



FULL YEAR RESULTS

MARCH 2020

THE TEAM

Debbie Bestwick

Chief Executive Officer



Co-founder with c.30 years' experience.

Established the label and incubator model.

Recognised by the industry through awards including MCV Person of the Year, Golden Joystick and the TIGA Outstanding Leadership.

MBE in recognition of services to gaming

Mark Crawford

Interim Chief Financial Officer



30 years' experience with a decade at Executive/Board level

Joined from TravelUp, a privately-owned online travel business

Previously worked for an AIM-listed specialist technology, energy and defence business

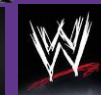
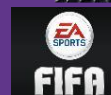
Previous positions with large corporates, including Glaxo Pharmaceuticals, PepsiCo Restaurants, Gondola Restaurants and Kingfisher plc

COMBINED INDUSTRY EXPERIENCE OF OUR DEPARTMENT HEADS EXCEEDS 250 YEARS

Corporate Experience includes:



Franchise Experience includes:



HIGHLIGHTS & GOALS

Record growth
FY 2019 revenues up 43% to
£61.8million



Back Catalogue (71%)
performed strongly
(300+ Digital Revenue Lines)



Ongoing investment -
new facilities and
grown team by 20% to
200 by Dec 19



7 New Releases
(29% of revenues)
6 new IP and 1 new
game in the same
universe launched

Expanded internal skillset &
genre offering



Continued recognition
Bafta win for Yoku's Island Express (Best
Debut Game) & Overcooked 2
(Develop GOTY)



Acquired
Yippee second UK
studio MediaCityUK
Manchester



Solid Pipeline of
10 games announced for
2020 including Moving Out
scheduled for April release

FINANCIAL HIGHLIGHTS

Revenue

£61.8m

increased 43%
(2018: £43.2m)



Gross profit

£29.5m

increased 49%
(2018: £19.8m)



Adjusted EBITDA*

£22.1m

increased 44%
(2018: £15.3m)



Adjusted Earnings per share**

13.6p

increased 68%
(2018: 8.1 pence)



Net cash position

£41.9m

(2018: £23.5m)



Gross profit margin

48%

(2018: 46%)



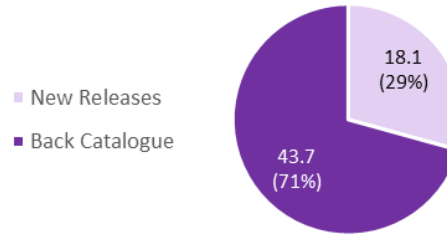
*Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation of brands and impairment of intangible assets (excluding capitalised development costs), exceptional items, share based payment costs and one-off amortisation accounting estimation change relating to prior periods. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence.

**Adjusted earnings per share is calculated by dividing the adjusted profit after tax by the weighted average number of ordinary shares in issue since admission to trading on AIM as adjusted for the dilutive effect of share options

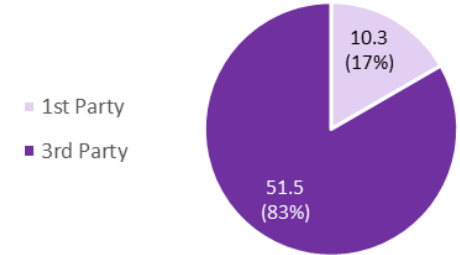
REVENUE ANALYSIS



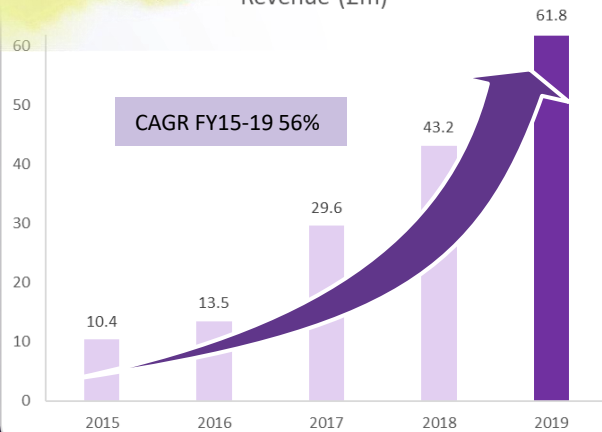
FY19 Revenue by Category (£m)



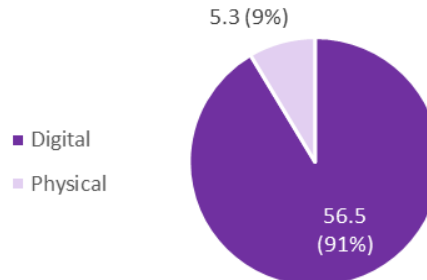
FY19 1st/3rd Party Revenue (£m)



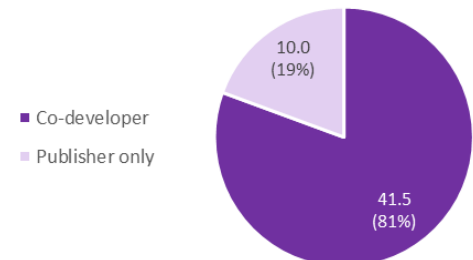
Revenue (£m)



FY19 Digital/Physical Revenues (£m)

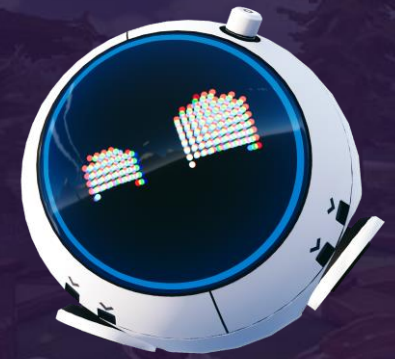


FY19 3rd Party Revenue Breakdown (£m)



- FY19 revenues grew 43% vs prior year with 7 new games launched
- Developed & co-developed titles represent 83% of revenues
- Growing back catalogue with portfolio of over 300 Digital Revenue Lines

INCOME STATEMENT



	Unaudited Year ended 31 December 2019	Unaudited Year ended 31 December 2018	Growth
Revenue	61.8	43.2	43%
Gross Profit	29.5	19.8	49%
Gross Profit %	47.7%	45.8%	
Administrative Expenses	(10.6)	(7.3)	45%
Exceptional items		(2.6)	
Operating Profit	18.9	9.9	91%
Adjusted EBITDA	22.1	15.3	44%
Adjusted EBITDA %	35.8%	35.4%	
Profit after tax	16.6	7.2	131%
Basic and Diluted EPS	12.9 pence	6.1 pence	111%
Basic and Diluted Adjusted EPS	13.6 pence	8.1 pence	68%

KEY HIGHLIGHTS

- Improved gross profit as % revenue
- Investing in people and infrastructure
- Adjusted EBITDA grew in line with revenues demonstrating strong underlying business model
- Tax rate benefitted from VGTR and adjustment to prior year treatment of IPO costs
- EPS linked to earnings growth and tax adjustments

BALANCE SHEET & CASHFLOW

	Unaudited Year ended 31 December 2019	Unaudited Year ended 31 December 2018
Assets		
Non-current assets	43.2	42.2
Current assets	53.3	31.7
Total Assets	96.5	73.9
Non-current liabilities	4.5	3.3
Current liabilities	11.9	8.0
Total Liabilities	16.4	11.3
Equity	80.1	62.6
Total liabilities and equity	96.5	73.9

CASHFLOW STATEMENT		
Cash generated from operations	25.0	17.5
Tax paid	(2.5)	(1.3)
Net cash inflow from operations	22.5	16.2
Net cash from investing activities	(4.4)	(4.2)
Net cash from financing activities	0.2	3.1
Net increase in cash and cash equivalents	18.3	15.1
Cash and cash equivalents at beginning of period	23.5	8.4
Cash and cash equivalents at the end of period	41.9	23.5
Operating cash conversion*	103%	107%

BALANCE SHEET

- Intangible Assets include:
 - £37m brands & goodwill
 - £2.8m of internal development costs
 - £1.6m right of use asset (IFRS16)
- Receivables/payables in-line with revenues and sales mix

CASHFLOW

- Capitalised development costs in line with prior year
 - PY impacted by accounting change
- Investment in new Wakefield studio
- Maintained strong cash conversion
- £42m cash supports future investment

*cash conversion defined as cash generated from operating activities as per the statement of cash flows, divided by the EBITDA including the add back of amortisation of development costs

MARKET OPPORTUNITY

- Games industry expected to grow to \$196bn by 2022, with a CAGR of 9.0%¹
- Emergence of more revenue channels as the market starts to mature e.g. Premium, GAAS, Subscription, Rental
- Digital distribution platforms Steam and Epic Games store boast a combined total of 200 million active users²
- Launch of next generation consoles (Xbox Series X) and (PlayStation 5) later this year
- It's a great time to be a content controller of IP.

Games industry to grow to \$196 billion by 2022



Global games market expected to grow 8.2% in 2020



Console sales expected to total \$61bn by 2022



1- <https://newzoo.com/products/reports/global-games-market-report/>

2 - <https://www.theverge.com/2020/1/14/21064951/epic-game-store-users-number-cross-play-revenue-valve-steam>

INVESTING IN TALENT

Acquisition of

- Multi- award-winning games developer.
- Based in MediaCityUK, Manchester
- Focused on creation of third-party games alongside its own IP
- Seamless integration with existing capabilities and business model at Team17

New Wakefield hub

- Significantly improved working environment
- Sufficient capacity for medium-term expansion
- Aligned to ongoing investment facilities to attract high quality people & creative talent



MediaCityUK
Manchester



GROWTH DRIVERS & OUTLOOK

Pipeline

Solid pipeline of releases planned for 2020 including 2 internal IP

IP

Capitalise on back catalogue and life cycle management opportunities

M&A

Consider selective acquisitions that align with our strategy and values

Footprint

Leverage our expanded resources and facilities to underpin growth aspirations

Outlook

Well positioned to deliver on our 2020 goals