

Annual report and
financial statements
2021



MARCH 2022

Building a Platform for Growth



5

Group Acquisitions



7

Global hub locations



Hubs and Developer locations



314

Group headcount
(March 2022)



130+ yrs

Group CEO's leadership experience

- UK based, global organisation led by highly experienced CEO leadership team
- "People First" approach with strong values and culture of team work and learning, nurturing the next generation of creative and commercial talent
- Strengthening and broadening content portfolio and business models appealing to all age ranges across all platforms
- Embracing flexible hybrid-working from key hubs with continued investment in supporting infrastructure across Finance, HR and IT



92%

Rating for our scouting/ signing process



80%

feel part of the team



82%

of Dev partners would recommend T17 Group

AIM Awards / 2021

Diversity Champion 2021



Team17 Group Company CEO's



**Michael Pattison,
CEO, Team17 Digital**

26-year plus veteran of the video games industry.

Regional and global leader in key Marketing/Brand Management, Platform and Executive roles at some of the biggest companies in the sector including THQ, Capcom and most recently Sony Interactive Entertainment.



**Tim Schmitz,
CEO, astragon**

Co-CEO of astragon Entertainment GmbH since 2017, originally joining in 2012.

Gaining his first professional experience in the games industry in 2010 at New Planet Group GmbH.



**Julia Pfiffer,
CEO, astragon**

Co-CEO of astragon Entertainment GmbH since 2017, originally joining in 2010

She began her career in 2004 at Koch Media GmbH in Munich as Label & Sales Manager.

Advisory Board Member of The German Games Industry Association.



**Emmet O'Neill,
CEO, StoryToys**

25-years' plus experience in interactive product design

Originally joining StoryToys as Chief Product Officer in 2013.

Previously Director of creative & interactive design for publisher Houghton Mifflin Harcourt.

2021 Games Label Highlights



Acquired GWYF in January growing own IP portfolio



11 new games, 4 titles on wider platforms helped to deliver another improved performance

Solid back cat growth supported by DLC and updates combined with new releases provided growth against tough 2021 comparator



Mid year employee engagement and developer surveys highlighted successes and opportunities to continue to improve including hybrid working.

Post year end Acquisition of Hell Let Loose IP adds further to expanding and diverse owned IP portfolio



Acquired The Label accessing wider content and offering mobile subscription capability



2021 Team17 Group highlights



Acquired StoryToys, Edutainment Label in July to grow Group content and appeal to broader age range



Lego Duplo Marvel App launched in December alongside 88 app updates in H2

Ongoing investment in Group infrastructure and processes led by CEO leadership team



Building a British HQ global business



Post year end acquired astragon to add leading working simulation brand portfolio to the Group



100% of the newly enlarged Group will be shareholders via the EBT in April

Market Trends



- Market growth driven largely by mobile
- Console suffering 'supply chain' slight headwinds
- Ongoing emergence of subscription services
- Live Services continuing to thrive
- Metaverses continues to grow traction
- Talent emerging as a competitive differentiator
- Hybrid working underpinning new operating models
- Geopolitical issues creating supply and demand side headwinds



\$200
billion

Market Size
2023

+7%

CAGR
2021 - 2024

+1.4%

Total market
growth 2021 v
2020

2021 Key Financials



Revenue



- Organic growth of core Games Label portfolio
- Continued investment in lifecycle management
- Own IP make up 2 of the top 5 selling titles
- StoryToys contribution in H2
- Acquisitions changing revenue mix

Gross Profit



- Gross margin improvement:
 - owned IP benefit from GWYF
 - StoryToys impact in H2
 - accounting policy change
- Growing use of outsourced QA and Development services



2021 Key Financials



Admin Costs

2021 : £16.3m

2020 : £13.0

2019 : £10.6

- Impacted by acquisition related costs
- Continued investment
- StoryToys overheads impact H2

Net Cash & Equivalents

2021 : £55.3m

2020 : £61.5m

2019 : £41.9m

- Working capital movements driven by trading and also provision for 2021 Earn Out for StoryToys
- Acquisitions funded from cash reserves
- Remains highly cash generative

Adj. EBITDA

2021 : £35.7m

2020 : £30.3m

2019 : £22.1m

- Excludes non-trading costs but also benefits from policy changes
- Consistent year on year growth

Adj. EPS

2021 : 22.1 pence

2020 : 19.1 pence

2019 : 13.6 pence

- Reflects trading measure of shareholder value growth excluding acquisition related adjustments and costs

Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation of intangible assets (excluding capitalised development costs), share based payment costs and all acquisition related adjustments and fees. This has been restated to include the add back of acquisition related fees not previously included in the definition

Adjusted earnings per share is calculated by dividing the adjusted profit after tax by the weighted average number of ordinary shares. Adjusted earnings per share has been restated for the add back of acquisition related fees to adjusted profit after tax not previously included in the definition.

Financial Outlook



- Solid start to 2022 in existing businesses alongside contributions from the new acquisitions
- The Board mindful of the broader macro economic headwinds, including the pandemic, cost of living/wage inflation and Russia/Ukraine conflict in FY22
- Team17 Group remains very well positioned to continue to deliver on our growth plans, supported by:
 - Recent accretive acquisitions
 - Underlying strength of core business
 - Ongoing momentum of the Group's broadening games portfolio
 - Healthy development pipeline across the enlarged Group
- In spite of headwinds, we see solid growth in Group revenues and profits for FY22 vs last year
- Future years will see growth as well as margin gains as acquisitions deliver on ambitions

Summary



Pipeline

Strong development pipeline across the enlarged Group for FY22 and beyond

IP

Growth of owned IP, partnerships with global brands and enlarged back catalogue content portfolio

Footprint

Leverage expanded teams, capabilities and facilities supporting the wider Group

M&A

Build on recent acquisitions and target "right fit" future opportunities

Outlook

Group is well positioned to deliver growth and meet strategic ambitions