

**Codemasters Group Holdings Plc**  
**("Codemasters" or the "Company")**  
**Interim Results**

Codemasters (AIM: CDM), the award-winning British video game developer and publisher specialising in high quality racing games, announces unaudited results for the six months ended 30 September 2020 ("H1 2021").

**Financial highlights:**

- Revenues of £80.5 million with three game releases in the period (H1 2020: £39.8 million with one game release)
- Trading gross margin\* of 88.9% (H1 2020: 89.0%), underpinned by accelerated digital sales growth, representing 72.9% of total revenue (H1 2020: 61.7%)\*
- Reported gross margin\* of 70.9% as a result of non-recurring accounting classification of development costs on Slightly Mad Studios ("SMS") game where IP is not owned
- Adjusted EBITDA<sup>1</sup> of £21.2 million (H1 2020: £9.4 million)
- Reported operating profit of £20.3 million (H1 2020: £12.0 million)
- Adjusted earnings per share<sup>2</sup> ("Adjusted EPS") of 13.3 pence (H1 2020: 6.7 pence)
- Net cash of £50.1 million at 30 September 2020 being cash held less right of use liability (30 September 2019: net cash £24.6 million)

**Strategic and operational highlights:**

- Successfully launched three titles
  - o F1® 2020
  - o Fast & Furious Crossroads
  - o Project CARS 3
- The Group's back catalogue continues to contribute significant sales
- Increased focus on Games as a Service ("GaaS") is delivering positive results by driving player engagement and extending each game's lifecycle

**Business Development progress:**

- Continued progress with the commercial partnership with Netease
  - o On course for mobile IP launch in FY2022

- Signed 5-year agreement with WRC Promoter GmbH ("WRC Promoter") for the exclusive rights to develop and publish the FIA World Rally Championship ("WRC") videogames and esports tournaments
  - o Annual iterations of the FIA and support categories from 2023 through 2027

#### **Post-period:**

- DiRT 5 released on 6 November 2020
- Project CARS GO went into closed beta testing in October 2020 with encouraging initial results
- On 10 November 2020 the Company announced that the Board had reached an agreement with the Board of Directors of Take-Two Interactive Software, Inc ("Take-Two") on the terms of a recommended cash and shares offer to be made by Take-Two to acquire the Company (the "Acquisition"):
  - o The Board believes that Codemasters will benefit by leveraging Take-Two's global distribution and marketing infrastructure, and its core operating expertise in live operations, analytics, product development, and brand and performance marketing
  - o Codemasters' Directors intend to recommend unanimously that Codemasters Shareholders vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Codemasters General Meeting
  - o It is anticipated that the Acquisition will complete in the first quarter of calendar year 2021

#### **Outlook:**

- Trading in the second half of the year has begun well, including the successful release of DiRT 5 on 6 November 2020
- Project CARS GO scheduled for release in H2 2021
- Expect to launch three new titles in H1 2022, including the first iteration of the F1® franchise on the next generation consoles

#### **Frank Sagnier, CEO of Codemasters, commented:**

*"I am delighted to report a record first half in which we benefitted from three game launches, including our most successful iteration of the F1® franchise. We continued to make significant progress against our strategic objectives, to strengthen the Group's overall leadership position in racing, grow the audience and increase average revenue per user.*

*We are fortunate to operate in an industry which has shown incredible resilience over the course of the year, shielding us from the impacts of COVID-19. During the period we continued to see an accelerated shift to digital delivery, supported by a decline in traditional retail and boxed sales which were affected by COVID-19.*

*The offer received from Take-Two Interactive Software, Inc post-period end demonstrates the strength of our offering and our reputation as leaders in the racing genre."*

**\*See CFO Review for further detail on trading and reported gross margin**

*This announcement is released by Codemasters Group Holdings Plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

*For the purposes of MAR and Articles 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Rashid Varachia, Chief Financial Officer.*

*Notes:*

<sup>1</sup> *Adjusted EBITDA, is a non-GAAP measure used by the Group, which is defined as profit before finance costs on borrowings (restricted to represent cash basis), tax, capitalisation, depreciation, amortisation, non-recurring items, share based payments, the phasing of milestone payments received from publishers and takes into account the contract accounting where game IP is not owned by the Group.*

<sup>2</sup> *Adjusted earnings per share is a non-GAAP measure presented as a meaningful comparison of earnings per share across periods. It is defined as Adjusted net income per share (which is a non-GAAP measure used as a proxy for cash earnings), where the number of shares across each period is the outstanding Ordinary Shares in issue at the end of each period. Given the significant variance in average number of shares in issue between periods, an adjusted measure has been presented. Adjusted net income is defined as Adjusted EBITDA less cash interest and tax paid.*

## **Enquiries**

**Codemasters Group Holdings Plc**

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**ABOUT CODEMASTERS:**

Codemasters (AIM:CDM) is an award-winning British video game developer and publisher with over 30 years of heritage. The company specialises in high-quality racing games including DiRT, GRID and the BAFTA award-winning official F1® series of videogames. In November 2019, Codemasters acquired Slightly Mad Studios, creators and developers of award-winning IP including the Project CARS franchise and Fast & Furious Crossroads.

Codemasters' LEI number is: 213800NOITSDQVNP5W91

**Chief Executive Officer's Review****Strategic progress**

I am pleased to report on an exceptional period for the Group and one in which the business has outperformed against the expectations set at the start of the financial year. Revenue more than doubled to £80.5 million (H1 2020: £39.8 million), with Adjusted EBITDA of £21.2 million (H1 2020: £9.4 million). As previously announced, COVID-19 substantially affected the sales mix, accelerating the shift to digital delivery and impacting traditional retail and box sales, exacerbated by the closure of the majority of game retailers globally. As a result, digital sales as a proportion of revenue represented 72.9% of total sales in the period (H1 2020: 61.7%), leading to a trading gross margin of 88.9% (H1 2020: 89.0%). The trading gross margin of 88.9% is in line with the prior year, with the greater proportion of higher margin digital revenue being offset by higher licence royalties as a result of the strong performance of F1® 2020. This trading gross margin of 88.9% is lower than the 92.9% incorrectly reported in the Company's trading update on 7 October 2020. This discrepancy is due to licence costs not being included in the margin disclosed on 7 October.

These strong results were driven by the release of three titles in the period: F1® 2020, Fast & Furious Crossroads and Project CARS 3, as well as the continued success of the Group's back catalogue of games (titles released in prior periods). DiRT Rally 2.0 recently passed 9 million players, and F1® 2019 benefitted from F1® drivers competing in Virtual Grand Prix Series which replaced the postponed start to the 2020 F1® season and delivered 30 million views across digital platforms and linear TV.

The performance also demonstrates the continued progress being made against our strategic objectives: strengthen the Group's overall leadership position in racing, grow the audience and increase average revenue per user.

Through the acquisition of Slightly Mad Studios ("SMS"), we have cemented our leadership in racing. The SMS team is now fully integrated and the performance of their titles met our expectations in H1 2021. The addition of SMS brought diversified revenue streams via Project CARS and access to a licenced blockbuster IP with the launch of Fast & Furious Crossroads in August.

Esports continues to be a high growth area for the Group and we expect to create revenue from sponsorship and broadcast opportunities as the market matures. The opportunities available to us through esports were highlighted during the early months of the COVID-19 pandemic - esports helped fill the void of real-life F1® Grand Prix with virtual races aired on both streaming platforms and linear TV. It also underlined the symbiotic nature of the relationship as stars from different sports and entertainment fields introduced their fans to our games.

Our nascent Games as a Service ("GaaS") strategy is performing well, driving player engagement, satisfaction and retention, resulting in a longer lifecycle for our games. We anticipate GaaS to form an increasing share of our revenue going forward. We are seeing rapid growth, although revenues currently remain small.

Further progress is being made in the commercial partnership with Netease and this is on track to deliver a new mobile IP to the market in the financial year 2022. We remain excited about the game's potential, both in China and global markets.

Looking further to the future we were pleased to sign a licence agreement with WRC Promoter GmbH ("WRC Promoter") for the exclusive rights to develop and publish the FIA World Rally Championship ("WRC") videogames and esports tournaments. This allows the Group to release videogames based on the franchise including its support categories (e.g. the FIA WRC 2, WRC 3 and Junior WRC Championships) across console, PC and mobile platforms, including annual iterations for the five seasons from 2023 through to 2027. The Group expects to release the first title in this series in the financial year ending 31 March 2024.

In April, we were pleased to announce that Lisa Thomas had joined our Board as a Non-Executive Director. With over 32 years of experience and featured in Campaign's Power 100 for 2019, she is a highly talented consumer marketer and has already brought insight into consumer behaviour and the relationship between brands and their customers.

The above progress would not have been possible without the unwavering dedication and support of our employees, who have risen to the challenges presented by the pandemic. Our teams continue to work remotely as a result of COVID-19 and we are pleased to report that the Group has not seen any material disruption or loss of efficiency as a result of these different working environments. I thank them all.

## **Operational review**

Codemasters has a portfolio of games and is renowned for developing high quality, AAA rated games, focused solely on the racing category.

F1® 2020 was released on 10 July 2020 on PlayStation 4, Xbox One, PC and

Stadia. This year's iteration materially over-performed compared to the previous year and is one of the highest-scoring games of 2020 according to aggregator site Metacritic, averaging 91% on Xbox, 89% on PC and 86% on PlayStation 4. The superior quality of the game and the growth of the sport, especially in the United States, helped to attract new players. The game catered for race fans of all levels and experience with two new circuits, the introduction of the driver-manager feature, My Team, improved on-track options, and the reintroduction of split-screen and more. The Company anticipates that F1® 2020 will continue to perform strongly throughout the Black Friday, Christmas and New Year promotional periods, which have historically delivered strong sales for prior versions of the F1® game.

F1® Mobile Racing, our free to play mobile game for Apple and Android devices continues to grow and has attracted over 25 million players since launch and the game is now on its 15<sup>th</sup> update. We will continue to invest in this mobile title over the coming years, releasing regular updates to satiate demand.

H1 2021 also saw the release of the first two titles developed by SMS since the Company acquired the studio in November 2019. Both titles were published by Bandai Namco Entertainment on PlayStation 4, Xbox One and PC. Revenues from these titles in H1 2021 principally coming in the form of milestone payments and royalties as disclosed at the time of the SMS acquisition, were in line with the Company's expectations for H1 2021.

Fast & Furious Crossroads, a team-based, vehicular-heist action game set in the adrenaline-fueled Fast & Furious universe, was launched on 7 August 2020. Packed with gadgets, heists and iconic vehicles, Fast & Furious Crossroads puts players in the driver's seat of the non-stop cinematic-style action of the Fast & Furious saga. Whilst the critical reception was disappointing, the Company expects sales of the game to be positively impacted by the upcoming holiday period, post launch downloadable content and following the release of the next film in the Fast and Furious franchise.

Project CARS 3 was launched on 28 August 2020 boasting the biggest car roster in franchise history, new tracks, including the home of the Brazilian Grand Prix, Interlagos, and the roads of Tuscany. The game delivered an authentic motorsport simulation tailored for every type of racer and featured a fully-fledged career mode. It received the gamescom Award for "Best Simulation Game" and is a Finalist for "Best Racing Game" at the TIGA Awards.

The Group's back catalogue continues to perform strongly. This is driven by the accelerated growth of the digital business reflecting the longer lifecycle of high-quality products and well-established IP, together with the ever-increasing number of digital channels for exploitation. The Board expects digital growth to continue with future releases.

### **Post period**

DiRT 5 was released on 6 November 2020 on PlayStation®4 computer entertainment system, the Xbox One family of devices including the Xbox One X and PC. The revised launch date (originally scheduled for 16 October 2020) has enabled the Group to release all versions of the game in a shorter

timeframe, with the next generation of consoles (Xbox Series X/S and PlayStation®5) launched on 10 November and 19 November 2020 respectively. A Google Stadia version will also launch later in H2 2021.

Project CARS GO went into closed beta testing in October with encouraging results. We look forward to its launch in H2 2021.

On 10 November 2020 the Company reached agreement on the terms of a recommended cash and shares offer by Take-Two for the entire issued and to be issued share capital of Codemasters. Take-Two believes that the combination of Take-Two and Codemasters would bring together two world-class interactive entertainment portfolios, with a highly complementary fit between Take-Two's 2K label and Codemasters. Take-Two believes that it can bring benefits to Codemasters' performance by leveraging its global distribution and marketing infrastructure, together with its core operating expertise in live operations, analytics, product development, and brand and performance marketing. The Codemasters' Directors intend to recommend unanimously that Codemasters' Shareholders vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Codemasters General Meeting. It is anticipated that the Acquisition will complete in the first quarter of 2021.

## **Outlook**

H1 2021 has been a milestone period for the Group in which we delivered a record performance with further growth in revenues and Adjusted EBITDA. We are fortunate to operate in an industry which has shown incredible resilience over the course of the year, shielding us from the wider impacts of COVID-19.

Trading in the second half of the year has begun well with the release of DiRT 5 on 6 November 2020 and Project CARS GO due for release in H2 2021 which are both expected to contribute to the full year results. Beyond the current financial year, we expect to launch three new titles in H1 2022, including the first iteration of the F1® franchise on the next generation consoles.

The long-term structural growth drivers in our sector remain strong with the launch of the next generation consoles, the accelerated shift to digital sales and services, and the roll out of 5G all likely to drive more opportunity for greater engagement with our audiences. As our industry grows, so does the level of investment needed to meet increasing consumer expectations. The Board has recommended that shareholders vote in favour of the offer we received from Take-Two as it believes Take-Two's broad capabilities will help propel the long-term success of Codemasters.

We remain excited about what the future holds and would like to thank our teams, once again, for their hard work and dedication.

**Frank Sagnier**

**Chief Executive Officer**

**23 November 2020**



## Chief Financial Officer's Review

### Overview

As referred to in the Chief Executive Officer's review, the Group has delivered record performance in H1 2021 with revenue of £80.5 million (£39.8 million in H1 2020). The H1 2021 numbers also incorporate the results of the SMS group which was acquired on 28 November 2019 (in H2 2020).

The impact of COVID-19 has accelerated the growth in the proportion of digital sales from 61.7% in H1 2020 to 72.9% in H1 2021. The trading gross margin of 88.9% is in line with the prior year, with the greater proportion of higher margin digital revenue being offset by higher licence royalties as a result of the strong performance of F1® 2020. This trading gross margin of 88.9% is lower than the 92.9% incorrectly reported in the Company's trading update on 7 October 2020. This discrepancy is due to licence costs not being included in the margin disclosed on 7 October 2020.

### Impact of SMS Acquisition

Following the interim review of contract accounting on the SMS acquisition by the Company's auditors, as mentioned below, development costs in relation to Fast & Furious Crossroads, where SMS does not own the game IP, have been reclassified from Administrative Expenses to Cost of Sales. The impact of this is to reduce the reported gross margin from 88.9% to 70.9%. There is no impact on Operating profit or Adjusted EBITDA of this non-recurring accounting reclassification.

The deferred contingent consideration on the acquisition of SMS has been reviewed as at the end of H1 2021 in line with the future expected performance of the SMS group and as a result the goodwill and corresponding liability have both been reduced by £12.2 million. An impairment review of the intangible assets was also undertaken which resulted in no impairment being necessary.

The Statement of financial position as at 31 March 2020 has been restated following a review of the contract accounting on acquisition. This has resulted in additional IP being recognised along with a reclassification of IP and development costs on Fast & Furious Crossroads into contract assets. Additional deferred income and contract liabilities have also been recognised. The overall impact on both assets and liabilities is an increase of £13.6 million. This amount is the milestone payments that have been received by SMS prior to its acquisition. It is important to note that there is no impact on profit or net assets as a result of this restatement.

### Adjusted EBITDA, Adjusted EPS and Cash

Adjusted EBITDA of £21.2 million (H1 2020: £9.4 million) is significantly higher than the prior period as a result of the strong sales performance of both new releases and the back catalogue.



Adjusted EPS of 13.3 pence has increased by 6.6 pence from 6.7 pence per share in H1 2020 (again driven by the strong sales performance).

Net cash as at 30 September 2020 was £50.1 million, £0.3 million higher than the number disclosed in the Company's trading update on 7 October 2020. This slight discrepancy is due to the reduction in the right of use liability following notice being given on the SMS offices shortly before the period end. This reflects an increase of £25.5 million since 30 September 2019.

	6 months ended 30 Sep 2020 £000	6 months ended 30 Sep 2019 £000	Year ended 31 Mar 2020 £000
<b>Revenue</b>	<b>80,519</b>	<b>39,793</b>	<b>76,049</b>
<b>Gross profit</b>	<b>57,118</b>	<b>35,415</b>	<b>65,188</b>
<b>Gross Margin %</b>	<b>70.9%</b>	<b>89.0%</b>	<b>85.7%</b>
<b>Operating profit</b>	<b>20,277</b>	<b>12,007</b>	<b>15,864</b>
- non-recurring items	115	-	1,415
- amortisation & impairment of development costs and computer software	17,273	9,303	24,521
- interest on unwinding of licensing agreements (restricted to represent cash)	(1,366)	(824)	(1,274)
- depreciation	1,240	1,001	2,155
- capitalisation of development costs	(16,500)	(12,767)	(27,055)
- share based payments	446	645	1,135
- SMS milestone payment adjustment	(13,333)	-	1,391
- SMS contract accounting adjustment	13,014	-	-
<b>Adjusted EBITDA</b>	<b>21,166</b>	<b>9,365</b>	<b>18,152</b>
Tax (charge) on profit on ordinary activities	(577)	(415)	(777)
Less non-cash tax items (deferred tax & corporation tax accruals)	(263)	415	58
Cash interest	10	35	98
<b>Adjusted net income</b>	<b>20,336</b>	<b>9,400</b>	<b>17,531</b>

The Group delivered £80.5 million of revenue in H1 2021, driven by the release of F1®2020, Fast & Furious Crossroads and Project CARS 3 coupled with the continued strength of the Group's back catalogue. In the prior period H1 2020, only F1® 2019® was released.

The Group continues to benefit from the market shift toward digitally downloaded games, with 72.9% of revenue delivered via digital channels (H1 2020: 61.7% and 2020 full year delivering 67.7%). This has benefitted the Group's trading gross margin and enabled greater shelf life of the back catalogue. However, this benefit to trading gross margin from a greater proportion of digital sales in H1 2021 has been offset by higher licence costs as a result of strong sales performance from F1® 2020.

H2 2021 trading prospects are encouraging, with an exciting post launch schedule of content and features for DiRT, and the expected release of Project CARS GO, a mobile version of the Project CARS franchise. Additionally, with further offerings for F1® 2020, additional content in F1® Mobile Racing and further GaaS updates from DiRT, the Board looks to the future with confidence.

As mentioned in the Group's 2020 Annual Report, the Company's Board of Directors use Adjusted EBITDA as a key trading performance indicator. This provides a meaningful measure of the underlying operational cash generation of the Group.

As noted above, Adjusted EBITDA of £21.2 million (H1 2020: £9.4 million) is significantly higher than the prior period and reflects the underlying strength of the F1® 2020 title supported by the release of Fast & Furious Crossroads and Project CARS 3 coupled with the strength of the back catalogue, in a period where the impact of COVID-19 has meant more people being at home having time to play games.

Regarding the reconciling items between operating profit and Adjusted EBITDA (which includes cost of sales, development costs and sales, general and administrative costs), the key observations are as follows:

- Amortisation (which includes long-term amortisation of capitalised development costs and long-term licence contracts). The key component is amortisation of capitalised development costs, whereby the development costs of each title are released over a 12-month period into the income statement, 65% in the first month, with the remainder split equally over the eleven remaining months. Amortisation is a non-cash accounting entry and is dictated by the timing of releases.
- Amortisation of £17.3 million has been incurred in H1 2021, the release of F1® 2020, Project CARS 3 and Fast & Furious Crossroads being the key drivers. However, whilst there is a significant variance between the two periods driven by timing of releases, there is an underlying increase in the level of investment in current titles, reflecting the Group's continued commitment to deliver products of the highest quality.
- Interest on unwinding of licensing agreements of £1.4 million (H1 2020: £0.8 million) form a recurring licensing cost, which is necessary for the

Group to be able to release certain titles. Whilst the cost is recognised within interest expense it is added back into the Adjusted EBITDA calculation. All licensing costs are considered together by the Board of Directors and are included in the Adjusted EBITDA calculation. The increase when compared to the prior period reflects the number of contracts unwinding across the two periods.

- Depreciation of £1.2 million (H1 2020: £1.0 million) includes £0.5 million (H1 2020: £0.2 million) associated with Right of Use assets under IFRS 16. As part of the Group's capitalisation policy certain overheads, including depreciation are capitalised where they are directly related to developing the Group's games. In the period £0.9 million (H1 2020: £0.6 million) of depreciation was capitalised within capitalised development costs.
- Capitalisation is the measure of development costs incurred that are held as an intangible asset prior to release of the applicable title. Certain long-term licences entered into are also capitalised (none in the current and prior period). Both are non-cash measures.
- Capitalisation of £16.5 million has increased by £3.7 million from H1 2020, where £12.8 million was capitalised. This reflects the increased investment in the Group's releases.
- Share-based payments charge of £0.4 million (H1 2020: £0.6 million) represents a non-cash charge.
- The adjustment for SMS milestone payments received arises as SMS develop their titles on behalf of a publisher. They receive milestone payments which are not reflected within revenue until the games are released. Therefore, the net movement in these payments is adjusted for to reflect the cash position. The costs incurred in developing the games are included within the capitalisation of development costs.
- The SMS contract accounting adjustment reflects the net costs of development where the IP is not owned by SMS.

### **Creative sector relief**

Creative sector relief recognised in the period of £5.0 million (H1 2020: £4.2 million) represents the expected receivable for H1 2021 based upon the qualifying costs incurred in the period with the increase being partly attributable to the impact of the SMS acquisition. The claims in respect of the 2020 financial year were submitted in August 2020 and settled in August and September 2020.

### **Operating profit**

Operating profit of £20.3 million has increased by £8.3 million from H1 2020. The key driver of this is the success of F1® 2020, coupled with the sales performance of the back catalogue.

### **Interest receivable / payable**

Net interest receivable of £0.2 million in H1 2021 includes £1.4 million (H1 2020: £0.8 million) in relation to the unwinding of licensing agreements and interest on the unwinding of leases under IFRS 16. There are also £1.6 million of foreign exchange gains (H1 2020: £0.6 million loss) associated with the licensing agreements.

### **Profit after tax**

The Group continues to benefit from tax losses brought forward of approximately £125 million. As such, corporation tax charges reflect the ability of the Group to utilise these losses. There has been a £0.6 million charge recognised in the period reflecting the expected tax rate applicable to the Group for the full year.

Deferred tax has been reviewed and no adjustments were required to the underlying value held.

H1 2021 profit after tax was £19.9 million (H1 2020: £10.1 million).

Basic earnings per share was 13.1 pence (H1 2020: 7.3 pence).

Adjusted EPS was 13.3 pence (H1 2020: 6.7 pence). This is a non-GAAP measure presented as a meaningful comparison of earnings per share across periods. It is defined as adjusted net income per share (which is also a non-GAAP measure used as a proxy for cash earnings), where the number of shares across each period is the number of Ordinary shares in issue at the end of each period.

Adjusted net income is defined as Adjusted EBITDA less cash interest and tax paid.

### **Statement of Financial Position and Cash flow**

There are £77.0 million of intangible fixed assets as at 30 September 2020 (31 March 2020: £92.2 million). The reduction is mainly attributable to the amortisation of the development costs of the F1® 2020 and Project CRAS 3 games released in the period offset by the capitalised spend on games yet to be released. It has also been impacted by the reduction in the expected earnout following the SMS acquisition.

There are £10.6 million of tangible fixed assets as at 30 September 2020 (31 March 2020: £10.4 million).

There were £20.8 million trade and other receivables at 30 September 2020 (31 March 2020: £33.5 million). The reduction is driven by the release of contract assets and the settlement of trade receivables.

Within trade and other payables there is £32.1 million that is payable in a period greater than one year (31 March 2020: £45.5 million). The reasons for the reduction are the lower earnout following the SMS acquisition and the impact of being six months later on the timing of the long-term contract liabilities.

Trade and other payables falling due within one year of £23.7 million have reduced by £18.1 million from the year end. The reduction is a mix of the payment of deferred consideration due on the release of Fast & Furious Crossroads and the settlement of year end trade creditors and the release of contract liabilities.

As at 30 September 2020 the Group had £50.1 million of net cash, £0.3 million higher than the number disclosed in the Company's trading update on 7 October 2020. This slight discrepancy is due to the reduction in the right of use liability following notice being given on the SMS office shortly before the period end . This reflects an increase of £25.5 million since 30 September 2019.

The Group continues to build its portfolio of titles, invest in its products and has sufficient strength in its balance sheet to take advantage of investment opportunities.

**Rashid Varachia**  
**Chief Financial Officer**  
**23 November 2020**

# Unaudited condensed consolidated income statement

	Note	6 months ended 30 Sep 2020 £000	6 months ended 30 Sep 2019 £000	Year ended 31 Mar 2020 £000
<b>Revenue</b>		<b>80,519</b>	<b>39,793</b>	<b>76,049</b>
Cost of sales		(23,401)	(4,378)	(10,861)
<b>Gross profit</b>		<b>57,118</b>	<b>35,415</b>	<b>65,188</b>
Distribution costs		(6,687)	(5,163)	(9,272)
Administrative expenses:				
- research expenses, amortisation and impairment of intangible assets		(26,688)	(18,094)	(38,447)
- creative sector relief		5,033	4,204	9,113
- other administrative expenses		(7,938)	(3,710)	(8,168)
- share based payments		(446)	(645)	(1,135)
Total administrative expenses		(30,039)	(18,245)	(38,637)
<b>Non-recurring items</b>	<b>4</b>	<b>(115)</b>	<b>-</b>	<b>(1,415)</b>
<b>Operating profit</b>		<b>20,277</b>	<b>12,007</b>	<b>15,864</b>

<b>Analysed as:</b>				
- operating profit		20,277	12,007	15,864
- non-recurring items		115	-	1,415
- amortisation & impairment of capitalised development costs, game IP and computer software		17,273	9,303	24,521
- interest on unwinding of licensing agreements (restricted to represent cash)		(1,366)	(824)	(1,274)
- depreciation of tangible fixed assets		1,240	1,001	2,155
- capitalisation of development costs		(16,500)	(12,767)	(27,055)
- share based payments		446	645	1,135
- SMS milestone payment adjustment		(13,333)	-	1,391
- SMS contract accounting adjustment		13,014	-	-
<b>Adjusted EBITDA*</b>		<b>21,166</b>	<b>9,365</b>	<b>18,152</b>

Interest receivable and similar income	1,647	43	110
Interest payable and similar charges	(1,462)	(1,494)	(3,729)

<b>Net interest payable</b>	<b>185</b>	<b>(1,451)</b>	<b>(3,619)</b>
<b>Profit/ on ordinary activities before taxation</b>	<b>20,462</b>	<b>10,556</b>	<b>12,245</b>
Tax (charge) on profit on ordinary activities	(577)	(415)	(777)
<b>Profit on ordinary activities after taxation</b>	<b>19,885</b>	<b>10,141</b>	<b>11,468</b>
<b>Profit attributable to:</b>			
Owners of the parent	19,942	10,171	11,571
Non-controlling interest	(57)	(30)	(103)
<b>Profit for the financial period</b>	<b>19,885</b>	<b>10,141</b>	<b>11,468</b>

		Pence	Pence	Pence
<b>Earnings per share</b>	5			
<b>Basic earnings per share</b>		13.1	7.3	8.1
<b>Diluted earnings per share</b>		13.0	7.1	8.0

\*Adjusted EBITDA is a non-GAAP measure used by the Group, which is defined as profit before finance costs on

borrowings, tax and capitalisation of development costs, depreciation, amortisation, non-recurring items, SMS milestone payments received and SMS contract accounting adjustments.





# Unaudited condensed consolidated statement of comprehensive income

	6 months ended 30 Sep 2020 £000	6 months ended 30 Sep 2019 £000	Year ended 31 Mar 2020 £000
<b>Profit for the financial period</b>	<b>19,885</b>	<b>10,141</b>	<b>11,468</b>
Other comprehensive (loss):			
Items that will be reclassified subsequently to profit or loss:			
Currency translation of foreign subsidiaries	(199)	(39)	(154)
<b>Total comprehensive income for the period</b>	<b>19,686</b>	<b>10,102</b>	<b>11,314</b>
Total comprehensive income attributable to:			
Owners of the parent	19,743	10,132	11,417
Non-controlling interests	(57)	(30)	(103)
<b>Total comprehensive income</b>	<b>19,686</b>	<b>10,102</b>	<b>11,314</b>



# Unaudited condensed consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserve £000	Profit and loss account £000	Currency translation Reserve £000	Total attributable to owners of the parent £000	Non- controlling Interest £000	Total equity £000
At 1 April 2019	1,400	14,751	8,816	1,243	25,141	(1,114)	50,237	(503)	49,734
Profit / (loss) for the period	-	-	-	-	10,171	-	10,171	(30)	10,141
Other comprehensive income:									
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	(39)	(39)	-	(39)
Total comprehensive income/(loss) for the period	-	-	-	-	10,171	(39)	10,132	(30)	10,102
Transactions with owners:									
Charge for equity-settled share-based payments	-	-	-	645	-	-	645	-	645
Total from transactions with owners	-	-	-	645	-	-	645	-	645
At 30 September 2019	1,400	14,751	8,816	1,888	35,312	(1,153)	61,014	(533)	60,481
At 1 April 2020	1,513	34,116	12,681	2,378	36,712	(1,268)	86,132	(606)	85,526
Profit/(loss) for the period	-	-	-	-	19,942	-	19,942	(57)	19,885
Other comprehensive loss:									
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	(199)	(199)	-	(199)
Total comprehensive income/(loss) for the period	-	-	-	-	19,942	(199)	19,743	(57)	19,686
Transactions with owners:									
Charge for equity-settled share-based payments	-	-	-	446	-	-	446	-	446
Issue of 1,038,438 ordinary shares of 1p as deferred consideration for the acquisition of SMS	10	-	3,730	-	-	-	3,740	-	3,740
Issue of 44,065 ordinary shares of 1p each for employee exercise of options	1	88	-	-	-	-	89	-	89
Total from transactions with owners	11	88	3,730	446	-	-	4,275	-	4,275
At 30 September 2020	1,524	34,204	16,411	2,824	56,654	(1,467)	110,150	(663)	109,487

# Unaudited condensed consolidated statement of financial position

	Note	30 Sep 2020 £000	30 Sep 2019 £000	31 Mar 2020 (restated) £000
<b>Non-current Assets</b>				
Intangible assets	3	76,980	30,775	92,242
Tangible assets		10,625	9,992	10,390
Deferred tax asset		1,958	3,247	1,958
		<b>89,563</b>	<b>44,014</b>	<b>104,590</b>
<b>Current assets</b>				
Inventories		934	1,833	622
Trade and other receivables		20,775	8,483	33,512
Creative Sector tax credit receivable		7,162	4,050	11,830
Cash at bank and in hand		51,097	24,800	25,563
		<b>79,968</b>	<b>39,166</b>	<b>71,527</b>
<b>Total Assets</b>		<b>169,531</b>	<b>83,180</b>	<b>176,117</b>
<b>Non-current liabilities</b>				
Loans and borrowings		(414)	(19)	(752)
Trade and other payables		(32,141)	(3,950)	(45,515)
		<b>(32,555)</b>	<b>(3,969)</b>	<b>(46,267)</b>
<b>Current liabilities</b>				
Loans and borrowings		(599)	(156)	(1,633)
Trade and other payables		(23,663)	(16,435)	(41,819)
Provisions for liabilities		(3,227)	(2,139)	(872)
		<b>(27,489)</b>	<b>(18,730)</b>	<b>(44,324)</b>
<b>Total Liabilities</b>		<b>(60,044)</b>	<b>(22,699)</b>	<b>(90,591)</b>
<b>Net assets</b>		<b>109,487</b>	<b>60,481</b>	<b>85,526</b>
<b>Capital and reserves</b>				
Called up share capital		1,524	1,400	1,513
Share premium account		34,204	14,751	34,116
Merger reserve		16,411	8,816	12,681
Other reserve		2,824	1,888	2,378
Profit and loss account		56,654	35,312	36,712
Currency translation reserve		(1,467)	(1,153)	(1,268)
<b>Total shareholders' surplus attributable to owners of the parent</b>		<b>110,150</b>	<b>61,014</b>	<b>86,132</b>
<b>Non-controlling interest</b>		<b>(663)</b>	<b>(533)</b>	<b>(606)</b>
<b>Total equity</b>		<b>109,487</b>	<b>60,481</b>	<b>85,526</b>

# Unaudited condensed consolidated cash flow statement

	6 months	6 months	
	ended	ended	Year ended
	30 Sep	30 Sep	31 Mar 2020
	2020	2019	2019
	£000	£000	£000
<b>Cash flows from operating activities</b>			
Profit for the financial year before taxation	20,462	10,556	12,245
<b>Adjustments for:</b>			
Amortisation of intangible fixed assets	22,475	11,790	27,557
Depreciation of tangible fixed assets	587	447	784
Profit on disposal of tangible fixed assets	-	(3)	-
Creative sector relief recognised	(5,033)	(4,204)	(9,113)
Share based payments	446	646	1,135
Interest receivable	(1,647)	(43)	(110)
Interest charged	3,092	873	2,326
Exchange movement on borrowings	(1,631)	621	1,403
Exchange losses	-	543	479
Amounts representing net changes in working capital:			
(Increase) / decrease in trade and other receivables	(3,226)	723	(8,740)
(Increase) in inventories	(312)	(1,482)	(271)
(Decrease) in trade and other payables	(523)	(8,940)	(898)
Increase / (decrease) in provisions	2,355	694	(573)
<b>Cash from operations</b>	<b>37,045</b>	<b>12,221</b>	<b>26,224</b>
Creative sector relief received	9,773	7,236	7,236
Income taxes paid	(840)	(1)	(286)
<b>Net cash generated from operating activities</b>	<b>45,978</b>	<b>19,456</b>	<b>33,174</b>
Cash flow from Investing activities			
Interest received	16	43	110
Payments to acquire tangible fixed assets	(1,711)	(599)	(1,484)
Net cash in respect of acquisition	-	-	(16,243)
Payments to acquire or develop intangible fixed assets	(17,433)	(12,392)	(26,272)
<b>Net cash used in investing activities</b>	<b>(19,128)</b>	<b>(12,948)</b>	<b>(43,889)</b>
Cash flow from financing activities			
Loan repayments	(752)	(97)	(719)
IFRS 16 lease repayments	(448)	-	(774)
Interest paid	(6)	(8)	(12)
Proceeds from issue of share capital	89	-	20,035
Costs of issuing share capital	-	-	(575)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,117)</b>	<b>(105)</b>	<b>17,955</b>
Net increase in cash and cash equivalents	25,733	6,403	7,240
Cash and cash equivalents at the beginning of the period	25,563	18,436	18,436
Exchange loss on cash and cash equivalents	(199)	(39)	(113)
<b>Cash and cash equivalents at the end of the period</b>	<b>51,097</b>	<b>24,800</b>	<b>25,563</b>
Cash and cash equivalents consist of:			
Cash at bank and in hand	23,921	7,707	8,403
Short term deposits	27,176	17,093	17,160
<b>Cash and cash equivalents at the end of the period</b>	<b>51,097</b>	<b>24,800</b>	<b>25,563</b>





# Notes to the unaudited condensed consolidated interim financial statements

## 1 Nature of operations and general information

Codemasters Group Holdings Plc is a public limited company incorporated in England. The Registered Number is 06123106 and the Registered Office is Codemasters Campus, Stoneythorpe, Southam Warwickshire, CV47 2DL.

Codemasters Group Holdings Plc and its subsidiaries (the "Group") is an award-winning British video game developer and publisher with over 30 years of heritage. The Group specialises in high quality racing games including DiRT, GRID, ONRUSH and the BAFTA award-winning official F1® series of videogames. Following the acquisition of Slightly Mad Studios Pte Ltd in November 2019, the group also owns the Project CARS franchise.

## 2 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with the AIM rules and IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 September 2020 should be read in conjunction with the Group's Annual Report for the year ended 31 March 2020, which includes the financial results of the Group prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The report of the auditors for the Group's Annual Report for the year ended 31 March 2020 was unqualified, did not contain an emphasis of matter paragraph and did not include a statement under Section 498 of the Companies Act 2006.

The Group's interim condensed consolidated financial statements are not audited and do not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The interim condensed consolidated financial statements are prepared under the historical cost convention and are presented in Sterling, which is the functional currency of the Company. The figures presented are round to the nearest £000, except for earnings per share.

The condensed consolidated interim financial statements were approved for issue on 20 November 2020.

### Going concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing these condensed consolidated financial statements. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

### Accounting policies

The Group's principal accounting policies used in preparing this information are as stated in the Group's Annual Report for the year ended 31 March 2020. There has been no change to any accounting policy from the date of that report with the exception of the SMS intangible amortisation policy being brought in line with that of Codemasters.

As disclosed in the Annual Report, the Directors have identified only one operating segment in the business, being the sale of internally developed video games. The single operating segment is reported in a manner consistent with the internal reporting to the Board for monitoring and strategic decisions.

### Accounting estimates and key judgements

When preparing these condensed consolidated interim financial statements, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the 2020 Annual Report.

## 3 Intangible fixed assets

	Development Costs (restated) £000	Licences Patents & Trade Marks (restated) £000	Computer Software £000	Goodwill £000	Total £000
<b>Cost</b>					
At 31 March 2019	83,143	18,995	811	-	102,949
Additions	12,767	-	179	-	12,946
Disposals	(10,018)	-	-	-	(10,018)
At 30 September 2019	85,892	18,995	990	-	105,877
On acquisition	-	10,895	-	24,027	34,922
Additions	12,737	29,167	408	-	42,312
Disposals	(4,824)	-	-	-	(4,824)
At 31 March 2020	93,805	59,057	1,398	24,027	178,287
Additions	16,500	-	371	-	16,871
Disposals	(21,419)	-	-	-	(21,419)
<b>At 30 September 2020</b>	<b>88,886</b>	<b>59,057</b>	<b>1,769</b>	<b>24,027</b>	<b>173,739</b>

<b>Accumulated amortisation</b>					
At 31 March 2019	61,788	10,993	549	-	73,330
Amortisation	9,180	2,487	123	-	11,790
Disposals	(10,018)	-	-	-	(10,018)
<b>At 30 September 2019</b>	<b>60,950</b>	<b>13,480</b>	<b>672</b>	<b>-</b>	<b>75,102</b>
Amortisation	15,043	549	175	-	15,767
Disposals	(4,824)	-	-	-	(4,824)
<b>At 31 March 2020</b>	<b>71,169</b>	<b>14,029</b>	<b>847</b>	<b>-</b>	<b>86,045</b>
Amortisation	12,203	7,526	225	-	19,954
Impairment	-	-	-	12,179	12,179
Disposals	(21,419)	-	-	-	(21,419)
<b>At 30 September 2020</b>	<b>61,953</b>	<b>21,555</b>	<b>1,072</b>	<b>12,179</b>	<b>96,759</b>
<b>Net book amount</b>					
<b>At 30 September 2020</b>	<b>26,933</b>	<b>37,502</b>	<b>697</b>	<b>11,848</b>	<b>76,980</b>
At 31 March 2020	22,636	45,028	551	24,027	92,242
At 30 September 2019	24,942	5,515	318	-	30,775
At 31 March 2019	21,355	8,002	262	-	29,619

## 4 Non-recurring costs

	6 months ended 30 Sep 2020 £000	6 months ended 30 Sep 2019 £000	Year ended 31 Mar 2020 £000
Professional fees associated with acquisition	115	-	1,415
Reduction in deferred consideration liability	(12,179)	-	-
Reduction in goodwill due to reduced deferred consideration liability	12,179	-	-
	115	-	1,415

## 5 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Codemasters Group Holdings Plc as the numerator. No adjustments to profit were necessary.

The reconciliation of the weighted average number of shares for the purpose of diluted earnings per share in the calculation of basic earnings per share is as follows:

<b>Weighted number of shares in issue</b>	<b>30 Sep 2020</b>	30 Sep 2019	31 Mar 2020
Total of shares in issue (1p ordinary)	151,652,825	140,000,000	143,680,295
LTIP	1,322,695	2,072,758	1,212,975
NED	222,840	506,304	67,409
ESOP	296,221	1,241,842	143,771
Total warrants and options not exercised	1,841,756	3,820,904	1,424,155
<b>Total diluted shares</b>	<b>153,494,581</b>	<b>143,820,904</b>	<b>145,104,450</b>
<b>Adjusted earnings per share</b>	<b>£000</b>	£000	£000
Adjusted EBITDA	21,166	9,365	18,152
Tax (charge) on profit/(loss) on ordinary activities	(577)	(415)	(777)
Less non-cash tax items (deferred tax & corporation tax accruals)	(263)	415	58
Cash interest	10	35	98
<b>Adjusted net income</b>	<b>20,336</b>	<b>9,400</b>	<b>17,531</b>
	<b>Pence</b>	Pence	Pence
<b>Basic earnings per share (pence)</b>	<b>13.1</b>	7.3	8.1
<b>Diluted earnings per share (pence)</b>	<b>13.0</b>	7.1	8.0
<b>Adjusted earnings per share (pence)</b>	<b>13.3</b>	6.7	11.6

For diluted earnings per share, the weighted average number of shares in issue has been adjusted to assume conversion of all potentially dilutive options and warrants for the applicable period.

Given the variances in shares in issue across the presented periods, adjusted earnings per share is presented. Adjusted

earnings per share is Adjusted net income across the presented periods divided by the number of shares in issue at the end of each period.

Adjusted net income is a non-GAAP measure, which is defined as Adjusted EBITDA (see accounting policies), less cash interest and tax paid. Deferred shares that were in issue in the prior year have not been included in the calculation for weighted average number of shares.

The basic adjusted earnings per share calculation in accordance with IAS 33 is 13.1 pence per share (H1 2020: 7.3 pence per share).

The adjusted diluted earnings per share calculation in accordance with IAS 33 is 13.0 pence per share (H1 2020: 7.1 pence per share).

However, the Board presented adjusted earnings per share using a fixed number of shares across the two periods in order to present comparable earnings by removing the impact of the movements in the Company's share capital as a result of the pre - IPO group restructuring.

In the above years there were no dividends issued.

## 6 Financial instruments

	<b>30 Sep 2020 £000</b>	30 Sep 2019 £000	31 Mar 2020 £000
<b>Financial assets held at amortised cost:</b>			
Trade receivables	<b>2,489</b>	257	6,686
Cash and cash equivalents	<b>51,097</b>	24,800	25,563
	<b>53,586</b>	25,057	32,249
	<b>30 Sep 2020 £000</b>	30 Sep 2019 £000	31 Mar 2020 £000
<b>Financial assets held at fair value:</b>			
Forward foreign exchange contracts	<b>88</b>	-	-
	<b>88</b>	-	-
	<b>30 Sep 2020 £000</b>	30 Sep 2019 £000	31 Mar 2020 £000
<b>Financial liabilities held at amortised cost:</b>			
Loans and borrowings	<b>(1,013)</b>	(175)	(2,385)
Trade payables	<b>(2,734)</b>	(1,319)	(5,858)
Other payables	<b>(36,677)</b>	(11,573)	(41,294)
	<b>(40,424)</b>	(13,067)	(49,537)
	<b>30 Sep 2020 £000</b>	30 Sep 2019 £000	31 Mar 2020 £000
<b>Financial liabilities held at fair value:</b>			
Other payables	-	-	(15,932)
	-	-	(15,932)

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