 May 2024 £'000	31 May 2023 £'000
Investment in subsidiaries	9,897	10,873

Details of the Company's direct and indirect subsidiaries as at 31 May 2024 are set out in note 22 of the Group financial statements.

The movement during the year on the Company's investment in subsidiaries was as follows:

	£'000
At 31 May 2023	10,873
Profit-share earn-out in respect to acquisition of Complex Games Inc. paid in year	372
Deferred cash consideration in respect to acquisition of Complex Games Inc. paid in year	1,530
Paid-up capital distribution in respect to Complex Games Inc.	(2,878)
At 31 May 2024	9,897

32. OTHER INTANGIBLE ASSETS

	Game technology £'000	Game developments £'000	Third-party software £'000	IP licences £'000	Total £'000
Cost					
At 31 May 2022	19,733	129,393	2,390	11,185	162,701
Additions	3,449	33,294	429	—	37,172
Disposals	—	—	—	—	—
At 31 May 2023	23,182	162,687	2,819	11,185	199,873
Additions	4,558	20,766	436	1,839	27,599
Disposals	—	(490)	—	—	(490)
At 31 May 2024	27,740	182,963	3,255	13,024	226,982
Amortisation and impairment					
At 31 May 2022	9,173	77,970	1,651	3,074	91,868
Amortisation charges	3,869	28,889	421	1,341	34,520
Impairment charges	3,919	12,474	—	1,724	18,117
Disposals	—	—	—	—	—
At 31 May 2023	16,961	119,333	2,072	6,139	144,505
Amortisation charges	3,014	26,698	443	1,702	31,857
Impairment charges	—	15,502	—	1,428	16,930
Disposals	—	(490)	—	—	(490)
At 31 May 2024	19,975	161,043	2,515	9,269	192,802
Net book value at 31 May 2024	7,765	21,920	740	3,755	34,180
Net book value at 31 May 2023	6,221	43,354	747	5,046	55,368



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MAY 2024

32. OTHER INTANGIBLE ASSETS CONTINUED

Accumulated cost and amortisation of £490k has been disposed of in respect to *RollerCoaster Tycoon 3* intangible assets included within game developments as a result of the sale of the *RollerCoaster Tycoon 3* publishing rights on 15 March 2024 (note 25).

33. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 31 May 2022	868	6,651	5,358	12,877
Additions	—	1,294	40	1,334
At 31 May 2023	868	7,945	5,398	14,211
Additions	—	712	1	713
Disposals	—	(19)	—	(19)
At 31 May 2024	868	8,638	5,399	14,905
Depreciation				
At 31 May 2022	696	4,190	1,351	6,237
Charge for the year	134	1,805	340	2,279
At 31 May 2023	830	5,995	1,691	8,516
Charge for the year	33	1,480	339	1,852
Disposals	—	(18)	—	(18)
At 31 May 2024	863	7,457	2,030	10,350
Net book value at 31 May 2024	5	1,181	3,369	4,555
Net book value at 31 May 2023	38	1,950	3,707	5,695

34. LEASES

	Right-of-use asset £'000
Cost	
At 31 May 2022	24,356
Additions	—
At 31 May 2023	24,356
Additions	2,885
At 31 May 2024	27,241
Depreciation	
At 31 May 2022	4,872
Charge for the year	1,624
At 31 May 2023	6,496
Charge for the year	1,761
At 31 May 2024	8,257
Net book value at 31 May 2024	18,984
Net book value at 31 May 2023	17,860

The right-of-use asset relates to the Company's lease over its studio headquarters in Cambridge.

Additions of £2.9 million relate to an increase in the lease liability (and right-of-use asset) during the year as a result of a rent increase on the studio in Cambridge.

Depreciation charges are expensed within administrative expenses in the income statement.

Set out below are the carrying amounts of the lease liability (included under current and non-current liabilities in the statement of financial position) and the movements during the year:

	2024 £'000	2023 £'000
At 1 June	19,278	20,739
Additions	2,885	—
Accretion of interest	814	607
Lease payments	(2,470)	(2,068)
At 31 May	20,507	19,278
Current	1,612	1,505
Non-current	18,895	17,773



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

34. LEASES CONTINUED

The table below sets out the maturity profile of the contractual undiscounted payments at the year end:

	2024 £'000	2023 £'000
In not more than three months	654	517
In more than three months but less than one year	1,961	1,551
In more than one year but less than five years	10,459	8,272
In more than five years	13,073	11,891
Total	26,147	22,231

The discount rate applied to the lease is 5.25%.

35. TRADE AND OTHER RECEIVABLES

	31 May 2024 £'000	31 May 2023 £'000
Trade receivables	10,136	10,743
Contingent consideration (note 25)	1,639	—
Intercompany receivables	1,124	328
Derivative financial instruments	84	47
Financial assets (note 40)	12,983	11,118
Prepayments and other debtors	1,643	4,124
Social security and other taxes	—	588
Total trade and other receivables	14,626	15,830

All amounts are short term and the net carrying value of trade receivables is considered a reasonable approximation of fair value. No receivables are past their due date and the majority of receivables are balances due from third-party distributors. The year-on-year decrease primarily relates to a receivable recognised in May 2023 in respect to *Jurassic World Evolution 2* entering the PlayStation Plus subscription service and cash being received in June 2023, as well as lower prepayments and other debtors as result of a reduction in operating costs during the year.

Intercompany receivables are trading balances, are non-interest bearing and are payable on demand.

36. CASH AND CASH EQUIVALENTS

	31 May 2024 £'000	31 May 2023 £'000
Great British Pounds (GBP)	13,352	14,556
US Dollars (USD)	10,895	12,354
Euros (EUR)	2,994	1,092
Canadian Dollars (CAD)	1,887	67
Total cash and cash equivalents	29,128	28,069

37. TRADE AND OTHER PAYABLES

CURRENT LIABILITIES

	31 May 2024 £'000	31 May 2023 £'000
Trade payables	2,449	4,357
Intercompany payables	8,507	2,615
Accruals and other payables	7,213	8,696
Financial liabilities (note 40)	18,169	15,668
Accruals and other payables	113	114
Other taxation and social security	1,188	1,429
Total trade and other payables	19,470	17,211

Intercompany payables are trading balances, are non-interest bearing and payable on demand.

NON-CURRENT LIABILITIES

	31 May 2024 £'000	31 May 2023 £'000
Other payables	3,101	4,235



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 MAY 2024

38. CURRENT TAX ASSETS

	31 May 2024 £'000	31 May 2023 £'000
Current tax assets	1,067	2,372

The Company has recognised current tax assets in respect of Video Games Tax Relief claims of £1.1 million at 31 May 2024 (31 May 2023: £2.4 million).

39. DEFERRED TAX ASSETS AND LIABILITIES

	Statement of financial position		Income statement		Statement of changes in equity	
	31 May 2024 £'000	31 May 2023 £'000	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000	12 months to 31 May 2024 £'000	12 months to 31 May 2023 £'000
Short-term temporary differences	92	99	7	(19)	—	—
Intangible and tangible fixed assets	(3,473)	(1,895)	1,578	(806)	—	—
Potential future share option exercises	6	835	655	519	174	1,571
Research and Development Expenditure Credit	358	183	(175)	(112)	—	—
Losses available for offsetting against future taxable income	3,017	778	(2,240)	195	—	—
Deferred tax (benefit)/expense			(175)	(223)	174	1,571
Net deferred tax assets	—	—				
Reflected in the statement of financial position as follows:						
Deferred tax assets	3,473	1,895				
Deferred tax liabilities	(3,473)	(1,895)				
Net deferred tax assets	—	—				

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate increased to 25%. At the balance sheet date, deferred taxes have therefore been measured using the tax rate at the date that the deferred tax asset or liability unwinds of 25% (31 May 2023: 20–25%).

The Company is elected into the Research and Development Expenditure Credit (RDEC) scheme. The Research and Development (R&D) tax credit in FY23 and FY24 is offset against and recognised in research and development expenses. The total RDEC claim during FY24 is £769k (FY23: £558k) and has been recognised in the income statement over the life of the related intangible assets. The actual total RDEC claim for FY23 decreased from £558k to £470k after preparing and submitting the final FY23 UK corporation tax return. A deferred tax asset of £358k has been recognised due to the timing difference of the utilisation of the RDEC notional tax. £358k of the RDEC deferred tax asset is made up of 19% of the RDEC claim in FY22 (£375k), 20% of the RDEC claim in FY23 (£470k) and 25% of the RDEC claim in FY24 (£769k). The RDEC notional tax will be carried forward to reduce the corporation tax liability in the future.

Accumulated UK tax losses at 31 May 2024 are provisionally estimated to be £121.5 million (31 May 2023: £83.3 million). The actual accumulated UK tax losses at 31 May 2023 increased to £98.1 million after preparing and submitting the final FY23 UK corporation tax return. The increase of £14.8 million is primarily due to the increase in Patent Box relief in the final FY23 UK corporation tax return.

The accumulated UK tax losses movement of £23.4 million during FY24 relates to current year losses created from non-VGTR trades and not utilised during FY24.

Out of the £121.5 million of tax losses carried forward as at 31 May 2024, £12.1 million of tax losses from the non-VGTR trade were recognised as a deferred tax asset at a tax rate of 25%, to the extent of the taxable temporary differences due to the unlikelihood of the Company having taxable profits in the foreseeable future to utilise the additional losses.

The Company's tax arrangements concerning income streams under VGTR and Patent Box enhancements can be complex, and at 31 May 2024 there was insufficient certainty concerning the utilisation of other tax losses to create any other deferred tax assets related to accumulated losses. It is anticipated that Patent Box deductions and VGTR enhanced deductions will continue to be available in future periods which will continue to have a significant impact on the taxable losses of the Company and therefore the utilisation of brought forward losses. Taking the above into account, and in line with forecasts for future years, the Company does not expect to utilise the remaining unused tax losses in the foreseeable future. The Company's total unrecognised tax losses at 31 May 2024 were £109.4 million (31 May 2023: £80.2 million).

The losses do not have an expiry date.

40. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities:

	31 May 2024 £'000	31 May 2023 £'000
Financial assets at amortised cost		
Trade and other receivables (note 35)	11,260	11,118
Cash and cash equivalents (note 36)	29,128	28,069
Total	40,388	39,187

	31 May 2024 £'000	31 May 2023 £'000
Financial liabilities at amortised cost		
Trade and other payables (note 37)	21,270	19,903
Deferred income (note 16)	4,607	4,518
Lease liability (note 34)	20,507	19,278
Total	46,384	43,699



NOTICE OF ANNUAL GENERAL MEETING

FRONTIER DEVELOPMENTS PLC (THE 'COMPANY')

INCORPORATED AND REGISTERED IN ENGLAND AND WALES WITH NO. 02892559

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of the Company will be held at The Trinity Centre located at 24 Cambridge Science Park, Milton Road, Cambridge CB4 0FN on 30 October 2024 at 9.30am (GMT) for the purpose of considering and, if thought fit, to transact the following business.

Resolutions 1 to 12 are proposed as ordinary resolutions and Resolutions 13 to 15 as special resolutions:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- Resolution 1.** To receive and adopt the financial statements for the year ended 31 May 2024 together with the Reports of the Directors and Auditor thereon.
- Resolution 2.** To re-appoint Ernst & Young LLP as the Company's Auditor in accordance with Section 489 of the Companies Act 2006 (the '**Act**') to hold office until the conclusion of the next Annual General Meeting at which the accounts of the Company are laid.
- Resolution 3.** To authorise the Directors of the Company (the '**Directors**') to determine the Auditor's remuneration for the ensuing year.
- Resolution 4.** To re-appoint David Braben, who retires and offers himself for re-appointment, as a Director.
- Resolution 5.** To re-appoint Ilse Howling, who retires and offers herself for re-appointment, as a Director.
- Resolution 6.** To re-appoint Jonathan Watts, who retires and offers himself for re-appointment, as a Director.
- Resolution 7.** To re-appoint Alexander Bevis, who retires and offers himself for re-appointment, as a Director.
- Resolution 8.** To re-appoint James Dixon, who retires and offers himself for re-appointment, as a Director.
- Resolution 9.** To re-appoint Leslie-Ann Reed, who retires and offers herself for re-appointment, as a Director.
- Resolution 10.** To re-appoint James Mitchell, who retires and offers himself for re-appointment, as a Director.
- Resolution 11.** To re-appoint David Walsh, who retires and offers himself for re-appointment, as a Director.
- Resolution 12.** That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company, pursuant to Section 551 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £65,797.56, which represents one-third of the nominal value of the Company's issued share capital at the date of this notice, provided that this authority, unless renewed, varied or revoked by the Company in a general meeting, shall expire on the earlier of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2025, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Act, but without prejudice to the allotment of any equity securities already made or to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as special resolutions:

- Resolution 13.** That, subject to the passing of Resolution 12, the Directors be and are hereby generally and unconditionally authorised to allot equity securities (within the meaning of Section 560 of the Act) for cash under the authority given by that resolution and/or to sell Ordinary Shares of £0.005 each in the capital of the Company ('**Ordinary Shares**') held by the Company as Treasury Shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that such power shall be limited to:
- the allotment of equity securities and sale of Treasury Shares for cash in connection with an offer of, or invitation to apply for, equity shares to:
 - holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings;
 - holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any Treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory, or any matter whatsoever; and
 - the allotment (otherwise than under paragraph (a) above) of equity securities or sale of Treasury Shares up to an aggregate nominal amount of £19,739.27 (approximately 10% of the nominal value of the Company's issued share capital at the date of this notice); and
 - to the allotment of equity securities or sale of Treasury Shares (otherwise than under paragraph (a) or paragraph (b) above) up to a nominal amount equal to 20% of the nominal amount of any equity securities or Treasury Shares allotted or sold from time to time under paragraph (b) above in respect of a specific equity issuance, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by Paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The authority granted by this Resolution 13 shall expire on the earlier of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2025, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. That, subject to the passing of Resolution 12 above, the Directors be empowered in accordance with Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) wholly for cash pursuant to the authority conferred on them pursuant to Resolution 12 above as if Section 561(1) of the Act or any pre-emption provisions contained in the Articles did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS CONTINUED

Resolution 13. continued

- in connection with an open offer of equity securities by way of a rights issue to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of such equity securities, but subject to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or problems arising in any territory or with the requirements of any recognised regulatory body or stock exchange in any territory; and
- otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £19,739.27, which represents one-tenth of the nominal value of the Company's issued share capital as at the date of this notice.

Such power shall expire on the earlier of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2025, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 14. That, subject to the passing of Resolution 13, the Directors be and are hereby generally and unconditionally authorised, in addition to any authority granted under Resolution 13, to allot equity securities (within the meaning of Section 560 of the Act) for cash under the authority given by that resolution and/or to sell Ordinary Shares held by the Company as Treasury Shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that such power shall be limited to:

- a. the allotment of equity securities or sale of Treasury Shares up to an aggregate nominal amount of £19,739.27 (approximately 10% of the nominal value of the Company's issued share capital at the date of this notice) and used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and
- b. limited to the allotment of equity securities or sale of Treasury Shares (otherwise than under paragraph (a) above) up to a nominal amount equal to 20% of the nominal value of any equity securities or Treasury Shares allotted or sold from time to time under paragraph (a) above, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by Paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The authority granted by this Resolution 14 shall expire on the earlier of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2025, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 15. That the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares, provided that:

- a. the maximum aggregate number of Ordinary Shares authorised to be purchased is 3,947,854 (representing approximately 10% of the Company's issued Ordinary Share capital as at the date of this notice);
- b. the minimum price which may be paid for such Ordinary Shares is £0.005 per share (exclusive of expenses);
- c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share cannot be more than an amount equal to the higher of:
 - i. 105% of the average of the closing middle market price for an Ordinary Share as derived from the AIM appendix to the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and
 - ii. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;
- d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company; and
- e. the Company may make a contract or contracts to purchase Ordinary Shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

ILSE HOWLING
CHAIRMAN
10 September 2024

REGISTERED OFFICE:
Frontier Developments plc
26 Cambridge Science Park
Milton Road
Cambridge
CB4 0FP



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

EXPLANATION OF THE RESOLUTIONS

Resolutions 1 to 12 (inclusive) will all be proposed as ordinary resolutions. This means that, for each of these ordinary resolutions to be passed on a poll, members representing a simple majority of the total voting rights of the members voting (by proxy) must vote in favour of the resolution.

Resolutions 13 to 15 will be proposed as special resolutions. This means that, for each of these resolutions to be passed on a poll, members representing not less than 75% of the total voting rights of the members voting (by proxy) must vote in favour of the resolution.

RESOLUTION 1: APPROVAL OF ANNUAL REPORT AND ACCOUNTS

Resolution 1 proposes that the Company's annual accounts for the year ended 31 May 2024, together with the Report of the Directors and Auditor's Report on these accounts, be received, considered and adopted.

RESOLUTIONS 2 AND 3: RE-APPOINTMENT AND REMUNERATION OF AUDITOR

Resolution 2 relates to the re-appointment of Ernst & Young LLP as the Company's Auditor to hold office until the next Annual General Meeting of the Company whilst Resolution 3 will be proposed to authorise the Directors to set the Auditor's remuneration.

RESOLUTIONS 4 TO 11: RE-ELECTION OF DIRECTORS

Resolutions 4 to 11 deal with the re-election of those Directors who were Directors at the last Annual General Meeting, who shall each retire as Directors in accordance with the Articles of Association of the Company and, being eligible, offer themselves for re-election as Directors of the Company.

Biographical details for each of the Directors are available online at www.frontier.co.uk/investors/director-biographies-and-committees.

RESOLUTION 12: ALLOTMENT OF SHARE CAPITAL

Resolution 12 grants the Directors general authority to allot Ordinary Shares in the capital of the Company or to grant rights to subscribe for, or to convert any security into, such shares in the Company up to an aggregate nominal amount of £65,797.56, representing approximately 33% of the Company's current issued Ordinary Share capital.

RESOLUTION 13: DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS

Section 561(1) of the Companies Act 2006 requires that on an allotment of new shares for cash or the sale of Treasury Shares, such shares must first be offered to existing shareholders in proportion to the number of shares that they each hold at that time. The Directors believe that there may be circumstances when it is in the best interests of the Company to allot or sell new Ordinary Shares either on an entirely non-pre-emptive basis or in a way that departs from the statutory requirements set out in the Companies Act 2006.

Accordingly, Resolution 13 grants the Directors general authority to allot and sell equity securities covered by the Resolution 12 authority to allot for cash as if Section 561 of the Companies Act 2006 did not apply, provided that this power is limited to (a) the allotment and sale to holders of Ordinary Shares or other equity securities on a pre-emptive basis but with appropriate adjustments to the statutory pre-emption requirements set out in the Companies Act 2006, for example to deal with fractional entitlements and overseas legal requirements, as the Directors see fit; (b) the allotment or sale (otherwise than pursuant to (a)) of equity securities on a non-pre-emptive basis up to a maximum nominal value of £19,739.27, representing approximately 10% of the Company's issued share capital as at the date of this notice; and (c) the allotment or sale (otherwise than pursuant to (a) and (b)) of equity securities on a non-pre-emptive basis up to 2% of the issued share capital of the Company at the date of this notice to be used only for the purposes of making a follow-on offer to existing holders of securities not allocated shares pursuant to any share issue or share sale effected under (a) and (b) above.

Resolution 13 is in line with the Pre-Emption Group's Statement of Principles for the Disapplication of Pre-Emption Rights which were updated on 4 November 2022.

RESOLUTION 14: DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS IN CONNECTION WITH AN ACQUISITION OR OTHER CAPITAL INVESTMENT

In addition to Resolution 13, the Directors believe that there may be other circumstances when it is in the best interests of the Company to allot new Ordinary Shares or sell Treasury Shares either on an entirely non-pre-emptive basis or in a way that departs from the statutory requirements set out in the Companies Act 2006.

Accordingly, Resolution 14 grants the Directors general authority to allot and sell equity securities covered by the Resolution 12 authority to allot for cash as if Section 561 of the Companies Act 2006 did not apply, provided that this power is limited to (a) the allotment or sale of equity securities on a non-pre-emptive basis up to a maximum nominal value of £19,739.27, representing approximately 10% of the Company's issued share capital at the date of this notice and used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment (of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice); and (b) the allotment or sale (otherwise than pursuant to (a) and (b)) of equity securities on a non-pre-emptive basis up to 2% of the issued share capital of the Company at the date of this notice to be used only for the purposes of making a follow-on offer to existing holders of securities not allocated shares pursuant to any share issue or share sale effected under (a) and (b) above.

Resolution 14 is in line with the Pre-Emption Group's Statement of Principles for the Disapplication of Pre-Emption Rights which were updated on 4 November 2022.

RESOLUTION 15: AUTHORITY FOR MARKET PURCHASES OF OWN SHARES

Resolution 15 grants the Directors authority to make limited market purchases of Ordinary Shares. The authority is limited to a maximum aggregate number of 3,947,854 Ordinary Shares (representing approximately 10% of the issued share capital of the Company at the date of this notice) and Resolution 15 sets out the minimum and maximum prices payable for the purchase by the Company of Ordinary Shares, exclusive of expenses. Any purchases of Ordinary Shares would be made by means of market purchase through the London Stock Exchange.

The authority will be exercised only if the Directors believe that to do so would be in the best interest of shareholders generally.

In accordance with the recommendation of the Investment Association, this resolution is being proposed as a special resolution.

Should Resolution 15 be passed at the Annual General Meeting and the Directors decide to proceed with the market purchases of Ordinary Shares, if applicable, such share purchase by the Company would not proceed unless arrangements can be put in place to ensure that David Braben and his wife's (the '**Concert Party**') percentage interest in Ordinary Shares will not increase as a result of any future purchases by the Company of its own shares or a waiver is sought from the Panel on Takeovers and Mergers (the '**Panel**') in respect of such increases (and independent shareholder approval is granted), since the date of notice, based on the total issued share capital of the Company (excluding Treasury Shares) and the Concert Party's percentage interest in the Ordinary Shares; any purchases by the Company of its own shares could result in the Concert Party having to make a mandatory offer to all shareholders under Rule 9 of the UK Takeover Code.



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company but must attend the meeting to represent you.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to resolutions) which may properly come before the meeting.
3. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
4. To be effective, the Form of Proxy must be duly completed and deposited together with any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority) and lodged at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL no later than 9.30am (GMT) on 28 October 2024 (being not more than 48 hours (excluding non-working days) prior to the time fixed for the meeting), or by logging on to www.signalshares.com and following the instructions. You may request a hard copy Form of Proxy directly from the registrars, Link Group.

If you require any assistance in locating the above documents, please contact Link Group on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00am and 5.30pm (London time) Monday to Friday, excluding public holidays in England and Wales. Alternatively, you can email your enquiry to shareholderenquiries@linkgroup.co.uk.

5. Whether or not you propose to attend the Annual General Meeting, please complete, sign and submit a Form of Proxy to our registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL, by no later than the time and date specified above.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified

in note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

7. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9.30am on 28 October 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
8. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
9. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company by 6.30pm (GMT) on 28 October 2024 (being not more than 48 hours (excluding non-working days) prior to the time fixed for the meeting) shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, by 6.30pm (GMT) on such date being not more than 48 hours (excluding non-working days) prior to the date fixed for the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING CONTINUED

10. As at 10 September 2024, the Company's issued share capital comprised 39,478,535 Ordinary Shares of £0.005 each. Each Ordinary Share carries the right to one vote at a general meeting of the Company; therefore, the total number of voting rights in the Company on 10 September 2024 is 39,478,535.
11. The following documents will be available for inspection from the date of this notice until the meeting at the Company's registered office and at the meeting convened by this notice:
 - a register of Directors' share interests;
 - copies of the Directors' service contracts and letters of appointment (as applicable); and
 - a copy of the Company's Articles of Association.
12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member.
13. You may also appoint a proxy at www.signalshares.com instead of using the Form of Proxy. You will need your investor code (IVC). This can be found on your share certificate.



ADVISORS AND COMPANY INFORMATION

COMPANY SECRETARY

Jessica Bourne

REGISTERED AND HEAD OFFICE

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FIVE-YEAR SUMMARY

	12 months to 31 May 2024	12 months to 31 May 2023	12 months to 31 May 2022	12 months to 31 May 2021	12 months to 31 May 2020
Revenue	£89.3m	£104.6m	£114.0m	£90.7m	£76.1m
Operating (loss)/profit	(£28.4m)	(£26.6m)	£1.5m	£19.9m	£16.6m
EBITDA*	£26.8m	£33.0m	£41.1m	£38.1m	£31.5m
Adjusted EBITDA**	£0.9m	(£4.6m)	£6.7m	£11.8m	£12.6m
EPS (basic)	(55.6p)	(53.6p)	24.6p	55.4p	41.3p
Net cash balance	£29.5m	£28.3m	£38.7m	£42.4m	£45.8m

* Earnings before interest, tax, depreciation and amortisation.

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



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