

10 September 2025

Frontier Developments plc

FY25 FINANCIAL RESULTS - CREATING MOMENTUM

Frontier Developments plc (AIM: FDEV, 'Frontier', the 'Company', or the 'Group'), a leading developer and publisher of video games based in Cambridge, UK, publishes its full-year results for the 12 months ended 31 May 2025 ('FY25'). This announcement contains inside information.

FINANCIAL SUMMARY

	FY25 (12 months to 31 May 2025)	FY24 (12 months to 31 May 2024)
Revenue	£90.6m	£89.3m
Adjusted Operating Profit*	£13.2m	£4.6m
EBITDA**	£36.1m	£26.8m
Adjusted EBITDA***	£9.4m	£0.9m
Operating Profit/(Loss)	£12.7m	(£28.4m)
Cash balance at year end	£42.5m	£29.5m

* Adjusted Operating Profit measures Frontier's financial performance after eliminating non-cash development cost accounting adjustments (cost capitalisation, amortisation charges and impairment charges), non-cash share charges, non-operating items (including restructuring costs), and after recording the full benefits of tax and R&D expenditure credits against the expenditure they relate to.

** Earnings before interest, tax, depreciation, amortisation, impairment and restructuring costs.

*** 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.

FY25: OUR REFOCUSSED CMS STRATEGY DELIVERED

- Total Group revenue increased to £90.6 million (FY24: £89.3 million):
 - o Revenue from Frontier's genre-leading CMS games grew 25% year on year, driven by the release of *Planet Coaster 2* in November 2024.
 - o Frontier's three CMS game franchises - *Planet Coaster*, *Planet Zoo* and *Jurassic World Evolution* - together delivered 77% of total Group revenue in FY25 (FY24: 62%).
 - o Back-catalogue revenue from established leading titles, comprised of multiple CMS games and the ever-evolving *Elite Dangerous* space simulation, grew 4% year on year.
- A significant uplift in financial performance through strong trading, a lower operating cost base and the sale of publishing rights:
 - o Adjusted Operating Profit* grew to £13.2 million (FY24: £4.6 million).
 - o Adjusted EBITDA*** grew to £9.4 million (FY24: £0.9 million).
 - o Operating profit of £12.7 million in FY25, marking a significant recovery from a loss of £28.4 million in FY24 due to non-cash impairment charges for underperforming games.
- Financial position further strengthened:
 - o Cash grew by £13.0 million to £42.5 million at 31 May 2025 (31 May 2024: £29.5 million), reflecting trading performance, tax credits and the sale of publishing rights.
 - o A share buyback programme of up to £10.0 million was initiated in July 2025 to enhance shareholder value, with £4.4 million invested as at 31 August 2025.

FY26 AND BEYOND: AN EXCITING PIPELINE OF CMS GAMES

- Three future CMS games are now in development, including a recently started project for release in FY28:
 - o For FY26, *Jurassic World Evolution 3*, the third exciting instalment in the *Jurassic World Evolution* game franchise, is scheduled for release on 21 October 2025.
 - o For FY27, a second CMS game, which is yet to be announced, is in full development and is on track.
 - o For FY28, a third CMS game, which is also yet to be announced, will further evolve Frontier's expertise in the CMS genre.
- A positive outlook: having achieved growth in revenue, profit and cash in FY25, the Board is confident in Frontier's ability to deliver further annual growth in FY26 through nurturing and expanding our genre-leading game franchises.

Jonny Watts, Frontier's CEO, said:

"FY25 was a year of delivery, resilience and renewed momentum for Frontier. We executed the first phase of our long-term strategy, strengthened our financial foundations, and reaffirmed our leadership in Creative Management Simulation. With a clear roadmap, a passionate team, and a robust pipeline of titles, we are focused on building sustainable growth through high-quality, player-centric experiences."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019. The person responsible for making this announcement on behalf of the Company is Alex Bevis.

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About Frontier Developments plc

Frontier is a leading independent developer and publisher of video games founded in 1994 by David Braben, co-author of the iconic *Elite* game. Based in Cambridge, Frontier uses its proprietary COBRA game development technology to create innovative genre-leading games, primarily for personal computers and videogame consoles.

Frontier's LEI number: 213800B9LGPWUAZ9GX18.

www.frontier.co.uk

CHAIRMAN'S STATEMENT

Following our strategic reset in FY24, the last 15 months have been a period of meaningful progress for Frontier. We delivered on all our key milestones and significantly strengthened our financial performance. Our exceptional portfolio of CMS franchises puts us in an excellent position to deliver long-term success.

The major release of FY25 was *Planet Coaster 2*, the first of three CMS games outlined in the FY24 Annual Report as the foundation of Frontier's development roadmap through FY27. The second title in that roadmap, *Jurassic World Evolution 3*, was announced on 6 June 2025 and is scheduled for release on 21 October 2025 (FY26). The third CMS game remains unannounced, with a planned launch in FY27. In light of the continued strength and scalability of the CMS portfolio, Frontier has now committed to developing an additional CMS title for release in FY28.

Financially, FY25 was a strong year. We delivered revenue growth, improved margins, and achieved substantial increases in both profit and cash generation. These results reflect the resilience of our portfolio, the inherent operating leverage within our business model, and operational improvements implemented across the organisation.

A key recent operational development was the formation of an Executive Board, in June 2025, to enhance the delivery of Frontier's strategic plans. This new team has brought together the Company's long-standing development expertise with broader player insights and market perspectives, while placing greater emphasis on the development of our people and teams.

Looking ahead, we are well positioned for the future. With a clear roadmap, a talented and passionate team, and a strong pipeline of titles, Frontier is focused on delivering high-quality, player-centric experiences that drive sustainable growth.

On behalf of the Board, I would like to thank our employees, partners and shareholders for their continued support. FY25 was a year of learning, delivery and renewed momentum, and we are building on this foundation in FY26.

CHIEF EXECUTIVE OFFICER'S STATEMENT

We began FY25 with a clear plan to further strengthen our foundations and complete the first phase of our strategic long-term vision. I am pleased to report that, thanks to the hard work of our teams, we delivered.

Creative Management Simulation: Evolving Our Core Strength

Our CMS titles remain at the heart of Frontier's creative and commercial strategy, with our three CMS game franchises together delivering 77% of total revenue in FY25.

In November 2024, our *Planet Coaster* franchise saw the release of the much-anticipated sequel, *Planet Coaster 2*, which is the first of three next-generation CMS games confirmed in the refocused roadmap we set out in FY24. Sales of *Planet Coaster 2* have exceeded 600,000 units since launch, but initial player community sentiment was less positive than we had hoped for. We've responded with a clear strategy of regular content updates, gameplay enhancements, and ongoing community engagement. We are committed to supporting the game over the long term and fully realising its substantial potential, including through exciting new content. On 9 September 2025 we announced the Sorcery PDLC pack for release on 16 September 2025.

Meanwhile, our *Planet Zoo* franchise continues to be a standout performer in our portfolio. In March 2024, we brought the game to consoles for the first time, opening it up to a broader audience and extending its life-cycle. The console release has been well-received and reinforces the long-term value of the title. Now in its sixth year on PC, *Planet Zoo* remains a benchmark for depth and creativity in the genre, supported by a highly engaged and active community.

In June 2025, we announced exciting news for our third and biggest game franchise, *Jurassic World Evolution*, with the confirmation of *Jurassic World Evolution 3*, scheduled for release on 21 October 2025. This title builds on the strong foundations of its predecessor, *Jurassic World Evolution 2*, which continues to perform well and engage players globally. With new features, including juvenile dinosaurs, enhanced and expanded creative tools and an epic global campaign, *Jurassic World Evolution 3* represents another significant step forward for the franchise.

Our CMS-focused plan is to build a robust and sustainable pipeline of games that reflects our confidence in the genre and our ability to deliver high-quality, player-centric experiences. We are in full development of another CMS game for release in FY27, and we have now commenced development for another CMS game in FY28.

Supporting Our Broader Portfolio

We believe that *Elite Dangerous* is the industry category leader among massive-scale multi-player space simulation games, and a proof point for our ability to embrace new engagement and monetisation initiatives, including premium early-access content and colonisation. In FY25, we delivered several quality-of-life updates, new content and community-driven improvements, reinforcing our commitment to long-term support. The game's enduring popularity is a testament to the strength of the universe we've built and the passion of its players.

Meanwhile, our development team at Complex Games in Canada continues to develop an exciting game which will build on their experience from previous similar titles.

Building for the Future

FY25 was a year of transformation following our strategic reset in FY24. The reshaping of our teams, and the cost reductions that we undertook in the preceding period, have enabled our organisation to become a more resilient, sustainable and scalable business, providing a stronger foundation that is better equipped to serve players and navigate the evolving games industry. The impact of our lower cost base, when combined with our trading performance, delivered a strong set of financial results in FY25, with revenue growing and significant increases in profit and cash generation.

In June 2025, we established our new Executive Board, which has already brought greater clarity and accountability to our leadership structure. We've sharpened our focus on delivery, improved cross-functional collaboration, and embedded a more agile approach to development, enhanced with strengthened player insight. These changes are already having a tangible impact on our performance and culture.

Looking ahead, our priorities are clear: deliver outstanding games, support them effectively post-launch, and continue to invest in our people and capabilities. With a strong pipeline, a clear strategy and a passionate team, I believe we are well placed to build on the momentum of FY25 and deliver sustainable growth in the years to come.

Thank you to our players for your feedback and support, to our partners for your collaboration, to our shareholders for your patience, and to the entire Frontier team for your creativity, resilience and commitment.

CHIEF FINANCIAL OFFICER'S STATEMENT

Frontier's sharpened focus on CMS games, combined with a sustainable cost base, delivered a significant uplift in profitability and cash generation in FY25. Revenue also increased year on year, placing the Group in a strong and confident position to pursue further sustainable growth in FY26, through the continued development and expansion of its genre-leading franchises.

REVENUE

Frontier's portfolio of CMS games performed strongly in FY25, driving total revenue to £90.6 million, up from £89.3 million in FY24. The three CMS franchises, *Jurassic World Evolution*, *Planet Zoo*, and *Planet Coaster*, together accounted for 77% of total revenue, compared to 62% in the previous year. The *Planet Coaster* franchise delivered a near 200% year-on-year revenue increase, driven by the launch of *Planet Coaster 2* in November 2024. *Planet Zoo* revenue grew by 2%, supported by the release of *Planet Zoo: Console Edition* in March 2024 and continued content updates for both console and PC players. Revenue from the *Jurassic World Evolution* franchise remained strong at 96% of FY24 levels, as the franchise prepares for its next major release, *Jurassic World Evolution 3*, scheduled for 21 October 2025.

Outside the CMS portfolio, *Elite Dangerous*, Frontier's long-standing space exploration title, delivered excellent revenue growth of 76% year on year, supported by new content and increased player engagement.

GROSS PROFIT

Gross profit increased to £63.3 million in FY25, up from £61.3 million in FY24. This growth was driven by both higher revenue and an improved gross margin of 70%, compared to 69% in the prior year. The margin improvement reflects a greater share of revenue from own-IP games, which do not incur IP royalty costs.

OPERATING COSTS

Total operating expenditure under IFRS, which includes research and development, sales and marketing and administrative expenses and restructuring costs, declined by 42% to £54.6 million from £94.6 million in FY24. Approximately three-quarters of this reduction related to non-cash development cost accounting under IAS 38. The most significant factor was a £28.2 million reduction in amortisation and impairment charges for intangible assets related to game developments and technology. These charges fell to £19.7 million in FY25, compared to £47.9 million in the prior period, with costs in FY24 including a £16.9 million impairment charge for an underperforming title. Capitalised development costs under IAS 38 increased to £28.3 million in FY25, representing 72% of cash expenditure, compared to £26.5 million, or 58% of cash expenditure, in FY24. The increase in the percentage of cash expenditure capitalised reflects the strategic refocus on CMS games and the corresponding reallocation of employees to capitalisable projects.

From FY26, Frontier has adopted Adjusted Operating Profit as its primary financial performance measure, replacing Adjusted EBITDA. The Group believes this change provides a more accurate reflection of underlying financial performance and cash generation, including the benefits from tax and R&D expenditure credits. Adjusted operating expenditure in FY25, as recorded under the new Adjusted Operating Profit performance measure, declined 13% year on year to £54.0 million (FY24: £62.0 million), following cost-saving measures implemented in FY24, including headcount reductions and the closure of the Frontier Foundry publishing label. Adjusted operating expenditure, as measured under Adjusted EBITDA, fell by 11% to £57.8 million, down from £65.3 million in FY24.

OTHER OPERATING INCOME

Gains from the sale of game publishing rights generated £3.9 million of other operating income in FY25 (FY24: £4.9 million).

On 1 April 2025, Frontier sold the publishing rights for *Stranded: Alien Dawn* to Paradox Interactive AB for a one-time payment of £3.6 million, following their acquisition of Haemimont Games AD. The game, developed in collaboration with Haemimont and published under the Frontier Foundry label in October 2022, had an intangible asset value of £0.1 million at the time of sale. The net gain of £3.5 million has been recorded as other operating income in the FY25 consolidated income statement.

The remaining £0.4 million of other operating income in FY25 arose from an upward remeasurement of the value from the FY24 sale of the publishing rights for *RollerCoaster Tycoon 3* (RCT3), due to a stronger-than-expected sales performance of RCT3 during FY25, which led to an acceleration in the expected receipt of contingent consideration payments.

FINANCIAL PERFORMANCE

Adjusted Operating Profit, Frontier's updated measure of cash profitability, rose to £13.2 million in FY25, up from £4.6 million in FY24. This £8.6 million improvement was driven by strong trading performance, a leaner cost base, and income from the sale of publishing rights. Adjusted EBITDA also improved significantly, reaching £9.4 million in FY25 compared to £0.9 million in FY24.

Under IFRS, the Group reported an operating profit of £12.7 million in FY25, a substantial turnaround from the £28.4 million operating loss recorded in FY24. This improvement reflects both the reduction in amortisation and impairment charges and the strengthening of underlying financial performance.

CORPORATION TAX, TAX CREDITS AND R&D EXPENDITURE CREDITS

Frontier continues to benefit from several tax incentive and R&D expenditure credit schemes that provide tax credits and enhanced tax deductions from our investment in game developments. The benefits from those schemes, together with tax adjustments for prior periods, generated a corporation tax credit in the Group's FY25 income statement of £4.0 million (FY24: £7.0 million). The year-on-year reduction resulted mainly from two factors: a reduction in the value of tax credits and enhanced deductions following cost reductions made during FY24; and an improvement in annual financial performance which transitioned the Company to generate a taxable profit in FY25, compared with a tax loss for FY24.

The payment of tax and R&D expenditure credits relating to each financial year are typically received in the following financial year, which results in significant current assets in the statement of financial position. At 31 May 2025, the combined balance of current tax assets and R&D expenditure credits receivable was £6.4 million (31 May 2024: £7.2 million), reflecting the expected cash inflows in FY26 from tax and R&D expenditure credits related to expenditure incurred in FY25. The majority of the total receivable balance of £6.4 million related to tax credits from the UK's Video Games Tax Relief (VGTR) scheme, with the remaining amounts receivable from the Research and Development Expenditure Credit (RDEC) scheme in the UK, as well as other UK and Canadian tax incentive schemes.

We are working through the transition from VGTR to the Video Games Expenditure Credit (VGEC) scheme, which will become mandatory for all games from 1 April 2027. We don't expect the new VGEC scheme to materially impact the value of our claims, but there are likely to be some changes to how tax credits are accounted for within our income statement, since different accounting rules are applied to the tax credits receivable from VGEC compared with VGTR. We'll provide an update on the impact in our FY26 financial statements.

PROFIT AFTER TAX AND EARNINGS PER SHARE

Profit after tax for FY25 was £16.4 million (FY24: loss after tax of £21.5 million) and the basic earnings per share was 42.4p (FY24: loss per share of 55.6p).

CASH POSITION AND CASHFLOW

Frontier remains well capitalised and has no debt, with £42.5 million of cash at 31 May 2025 (31 May 2024: £29.5 million) and £39.4 million at 31 August 2025. The significant increase in cash during FY25 reflected a strong trading performance, lower operating costs, the receipt of tax credits relating to FY24, and the sale of the publishing rights for *Stranded: Alien Dawn*.

SHARE BUYBACK PROGRAMME

On 8 July 2025, Frontier launched an on-market share buyback programme for up to a maximum aggregate consideration of £10 million to reduce the Company's share capital. As at 31 August 2025 1,187,544 shares have been purchased for an aggregate consideration of £4.4 million, representing an average price per share of 372p.

The share buyback is returning surplus capital to shareholders, improving return on equity and increasing earnings per share, while maintaining the financial headroom to invest in the Group's strategy to confidently deliver sustainable growth.

PLC BOARD AND EXECUTIVE BOARD

In June 2025, Frontier created an Executive Board to enhance the delivery of Frontier's strategic plans, reporting to the PLC Board of Directors. Three new senior roles were created to establish the Executive Board, with each reporting directly to Jonny Watts, Chief Executive Officer. In June 2025, Yvonne Dawes was promoted to Chief People Officer and Piers Jackson to Chief Development Officer. In August 2025, Jo Cooke joined Frontier as Chief Marketing Officer. Effective 1 September 2025, following the successful establishment of the Executive Board and the resulting redistribution of responsibilities, the Nominations Committee of the PLC Board approved a change for Alex Bevis, Chief Financial Officer, to reduce his average working pattern to three days per week, whilst remaining flexible to the needs of the business.

The members of the PLC Board and Executive Board are as follows:

PLC Board of Directors: Jonny Watts, David Braben and Alex Bevis (Executive Directors); Ilse Howling, Leslie-Ann Reed, David Walsh and James Mitchell (Non-Executive Directors).

Executive Board: Jonny Watts (CEO), Alex Bevis (Finance), James Dixon (Operations), Piers Jackson (Development), Jo Cooke (Publishing), Yvonne Dawes (People), Jessica Bourne (Legal).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MAY 2025

	Notes	12 months to 31 May 2025 £'000	12 months to 31 May 2024* £'000
Revenue		90,600	89,270
Cost of sales		(27,257)	(27,954)
Gross profit		63,343	61,316
Research and development expenses		(31,971)	(67,881)
Sales and marketing expenses		(7,710)	(11,635)
Administrative expenses		(14,921)	(13,659)
Other operating income		3,910	4,851
Operating profit/(loss) before restructuring		12,651	(27,008)
Restructuring costs		-	(1,405)
Operating profit/(loss)		12,651	(28,413)
Finance income		800	832
Finance costs		(1,032)	(844)
Profit/(loss) before tax		12,419	(28,425)
Income tax credit	3	3,968	6,953
Profit/(loss) for the year attributable to shareholders		16,387	(21,472)
		12 months to 31 May 2025 pence	12 months to 31 May 2024 pence
Earnings/(loss) per share			
Basic earnings/(loss) per share	4	42.4	(55.6)
Diluted earnings/(loss) per share	4	40.7	(55.6)

All the activities of the Group are classified as continuing.

* Finance income and finance costs were previously presented on a net basis but have now been presented separately.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2025

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Profit/(loss) for the year	16,387	(21,472)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(534)	(277)
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent	15,853	(21,749)

The accompanying accounting policies and notes form part of this financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2025

(REGISTERED COMPANY NO: 02892559)

	Notes	31 May 2025 £'000	31 May 2024 £'000
Non-current assets			
Goodwill		6,539	6,954
Other intangible assets	5	41,971	35,702
Property, plant and equipment		3,810	4,739
Right-of-use assets		17,548	19,661
Trade and other receivables		1,105	-
Total non-current assets		70,973	67,056
Current assets			
Trade and other receivables		12,290	13,590
Current tax assets		4,928	7,216
Cash and cash equivalents		42,502	29,523
Total current assets		59,720	50,329
Total assets		130,693	117,385
Current liabilities			
Trade and other payables		(10,418)	(11,096)
Lease liabilities		(1,823)	(1,748)
Deferred revenue		(1,486)	(4,351)
Deferred income from R&D expenditure credits		(955)	-
Current tax liabilities		(276)	-
Total current liabilities		(14,958)	(17,195)
Net current assets		44,762	33,134
Non-current liabilities			
Provisions		(100)	(85)
Lease liabilities		(17,644)	(19,535)
Other payables		(635)	(3,101)
Deferred revenue		-	(256)
Deferred income from R&D expenditure credits		(1,204)	-
Deferred tax liabilities		(990)	(390)
Total non-current liabilities		(20,573)	(23,367)
Total liabilities		(35,531)	(40,562)
Net assets		95,162	76,823
Equity			
Share capital		197	197
Share premium account		36,547	36,547
Equity reserve		(12,955)	(13,283)
Foreign exchange reserve		(1,407)	(873)
Retained earnings		72,780	54,235
Total equity		95,162	76,823

The accompanying accounting policies and notes form part of this financial information.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2025**

	Share capital £'000	Share premium account £'000	Equity reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
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	-	-	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	-	-	-	-	(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
Profit for the year	-	-	-	-	16,387	16,387
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(534)	-	(534)
Total comprehensive income for the year	-	-	-	(534)	16,387	15,853
Share-based payment charges	-	-	2,368	-	-	2,368
Share-based payment transfer relating to option exercises and lapses	-	-	(2,158)	-	2,158	-
Employee Benefit Trust cash inflows from option exercises	-	-	118	-	-	118
Transactions with owners	-	-	328	-	2,158	2,486
At 31 May 2025	197	36,547	(12,955)	(1,407)	72,780	95,162

The accompanying accounting policies and notes form part of this financial information.

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MAY 2025**

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Profit/(loss) before taxation	12,419	(28,425)
<i>Adjustments for:</i>		
Depreciation and amortisation	23,435	36,892
Impairment of other intangible assets	-	16,930
Movement in unrealised exchange gains on forward contracts	-	(37)
Share-based payment expenses	2,368	2,778
Interest received	(800)	(832)
Payment of interest element of lease liabilities	1,032	844
Other operating income	(3,910)	(4,851)
<i>Working capital changes:</i>		
Change in trade and other receivables	1,466	3,661
Change in trade and other payables	635	(4,557)
Change in deferred revenue	(3,121)	-
Change in deferred income from R&D expenditure credits	2,159	-
Change in provisions	15	14
Cash generated from operations	35,698	22,417
Taxes received	5,808	9,208
Net cashflows from operating activities	41,506	31,625
Investing activities		
Purchase of property, plant and equipment	(341)	(960)
Expenditure on other intangible assets	(30,370)	(29,419)
Payments for contingent consideration on business acquisitions	-	(1,516)
Sale of publishing rights	4,005	3,195
Interest received	800	832
Net cashflows used in investing activities	(25,906)	(27,868)
Financing activities		

Employee Benefit Trust cash inflows from option exercises	118	-
Payment of principal element of lease liabilities	(1,726)	(1,665)
Payment of interest element of lease liabilities	(1,032)	(844)
Net cashflows used in financing activities	(2,640)	(2,509)
Net change in cash and cash equivalents from continuing operations	12,960	1,248
Cash and cash equivalents at beginning of year	29,523	28,311
Exchange differences on cash and cash equivalents	19	(36)
Cash and cash equivalents at end of year	42,502	29,523

The accompanying accounting policies and notes form part of this financial information.

NOTES TO THE FINANCIAL INFORMATION

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. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial information contained in this preliminary announcement of audited results does not constitute the Group's statutory accounts for the years ended 31 May 2025 and 31 May 2024. The accounts for the year ended 31 May 2024 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 May 2025 have been reported on by the Company's auditors. The report on these accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

The statutory accounts for the year ended 31 May 2025 are expected to be posted to shareholders in due course and will be delivered to the Registrar of Companies after they have been laid before the shareholders in a general meeting on 29 October 2025. Copies will be available from the registered office of the Company, 26 Science Park, Milton Road, Cambridge CB4 0FP and will be accessible on the Frontier Developments website, <https://www.frontier.co.uk>. The registered number of Frontier Developments plc is 02892559.

The basis of preparation and going concern policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards (IASs) and the requirements of the Companies Act 2006 applicable to companies reporting under 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 that are applicable to the financial period.

The consolidated financial information has been prepared on a going concern basis under the historical cost convention, except for financial instruments held at fair value. The consolidated financial information is presented in Sterling and has been rounded to the nearest thousand (£'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 2026. 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 2025 of £42.5 million along with expected cash inflows from current business activities. Cash and cash equivalent resources (including treasury deposits) at 31 August 2025 were £39.4 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 2026.

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 its operating costs.

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 2026. The financial statements for the year ended 31 May 2025 are therefore prepared under the going concern basis.

3. TAXATION ON ORDINARY ACTIVITIES

The major components of the income tax credit are:

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Consolidated income statement		
Current tax:		
Credit in respect of current year	(4,512)	(5,868)
Adjustments in respect of prior years	(78)	(894)
Total current tax	(4,590)	(6,762)
Deferred tax:		
Charge/(credit) in respect of current year	617	(185)
Adjustments in respect of prior years	5	(6)
Total deferred tax	622	(191)
Total taxation credit reported in the consolidated income statement	(3,968)	(6,953)

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Consolidated equity		
Deferred tax related to items recognised in equity during the year:		
Net change in share option exercises	-	174

Reconciliation of total tax credit at statutory tax rates:

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Profit/(loss) on ordinary activities before taxation	12,419	(28,425)
Tax on profit/(loss) on ordinary activities at standard statutory tax rate of 25% (FY24: 25%)	3,105	(7,106)
Factors affecting tax expense for the year:		
Expenses not deductible for tax purposes	238	63
Adjustments in respect of prior years	(73)	(900)
Video Games Tax Relief enhanced deductions on which credits claimed	(5,869)	(7,290)
Benefit of Patent Box	(1,016)	-
Deferred tax not recognised	(410)	8,259
Effect of higher tax rates in Canada	57	21
Total taxation credit reported in the consolidated income statement	(3,968)	(6,953)

The corporation tax rate has remained at 25% since 1 April 2023; therefore, at 31 May 2025, tax on profit on ordinary activities was being measured at the rate of 25%. Deferred taxes have been measured using the tax rate at the date that the deferred tax asset or liability unwinds of 25% (31 May 2024: 25%).

In FY25 the Group generated taxable profits of £12.4 million (FY24: loss of £28.4 million) and an implied tax charge at 25% of £3.1 million (FY24: a tax credit of £7.1 million); however, the Group has recorded a total corporation tax credit of £4.0 million (31 May 2024: £7.0 million).

The key contributors to the net credit recorded are the enhanced tax deductions available from the Video Games Tax Relief (VGTR) scheme of £5.9 million (31 May 2024: £7.3 million) and Patent Box relief that reduced the taxable profits for *Jurassic World Evolution 2* and *Planet Zoo* by a total of £1.0 million. No benefit in respect of Patent Box relief was claimed in FY24 as the Group did not generate sufficient profits from patented income.

VGTR benefits the Group by claiming an additional (enhanced) deduction from its taxable profit relating to the video game trades. In FY25, the additional deduction in respect of VGTR was £5.9 million, being £23.5 million of qualifying expenditure at a tax rate of 25% (FY24: £7.3 million being £29.2 million of qualifying expenditure at a tax rate of 25%). The £1.4 million year-on-year decrease in the enhanced deduction was due to the decrease in development costs in FY25 and therefore a decrease core development expenditure in respect of video games that are subject to VGTR.

The Group recognised an adjustment in respect of prior period of £74k during FY25 due to additional expenditure included in the Scientific Research and Experimental Development (SRED) claim. During FY24 the Group recognised an adjustment in respect of prior period of £900k due to additional core expenditure in the *F1® Manager Franchise* VGTR claim.

During FY25, the Group recognised a net credit of £0.4 million in relation to movements in unrecognised deferred tax assets. This primarily reflects a £0.2 million tax-effected benefit arising from deductible temporary differences associated with the employee share scheme, as well as a £0.2 million temporary difference relating to deferred income recognised in respect of the Research and Development Expenditure Credit (RDEC). These favourable movements were offset by a £0.8 million increase in unrecognised tax losses, resulting in the overall net credit.

The movement in the unrecognised tax losses of £0.8 million is due to a £3.2 million net reduction in recognised tax losses, at a tax rate of 25%. The reduction in tax losses are in respect of £7.7 million (credit of £1.9 million, at a tax rate of 25%) of prior year losses being utilised during the year, less £4.5 million of losses that have been derecognised in FY25 (debit of £1.0 million, at a tax rate of 25%) to bring the deferred tax liability to £nil.

The losses do not have an expiry date.

4. 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 2025	12 months to 31 May 2024
Profit/(loss) attributable to shareholders (£'000)	16,387	(21,472)
Weighted average number of shares	38,658,275	38,608,645
Basic earnings/(loss) per share (pence)	42.4	(55.6)

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 2025	12 months to 31 May 2024
Profit/(loss) attributable to shareholders (£'000)	16,387	(21,472)
Diluted weighted average number of shares	40,265,330	38,608,645
Diluted earnings/(loss) per share (pence)	40.7	(55.6)

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 2025	12 months to 31 May 2024
Weighted average number of shares	38,658,275	38,608,645
Dilutive effect of share options	1,607,055	-
Diluted average number of shares	40,265,330	38,608,645

5. 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. 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 the Group to the IP owner.

	Game technology £'000	Game developments £'000	Third-party software £'000	IP licences £'000	Total £'000
Cost					
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
Additions	5,024	23,255	276	-	28,555
Disposals	-	(5,841)	-	(1,916)	(7,757)
Exchange rate movement	-	(406)	(3)	-	(409)
At 31 May 2025	32,764	205,516	3,585	11,108	252,973
Amortisation and impairment					
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
Amortisation charges	3,577	16,100	472	-	20,149
Disposals	-	(5,769)	-	-	(5,769)
Exchange rate movement	-	(257)	(3)	-	(260)
At 31 May 2025	23,552	175,140	3,041	9,269	211,002
Net book value					
Net book value at 31 May 2025	9,212	30,376	544	1,839	41,971
Net book value at 31 May 2024	7,765	23,442	740	3,755	35,702

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.

Accumulated cost of £5.84 million and accumulated amortisation of £5.77 million have been disposed of in respect to *Stranded: Alien Dawn* intangible assets included within game developments as a result of the sale of the *Stranded: Alien Dawn* publishing rights on 1 April 2025.

During FY25, commercial discussions with an IP partner resulted in the voluntary termination of a contract for a future game before full development started, which resulted in the disposal of £1.92 million within IP licences.

The recoverable amount of each of the assets at 31 May 2025 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 FY26 to FY30 inclusive has been created as a basis of the expected future cashflows, with a pre-tax discount rate of 10% (31 May 2024: 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. No impairment charges were required as a result of the impairment tests at 31 May 2025 (31 May 2024: £16.9 million).

6. KEY PERFORMANCE INDICATORS - NON-STATUTORY 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 interest, tax, 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 2025 £'000	12 months to 31 May 2024 £'000
Operating profit/(loss)	12,651	(28,413)
Restructuring costs	-	1,405
Depreciation and amortisation	23,435	36,892
Impairment of other intangible assets	-	16,930
EBITDA	36,086	26,814

Adjusted Operating Profit

Our Adjusted Operating Profit measure, in our view, provides a fairer representation of underlying 'cash profit' than both Operating Profit and EBITDA (earnings before interest, tax, depreciation and amortisation). Adjusted Operating Profit measures Frontier's financial performance after eliminating non-cash development cost accounting adjustments (cost capitalisation, amortisation charges and impairment charges), non-cash share charges, non-operating items (including restructuring costs), and after recording the full benefits of development-related tax and R&D expenditure credits against the expenditure they relate to. This effectively provides the cash profit figure that would have been achieved if we expensed all game development investment as it was incurred, net of those tax and R&D expenditure credits, rather than capitalising those costs and amortising them over several years. The new measure also includes the lease costs of our studios, which are a material operating cost. These were previously excluded from Adjusted EBITDA due to these costs being recorded as depreciation under IFRS 16 Leases.

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Operating profit/(loss)	12,651	(28,413)
Add back non-cash intangible asset amortisation charges for game developments and game technology	19,677	30,965
Add back non-cash intangible asset impairment charges	-	16,930
Deduct capitalised investment costs in game developments and game technology	(28,279)	(26,520)
Add back non-cash share-based payment expenses	2,368	2,778
Add back restructuring costs	-	1,405
Adjustment to record the full benefits of tax and R&D expenditure credits against the expenditure they relate to	6,767	6,594
Adjustments to tax and R&D expenditure credits of prior years	62	837

Adjusted EBITDA

As communicated on 11 June 2025, Frontier has switched its primary alternative performance measure from Adjusted EBITDA to Adjusted Operating Profit. This change provides a more accurate representation of Frontier's performance and more closely reflects cash generation, including the recognition of tax and R&D expenditure credits. For FY26 onwards, we will cease to report Adjusted EBITDA and only report Adjusted Operating Profit.

	12 months to 31 May 2025 £'000	12 months to 31 May 2024 £'000
Operating profit/(loss)	12,651	(28,413)
Add back non-cash intangible asset amortisation charges for game developments and game technology	19,677	30,965
Add back non-cash intangible asset impairment charges	-	16,930
Deduct capitalised investment costs in game developments and game technology	(28,279)	(26,520)
Add back non-cash depreciation charges	3,286	3,782
Deduct non-cash movements in unrealised exchange gains on forward contracts	(273)	(37)
Add back non-cash share-based payment expenses	2,368	2,778
Add back restructuring costs	-	1,405
Adjusted EBITDA	9,430	890

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