FOCUS
ENTERTAINMENT

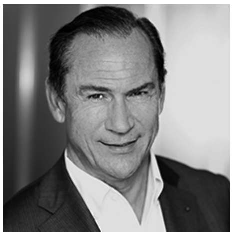
ANNUAL FINANCIAL REPORT

CSR REPORT

2022/2023

CONTENTS

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2023



MESSAGE FROM THE CHAIRMAN & CEO

The 2022–2023 financial year was a historic one for FOCUS ENTERTAINMENT thanks to the excellent-quality games published over the course of the year. Indeed, we are very proud that the company took the fourth top spot in the 2023 Metacritic ranking of video game publishers, with an average rating of 80/100. That shows our commitment to offering players unique, high-quality experiences, and it is the result of our teams' excellent work.

The games released during the financial year also confirm the company's strategic AA and indie positioning, and were well received. Four games had a particularly strong performance: **A Plague Tale: Requiem, Evil West, Teenage Mutant Ninja Turtles: Shredder's Revenge** (illustrating the success of the Dotemu acquisition), and **Atomic Heart**. Two other games also proved the company's ability to engage communities and offer additional content over time: **SnowRunner**, released in April 2020, and **Insurgency: Sandstorm**, released in December 2018.

I would like to give a special thanks and congratulations to all of FOCUS ENTERTAINMENT's teams for their collective efforts, their expertise, their passion, and their commitment.

We generated a historic level of revenue in the 2022-23 financial year, with €194.1 million, versus €142.6 million for FY 2021-22. FY 2022-23 revenue grew overall by +36.2% compared to FY 2021-22.

FOCUS ENTERTAINMENT Group also invested €65.1 million in the development of new games, compared to €35 million the previous year. As such, we are confident that we will be able to deliver our most ambitious line-up ever, with the goal of releasing 46 games over the next three years, with growing revenue coming from 24 co-owned or wholly owned games. In other words, for that pipeline of games, around 50% of revenue is expected to come from games for which we co-own or wholly own the IP. The 2023-24 financial year will be marked by the launch of **Atlas Fallen**, developed by our subsidiary studio Deck13, and **Banishers: Ghost of New Eden**, developed by Don't Nod and of which we co-own the IP.

In terms of strategy, we continue to move up the value chain via our two key business lines: development and publishing.

The Group now owns seven studios – including Dovetail, acquired in April 2023, which we warmly welcome into our federation of talent – and four publishing labels. We are also delighted to be joining forces, for the first time in our history, with three industry veterans – Olivier Blin, François Alaux, and Thomas Painçon – to create Carpool Studio. At the Group level, as at April 2023, we now have over 590 talented employees, of which around 65% belong to development teams, which positions us as a developer-publisher capable of offering original creations and excellent-quality games.

The video game industry, in spite of being the youngest in the creative entertainment sector, is now bigger than the music, film, and SVOD industries combined. It brings together over 3 billion players and fans worldwide. We are positioned in the PC and console gaming market, which generated $92 billion in 2022. Our gaming platforms receive some of the highest levels of engagement in PC gaming, particularly Steam, where 30 million players are logged on at any given moment. Meanwhile, the total number of installed consoles (Nintendo Switch, Xbox Series S/X, and PlayStation 5) is expected to grow by 24% this year to 213 million units. As such, we are confident that our positioning in the AA and indie PC and console gaming market – which we estimate is worth $26 billion – confirms that our expertise is in the right place at the right time to make us the leading player in our market.

Fabrice Larue, Chairman and CEO of FOCUS ENTERTAINMENT

FOCUS ENTERTAINMENT IS ONE OF THE EUROPEAN LEADERS OF VIDEO GAME DEVELOPMENT AND PUBLISHING.

Our goal is to offer unique experiences to players throughout the world.

Our editorial line stands out thanks to innovative concepts that transcend the bounds of video games. With 20 years of expertise, we bring together talented individuals and game creators, to whom we offer top-level services, delivered by publishing experts.

We support innovative projects without compromising on quality, with investments ranging from participation in financing new games to partial or complete integration of a studio. Our developer partners become part of a strong group of companies that has created successful franchises (**A Plague Tale, SnowRunner, The Surge**, and more) and that is able to give their game worldwide reach.

1995
Initially created as a distribution company, Focus moves into interactive software with the famous music studio tool Ejay.

2000
FOCUS becomes an international publisher with TrackMania, Sherlock Holmes, and Runaway.
FOCUS obtains the rights to distribute Sudden Strike in France. First success as a video game distributor.

2009
FOCUS launches its first console games.

2011
Farming Simulator becomes the year's top-selling PC game in France with over 100 K copies sold.

2015
IPO, €12.7 M raised (including €8.5 M in share capital increase) – offering oversubscribed by 12.2-fold, Euronext "Jury Prize" and BFM Business "Best IPO of the year."

2017
Private investment of €13.3 M from select investors, largely oversubscribed with a 3.7% discount on the face value.

2020
Deck13 Interactive becomes first acquisition of IP acquisition strategy, with financial capacity of €46 M for M&A and game development.
New leading shareholder Neology Holding.

2021
Private investment of €70.4 M from select investors, with a limited discount of 0.89% and new financing for €140 M.
Creation of the Deck13 Montreal studio, acquisitions of the studios Streum On Studio, Dotemu, and Douze Dixièmes. Renewal of the partnership with Saber Interactive.

2022
Change in governance structure with establishment of a board of directors and adoption of the new name FOCUS ENTERTAINMENT.
Acquisition of Leikir Studio.

2023
Acquisition of Dovetail Games. Creation of Carpool Studio.
Acquisition of BlackMill.

AN OUTSTANDING EDITORIAL LINE

The FOCUS ENTERTAINMENT editorial line is distinguished by innovative concepts. We look for impactful artistic visions, new trends, new forms of gameplay, concepts and projects that are different from anything existing and which deserve to be shared with players around the world. We look for studios that offer unique titles and pay special attention to quality.

INTEGRATED STUDIOS OR PARTNER DEVELOPER

While we receive hundreds of project proposals every year, our priority is to find partners who are creative, innovative, driven by their passion, and with whom we can build a long-term relationship based on transparency, trust, and a commitment to quality.

Publishing, financing, distribution, collaboration, porting, and more: the nature of a partnership between FOCUS ENTERTAINMENT and a development studio is founded on values and a shared vision. The greatest video games are the result of true collaboration.

TRANSFORM NICHE CONCEPTS INTO GLOBAL SUCCESSES

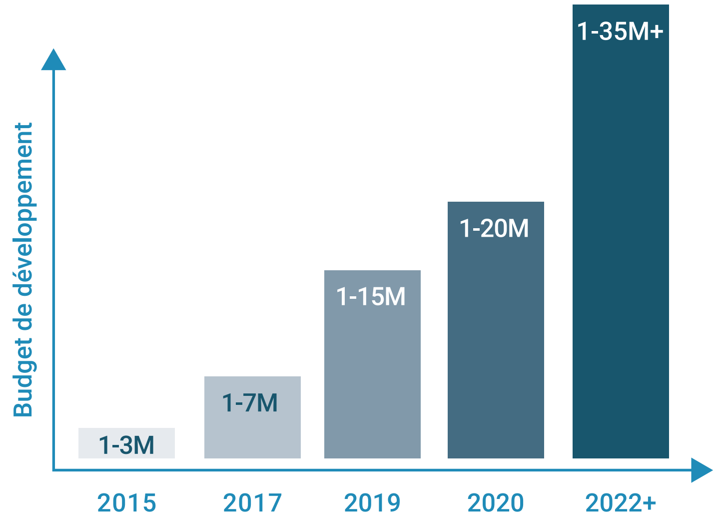
Our catalogue is "genre- and trend-agnostic".

We do not seek out particular types of games to fill our catalogue, but rather titles supported by a creative vision and talented developers. Each day, we demonstrate our capacity to transform niche concepts into global successes.

We do not let market trends dictate our editorial choices. Our standards are built on quality and originality.

ENHANCE CONTENT QUALITY

- Greater production quality to offer top-tier quality for the AA segment.
- Solid content is essential and generates revenue through all distribution channels and available platforms on the market.

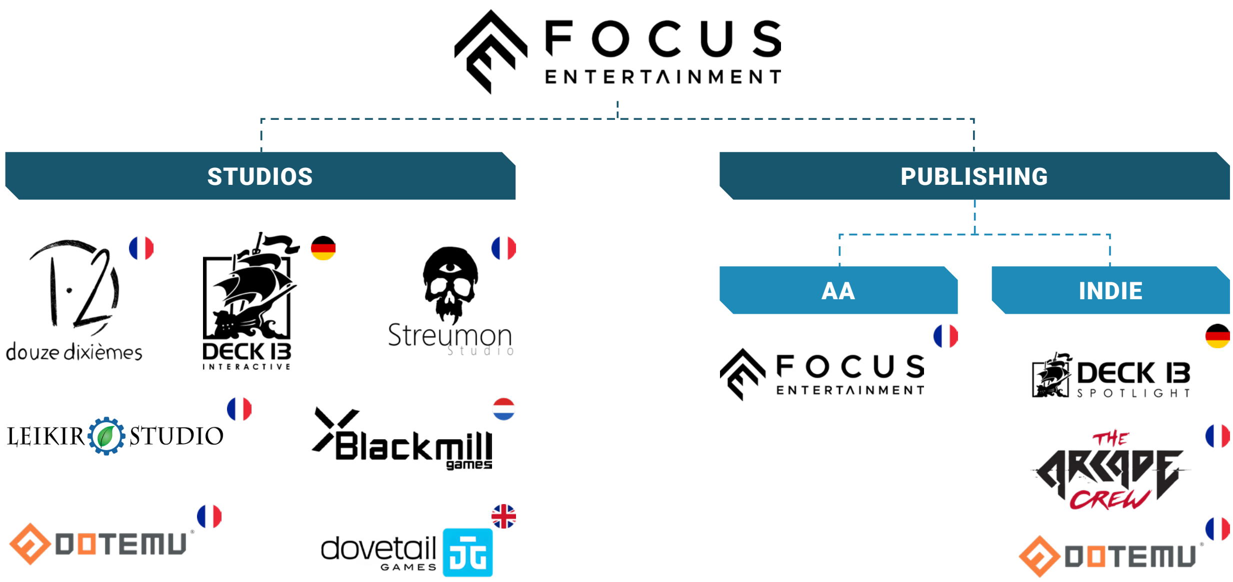


A FEDERATION OF TALENT

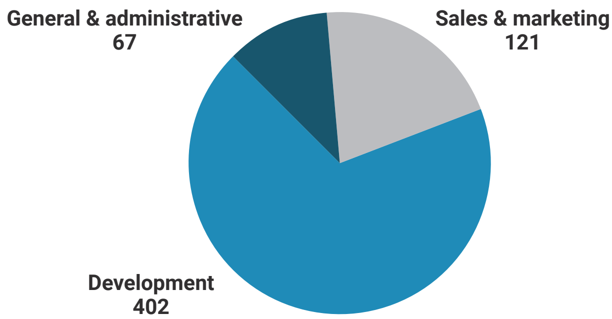
FOCUS ENTERTAINMENT unites talent across the entire chain of creation, from the design to the development of a game, all the way to its worldwide sale.

We support our developer partners with their vision, we help finance projects, or we invest in studios by acquiring a stake. We aim to bring together talent and studios with a unique vision in a strong and ambitious group of companies in order to maximise value creation by securing our brands and getting the most out of them. We commit to unite and develop our talent within this shared vision. We create a virtuous circle in which passionate individuals create synergies that enable FOCUS ENTERTAINMENT to innovate, adapt, and anticipate shifts in the constantly evolving video game market.

With the seven acquisitions of studios carried out since June 2020, the Group has two main business lines: development and publishing.



Since the acquisition of Dovetail in April 2023, the Group now has 590 employees, of which 402 work in development. That represents about 68% of the Group's workforce.



SEVEN INTEGRATED STUDIOS

DECK13 INTERACTIVE

Deck13 Interactive is a leading game developer and a long-time partner of FOCUS ENTERTAINMENT. With a first studio in Germany and a second in Canada, Deck13 Interactive has developed more than 20 games in the last 18 years, including the hit title **Lords of the Fallen**.

Deck13 Interactive has previously produced major titles in partnership with FOCUS ENTERTAINMENT, such as the franchise **The Surge**, and is now developing **Atlas Fallen** for consoles and PC. Deck13 Interactive also owns the company Spotlight, which has already launched and published several indie gems, including CrossCode and Chained Echoes.

STREUM ON STUDIO

With a team of about 20 talented employees, Streum On Studio has specialised in shooting games since it was founded in 2007 and is the owner of the **E.Y.E.** licence. **Divine Cybermancy** was an immediate hit with players as soon as it was released.

Alongside FOCUS ENTERTAINMENT, Streum On Studio developed the emblematic game **Space Hulk: Deathwing** and, more recently, **Necromunda: Hired Gun**, two commercial successes under flagship licences of the Warhammer universe.

DOTEMU

Dotemu is a world leader in retrogaming. It has developed and republished legendary franchises such as **Final Fantasy, Another World, Double Dragon**, and, very recently, **Street of Rage**, played by more than 2.5 million people worldwide.

With a team of around 30 people, Dotemu has already shown all its expertise in identifying and updating old licences with a cult following (**Final Fantasy, Another World, Street of Rage, Teenage Mutant Ninja Turtles**, etc.) in order to transform them into international commercial and critical successes.

DOUZE DIXIÈMES

Douze Dixièmes is a studio of passionate creators from the animated film industry, as well as talents from the video game industry. These two worlds came together and gave rise to the game **Shady Part of Me**, a unique project published by FOCUS ENTERTAINMENT. The title, with its mesmerising art direction and profound, deeply moving storytelling, has received resounding critical acclaim from the media and players around the globe.

LEIKIR STUDIO

Leikir Studio has already produced and developed multiple PC and console titles praised by the media and players alike. Comprising a team of 20 or so talented minds, Leikir Studio is currently working on the game **Metal Slug Tactics**, an extremely promising title based on the legendary licence from the Japanese publisher SNK.

Apart from its ability to produce high-quality titles with unique gameplay, Leikir Studio also boasts significant technical and production expertise. A multi-production studio based in Paris, Leikir Studio develops games in stylised 3D, in pixel art, and in 2D.

BLACKMILL GAMES

BlackMill Games immerses players in an intense war scenario inspired by emblematic battles of World War I. After **Verdun** in 2015, then **Tannenberg** in 2017, the franchise added its latest instalment, **Isonzo**, in September 2022 for PC and consoles.

Based in the Netherlands and composed of a team of 15 or so passionate creators, BlackMill Games has become the sixth development studio to join Focus Group.

DOVETAIL GAMES

Dovetail Games is a British video game developer and publisher founded in 2009. The company has won several awards and boasts over 170 employees. The studio specialises in creating extremely realistic and immersive simulation games for PC and consoles.

Among Dovetail's most notable creations is the award-winning series **Train Sim World**, launched in 2017, whose community of passionate players regularly receives new content.

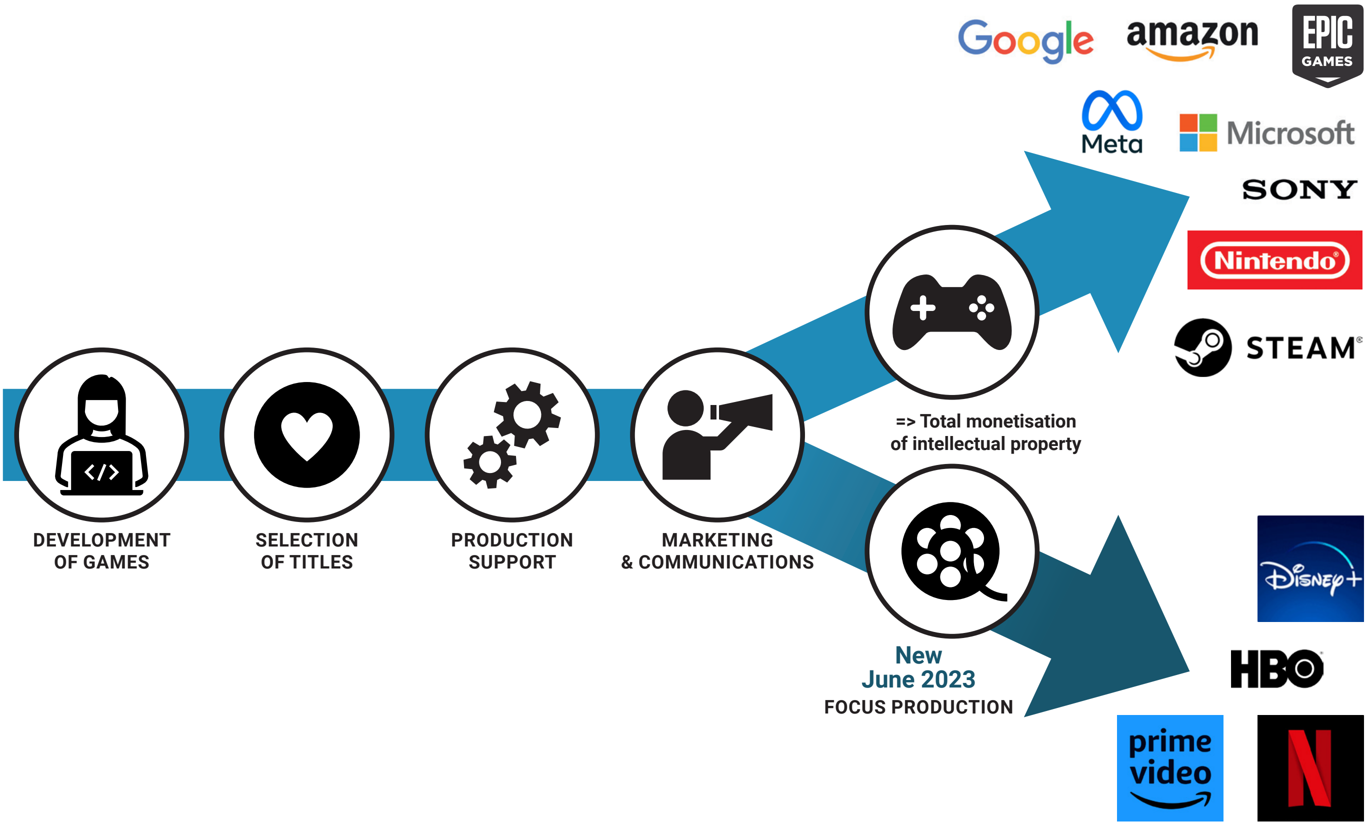
In early 2023, Dovetail also launched the highly anticipated **CATAN: Console Edition**, the first title in a new series of video-game adaptations of board games.

PUBLISHING

FOCUS ENTERTAINMENT has over 20 years of expertise in the video game industry, including production supervision, communications, marketing, and sales at the global level via all distribution channels.

Our in-house and external partner studios benefit from top-level publishing expertise that serves their unique creative visions. At each step in the creation process, our talent places quality at the heart of their concerns, with the aim of giving unique and innovative franchises a mass-market reach (**Space Marine, Atlas Fallen, A Plague Tale, Evil West, The Surge, SnowRunner**, and more).

The launch of Focus Production will also allow FOCUS ENTERTAINMENT to develop every aspect of its intellectual property.



PRODUCTION TEAMS

FOCUS ENTERTAINMENT assists studios throughout the development cycle, with various teams responsible for content, design, production, editorial supervision, release management, and quality assurance.

We give our partner studios creative freedom, which allows them to focus all their attention on the main objective: to create a unique video game experience. From the design phase to certification for all gaming platforms, our partners receive the benefit of our high-level production services.

COMMUNICATIONS AND MARKETING TEAMS

The Group has unique expertise that includes all the services of a communications and marketing agency: communications, media relations, community management, influencers, buying media ad space, trade marketing, video and graphics production, and web design.

With FOCUS ENTERTAINMENT, each title receives special attention and customised communications plans, designed by marketing professionals who have deep experience. Our operations and creative teams work together to develop communications adapted to the community that tell a captivating story, showing respect for players.

SALES TEAMS

Focus has a global network of partners who showcase the titles in its catalogue worldwide, both digitally and physically.

Each title in Focus's catalogue benefits from the expertise of our sales team, which distributes our games on all platforms and in every country around the world. Whether games are for consoles, PC, or mobile devices, in physical shops or digital stores, downloaded or streamed, the Group has the necessary expertise to give each of its titles maximum visibility.

FOCUS ENTERTAINMENT

A public limited company (*société anonyme*) with share capital of €7,793,911.20

Parc de Flandre "Le Beauvaisis" Bâtiment 28

11, Rue de Cambrai - 75019 Paris, France

RCS Paris business registration number 399 856 277

Declaration by the chief executive officer

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair presentation of the assets, liabilities, financial position, and income of the company and all companies within the scope of consolidation, and that the management report (pages 9 to 24) presents a true and fair presentation of the business performance, income, and financial position of the company and all companies within the scope of consolidation, and describes the main risks and uncertainties faced by the companies.

20 July 2023,

Mr Fabrice Larue,
Chairman and CEO of FOCUS ENTERTAINMENT

MANAGEMENT REPORT AS OF 31 MARCH 2023

20 July 2023,

Ladies and gentlemen, dear shareholders,

We have called an Annual General Meeting in accordance with the articles of association and French law on commercial enterprises so that we may report on the activity of the company FOCUS ENTERTAINMENT (hereinafter, the "Company"; and jointly with its U.S. subsidiary, its German subsidiaries Deck13 Interactive and Black Soup, its Dutch subsidiary BlackMill Games, and its French subsidiaries Dotemu, Streum On Studio, Leikir Studio, and Douze Dixièmes, together referred to as the "Group") for the financial year ended 31 March 2023, and on the results of the activity and its business prospects, and to submit the annual and consolidated financial statements for your approval.

The legally required summons will be duly sent to you, and all documents and other information prescribed by the applicable regulations will be made available to you within the time allowed.

I. GROUP BUSINESS

1.1. OVERVIEW OF FOCUS ENTERTAINMENT'S BUSINESS

Established in 1995, FOCUS ENTERTAINMENT (formerly Focus Home Interactive) is a European leader in video game development and publishing. Its vocation is to assist its in-house and external partner game development studios, which are French and international leaders in their industry, with the development, production supervision, marketing, sales, and financing of their projects.

As a publisher of strong licences, including **The Surge**, **SnowRunner**, **A Plague Tale**, **Atomic Heart**, and **Evil West**, the company is dedicated to supporting leading French and international game studios with the development, production supervision, marketing, sales, and financing of their projects.

1.2. KEY EVENTS OVER THE YEAR

1.2.1. Financial items

Revenue for financial year 2022-23 reached the historic high of €194.1 million, compared to €142.6 million for FY 2021-22. Revenue for FY 2022-23 grew overall by +36.2% compared to FY 2021-22, and was mainly driven by the performance of six major titles.

Four of those games were released during the financial year and confirm the company's strategic AA and indie positioning, as well as the quality of games published: **A Plague Tale: Requiem**, **Evil West**, and **Teenage Mutant Ninja Turtles: Shredder's Revenge** (illustrating the success of the Dotemu acquisition), and finally **Atomic Heart**, developed by Mundfish, which performed better than the Group originally expected.

Two other games also proved the staying power of their contributions to revenue thanks to additional sales generated by live content constantly offered to players: **SnowRunner**, released in April 2020, and **Insurgency: Sandstorm**, released in December 2018.

Marketing and sales costs were driven by a greater number of releases (11 this year, versus eight in FY 2021-22) accompanied by increased average spending per game (particularly for **Atomic Heart**, which received a large marketing budget), while production costs also increased, driven by expanded production teams to support the Group's ambitious line-up and by the impact of integrating studios acquired since 30 September 2021.

The operating profit before amortisation of goodwill for FY 2022-23 amounted to €26.2 million, for a margin of 14%, reflecting increased revenue and change in the gross margin.

EBITDA amounted to €60.3 million for FY 2022-23 as a whole, for an EBITDA margin of 31%, slightly improved compared to FY 2021-22. Amortisation ofgoodwill amounted to €(8.0) M for FY 2022-23.

Interest expenses for FY 2022-23 related to debt taken on since July 2021 made up most of the financial loss of €(3.3) M, while taxes on profits amounted to €(4.5) M.

The Group's share of net profit for FY 2022-23 amounted to €7.3 million.

This record performance was supported by increased investments in games: in FY 2022-23, the Group invested €65.1 million in developing new games, versus €35 million in the previous financial year.

After financing of game development, operating cash flow for FY 2022-23 amounted to €2.1 million.

Expenses tied to acquisitions cost €5.5 million for the financial year, particularly due to the acquisition of the Dutch studio BlackMill Games (focussing on games for which it owns all the IP, with its WW1 franchise) and the integration of an agency of influencers.

As of 31 March 2023, cash and cash equivalents amounted to €72.2 million and net debt stood at €27.3 million (including cash, financial debt, and very likely earn-outs, which, for the most part, are expected to be paid in the first half of FY 2023-24). As at the closing of the financial year, the Group had a total of €60.5 million in confirmed lines of credit it had not yet drawn on.

Post-closing, the Group made the initial payment for the acquisition of Dovetail Games (closed on 20 April) and drew €20 million from a line of credit in order to finance part of the acquisition. It should be noted that earn-outs associated with this transaction are likely to be paid by the end of the financial year.

1.2.2. Other items

Change in company name

The Shareholders' General Meeting, held on 1 April 2022, resolved to change the Company's name from Focus Home Interactive to FOCUS ENTERTAINMENT, effective immediately, in order to ensure consistency by highlighting the Company's main business lines and values. Indeed, the name "Entertainment" represents the ambition to offer players around the world unique experiences with an editorial line that stands out thanks to its innovative concepts, alternative gameplay, and original universes that go beyond the boundaries of video games.

Changes in the Group's governance – Board of Directors

On 1 April 2022, the Board of Directors was composed of the following members:

- The company Neology Holding, with Mr Fabrice Larue as its permanent representative,
- The company Neology Invest, with Mr Romain Heller as its permanent representative,
- The company FLCP & Associés Invest, with Mrs Tiphanie Lamy as its permanent representative,
- The company FLCP & Associés, with Mr Tanguy de Franclieu as its permanent representative,
- Mr Frank Sagnier,
- Mrs Virginie Calmels,
- Mrs Irit Hillel.

On 5 January 2023, the Board of Directors reported (i) the resignation of Neology Invest from its term as a director, (ii) changes in the permanent representatives for the directors Neology Holding, FLCP & Associés Invest, and FLCP & Associés, (iii) the resignation of Mr Frank Sagnier from his position as Chairman of the Board of Directors (he was appointed as Vice Chairman of the Board of Directors), (iv) the co-optation of Mr Fabrice Larue as a new director and his appointment to the position of Chairman of the Board of Directors.

The Board of Directors decided to form a new special-purpose committee named the "*Comité Stratégique de Croissance Externe*" (External Growth Strategy Committee) and appointed Mr Frank Sagnier as its chair. The Board tasked the External Growth Strategy Committee with monitoring issues related to developing and supervising the Group's external growth strategy.

The proposal to ratify the co-optation of Mr Fabrice Larue as a Member of the Board of Directors is the subject of a resolution to be submitted to the Annual General Meeting on 12 September 2023.

On 31 March 2023, the Board of Directors was composed of the following members:

- Mr Fabrice Larue, Chairman of the Board of Directors;
- Neology Holding, represented by Mr Tanguy de Franclieu in his capacity as a permanent representative;
- FLCP & Associés Invest, represented by Mr Romain Heller in his capacity as a permanent representative;
- FLCP & Associés, represented by Mrs Tiphanie Lamy in her capacity as a permanent representative (and is also the Secretary of the Board of Directors);
- Mr Frank Sagnier, Vice Chairman of the Board of Directors;
- Mrs Virginie Calmels;
- Mrs Irit Hillel.

On 1 April 2023, the Board of Directors examined the independence of its members as per the independence criteria established by the Middlenext Code. The Board concluded that it has three independent directors, namely: Mr Frank Sagnier, Mrs Virginie Calmels, and Mrs Irit Hillel.

The Board also decided, given the size of the Group and the number of directors, not to create autonomous committees to prepare the Board's work in a given area, but rather to itself perform the specific tasks of such committees by constituting, in plenary form, as applicable, an Audit Committee, an Appointments and Remuneration Committee, and a CSR Committee.

Mrs Virginie Calmels, independent director, was appointed to preside over the meetings of the Board of Directors when acting as an Audit Committee and an Appointments and Remuneration Committee. Mrs Irit Hillel, independent director, was appointed to preside over the meetings of the Board of Directors when acting as a CSR Committee. Mr Frank Sagnier, independent director, was appointed to preside over the meetings of the Board of Directors when acting as an External Growth Strategy Committee.

Amendment to the articles of association regarding the threshold percentage of ownership triggering a declaration

The Shareholders' General Meeting held on 1 April 2022, through its Second Resolution, amended Article 16 of the Company's articles of association, "Shareholding thresholds," and lowered to 3% the percentage stake in the share capital or voting rights of the Company at which a declaration must be made by any Company shareholder, with the same applying to a multiple of the percentage.

Launch of Teenage Mutant Ninja Turtles: Shredder's Revenge

On 16 June 2022, Dotemu successfully launched **Teenage Mutant Ninja Turtles: Shredder's Revenge**, a game developed by Tribute Games Inc. The game has a very good start of sales, coming in at number one in the Steam world rankings within minutes following its release. Just one week after its launch for the PC, Nintendo Switch, PlayStation 4 and Xbox One, Dotemu and Tribute Games, in partnership with Nickelodeon, announced that they had sold more than 1 million copies of **Teenage Mutant Ninja Turtles: Shredder's Revenge**. The game is also available via Xbox Game Pass and PC Game Pass, and the physical version was released in July 2022.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit to begin in early July 2021 and covering the period from 1 April 2017 to 31 March 2020. This tax audit ended on 1 June 2022 and resulted in an immaterial adjustment for which a provision had already been established in the financial statements closed on 31 March 2022.

Acquisition of the studio BlackMill Game, developer of the multiplayer FPS games Verdun, Tannenberg, and Isonzo

On 5 September 2022, FOCUS ENTERTAINMENT acquired 66.67% of the share capital of WW1 Game Series B.V., since renamed BlackMill Games B.V., for the price of €5.5 M, including acquisition costs but excluding earn-outs.

Based in the Netherlands and composed of a team of 15 or so passionate creators, BlackMill Games has thus become the sixth development studio to join FOCUS ENTERTAINMENT Group.

BlackMill Games immerses players in an intense war scenario inspired by emblematic battles of World War I. After **Verdun** in 2015, then **Tannenberg** in 2017, the franchise, which has sold millions of units, added its latest instalment, **Isonzo**, released on 13 September 2022 for PC and consoles.

Isonzo is the third FPS game in the saga, this time drawing inspiration from the war's Italian front. Players experience the First World War in the heart of the Italian Alps, with the Austro-Hungarian Empire facing off against the Italian army. The new offensive game mode, which includes battles on several different maps, offers a fresh experience for all players, whether they be new recruits or veterans!

Jos Hoebe, Founder and Creative Director of BlackMill Games, will own the remaining 33.33% of share capital and voting rights, and will continue to lead the studio.

Launch of A Plague Tale: Requiem

On 18 October 2022, **A Plague Tale: Requiem** was launched for PC, Xbox Series S/X, PS5, and Switch (cloud version), and received excellent reviews from media and audiences. This launch was an important step in the execution of the Group's 2022–2023 roadmap.

On 2 November 2022, FOCUS ENTERTAINMENT and Asobo Studio announced that **A Plague Tale: Requiem** had exceeded 1 million players worldwide, just one week after its release. The second instalment in the adventures of Hugo and Amicia passed a symbolic threshold, supported by rave reviews both from the media *(84% on OpenCritic as of the date of this report)* and from players *(91% user score on Steam as of the date of this report)*.

Implementation of a stock buyback programme

The Shareholders' Mixed General Meeting on 22 September 2022, under Resolution Six, delegated to the Company's Board of Directors the power to implement a stock buyback programme to address the following objectives:

- The attribution or allocation of shares to the benefit of employees and officers of the Company or companies related to it or which will be related to it under the conditions defined by applicable provisions of law, notably for the exercise of stock options, the free assignment of shares, and employee shareholding transactions reserved for members of company savings plans;
- Delivery or exchange of shares for the exercise of rights attached to transferable securities giving future equity in the Company;
- Usage of said shares as part of any hedging operation for Company obligations relating to financial instruments, particularly in connection with Company share price changes;
- The retention of shares and their subsequent delivery as payments or in exchange as part of potential external growth transactions, mergers, demergers, or capital contributions;
- Full or partial cancellation of said shares through share capital reduction (particularly to optimise cash flow management, equity returns, or earnings per share);
- The stimulation of the stock market in the context of a liquidity contract, in accordance with the practice authorised by the French Financial Markets Authority (AMF);
- Implementation of any market practice that may be authorised by the AMF and, in general, completion of any transactions in accordance with the applicable legal and regulatory provisions.

The Company's Board of Directors, gathered on 20 October 2022, implemented the stock buyback programme. This buyback programme, just like the previous one, is being implemented through the mandate entrusted to Gilbert Dupont, an investment service provider. Mr Dupont is authorised to buy, on the dates he deems appropriate, up to 648,817 shares under the price conditions authorised by the Shareholders' Mixed General Meeting, with the stipulation that the number of its own shares held by the Company at any given time shall not exceed 10% of the share capital as at the date in question and that the number of shares acquired to be transferred at a later date as part of a merger, demerger, or capital contribution may not exceed 5% of the share capital. The stock buybacks may be carried out over a period lasting up to and including 22 March 2024. At the Shareholders' General Meeting on 12 September 2023, shareholders will be asked to authorise a new stock buyback programme.

As of 31 March 2023, 22,861 Company shares had been bought back under the buyback programme.

As of 31 March 2023, the Company owns 316,527 of its own shares. Of treasury stock, 4,406 shares were used in the acquisition of the company Black Soup GmbH to pay for a portion of the company's shares.

Game Awards nominations

On 14 November 2022, FOCUS ENTERTAINMENT Group was nominated in seven categories of the Game Awards.

A Plague Tale: Requiem was nominated in five categories:

- Game of the Year, given to the game offering the best possible experience across all creative and technical areas.
- Best Action/Adventure Game, for the best game combining combat with transversal and puzzle-solving.
- Best Narrative, for outstanding storytelling and narrative development in a game.
- Best Score and Music (Olivier Derivière), for outstanding music, including the score, original song, and/or licensed soundtrack.
- Best Performance (Charlotte McBurney – Amicia), awarded to an individual for voiceover acting, motion, and/or performance capture.

Teenage Mutant Ninja Turtles: Shredder's Revenge was nominated in two categories:

- Best Action Game, for the best game in the action genre focussed primarily on combat.
- Best Multiplayer, for outstanding online multiplayer gameplay and design, including co-op and massively multiplayer experiences, irrespective of game genre or platform.

Hardspace: Shipbreaker was nominated for PC Game of the Year in the 2022 Golden Joystick Awards.

Acquisition of Black Soup GmbH

On 16 November 2022, FOCUS ENTERTAINMENT acquired 60% of the German company Black Soup GmbH at the price of €2.7 M, including acquisition costs, paid in cash and shares of FOCUS ENTERTAINMENT. The acquisition will help round out the Group's service offerings.

Launch of Evil West

On 22 November 2022, FOCUS ENTERTAINMENT and Flying Wild Hog launched **Evil West** for the PS5, Xbox Series S/X, and PC. The game was well received by media and players *(74% Metacritic score and 74% Steam user score as of the date of this report).*

Governance changes – General management

On 5 January 2023, the Board of Directors reorganised the governance of the Company and appointed Mr Sean Brennan to serve as CEO of the Company after officially recognising the resignation of Mr Christophe Nobileau from the same position. Upon a proposal from Mr Sean Brennan, the Board of Directors appointed Mr Christophe Nobileau to serve as Deputy CEO.

Launch of Atomic Heart

On 21 February 2023, FOCUS ENTERTAINMENT and Mundfish launched **Atomic Heart** for the PS5, PS4, Xbox Series S/X, Xbox One, and PC. The game received excellent reviews from media and players *(75% Metacritic score and 85% Steam user score as of the date of this report)* and reached over 5 million players within weeks of its launch.

Change in share capital

As of 31 March 2022, the share capital was composed of 6,482,276 shares with a par value of €1.20 each. As of 31 March 2023, it was composed of 6,494,926 shares with a par value of €1.20 each.

During the 2022–2023 financial year, the 12,650 new shares issued during the period resulted from the following transactions:

- Share capital increase by issuing, on 21 July 2022, 600 shares assigned free of charge in March 2019 and 200 shares assigned free of charge in April 2019
- The exercise on 21 July 2022 of 350 stock options from the 2019 SO Plan and 500 stock options from the 2017 SO Plan
- Share capital increase on 20 October 2022 via the issuance of 1,400 shares assigned free of charge in February 2018
- The exercise on 20 October 2022 of 1,150 stock options from the 2019 SO Plan and 1,700 stock options from the 2017 SO Plan
- The exercise on 15 December 2022 of 550 stock options from the 2019 SO Plan
- The exercise on 11 April 2023 of 200 stock options from the 2019 SO Plan
- Share capital increase on 11 April 2023 via the issuance of 6,000 shares assigned free of charge in January 2022

1. 3. IMPORTANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

Acquisition of the company Dovetail Games, based in the United Kingdom, known for its expertise in the development of simulation brands

On 20 April 2023, FOCUS ENTERTAINMENT acquired 98% of the share capital of Dovetail Games Group via the creation of Dovetail Games Holding, owned 98% by Focus.

Based in the United Kingdom, the renowned developer and publisher has become the absolute leader in train simulation games and has solid expertise in the creation of excellent, immersive, and authentic simulation experiences.

With simulation franchises such as **Train Simulator Classic** and **Train Sim World**, Dovetail Games has successfully demonstrated its expertise in the creation, engagement, and facilitation of a broad, loyal community of several million players worldwide. Over the years, the studio has adopted a robust business model based on synergies between base game releases and a solid strategy of additional content generating recurring revenues. Indeed, in addition to its base games, Dovetail has created and updated a broad catalogue of over 900 pieces of additional content, offering players a constant stream of new features, improvements, and options, creating strong engagement.

The acquisition of the British game studio, with its own well-known brands that generate recurring revenue, fits with the FOCUS ENTERTAINMENT strategy and marks a new stage in the Group's movement up the value chain. As such, it is expected that the Dovetail acquisition will have an immediately positive impact on the Group's profit margin. Recently, Dovetail Games also entered the board game simulation market with the release of **CATAN®: Console Edition** and promised to offer an authentic and original board-game experience for video game players worldwide.

Dovetail Games will be consolidated in the financial statements of FOCUS ENTERTAINMENT starting 20 April 2023.

Credit contract

As part of the acquisition of Dovetail Games Group, FOCUS ENTERTAINMENT drew an additional €20 million from its line of credit.

Additionally, in order to uphold its obligations under the credit contract, on 14 June 2023, FOCUS ENTERTAINMENT established a senior collateral pledge of 50.1% of the financial securities of Dotemu to the benefit of the creditors holding the credit contract.

Governance changes – General management

On 16 May 2023, Mr Sean Brennan, in agreement with the Board of Directors, presented his resignation from his position as CEO, effective immediately.

The Board of Directors unanimously decided that leadership of the Company would be assumed by the Chairman of the Board of Directors, Mr Fabrice Larue, who now holds the title of Chairman and CEO.

Mr Christophe Nobileau remains the Deputy CEO.

Acquisition of a minority stake in Carpool Studio

On 26 May 2023, FOCUS ENTERTAINMENT acquired 35% of the share capital of Carpool Studio. For the first time in its history, FOCUS ENTERTAINMENT joined forces with industry veterans François Alaux, Olivier Blin, and Thomas Painçon to found Carpool Studio, dedicated to the development of an ambitious, multiplayer "game as a service" (GaaS) based on a new piece of intellectual property.

Focus Production

On 15 June 2023, the Group announced the creation of Focus Production, a new entity for the production of films and TV series. The purpose of this new entity is to offer a new service for making use of the intellectual property of in-house and external studios by working with leading production companies that will also produce independent projects.

Partnerships

On 15 June 2023, the Group announced that three new games would be created with Saber Interactive, with a new franchise co-developed and co-owned with Saber. The three games, to be published by FOCUS ENTERTAINMENT, will be multiplayer and will receive additional content from the time of launch.

1. 4. RESEARCH AND DEVELOPMENT

FOCUS ENTERTAINMENT (the Company) does not conduct any R&D activities.

Within our studios, we invest in the research of technology solutions to optimise performance, improve playability, and offer an ever-improving gaming experience. In FY 2022-23, research and development activities conducted within the Group generated a tax credit worth €459 K for Streum On Studio, €112 K for Leikir Studio, and €250 K for Douze Dixièmes.

1. 5. PRINCIPAL RISKS AND UNCERTAINTIES FOR THE COMPANY AND FINANCIAL RISK MANAGEMENT

1.5.1. Geopolitical risk, the war in Ukraine

The war in Ukraine, which started on 24 February 2022, has had a very limited impact on FOCUS ENTERTAINMENT.

At present, revenue from sales made to gamers in Ukraine and Russia accounts for less than 1% of the Group's revenues in FY 2022-23.

FOCUS ENTERTAINMENT has just one long-standing partner in Russia, whose game development business is partly managed from Russia, Ukraine, and Belarus. This partner, which has a large number of studios throughout Europe and the rest of the world, has taken steps to assure the relocation and safety of many of its employees ready to leave, and to transfer certain tasks to other studios.

If, despite the actions taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a need to push back dates for revenue expectations, as well as an impact on the development of the budget and the achievement of sales goals.

1.5.2. Risks associated with shortages of raw materials

The current geopolitical context has not only resulted in a shortage of raw materials, but also of semi-conductor materials, which are essential for the production of console hardware.

The difficulty in supplying physical stores with next-generation consoles means that the manufacturers have not hit their targets for installed machines. However, the situation is improving.

1.5.3. Risks associated with finding and retaining talent

The success of FOCUS ENTERTAINMENT Group depends heavily on its talent, its skills, and the commitment of company leaders and key employees.

In order to support the development of its business, FOCUS ENTERTAINMENT must retain the very best talent and recruit new high-level employees.

Competing with other companies in the video game industry, both in France and abroad, the inability to attract or retain these key individuals may prevent FOCUS ENTERTAINMENT from achieving its objectives, and thus have a negative effect on its business, its financial position, its performance, and its growth prospects.

1.5.4. Risks associated with any delays in the development and marketing of a flagship game

The Group's studios, as well as external partner studios, may run into difficulties in developing video games, particularly due to:

- The difficulty of accurately estimating the time required for development and testing,
- The needs of creative processes and the desire for continuous improvement in the game's quality up until the time of release, and
- The increasing technological complexity of products and video game platforms.

FOCUS ENTERTAINMENT may also decide to delay the launch of a game for multiple reasons:

- Additional development to guarantee the quality of the game in line with the standards expected by FOCUS ENTERTAINMENT in order to secure its future revenue goals, and
- To align the sales calendar with a favourable period for the release of the game (external event potentially increasing visibility, avoid periods during which competitor games are released, etc.).

Thus, the postponement of an anticipated game could have a significant deleterious effect on FOCUS ENTERTAINMENT's revenue, future performance, financial position, and growth.

In addition, in the highly competitive context of the video game industry, a game may achieve weaker sales success than the Group had hoped. Indeed, the success of a game is linked partly to external factors over which FOCUS ENTERTAINMENT has no control (effects of trends, social or political events, etc.). Commercial success coming in below expectations could result in an impact on the budget and the attainment of sales goals.

For this reason, FOCUS ENTERTAINMENT has set the dual objectives of releasing high-quality, innovative games while upholding cost and deadline targets. In addition, thanks to its diverse catalogue characterised by the strength of certain titles, FOCUS ENTERTAINMENT is less dependent on the success of a flagship game in a given financial year.

1.5.5. Risks associated with dependency on console manufacturers

As part of the sale of video games for the various consoles, the Group must submit each game to the console manufacturer for various validation steps. The Group's management of all manufacturer requirements and the constant changes in the specifications of each console as technology advances, together constitute a major challenge. Changes and additions to console specifications may delay the development of a game and may even cause a game's release to be pushed back, which could negatively impact the Group's performance.

Additionally, like all console game publishers, the Group must produce games for physical retail distribution in factories belonging to the main console manufacturers or external service providers certified by said manufacturers. As such, acquiring stocks of games is subject to prior approval from the manufacturers, the production of physical units in sufficient quantities, and the setting of royalty rates. Any change in sales conditions by the manufacturers could have a fairly significant adverse impact on the Group's financial position and performance. For PC/Mac games, there is no such particular dependency.

Finally, FOCUS ENTERTAINMENT also requires accreditation for each console from the console manufacturers (Sony, Nintendo, and Microsoft) in order to be able to publish games for their respective consoles. The Group has obtained accreditation for all major consoles, which are valid for the operational period of the console. Therefore, obtaining these accreditations does not represent a significant risk for FOCUS ENTERTAINMENT.

1.5.6. Risks associated with dependency on a partner studio

FOCUS ENTERTAINMENT Group publishes games developed by in-house and external studios. Currently, the Group has several titles in development with Saber Interactive, representing a significant share of the games to be released by the Group in the coming years. As such, if Saber Interactive were to be unable to produce said games, whether at the expected level of quality or within the established deadlines, that could have a relatively significant negative effect on FOCUS ENTERTAINMENT's revenue, future performance, financial position, and growth.

As such, it is imperative for FOCUS ENTERTAINMENT to maintain solid relations with Saber Interactive while diversifying its partnerships and investing in its own in-house development capacities in order to reduce its dependency on an external player.

1.5.7. Risks associated with a possible commercial dependency on platforms

Currently, we do not believe we are commercially dependent on any one customer or type of customer. This is explained by the diversity in our network of partner physical distributors located throughout the world and the diversification of our channels for digital sales.

In relation to hard-copy distribution, FOCUS ENTERTAINMENT has an international network of approximately 50 distributors covering over 80 territories. The distribution contracts are generally entered into for specific titles and for a term of up to two years. This offers FOCUS ENTERTAINMENT relative ease in changing distributors if there is a failure or lack of performance with any of them.

As protection against the risks of non-payment for the sale of physical products, the Group renewed a credit insurance policy with Euler Hermès to cover the majority of the consolidated revenue from hard-copy sales for FY 2022-23.

The percentage of customer receivables presenting a collection risk was very low as of 31 March 2023, as was already the case as of 31 March 2022.

In relation to digital sales, the Group has both its own websites and a presence on the main video game download platforms.

Lastly, unlike its big competitors, who launch their blockbuster games in the final quarter of the calendar year to take advantage of Christmas sales, the Group endeavours not to concentrate the release of its new titles over that same period in order to increase individual game visibility. Even if relatively pronounced sale peaks related to best-selling games can be observed, the Group's sales are not skewed by seasonality.

1.5.8. Risks associated with the competitive environment

The video game industry is characterised by stiff competition between companies, with that competition expected to only get tougher in the coming years. FOCUS ENTERTAINMENT faces this competition and the performance of the Group's games could be impacted by the performance of titles published by other industry players.

These titles developed by competitors could be well received by players and distract them from the games offered by FOCUS ENTERTAINMENT.

FOCUS ENTERTAINMENT thus takes particular care, on the one hand, in choosing the release date of its games to avoid being in direct competition with another game launch and, on the other, in the contents of its games, at launch and thereafter, to improve their retention of players.

As this risk cannot be completely eliminated, the games published by FOCUS ENTERTAINMENT could perform below expectations or require additional investment (development and/or marketing) to better defend market share. This could have a negative impact on the Group's forecasts of its sales, performance, financial position, and growth prospects.

1.5.9. Risks associated with video game regulations

Like any other game publisher, the Company must comply with national and international laws and regulations that may apply, in particular, to video game content and consumer protection. Failure to abide by these legal and regulatory provisions and the possible repercussions, i.e. potential removal of a video game from the market or liability claims against the publisher, could have a more or less significant adverse impact on the sales, performance, financial position, and growth outlook of the Group.

1.5.10. Risks associated with intellectual property rights and licences

Risks related to the reconsideration of commercial rights within a territory

FOCUS ENTERTAINMENT has established a policy to protect the rights it holds (either through full ownership or co-ownership) over video games. This policy aims to protect the game's brand according to risks identified in distribution territories, the nature of the video game, and future sales prospects.

In addition to trademark protection, numerous countries in which the Group does business have copyright protection and laws on unfair competition which offer protection over the title or video game.

Currently, no rights over the titles and/or video games commercialised by the Group have been claimed by a third party in any territory. In the event of such a claim, the business, performance, financial position, and outlook of the Company could be affected to varying degrees depending on the title and/or video game in question.

Risks related to the renewal of rights in the portfolio

Given its business, FOCUS ENTERTAINMENT directly manages a portfolio of rights granted by development studios.

The commercial rights over games obtained by the Company from studios, in the form of publication and reproduction rights, are granted to it for a specific territory and period of time (the period may vary depending on the contract). FOCUS ENTERTAINMENT therefore holds a time-limited right over the video games developed by the studios.

If the Company were to fail to acquire new rights, the catalogue of games that the Company can commercialise would dwindle, which could negatively impact its revenue, performance, financial position, and growth outlook.

The Group's strategy to increase the share of games whose IP is fully owned or co-owned by the Group aims to reduce FOCUS ENTERTAINMENT's level of exposure to this risk.

Risks related to changes in market trends and changes in the functioning of games in the portfolio

FOCUS ENTERTAINMENT accounts for risks related to emerging market trends and changes in the functioning of the games in its portfolio. The Group has observed an increase in the social aspect of video games, favouring interactions between players. Some games allow the creation of items that may be subject to copyright, as well as exchanges potentially subject to consumer-protection laws. In compliance with applicable laws, FOCUS ENTERTAINMENT undertakes to appropriately monitor these changes in order to guarantee the compliance of its games.

Risks related to piracy and copyright infringement

The growing success of the FOCUS ENTERTAINMENT's catalogue may lead to attempts at piracy and illegal reproduction.

As of this day, our Company has never faced any piracy acts that were of such an extent that its results, financial position or brand image were harmed. We believe the growing digitalisation of the video game market is drastically reducing the risk of video game piracy. Indeed, digitalisation has enabled publishers to add new downloadable features and online content in addition to the base game, such as:

- Frequent video game updates via the internet (for both consoles and PC) allowing for bug fixes,
- Data sharing among users ("communities"),
- Online multiplayer modes, and
- Additional downloadable content, including some for free.

These features are additional services offered by digitalisation and cannot be accessed with pirated games since access is only possible where the player has the original game (containing the encrypted keys). While a player can still copy a game, they will be unable to access all this additional content and be left with a significantly diminished game. Thus, the growth in digitalisation almost guarantees the purchase of a legal game copy.

The strength of the digital channel among our sales limits the major risk of our products being pirated, even if piracy cannot be eliminated altogether.

1.5.11. Foreign exchange risk

FOCUS ENTERTAINMENT operates at an international level and is thus subject to foreign exchange risk due to its exposure to currencies other than the euro, in particular the U.S. dollar.

For the financial year ended 31 March 2023, the proportion of sales billed in U.S. dollars was 50% of consolidated revenue. The Group's operating profit along with its cash and cash equivalents are therefore subject to exchange rate fluctuations.

FOCUS ENTERTAINMENT has a natural hedging mechanism between expenses incurred in U.S. dollars (i.e. mainly the costs of producing physical video game media for consoles in the American market, as well as certain royalties paid to studios) and revenue in U.S. dollars. The Group is able to maintain a balance over multiple financial years between its income and expenses in U.S. dollars. Furthermore, the Group has implemented measures to limit the impact of exchange rate fluctuations on its finances by:

- Ensuring the rapid settlement of invoices in foreign currencies and
- Maintaining a very low level of cash in foreign currencies.

As of 31 March 2023, the Group had made two forward purchases in the total amount of GBP 26.5 million to hedge foreign exchange risk as part of the acquisition of Dovetail Games in April 2023.

Finally, from an economic standpoint, the portion of sales made with end users based in the United States (around 50%), whatever the currency in which they are invoiced, may be impacted by an unfavourable fluctuation of such currency.

1.5.12. Liquidity risk

The maturity dates of debt as of 31 March 2023 were as follows:

Consolidated (in thousands of euros)	TOTAL	< 1 year	1–5years	> 5 years
Bank loans and BPI loans	83,086	4,178	77,403	1,505
Earn-outs/Deferred payments	16,325	13,801	2,524	
Total loans and financial debt	**99,411**	**17,979**	**79,927**	**1,505**
Available cash	72,151	72,151		
Net cash	**(27,260)**	**54,172**	**(79,927)**	**(1,505)**

The Group regularly reviews its funding sources in order to maintain sufficient liquidity at all times and takes into account its gross cash available (€72.2 M as of 31 March 2023), as well as:

- Any amounts used in investments,
- The repayment plan for financial debt as at the closing date,
- The current level of activity, and
- Off-balance-sheet commitments.

1.5.13. Risk associated with financial covenants

The credit contract signed on 20 July 2021 for a total of €130 M contains a proviso on maintaining a specific financial ratio, namely the ratio of consolidated net debt, adjusted on a pro forma basis, to consolidated EBITDA, adjusted on a pro forma basis. This ratio is calculated every year as at 31 March and is used to establish the interest rate for the coming year. As of 31 March 2023, we were in compliance with this covenant.

1.5.14. Legal proceedings and arbitration

Currently, FOCUS ENTERTAINMENT reports no risks linked to legal proceedings or arbitration. There is no other governmental, legal or arbitration proceeding, including any outstanding or threatened proceedings known to the Company, that could or would have had significant effects on the Group's financial position or profitability over the last 12 months.

1.5.15. Foreseeable changes and outlook

The Group has doubled down on its strategy of moving up the value chain via its two main business lines: development and publishing. Driven by increased investments in games, the Group's goal is to release 46 games over the next three years, with increased revenue coming from 24 games for which the Group fully owns or co-owns the intellectual property.

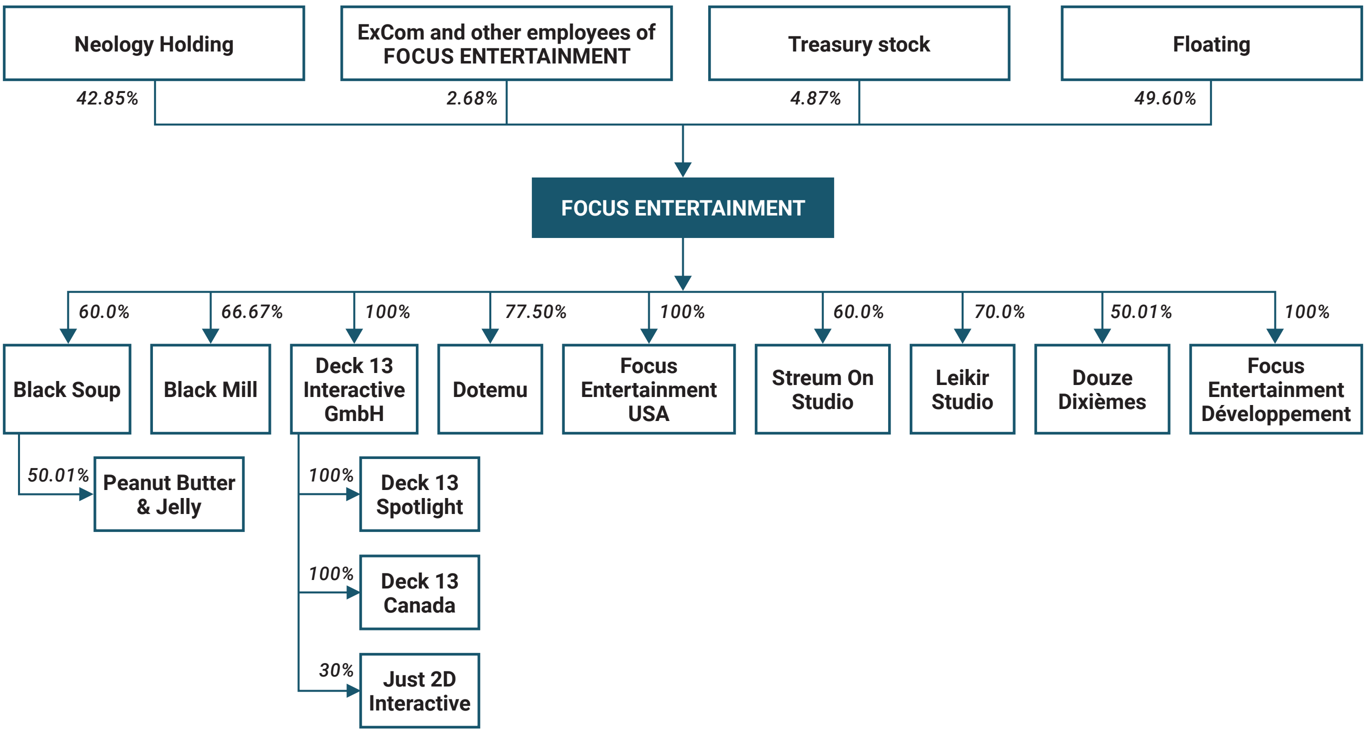
FOCUS ENTERTAINMENT is confident in its ability to deliver its full line-up in FY 2023-24. Following launches in the first quarter, notably **Warhammer 40,000: Boltgun** *(23 May 2023, 92% Steam user score as at the date of this report)* and **Aliens: Dark Descent** *(20 June 2023, Metacritic score of 75, Steam user score of 88% as at the date of this report)*, developed by Tindalos, other launches are planned for FY 2023-24, including **Atlas Fallen**, whose IP is fully owned by Deck 13, slated for August 2023, and later, in the second half of the financial year, major titles such as **Banishers: Ghosts of New Eden**, a new franchise co-owned with Don't Nod, and **Warhammer 40,000: Space Marine 2**.

II. EMPLOYEE SHAREHOLDING

As of 31 March 2023, the number of Company shares held by employees, or by Executive Committee members tied to the Company by an employment contract, or by employees of Group subsidiaries stands at 173,895 shares, representing 2.68% of all shares and 3.36% of voting rights.

III. SUBSIDIARIES AND EQUITY STAKES

1. LEGAL ORGANISATIONAL CHART AS OF 31 MARCH 2023



The business of the subsidiary Focus Home Interactive USA, renamed FOCUS ENTERTAINMENT USA, LLC on 23 August 2022, is identical to that of the French parent company. It is engaged in commercial activities in North and Central America.

The core business of the German subsidiary Deck13 Interactive, acquired on 25 June 2020, is the development of video games, although it also has a video game publishing business operated through its wholly owned subsidiary Deck13 Spotlight, based in Frankfurt. Deck13 Interactive also has a subsidiary in Montreal, Canada, which was established on 1 April 2021. The company Just 2D Interactive GmbH, 30% owned, is a game development studio and is consolidated using the equity method, with FOCUS ENTERTAINMENT exercising notable influence over the company.

The core business of the French subsidiary Streum On Studio, acquired on 20 April 2021, is video game development. The company has been fully consolidated in the Group's financial statements since 1 April 2021.

Dotemu, one of the world leaders in retrogaming, based in Paris, joined the Group on 30 September 2021. The company has been fully consolidated in the Group's financial statements since 30 September 2021.

The core business of the French subsidiary Douze Dixièmes, acquired on 12 October 2021, is video game development. The company has been fully consolidated in the Group's financial statements since 1 October 2021.

The core business of the French subsidiary Leikir Studio, acquired on 4 February 2022, is video game development. The company has been fully consolidated in the Group's financial statements since 1 February 2022.

The core business of the Dutch subsidiary BlackMill Games, acquired on 5 September 2022, is video game development and distribution of its own video games. The company has been fully consolidated in the Group's financial statements since 8 September 2022.

The core business of the German subsidiary Black Soup GmbH, acquired on 16 November 2022, is influence marketing. The company has been fully consolidated in the Group's financial statements since 17 November 2022.

2. SIGNIFICANT STAKES IN COMPANIES WITH A FRENCH REGISTERED OFFICE OR TAKEOVERS OF SUCH COMPANIES

During FY 2022-23, the Group did not acquire a significant stake in any company with its registered office in France, nor did it take control of such a company.

In May 2023, FOCUS ENTERTAINMENT acquired 35% of the share capital of Carpool Studio, a studio based in Paris.

3. EXISTING BRANCHES

None.

4. DISPOSAL OF SHARES IN ORDER TO REGULARISE SITUATIONS OF CROSS SHAREHOLDING

None.

5. CAPITAL BREAKDOWN AND TREASURY STOCK

As of 31 March 2023, the stocks and transferable securities held by members of the Board of Directors are as follows:

	Number of shares held	Transferable securities giving future equity		Total	% of share capital	
		Number & type of allocated transferable securities	Number of shares likely to be issued if all exercised		Held total	Diluted total
Calmels, Virginie	-	-	-	-	-	-
Heller, Romain *(indirectly via FLCP & Associés Invest)*	-	-	-	-	-	-
Hillel, Irit	1,738			1,738	0.03%	0.03%
Lamy, Tiphanie *(indirectly via FLCP & Associés)*	-	-	-	-	-	-
Larue, Fabrice *(indirectly via Neology Holding)*	2,782,803	-	-	2,782,803	42.85%	42.85%
Pasquier de Franclieu, Tanguy *(indirectly via Neology Holding)*	-	-	-	-	-	-
Sagnier, Frank	12,000	SO 2022 - 42,500 shares	42,500	54,500	0.18%	0.84%

Under the liquidity contract, the Company held, as of 31 March 2023, 5,171 of its own shares, with a value of €248 K, and held a receivable of €114,189 allocated to the liquidity account.

Liquidity contract as of 31/03/2023	Quantity	Price
Shares held in account 31/03/2022	**6,464**	**41.30**
Shares bought (average price)	**47,239**	**43.97**
Shares sold (average price)	**48,532**	**44.03**
Shares held in account 31/03/2023	**5,171**	**48.00**

Besides the liquidity contract, the Group held 316,527 shares, as of 31 March 2023, under its stock buyback programme (see paragraph 6 below).

The Company's articles of association grant a double voting right to any registered share held for over two years. The table below presents the breakdown of shares and voting rights as of 31 March 2023:

SHAREHOLDERS	Number of shares (as %)	Gross voting rights [(1)] (as %)	Net voting rights [(2)] (as %)
Neology Holding	2,782,803 42.85%	3,690,581 48.93%	3,690,581 51.07%
Focus Group ExCom and employees	173,895 2.68%	253,178 3.36%	253,178 3.50%
FOCUS ENTERTAINMENT SA	316,527 4.87%	316,527 4.20%	- 0.00%
Floating	3,221,701 49.60%	3,282,219 43.52%	3,282,219 45.43%
TOTAL	**6,494,926** **100%**	**7,542,505** **100%**	**7,225,978** **100%**

(1) Number of "gross" or "theoretical" voting rights, serving as a base for calculating when a threshold is surpassed.
(2) Number of "net" voting rights or "those that can be exercised in a shareholders' general meeting".

6. TRANSACTIONS ON SHARES OF THE COMPANY AS PART OF A STOCK BUYBACK PROGRAMME

At its meeting on 20 October 2022, the Board decided to implement a stock buyback programme based on the authorisation granted by the Mixed Shareholders' General Meeting of 22 September 2022 (Resolution 6), in addition to signing the liquidity contract as described above.

The Mixed Shareholders' General Meeting of 22 September 2022 set:

- The maximum amount of funds allocated to the share buyback programme at twenty-six million four hundred thousand (26,400,000) euros; it was specified that (i) a maximum of 5% of shares making up the Company's share capital may be earmarked for retention and subsequent tendering as payment or exchange in a merger, spin-off, or capital contribution and (ii) if acquired as part of a liquidity contract, the number of shares for calculating the above-mentioned 10% limit of share capital would be the number of shares purchased net of the number of shares resold during the period of this authorisation; and
- The maximum price that the Company could pay should not exceed €99 per share.

Below is a breakdown of the shares bought under the stock buyback programme according to their purpose as of 31 March 2023:

Purpose of buyback	Number of shares
The implementation of stock option plans, free share allotment plans, employee shareholding transactions for members of company savings plans, in accordance with current laws, or allotment of shares to employees and/or corporate officers of the Company and related companies	**11,084**
Delivery of shares for the exercise of rights attached to transferable securities giving future equity in the Company	-
Used as part of any hedging operation for Company obligations under financial instruments related to Company share price changes	-
Held for subsequent delivery as payment or exchange as part of any transactions involved for external growth, mergers, spin-offs or contributions	**300,272**
Full or partial cancellation through capital reduction (especially to optimise cash flow management, equity return or earnings per share)	-
Improve trading of shares on the market as part of a liquidity contract with an investment service provider, in accordance with the Ethics Charter recognised by the Financial Markets Regulator	**5,171**
Implementation of any market practice authorised by the AMF and, in general, completion of any transactions in accordance with the applicable legal and regulatory provisions	-
Total	**316,527**

IV. PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD AND ALLOCATION OF PROFIT OR LOSS

1. EXAMINATION OF FINANCIAL STATEMENTS AND PROFIT OR LOSS

Financial statements as of 31 March 2023

FOCUS ENTERTAINMENT recorded revenue of €144.5 M over the twelve-month period ended 31 March 2023, whereas revenue for the previous year was €132.6 M as of 31 March 2022.

Operating expenses came to €138.1 M as of 31 March 2023, compared with €125.4 M as of 31 March 2022. Operating income stood at €12.0 M as compared with €11.3 M as of 31 March 2022.

Taking into account a financial loss of €(3.2) M, an extraordinary loss of €(0.5) M and a business income tax expense of €1.7 M, the net income as of 31 March 2023 was €6.5 M.

The balance sheet total grew from €255.7 M as of 31 March 2022 to €297.5 M as of 31 March 2023. Equity grew from €147.0 M as of 31 March 2022 to €154.1 M as of 31 March 2023.

The gross cash position of the Company stood at €56.1 M.

Consolidated financial statements as of 31 March 2023

These consolidated financial statements include the business of the U.S. subsidiary. This subsidiary is 100% controlled and managed by the French parent company which bears the variable expenses of its subsidiary. These consolidated financial statements also include the seven acquisitions made by the Group during the last three financial years.

As of 31 March 2023, Group revenue for the twelve-month period came to €194.1 M (€164.9 M on a like-for-like basis), whereas revenue for the year ended 31 March 2022 stood at €142.6 M.

Of total sales, 86% were made via digital partners and 95% outside of France.

Net income stood at €7.3 M, compared with €3.0 M for the 2021-22 financial year.

The balance sheet total grew from €251.0 M on 31 March 2022 to €307.1 M on 31 March 2023. Equity grew from €135.3 M on 31 March 2022 to €146.0 M on 31 March 2023.

Consolidated equity came to €140.3 M, compared with €133.6 M as of 31 March 2022. The Group held a gross cash position of €72.2 M.

2. DEBT SITUATION OF THE COMPANY AND GROUP AS OF 31 MARCH 2023

In thousands of euros	31 March 2022	New borrowings	Repayments	Reclassification	Change in scope of consolidation	31 March 2023
Bank loans (excl. overdrafts)	**65,447**	**20,000**	**(2,970)**	**-**	**-**	**82,477**
- of which due in under one year	2,092					3,569
- of which due between 1 and 5 years	17,704					77,403
- of which due in over 5 years	45,651					1,505
Other borrowings and debt	38	-	(9)	-	-	29
Revolving	**-**	**-**	**-**	**-**	**-**	**-**
Interest accrued (on other loans and similar payables)	585	-	-	(5)	-	580
Bank overdraft and other short-term debts	27	(32)	-	5	-	0
Financial debt	**66,097**	**19,968**	**(2,979)**	**-**	**-**	**83,086**
Cash and cash equivalents	(62,595)					(72,151)
Earn-outs/Deferred payments	10,500	5,825				16,325
NET DEBT	**14,002**					**27,260**

3. PROPOSED ALLOCATION OF PROFIT

The Board of Directors proposes that the Shareholders' General Meeting allocate the annual profit entirely to retained earnings after allocation to the statutory reserve:

Financial year net profit	**6,544,797.04**
Allocation to the statutory reserve	**206.32**
Previous retained earnings	**47,932,320.19**
Distributable profit	**54,476,910.91**
Dividend distribution	**-**
Allocation of year's profit to retained earnings	**6,544,590.72**

Consequently, FOCUS ENTERTAINMENT's equity stood as follows as of 31 March 2023:

Subscribed share capital	7,793,911.20
Share premium	90,274,873.07
Statutory reserves	779,184.80
Retained earnings	47,932,320.19
Share capital before profit allocation	146,780,289.26
Profit allocated	6,544,590.72
Statutory reserve	206.32
Share capital after profit allocation	153,325,086.30

4. REMINDER OF DIVIDENDS DISTRIBUTED IN THE LAST THREE FINANCIAL YEARS

In accordance with Article 243 bis of the French General Tax Code, below is a table showing the dividends distributed for the preceding three financial years:

For the past financial year	Dividend per share	Dividend distributed	of which scrip dividends	Allowance provided for in Art. 158 (3)(2°) of Tax Code	
				Eligible for 40% allowance	Non-eligible for 40% allowance
31 March 2022	-	-	-	-	-
31 March 2021	-	-	-	-	-
31 March 2020	-	-	-	-	-

5. NON-TAX-DEDUCTIBLE EXPENSES

In accordance with Article 223 quater of the French General Tax Code, we hereby inform you of all expenses and charges referred to in Article 39-4 of said code and recorded by the Company: for the financial year ended 31 March 2023, the Company recorded no such non-tax-deductible expenses.

V. FIVE-YEAR SUMMARY OF THE COMPANY

SUMMARY TABLE OF PROFIT/LOSS FOR THE LAST FIVE FINANCIAL YEARS

	2018-19	2019-20	2020-21	2021-22	2022-23
Financial position at year end (in euros)					
Share capital	6,300,464	6,368,630	6,395,930	7,778,731	7,793,911
No. of issued shares	5,250,387	5,307,192	5,329,942	6,482,276	6,494,926
No. of convertible bonds					
Overall income from operations for the year (in thousands of euros)					
Revenue excl. tax	121,007	137,885	166,506	132,660	144,481
Profit before tax, amortisation, and provisions	10,921	18,335	48,449	38,787	37135
Income tax	4,001	5,795	7,253	2,380	1,734
Profit after tax, amortisation, and provisions	7,587	12,127	14,717	6,018	6,545
Profit distributed	3,471	-	-	-	-
Operational earnings per share*					
Profit before tax, amort., and prov.	2.08	3.45	9.09	5.98	5.72
Profit after tax, amort., and prov.	1.45	2.29	2.76	0.93	1.01
Dividend paid	0.68	-	-	-	-
Staff					
No. of employees	113	127	146	182	208
Total payroll	5,286	6,328	7,633	8,174	10,840
Salary expenses	2,413	2,948	3,341	3,368	4,923

** The number of shares used to determine the earnings and dividend per share is the number at the year's close.*

VI. SUMMARY OF COMPANY SHARES TRANSACTED BY COMPANY LEADERS AND THEIR RELATIVES

In accordance with Articles 223-22 A and 223-26 of the general regulation of the French Financial Markets Authority (AMF), below are the transactions carried out by company leaders and their relatives involving the Company's shares during the year:

A. SALES AND PURCHASES OF SHARES BY MEMBERS OF THE BOARD OF DIRECTORS

	Shares sold	Shares bought
Calmels, Virginie	-	-
Heller, Romain *(indirectly via FLCP & Associés Invest)*	-	-
Hillel, Irit	-	**1,738**
Lamy, Tiphanie *(indirectly via FLCP & Associés)*	-	-
Larue, Fabrice *(indirectly via Neology Holding)*	-	-
Pasquier de Franclieu, Tanguy *(indirectly via Neology Holding)*	-	-
Sagnier, Frank	-	-

B. EXERCISE OF OPTIONS BY COMPANY LEADERS DURING THE YEAR

None.

VII. SPECIAL REPORT ON STOCK OPTIONS AND ON SHARES ASSIGNED FREE OF CHARGE

A. STOCK OPTIONS

Date authorised	06 October 2017	26 June 2019	01 April 2022	05 January 2023
Exercise deadline	06 October 2022	26 June 2024	30 June 2027	31 December 2027
Exercise price	21.34	18.53	44	47.95
Number authorised	**25,000**	**25,000**	**250,000**	**250,000**
Number assigned	7,450	15,750	42,500	85,000
Number cancelled	**3,550**	**1,750**	**0**	**0**
Number exercised	**3,900**	**4,000**	**0**	**0**
Remaining amounts as of 31 March 2023	**0**	**10,000**	**42,500**	**85,000**

1) Allocation of stock options during the year ended 31 March 2023

During its meeting on 1 April 2022, the Company's Board of Directors approved the creation of a new plan for 250,000 stock options, of which 42,500 were assigned.

During its meeting on 5 January 2023, the Company's Board of Directors amended the allocation under the plan dated 1 April 2022, of which 85,000 were assigned.

2) Stock option exercise during the year ended 31 March 2023

During its meeting on 21 July 2022, the Company's Board of Directors recorded an increase in share capital due to the exercise by several employees of 500 stock options under the 2017-01 SO Plan at a subscription price of €21.34, and 350 stock options under the 2019 SO Plan at a subscription price of €18.53 per share. The Board of Directors registered the creation of 850 shares with a par value of €1.20 each, which increased the share capital by €1,020.

During its meeting on 20 October 2022, the Company's Board of Directors recorded an increase in share capital due to the exercise by several employees of 1,700 stock options under the 2017-01 SO Plan at a subscription price of €21.34, and 1,150 stock options under the 2019 SO Plan at a subscription price of €18.53 per share. The Board of Directors registered the creation of 2,850 shares with a par value of €1.20 each, which increased the share capital by €3,420.

During its meeting on 15 December 2022, the Company's Board of Directors recorded an increase in share capital due to the exercise by several employees of 550 stock options under the 2019 SO Plan at a subscription price of €18.53 per share. The Board of Directors registered the creation of 550 shares with a par value of €1.20 each, which increased the share capital by €660.

During its meeting on 11 April 2023, the Company's Board of Directors recorded an increase in share capital due to the exercise by one employee (on 28 March 2023) of 200 stock options under the 2019 SO Plan at a subscription price of €18.30 per share. The Board of Directors registered the creation of 200 shares with a par value of €1.20 each, which increased the share capital by €240.

B. FREE SHARES (AGA)

Date authorised	11 October 2018	26 June 2019	17 December 2020	26 January 2021	30 March 2022	17 January 2023
Date vested	1/3 until 2022	Variable until 2023	December 2024	December 2024	March 2023	1/2 until 2024
End of holding period	in 2023	in 2024	in 2026	in 2026	30 March 2024	end of Oct. 2025
Number assigned	**48,600**	**5,600**	**70,000**	**75,375**	**6,000**	**53,460**
Number cancelled	4,400	1,000	26,733	29,852	0	0
Number still in vesting period as of 31 March 2023	**0**	**600**	**43,267**	**45,523**	**0**	**53,460**
Number still in holding period as of 31 March 2023	**1,400**	**800**			**6,000**	

1) Assignment of free shares of charge during the year ended 31 March 2023

During its meeting on 17 January 2023, the Board of Directors adopted a free share allotment plan (maximum assignment of 53,460 shares) for key employees of the Group (AGA Plan dated 01–2023) using the authority delegated by the Mixed Shareholders' General Meeting of 1 April 2022 via Resolution 13.

2) Definitive vesting of free shares during the year ended 31 March 2023

On 11 March 2019, the Company allotted 2,400 free shares to the employees and corporate officers of the Company (AGA Plan 2019-3). At its 21 July 2022 meeting, the Board of Directors decided to issue 600 shares following their definitive vesting on 26 June 2022 (200 shares were not issued because the conditions for their definitive vesting were not fulfilled). These free shares are subject to a holding period of one year from the date of their definitive vesting.

On 11 March 2019, the Company allotted 400 free shares to the employees and corporate officers of the Company (AGA Plan 2019-4). At its 21 July 2022 meeting, the Board of Directors decided to issue 200 shares following their definitive vesting on 26 June 2022 (the remaining 200 shares may, if applicable, be issued after 26 June 2023 if the conditions for their definitive vesting are fulfilled). These free shares are subject to a holding period of one year from the date of their definitive vesting.

On 2 October 2018, the Company allotted 6,300 free shares to the employees and corporate officers of the Company (AGA Plan 2018-02). At its 20 October 2022 meeting, the Board of Directors decided to issue 1,400 shares following their definitive vesting on 11 October 2022 (the remaining shares may, if applicable, be issued after 11 October 2023 and 11 October 2024 if the conditions for their definitive vesting are fulfilled). These free shares are subject to a holding period of one year from the date of their definitive vesting.

On 31 March 2022, the Company allotted 6,000 free shares to the employees and corporate officers of the Company (AGA Plan 2022-1). At its meeting on 11 April 2023, the Board of Directors decided to issue 6,000 shares following their definitive vesting on 30 March 2023. These free shares are subject to a holding period of one year from the date of their definitive vesting.

C. TRANSFERABLE SECURITIES AND INSTRUMENTS GIVING ACCESS TO SHARE CAPITAL OUTSTANDING AS AT THE DATE OF THIS REPORT

As at the date of this report:

- 142,850 free shares have been allocated but have not yet definitively vested;
- 137,500 stock options have not yet been exercised.

VIII. SHARE CAPITAL

A. TRANSACTIONS ON SHARE CAPITAL

Financial year ended 31 March 2023

As of 31 March 2023, share capital was divided up into 6,494,926 shares, each with a par value of €1.20. As of 31 March 2022, it had been divided up into 6,482,276 shares, each with a par value of €1.20.

The following share capital increases occurred between 1 April 2022 and 31 March 2023:

On 21 July 2022, the Board of Directors registered a share capital increase (i) in the amount of €720 resulting from the definitive vesting of shares assigned free of charge under the "2019-03 AGA Plan," (ii) in the amount of €240 resulting from the definitive vesting of shares assigned free of charge under the "2019-04 AGA Plan," (iii) in the amount of €1,020 resulting from the exercise of stock options under the "2017 SO Plan" and under the "2019 SO Plan";

On 20 October 2022, the Board of Directors registered a share capital increase (i) in the amount of €1,680 resulting from the definitive vesting of shares assigned free of charge under the "2018-02 AGA Plan," (ii) in the amount of €3,420 resulting from the exercise of stock options under the "2017 SO Plan" and under the "2019 SO Plan";

On 15 December 2022, the Board of Directors registered a share capital increase in the amount of €660 resulting from the exercise of stock options under the "2019 SO Plan".

Post-closing (exercised before 31 March 2023)

On 11 April 2023, the Board of Directors registered a share capital increase (i) in the amount of €7,200 resulting from the definitive vesting of shares assigned free of charge under the "2022-1 AGA Plan," (ii) in the amount of €240 resulting from the exercise of stock options under the "2019 SO Plan".

Date	Transaction type	Number of shares issued/cancelled	Share capital	Share premium or contribution	Cumulative total share capital	Cumulative number of shares	Par value
21 July 2022	Definitive vesting of AGA 2019-03	600	720.00	0.00	7,779,451.20	6,482,876	1.20
	Definitive vesting of AGA 2019-04	200	240.00	0.00	7,779,691.20	6,483,076	1.20
	Exercise 2017 SO Plan	500	600.00	10,070.00	7,780,291.20	6,483,576	1.20
	Exercise 2019 SO Plan	350	420.00	6,065.50	7,780,711.20	6,483,926	1.20
20 October 2022	AGA 2018-02	1,400	1,680.00	0.00	7,782,391.20	6,485,326	1.20
	Exercise 2019 SO Plan	1,150	1,380.00	19,929.50	7,783,771.20	6,486,476	1.20
	Exercise 2017 SO Plan	1,700	2,040.00	34,238.00	7,785,811.20	6,488,176	1.20
15 December 2022	Exercise 2019 SO Plan	550	660.00	9,531.50	7,786,471.20	6,488,726	1.20
11 April 2023	Exercise 2019 SO Plan	200	240.00	3,466.00	7,786,711.20	6,488,926	1.20
	Definitive vesting of AGA 2022-1	6,000	7,200.00	0.00	7,793,911.20	6,494,926	1.20

Shareholding thresholds

For the year ended 31 March 2023, the Company is not aware of any shareholder crossing shareholding thresholds under the articles of association or applicable laws.

IX. MISCELLANEOUS INFORMATION

1. INFORMATION ON PAYMENT LEAD TIMES FOR PAYABLES AND RECEIVABLES (EXCLUDING ACCRUED EXPENSES)

In thousands of euros	Due					
	Not due	1–30days	31–60days	61–90days	>91 days	Total (>1 day)
A. Invoices in arrears						
PAYABLES' payment lead times						
Number of invoices concerned	**174**	**31**	**17**	**6**	**19**	**73**
Total (incl. taxes) of invoices concerned	**1,008**	**210**	**-1**	**19**	**248**	**476**
Percentage of year's purchases	**1%**	**0%**	**0%**	**0%**	**0%**	**1%**
RECEIVABLES' payment lead times						
Number of invoices concerned	**63**	**49**	**53**	**48**	**222**	**372**
Total (incl. taxes) of invoices concerned	**1,840**	**693**	**97**	**-17**	**790**	**1,563**
Percentage of year's revenue	**1%**	**0%**	**0%**	**0%**	**1%**	**1%**
B. Invoices excluded from A. relating to unrecorded or disputed payables/receivables						
Number of invoices excluded	**0**	**0**	**0**	**0**	**0**	**0**
Total	**0**	**0**	**0**	**0**	**0**	**0**
C. Benchmark payment terms used (contractual or statutory - Article 441-6 or Article L. 443-1 of the French Commercial Code)						
PAYABLES	Contractual terms:	between 15 and 60 days net				
	Statutory term:	France: 60 days net / International: variable				
RECEIVABLES	Contractual terms:	between immediately and 90 days net				
	Statutory term:	France: 60 days net / International: variable				

2. INTER-COMPANY LOANS

In accordance with Article L. 511-6 3 bis of the French Financial and Monetary Code, for the year ended 31 March 2023, we declare no inter-company loan was entered into.

3. COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM

As part of the applicable Euronext Growth® rules, the Group, its directors and corporate officers are in compliance with Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. Furthermore, the Group, its directors and corporate officers do not appear on the European Union's sanctions list or the list established by the U.S. OFAC.

4. SITUATION OF STATUTORY AUDITORS' TERMS OF OFFICE

Statutory auditors:

- Deloitte & Associés represented by Mr Julien Razungles, 6 Place de la Pyramide, 92908 Paris - La Défense, France

Deloitte & Associés was appointed the statutory auditor by the Shareholders' General Meeting of 22 June 2006 for a term of six financial years. The term was renewed by the Shareholders' General Meetings held on 20 June 2012 and 27 September 2018. Its current term will end at the conclusion of the Annual General Meeting that approves the financial statements for the year ending 31 March 2024.

- Cabinet FINEXSI AUDIT represented by Mr Lucas Robin, 14 Rue de Bassano 75116 Paris, France

Cabinet FINEXSI AUDIT was appointed co-statutory auditor by the Shareholders' General Meeting of 23 September 2021 for a term of six financial years. Its current term will end at the conclusion of the Annual General Meeting that approves the financial statements for the year ending 31 March 2027.

We hope these proposals will receive your agreement and you will adopt the corresponding resolutions.

Paris, 20 July 2023

The Board of Directors

FOCUS ENTERTAINMENT
A public limited company (*société anonyme*) with share capital of €7,793,911.20
Parc de Flandre "Le Beauvaisis" Bâtiment 28
11, Rue de Cambrai - 75019 Paris, France
RCS Paris business registration number 399 856 277
(the "Company")

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Ladies and gentlemen, dear shareholders,

In accordance with Articles L. 225-37 et seq. of the French Commercial Code, the Board of Directors has prepared a report on the governance of the Company, which specifically provides:

- the list of all offices and duties exercised in other companies by each corporate officer during the financial year;
- the agreements entered into, directly or through an intermediary, between either a corporate officer or a shareholder holding a share of voting rights greater than 10% and another company in which more than half its share capital is held directly or indirectly by the Company, except for agreements relating to current transactions entered into under normal market conditions; and
- a summary table of the current delegated powers granted by the Shareholders' General Meeting in relation to share capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, and when such delegated powers were exercised during the year.

I. LIST OF OFFICES AND DUTIES EXERCISED IN OTHER COMPANIES BY CORPORATE OFFICERS DURING THE YEAR

During the year ended 31 March 2023, the Company was a French public limited company governed by a board of directors. Its corporate officers were the people listed in the table below.

Board of Directors

The Company's articles of association stipulate that the Board of Directors is to be made up of at least three members and no more than 18 members.

During the financial year ended 31 March 2023, the Board of Directors was made up as follows:

Members from 1 April 2022 to 5 January 2023:

- Neology Holding, represented by Mr Fabrice Laure in his capacity as a permanent representative;
- Neology Invest, represented by Mr Romain Heller in his capacity as a permanent representative;
- FLCP & Associés Invest, represented by Mrs Tiphaine Lamy in her capacity as a permanent representative;
- FLCP & Associés, represented by Mr Tanguy de Franclieu in his capacity as a permanent representative;
- Mr Frank Sagnier;
- Mrs Virginie Calmels;
- Mrs Irit Hillel.

Members from 5 January to 31 March 2023:

- Mr Fabrice Larue;
- Neology Holding, represented by Mr Tanguy de Franclieu in his capacity as a permanent representative;
- FLCP & Associés Invest, represented by Mr Romain Heller in his capacity as a permanent representative;
- FLCP & Associés, represented by Mrs Tiphaine Lamy in her capacity as a permanent representative;
- Mr Frank Sagnier;
- Mrs Virginie Calmels;
- Mrs Irit Hillel.

The Members of the Board of Directors from 1 April 2022 to 5 January 2023 were all appointed by the Company's Mixed Shareholders' General Meeting on 1 April 2022.

The composition of the Board of Directors changed on 5 January 2023 following a reorganisation of the Company's governance.

This change involved (i) the resignation of Neology Invest from its term as a director, (ii) changes in the permanent representatives for the directors Neology Holding, FLCP & Associés Invest, and FLCP & Associés, (iii) the resignation of Mr Frank Sagnier from his position as Chairman of the Board of Directors, (iv) the co-optation of Mr Fabrice Larue as a new director and his appointment to the position of Chairman of the Board of Directors.

The proposal to ratify the co-optation of Mr Fabrice Larue as a Member of the Board of Directors is the subject of its own resolution to be submitted to the Annual General Meeting for acceptance of the financial statements for the year ended 31 March 2023, allowing the shareholders to freely decide the matter.

Information on Mr Fabrice Larue's experience and skills was shared along with the proposal to ratify his co-optation as a Member of the Board of Directors (Recommendation R8 of the MiddleNext Code).

From 1 April 2022 to 31 March 2023, the Board of Directors included among its members four men and three women (counting the permanent representative of the legal entity directors).

Members of the Board of Directors

Member first and last names	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
Mr Fabrice Larue	Chairman	**Date of co-optation as a director and appointment as Chairman: 05 January 2023** End of term: 2026 SGM for 2025/2026 financial statements	Chairman, Legal representative of FIFL, itself Chair of Deputy Chairman Director Director Director, Permanent representative of FLCP & Associés Invest	FIFL FLCP FLCP & Associés MCFL SAM Monaco Mediax Monte-Carlo Société des Bains de Mer Les Amis des Cahiers
Neology Holding, represented by its permanent representative, Mr Tanguy de Franclieu	Member	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	Neology Holding: None Mr Tanguy de Franclieu: Head, Legal representative of Financière Beauvau, itself CEO of	None Financière Beauvau FLCP FLCP & Associés FLCP & Associés Invest
FLCP & Associés, represented by its permanent representative, Mrs Tiphanie Lamy	Member	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	FLCP & Associés: Chair of Mrs Tiphanie Lamy:	FLCP & Associés Invest Neology Invest Neology Holding None
FLCP & Associés Invest, represented by its permanent representative, Mr Romain Heller	Member	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	FLCP & Associés Invest: Member of the Supervisory Committee Mr Romain Heller:	Les Amis des Cahiers None
Mr Frank Sagnier	Independent member (Vice Chairman)	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	nDreams Steel City Interactive	Non-Executive Chairman Non-Executive Chairman
Mrs Virginie Calmels	Independent member	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	Chairwoman Director Independent director Independent director Strategy Board Chair Grants Chair	SHOWer Company ILIAD IPSOS ASSYSTEM OUI CARE OUI CARE
Mrs Irit Hillel	Independent member	**Appointment date: 1 April 2022** End of term: 2026 SGM for 2025/2026 financial statements	None	None
Neology Invest	Member	**Appointment date: 1 April 2022** **Resignation recorded on 5 January 2023**	Neology Invest: None	None

General management

The Company's articles of association stipulate that general management of the Company is to be directed either by the Chair of the Board of Directors, who then bears the title Chairman and CEO, or by another natural person appointed by the Board of Directors and bearing the title Chief Executive Officer.

The Board of Directors is responsible for choosing between these two modes of general management.

Upon a proposal from the CEO, the Board of Directors may, to assist the CEO, appoint a maximum of five (5) Deputy CEOs.

Financial year ended 31 March 2023

Between 1 April 2022 and 5 January 2023, general management was led by Mr Christophe Nobileau in his capacity as Chief Executive Officer.

Between 5 January 2023 and 31 March 2023, general management was led by the following two Chief Executive Officers:

General management as of 31 March 2023

Member first and last names	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
Mr Sean Brennan	Chief Executive Officer	**Appointment date: 05 January 2023** End of term: indefinite	None	None
Mr Christophe Nobileau	**Deputy Chief Executive Officer**	**Appointment date: 05 January 2023** End of term: Indefinite	Manager	SAYOR (property management company)

On 16 May 2023, Mr Sean Brennan, in agreement with the Board of Directors, presented his resignation from his position as Chief Executive Officer of the Company, effective immediately, and the Board of Directors officially accepted the resignation. The same day, the Board of Directors decided that leadership of the Company would be assumed by the Chairman of the Board of Directors, Mr Fabrice Larue, who now holds the title of Chairman and Chief Executive Officer.

As at the date of this report, the Company's general management is directed by two people:

General management as at the date this report was prepared

Member first and last names	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
Mr Fabrice Larue	Chair and CEO	**Date of co-optation as a director and appointment as Chairman: 05 January 2023** End of term: 2026 SGM for 2025/2026 financial statements (the duration of his duties as Chief Executive Officer cannot exceed, where applicable, the duration of his term of office as a director)	Chairman Deputy Chairman Director Director	FIFL MCFL SAM Monaco Mediax Monte-Carlo Société des Bains de Mer
Mr Christophe Nobileau	**Deputy Chief Executive Officer**	**Appointment date: 05 January 2023** End of term: Indefinite	Manager	SAYOR (property management company)

Absence of conviction for fraud, association with bankruptcy or incrimination, and/or official public sanction.

To the knowledge of the Company, and as at the date of preparation of this report:

- no convictions for fraud have been handed down in the last five years against any member of the Board of Directors or of the general management;
- none of the members of the Board of Directors or general management has been associated, during the last five years, with a bankruptcy, receivership, or liquidation, as a member of an administrative, management, or supervisory body, or as a chief executive;
- no incrimination and/or official public sanction has been pronounced during the last five years against any member of the Board of Directors or general management by statutory or regulatory authorities (including designated professional bodies);
- no member of the Board of Directors or general management has been prevented by a court of law from acting as a member of an administrative, management, or supervisory body, or from involvement in the management or conducting of business of an issuer during the last five financial years.

Other offices previously held outside the Group during the last five years

Members of the Board of Directors	Nature of office	Company
Mr Fabrice Larue	Legal representative of FIFL, Chairman of Legal representative of FIFL, Chairman of the Supervisory Board of Legal representative of Newen Studios, Chairman of Member of the Administrative Committee of Legal representative of Newen Studios, Chairman of Legal representative of Newen Studios, Chairman and Member of the Administrative Committee of Director of the Board Co-manager Chair and CEO	New FLCP Newen Studios Newen Cup Holding Capa Développement 17 Juin Développement et Participations Tuvalu Media Netherlands BV Sarl FIVL Pull Up Digital
Neology Holding, represented by Mr Tanguy de Franclieu	**Mr Tanguy de Franclieu** Member of the Strategy Committee Member of the Strategy Committee Member of the Administrative Committee Member of the Administrative Committee Member of the Board Director	 Neweb Développement Factory Eleven Cup Holding 17 Juin Développement et Participations Tuvalu Media Netherlands BV Pull Up Digital
FLCP & Associés, represented by Mrs Tiphanie Lamy	**Mrs Tiphanie Lamy** Member of the Board Director	 Tuvalu Media Netherlands BV Pull Up Digital
FLCP & Associés Invest, represented by Mr Romain Heller	None	None
Mr Frank Sagnier	CEO	Codemasters
Mrs Virginie Calmels	Supervisory Board Chairwoman Comptroller Independent director Director Vice Chairwoman Chairwoman Chairwoman of the Board of Directors Director Director Director Director Director First Deputy Vice Chairwoman Chairwoman Regional Councillor	Eurodisney S.C.A. and Eurodisney Associés S.C.A. Technicolor S.A. Technicolor S.A. MEDEF Paris Centre d'Étude et de Prospective Stratégique (CEPS) Barnes SAS, Paris Résidence & Club, and Barnes Support Services SAEML Régaz SAEML SBEPE Aéroport de Bordeaux Mérignac BGI Bordeaux Gironde Investissement Aerospace Valley Bordeaux Aéroparc SPL Bordeaux City Hall Bordeaux Metropolitan Area Établissement Public d'Aménagement Bordeaux Euratlantique Nouvelle-Aquitaine region
Mrs Irit Hillel	Board Observer Board Observer Board Observer Board Member	Deep Instinct Twine Solutions Copprint Radcom

General management	Nature of office	Company
Mr Fabrice Larue	Legal representative of FIFL, Chairman of Legal representative of FIFL, Chairman of the Supervisory Board of Legal representative of Newen Studios, Chairman of Member of the Administrative Committee of Legal representative of Newen Studios, Chairman of Legal representative of Newen Studios, Chairman and Member of the Administrative Committee of Director of the Board Co-manager Chair and CEO	New FLCP Newen Studios Newen Cup Holding Capa Développement 17 Juin Développement et Participations Tuvalu Media Netherlands BV Sarl FIVL Pull Up Digital
Mr Sean Brennan	None.	None.
Mr Christophe Nobileau	Chairman Chairman Legal representative of the Chairman, Newen Distribution Chairman Legal representative of the Chairman, Studios de Marseille Legal representative of the Chairman, Studios de Marseille Chairman Member of the Administrative Committee and Deputy Director Member of the Board Director of Advisory Board	Editions Musicales Boxeur de Lune Newen Distribution Newen it all Studios de Marseille LVPB Studios de Sète Studios Post & Prod 17 Juin Développement et Participations Tuvalu Media Netherlands BV Newen Distribution UK

II. OPERATIONS OF THE BOARD OF DIRECTORS FOR THE PAST FINANCIAL YEAR

During the financial year ended on 31 March 2023, the Board of Directors met 16 times, with an average attendance rate by its members (in person or by means of video or audio conference) of 98%, with the understanding that represented members were not counted.

The Board of Directors was able to evaluate its work since its creation, doing so during its meeting on 14 June 2023. That meeting resulted in the following observations and conclusions:

- The Board recommended planning further in advance the annual calendar of Board of Directors meetings and providing to members the supporting documents for Board of Directors meetings as early as possible, and, whenever possible, ensuring the proper functioning of IT tools for remote connections in order to ensure the attendance of directors at meetings;
- The Board of Directors recommended considering, over the coming financial year, the development and establishment of a succession plan for Company leaders.

III. RELATED-PARTY AGREEMENTS

Related-party agreements approved in previous financial years and whose performance continued during the financial year ended 31 March 2023

The following related-party agreements continued to be performed during the past financial year:

1 - Agreement with FLCP & Associés, a shareholder indirectly holding a more than 10% share of voting rights in the Company.

Signature date: 10 December 2020

Nature: contract for services

Modalities: agreement for M&A services in order to further the growth of the Company through possible acquisitions.

Amounts recorded for the financial year ended 31 March 2023: €388,304

2 - Non-competition agreement between the Company and Mr Christophe Nobileau, a corporate officer of the Company

Signature date: 1 April 2022

Nature of the agreement and party concerned by the agreement: Non-competition agreement between the Company and Mr Christophe Nobileau, a corporate officer of the Company.

Conditions: Taking into account the duties that Mr Christophe Nobileau carries out within the Company and, in particular, the relations he maintains with its business partners, his access to sensitive and confidential information, and his knowledge of the Group's organisation and the technical and financial resources employed, and in order to ensure the reasonable protection of the Company's interests, Mr Christophe Nobileau has undertaken, for as long as he shall perform his operational duties within the Company and thereafter for a period of eighteen (18) months from when he leaves his position as a corporate officer of the Company, to not become involved in any way whatsoever, directly or indirectly, particularly as an employee, corporate officer, advisor, consultant, or in any other capacity, whether or not such positions may be remunerated, in any company, enterprise, or group that conducts business in competition with that of the Company or which sells competing products or services within the territory of one or more of the following countries: France (including the overseas departments and territories), England, and the United States.

In exchange for this commitment, Mr Christophe Nobileau shall receive every month, for the entire duration of this commitment, i.e. for eighteen (18) months, a gross monthly sum equal to 70% of the average gross monthly total remuneration paid to him by the Company over the twelve (12) months preceding the termination of his duties as a corporate officer. In addition, the Company has undertaken, for the same duration, to continue paying the Company's share of the mutual insurance company policy of Mr Christophe Nobileau.

Related-party agreements entered into during the financial year ended 31 March 2023:

Non-competition agreement between the Company and Mr Sean Brennan, the Company's CEO

Signature date: 05 January 2023

Nature of the agreement: Non-competition agreement

Conditions: Taking into account the duties that Mr Sean Brennan carries out within the Company and, in particular, the relations he maintains with its business partners, his access to sensitive and confidential information, and his knowledge of the Group's organisation and the technical and financial resources employed, and in order to ensure the reasonable protection of the Company's interests, Mr Sean Brennan has undertaken, for as long as he shall perform his operational duties within the Company and thereafter for a period of eighteen (18) months from when he leaves his position as Chief Executive Officer of the Company, to not, within the territory of one or more of the following countries: France (including the overseas departments and territories), the United Kingdom, and the United States;

- become involved or act on the behalf of any natural person or legal entity, in any way whatsoever, directly or indirectly, particularly as an employee, corporate officer, advisor, consultant, or in any other capacity, whether or not such positions may be remunerated, in any company, enterprise, or group that conducts business in competition with that of the Company or which sells competing products or services;
- solicit or have any business relations, in connection with the competing business, with customers or suppliers of the Company and/or of one of the subsidiary companies of the Group;
- disclose to third parties or use any information or knowledge whatsoever, including that of a technical, commercial, financial, or other nature to which he would have gained knowledge during the period in which he performed duties or held titles in the Company, with the exception of information or knowledge in the public domain as at the end of the contract;
- hold (directly or indirectly, except via a private equity fund in which Mr Sean Brennan does not perform any duties whatsoever) an equity stake in any company conducting business in competition with the Company or its subsidiaries in any of the three territories listed above. As an exception, Mr Sean Brennan shall be authorised to own shares of a publicly traded company conducting competing business if said shareholding results from a management mandate entirely delegated to a third party (banker, wealth manager, etc.) on the condition that the stake held (directly or indirectly) by Mr Sean Brennan does not exceed 3% of the share capital of said publicly traded company.

In exchange for agreement to this non-compete clause, Mr Sean Brennan shall receive, for the entire period in which this clause is enforced on him, a gross monthly sum equal to 70% (i) of the average gross monthly total remuneration (excluding in-kind benefits and expense reimbursement) paid to him by the Company over the twelve (12) months preceding the termination of his duties as a corporate officer, or, if the duties cease before 12 months are reached, (ii) the average gross monthly total remuneration (excluding in-kind benefits and expense reimbursement) paid to him by the Company before the termination of his duties. In addition, the Company has undertaken, for the same duration, to continue paying the Company's share of the mutual insurance company policy of Mr Sean Brennan.

This commitment took effect in the accounts of the Company on 16 May 2023, i.e. after the closing of the financial statements for the year ended 31 March 2023, due to the termination of the duties of Mr Sean Brennan as Chief Executive Officer of the Company on 16 May 2023.

Furthermore, the Board of Directors, having officially accepted the resignation of Mr Sean Brennan from his duties on 16 May 2023, decided to apply a non-compete period for Mr Sean Brennan until 31 March 2024 in order to protect the interests of the Company.

This agreement shall be submitted to the Shareholders' General Meeting for their approval on 12 September 2023.

Amendment to the corporate officer contract of Mr Christophe Nobileau, Deputy Chief Executive Officer

Signature date: 05 January 2023

Nature of the agreement: Amendment to the corporate officer contract

Conditions: Given the changes in the duties of Mr Christophe Nobileau, who was serving as the Chief Executive Officer of the Company and who, since 5 January 2023, now serves as a Deputy Chief Executive Officer, the amendment to the corporate officer contract was signed to ensure consistency between the office held by Mr Christophe Nobileau within the Company and the terms of his corporate officer contract. The conditions for carrying out the duties of his office (powers, remuneration, etc.) remain the same as those that applied to his capacity as Chief Executive Officer.

This agreement shall be submitted to the Shareholders' General Meeting for their approval on 12 September 2023.

Agreement signed after the close of the financial year ended 31 March 2023

No new related-party agreements were entered into after the closing of the financial year ended 31 March 2023.

IV. TABLE SUMMARISING CURRENT POWERS DELEGATED BY THE SHAREHOLDERS' GENERAL MEETING IN RELATION TO SHARE CAPITAL INCREASES AND THE USAGE OF SAID POWERS

The table below shows the different financial powers delegated to the Executive Board by the Shareholders' General Meeting of the Company, and thereafter transferred to the Board of Directors for their remaining duration, within the scope of Resolution Three of the Shareholders' General Meeting held on 1 April 2022, having decided to modify, from that date on, the mode of administration and management of the Company, adopting a Board of Directors, and the delegated financial powers granted directly to the Board of Directors by the Shareholders' General Meeting on 1 April 2022.

Shareholders' General Meeting	Resolution No.	Resolution	Duration of delegated power	Limit	Use
23 September 2021	12th	Share capital increase reserve for shareholders (maintaining shareholders' preferential subscription rights)	26 months (22/11/2023)	€2,740,800, or 2,284,000 shares, or €150,000,000 for the issuance of bonds	None
23 September 2021	13th	Share capital increase via public offering (removal of shareholders' preferential subscription rights)	26 months (22/11/2023)	€2,131,200, or 1,776,000 shares, or €125,000,000 for the issuance of bonds	None
23 September 2021	14th	Share capital increase via an offering to a limited group of investors or to qualified investors, limited to 20% of share capital per year (removal of shareholders' preferential subscription rights)	26 months (22/11/2023)	€2,131,200, or 1,776,000 shares, or €125,000,000 for the issuance of bonds	None
01 April 2022	13th	Authorisation to grant shares of the Company free of charge	38 months (01/06/2025)	200,000 shares	Board of Directors decision dated 17 January 2022: - Allotment of free shares in the amount of 53,460 for 56 key employees, subject to performance and presence conditions.
01 April 2022	14th	Authorisation to grant Company stock options	38 months (01/06/2025)	250,000 options	Board of Directors decision dated 5 January 2022: - Allotment of 42,500 stock options for Company shares, subject to performance and presence conditions, to Mr Frank Sagnier (in lieu of the allotment of 131,500 stock options assigned on 1 April 2022); - Allotment of 85,000 options for Company shares, subject to performance and presence conditions, to Mr Sean Brennan (which are null and void as at the date of this report due to the resignation of Mr Sean Brennan from his position as Chief Executive Officer of the Company on 16 May 2023).
01 April 2022	16th	Reduction of the Company's share capital through a public offering for the buyback of shares, followed by their cancellation	18 months (01/10/2023)	€1,160,106, or 966,755 shares Maximum amount of funds: €58,005,300 Max. price per share: €60	None
22 September 2022	6th	Authorisation for the Company to buy back its own shares (stock buyback programme)	18 months (22/03/2024)	10% of share capital (of which 5% maximum for acquisitions) Maximum amount of funds: €26,400,000 Max. price per share: €99 Max. number of shares: 648,817	Stock buyback programme dated 20 October 2022
22 September 2022	7th	Share capital increase reserved for the following beneficiaries (removal of shareholders' preferential subscription rights): - TMT investment fund; - TMT companies.	18 months (22/03/2024)	€2,131,200, or 1,776,000 shares, or €125,000,000 for the issuance of bonds	None
22 September 2022	9th	Share capital increase reserved for employees belonging to a corporate savings plan (removal of shareholders' preferential subscription rights)	26 months (22/11/2024)	€64,608, or 53,856 shares	None
22 September 2022	10th	Reduction of Company's share capital via cancellation of shares purchased under the stock buyback programme	18 months (22/03/2024)	10% of the share capital per 24-month period	None

V. MODALITIES OF GENERAL MANAGEMENT

On 1 April 2022, the date on which the Company's mode of administration and management changed by virtue of the adoption of a Board of Directors, the Board decreed its choice of the manners available for exercising general management as provided for in Article L.225-51-1 of the French Commercial Code, and decided to separate out the duties of Chair and CEO, and thus decided to appoint Mr Christophe Nobileau as Chief Executive Officer of the Company and Mr Frank Sagnier as Chairman of the Board of Directors.

On 5 January 2023, the Board of Directors reorganised the governance of the Company and appointed Mr Sean Brennan to serve as CEO of the Company after officially recognising the resignation of Mr Christophe Nobileau from the same position. Upon a proposal from Mr Sean Brennan, the Board of Directors appointed Mr Christophe Nobileau to serve as Deputy CEO.

On 16 May 2023, following the resignation of Mr Sean Brennan from his position as CEO of the Company, the Board of Directors decided that the leadership of the Company would be taken over by the Chair of the Board of Directors, Mr Fabrice Larue, who now holds the title of Chairman and CEO. Mr Christophe Nobileau remains the Deputy CEO.

VI. MIDDLENEXT RECOMMENDATIONS

At the date of this Financial Report, the Company refers to the Code of Corporate Governance for medium- and small-size companies, as published in September 2021 by Middlenext. It is also improving its internal control principles taking inspiration from the frame of reference on risk management and internal control systems for medium- and small-size companies published by the AMF on 22 July 2010.

The table below lists all Middlenext recommendations with which the Company has complied since 1 April 2022, the date on which the mode of administration and management of the Company changed with the adoption of the Board of Directors, as well as those recommendations it expects to comply with in the future:

Recommendations of the MiddleNext Code	Applied	Not applied
I. The power of supervision		
R1: Ethics of the Board members	X	
R2: Conflicts of interest	X	
R3: Board membership – Presence of independent members on the Board	X	
R4: Information on the Board members	X	
R5: Training of the Board members		X(1)
R6: Organisation of Board and committee meetings	X	
R7: Establishment of committees		X(2)
R8: Implementation of a specialised corporate social and environmental responsibility committee (CSR)		X(2)
R9: Establishment of Board internal rules	X	
R10: Choice of each director	X	
R11: Duration of the terms of the Board members	X	
R12: Directors' remuneration	X	
R13: Establishment of a system to evaluate the work of the Board	X	
R14: "Shareholder" relations	X	
II. Executive power		
R15: Corporate diversity and equity policy	X	
R16: Definition and transparency of the remuneration of the executive officers	X	
R17: Succession planning for company leaders		X(3)
R18: Simultaneous employment contract and executive office	X	
R19: Severance pay	X	
R20: Supplementary retirement schemes	X	
R21: Stock options and allotment of free shares	X	
R22: Review of points of concern	X	

(1) As at the date of this report, no training plan has been established for the Board of Directors. The Board plans to consider this at a later date in order to assess the opportunity to comply with this recommendation.
(2) The Board, during its meeting on 1 April 2022, decided, given the size of the company and the number of directors, to not create committees, but rather to meet, depending on the case, as an Audit Committee, as an Appointments and Remuneration Committee, as an External Growth Strategy Committee, and as a Corporate Social and Environmental Responsibility Committee. This decision makes it possible for all directors to contribute towards the preparation of the Board's work and decisions on such matters.
(3) The matter of the succession of leaders will be duly included on the agenda of the Board during the current financial year.

Independent members of the Board of Directors

As at the date of this report, the Board of Directors has three independent members, namely Mr Frank Sagnier, Mrs Virginie Calmels, and Mrs Irit Hillel, representing 42.86% of the total number of members of the Board of Directors. The Board of Directors has considered that these directors have always complied with recommendation No. 3 of the Middlenext Code since they were appointed, namely:

- an independent member of the Board can be neither an employee nor a managing corporate officer of the Company or of a company belonging to its Group and not have been such in the previous five years;
- not have been, in the previous two years, and not have a significant business relationship with the Company or its Group (customer, supplier, competitor, service provider, creditor, etc.);
- not be a major shareholder of the Company or hold a significant percentage of voting rights;
- not be in a close friendly or family relationship with a corporate officer or a major shareholder; and
- not have been a statutory auditor of the Company in the previous six years.

VII. POLICY REGARDING GENDER BALANCE AND EQUITY

Generally speaking, the reader is asked to refer to the Group Report on Social and Environmental Responsibility included in the Annual Report.

During its meeting held on 21 July 2022, the Board of Directors made sure that a policy was in force regarding gender balance and equity within the Group and implemented at all hierarchical levels.

To this end, the Human Resources Department has been asked to provide its conclusions about this policy, which is described below:

The Group operates in favour of diversity and monitors to make sure that no discrimination takes place on any grounds and to ensure equal opportunities to all in terms of recruitment, training, remuneration, allocation and professional growth according to personal skills and competences. The Group also makes sure that all its employees are treated fairly at all hierarchical levels.

This is because it believes that respect of such values makes it possible to have employees who can grow both professionally and personally and who are more engaged and the Group is committed to inclusion, diversity and equality.

It is therefore essential for the Group to create an environment where differences are encouraged and employees can each make a contribution towards the company's business.

All employees suffering or witnessing any behaviour in conflict with the values of diversity or fairness promoted by the Group is required to report the matter to the competent authorised person, who is generally their direct manager or the HR Manager.

The results obtained regarding the absence of discrimination and the representation of diversity (gender, age, professional qualifications and experience, etc.) are in compliance with the policy described above.

VIII. REMUNERATION OF CORPORATE OFFICERS FOR THE PAST FINANCIAL YEAR

Remuneration received by managing corporate officers

For the financial year ended on 31 March 2023, Mr Christophe Nobileau, CEO, then Deputy CEO since 5 January 2023, received the total amount of €288,558 for carrying out his duties.

For the financial year ended on 31 March 2023, Mr Sean Brennan, appointed CEO on 5 January 2023 (and resigned on 16 May 2023), received the total amount of €59,614.50 for carrying out his duties.

In addition, in accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, for each free allocation of shares to the corporate officers, the Board of Directors set the percentage of shares that the officers must keep as registered until they leave their duties.

Equity ratio

The equity ratio described in recommendation R 16 of the Middlenext Code[(1)] is:

- 14.07 for the financial year ended 31 March 2023 for Mr Christophe Nobileau, CEO until 5 January 2023, then Deputy CEO to 31 March 2023;
- 2.91 for the financial year ended 31 March 2023 for Mr Sean Brennan, CEO from 5 January 2023 to 31 March 2023.

[1] *Ratio calculation: amount of total remuneration in the numerator and French minimum wage (SMIC) for the reference year in the denominator.*

Remuneration received by the non-managing corporate officers

Remuneration received by the non-managing corporate officers		
Gross remuneration received (in euros)	**31 March 2022 (12 months)**	**31 March 2023 (12 months)**
Mr Fabrice Larue, Chairman of the Board of Directors		
Remuneration (fixed, variable)	None	None
Other remuneration	None	None
Neology Holding		
Remuneration (fixed, variable)	None	€26,625
Other remuneration	None	None
Neology Invest (resignation recorded on 5 January 2023)		
Remuneration (fixed, variable)	None	€17,045.45
Other remuneration [(2)]	None	None
FLCP & Associés Invest		
Remuneration (fixed, variable)	None	€26,625
Other remuneration	None	None
Mr Frank Sagnier		
Remuneration (fixed, variable)	None	€47,875
Other remuneration	None	None
Mrs Virginie Calmels		
Remuneration (fixed, variable)	None	€42,875
Other remuneration	None	None
Mrs Irit Hillel		
Remuneration (fixed, variable)	None	€38,710.94
Other remuneration	None	None

Paris, 14 June 2023,

The Board of Directors
Mr Fabrice Larue, Chairman of the Board of Directors

FOCUS ENTERTAINMENT
Parc de Flandre "Le Beauvaisis" - Bâtiment 28
11, Rue de Cambrai - 75019 Paris, France

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 MARCH 2023

Finexsi Audit
14 rue de Bassano
75116 Paris, France

Deloitte & Associés
6 place de la Pyramide
92908 Paris-La Défense Cedex, France

For the attention of the Shareholders' General Meeting of FOCUS ENTERTAINMENT

Opinion

In compliance with the assignment entrusted to us by the Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of FOCUS ENTERTAINMENT for the financial year ended 31 March 2023.

We hereby certify that the consolidated financial statements are, with regard to French accounting principles and rules, consistent and accurate and give a fair and true view of the past year's operational performance, as well as the financial position, assets, and liabilities of all companies and entities included in the Group's scope of consolidation at year's end.

Basis for opinion

Audit framework

We performed our audit according to the standards of our profession applicable in France. We consider that we collected sufficient and relevant audit evidence to form the basis for our opinion.

Our responsibilities under these professional standards are stated in the "Statutory auditors' responsibilities for the audit of the consolidated financial statements" section of this report.

Independence

We have performed our audit assignment in compliance with the rules governing independent auditors set forth in the French Commercial Code and by the code of ethics of the profession of statutory auditors, over the period from 1 April 2022 to the issue date of our report.

Justification of assessments

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that the most significant assessments that we made, in our professional judgement, related to the appropriateness of the accounting principles applied, to the reasonableness of the significant estimates used, and to the overall presentation of the consolidated financial statements.

The assessments made fit into the context of the audit of the consolidated financial statements as a whole and were decided under the conditions stated above. They contributed to the formation of our opinion stated above. We do not express any opinion on specific items taken in isolation from these consolidated financial statements.

Notes 2.3 "entry into scope", point "goodwill" and 3.1 "goodwill" of the notes to the consolidated financial statements set out the accounting rules and methods relating to the grouping of companies, particularly as regards the initial assessment of goodwill and its amortisation. Our work consisted of verifying that these methods were appropriate, examining the data and hypotheses on which the estimates and assumptions are based and verifying that the notes provide suitable information.

Specific verifications

In accordance with the standards of our profession applicable in France, we performed specific verifications, required by laws and regulations, on information pertaining to the group provided in the management report from the Board of Directors.

We have no remarks to make concerning the information's accuracy and consistency with the consolidated financial statements.

Responsibilities of management and those charged with corporate governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair image of the business in accordance with French accounting rules and principles, as well as for establishing the internal control it deems necessary to ensure the consolidated financial statements do not contain material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management must assess the company's ability to continue as a going concern, disclose in these statements, as applicable, the necessary information related to the going concern, and use the going-concern basis of accounting unless the company is expected to be liquidated or cease its operations.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

It is our responsibility to prepare a report on the consolidated financial statements. Our objective has been to obtain reasonable assurance that the consolidated financial statements as a whole do not contain any material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards will systematically detect every material misstatement. Misstatements may be the result of fraud or error and are considered material when it can be reasonably expected that they could, individually or in the aggregate, influence the financial decisions of users taken on the basis of the financial statements.

As stipulated by Article L. 823-10-1 of the French Commercial Code, our audit of these financial statements does not include a guarantee on the viability or quality of the management of the company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises professional judgement throughout the audit. Furthermore,

- the auditor identifies and assesses the risks that the consolidated financial statements may contain material misstatements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and collects audit evidence deemed relevant and sufficient to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the evasion of internal controls;
- the auditor obtains an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls;
- they evaluate the appropriateness of the accounting methods used and the reasonableness of the accounting estimates and related disclosures made by management in the consolidated financial statements;
- they assess the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cast doubt on the company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to place a qualification on their opinion or refuse to certify the statements;
- the auditor evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- regarding the financial information of persons or entities included within the scope of consolidation, the auditor collects audit evidence that they deem sufficient and appropriate to form an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision, and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris and Paris-La Défense, 20 July 2023

The Statutory Auditors

Finexsi Audit	**Deloitte & Associés**
Lucas Robin	Julien Razungles

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

[in thousands of euros]

I. CONSOLIDATED BALANCE SHEET

	Note	31 March 2023			31 March 2022	*Net change*
		Gross	Amort./Depreciation	Net	Net	
Intangible fixed assets	3.2	300,020	(109,932)	190,088	149,811	*40,277*
Of which goodwill	*3.1*	*83,855*	*(12,028)*	*71,826*	*68,675*	*3,151*
Property, plant & equipment	3.3	2,840	(2,172)	667	829	*(161)*
Financial fixed assets	3.4	1,228	-	1,228	1,217	*11*
Equity-method shares		2	-	2	-	2
Total Fixed Assets		**304,090**	**(112,104)**	**191,985**	**151,857**	***40,129***
Inventory and works in progress	3.5	1,284	(411)	873	855	*18*
Trade receivables	3.6	27,566	(157)	27,409	13,367	*14,043*
Other receivables, accruals and deferrals (*)	3.7	14,209	-	14,209	22,354	*(8,145)*
Forward financial instruments	3.7	494	-	494	-	*494*
Transferable securities	3.8	-	-	-	600	*(600)*
Cash and cash equivalents	3.8	72,151	-	72,151	61,995	*10,156*
Total Assets		**419,794**	**(112,672)**	**307,122**	**251,027**	***56,094***

(*) of which €1,213 K deferred tax as of 31/03/2023 and €1,022 K as of 31/03/2022.

	Note	31 March 2023	31 March 2022	*Net change*
Share capital	3.9	7,794	7,779	*15*
Share premiums		90,275	90,192	*83*
Reserves		34,966	32,696	*2,270*
Profit (loss) for the year		7,312	2,980	*4,332*
Equity attributable to Group	(*)	**140,346**	**133,646**	***6,700***
Minority stakes		**5,654**	**1,630**	***4,024***
Total Equity		**146,000**	**135,277**	***10,724***
Provisions	3.11	843	940	*(97)*
Borrowings and financial debt	3.12	83,086	66,097	*16,989*
Trade payables	3.13	35,155	18,995	*16,160*
Forward financial instruments	3.14	34		*34*
Other payables, accruals and deferrals (**)	3.14	42,003	29,719	*12,285*
Total Liabilities		**307,122**	**251,027**	***56,094***

(*) Refer to the table of change in equity
(**) Of which €269 K deferred tax as at 31/03/2023 and €45 K as at 31/03/2022.

II. CONSOLIDATED INCOME STATEMENT

	Note	31 March 2023		31 March 2022		Change	Change %
Revenue	3.15	194,104	100%	142,558	100%	51,546	36%
Cost of goods sold	3.16	(90,388)		(71,686)		(18,702)	26%
Game development costs	3.16	(32,509)		(29,524)		(2,985)	10%
Other income		49		896		(847)	-95%
Production costs	3.17	(12,269)		(7,677)		(4,592)	60%
Sales and marketing expenses	3.18	(23,571)		(13,143)		(10,427)	79%
General and administration expenses	3.19	(9,989)		(8,385)		(1,604)	19%
Other operating income (expenses)		787		117		670	
Operating profit (loss) before goodwill amortisation		**26,214**	**14%**	**13,155**	**9%**	**13,058**	**99%**
Goodwill amortisation	3.1	(7,957)		(4,021)		(3,936)	
Profit (loss) from consolidated companies before exceptional items		**18,257**	**9%**	**9,135**	**6%**	**9,122**	**100%**
Financial profit (loss)	**3.22**	**(3,339)**		**(1,724)**		**(1,615)**	**94%**
Extraordinary profit (loss)	**3.23**	**(203)**		**(1,317)**		**1,114**	**-85%**
Income tax	3.25	(4,450)		(3,027)		(1,423)	47%
Profit (loss) for companies consolidated using the equity method		(5)		-		(5)	
Consolidated net income		**10,261**	**5%**	**3,067**	**2%**	**7,194**	**235%**
Minority stakes		(2,948)		(87)		(2,861)	
Net income (attributable to the group)		**7,313**	**4%**	**2,980**	**2%**	**4,333**	**145%**
Earnings per share	3.24	1.18		0.48			
Diluted earnings per share	3.24	1.14		0.47			

III. STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Consolidated reserves	Profit/loss	Equity attributable to group	Minority stakes	Equity
Equity as at 31/03/2021	**6,396**	**22,369**	**26,492**	**13,278**	**68,537**	**0**	**68,537**
Allocation to reserves			13,278	(13,278)	0		0
Dividends distributed					0		0
Profit (loss) for the year				2,980	2,980		2,980
Share capital increase	1,383	67,822	(110)		69,095		69,095
Change in scope of consolidation						1,630	1,630
Treasury stock		0	(7,034)	0	(7,034)	0	(7,034)
FX translation reserve			69		69		69
Equity as at 31/03/2022	**7,779**	**90,192**	**32,697**	**2,980**	**133,646**	**1,630**	**135,277**
Equity as at 31/03/2022	**7,779**	**90,192**	**32,697**	**2,980**	**133,646**	**1,630**	**135,277**
Allocation to reserves			2,980	(2,980)	0		0
Dividends distributed					0		0
Profit (loss) for the year				7,313	7,313	2,948	10,260
Share capital increase	15	83			98		98
Change in scope of consolidation						1,096	1,096
Treasury stock			(735)		(735)		(735)
FX translation reserve			34		34		34
Others			(10)		(10)	(21)	(31)
Equity as at 31/03/2023	**7,794**	**90,275**	**34,966**	**7,313**	**140,346**	**5,654**	**146,000**

The line "share capital increases" includes the exercise of stock options and the definitive vesting of shares assigned free of charge in the amount of €15 K, as well as €83 K for share premiums.

The line "Treasury stock" covers the cancellation of treasury shares as part of the liquidity contract and stock buyback programme, as well as the payment made in shares as part of the acquisition of Black Soup GmbH.

The line "Change in scope of consolidation" concerns:

- the definitive assignment of the price of acquiring a 77.5% stake of Dotemu, generating an impact of €(61) K for the minority stakes item;
- the acquisition of a 66.67% stake of BlackMill Games B.V., generating an impact of €612 K for the minority stakes item;
- the acquisition of a 60% stake of Black Soup GmbH, generating an impact of €613 K for the minority stakes item.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	31 March 2023	31 March 2022
Net income for consolidated companies		**10,261**	**3,067**
- Net change in amortisation and provisions (1)		33,192	29,106
- Goodwill amortisation		7,957	4,021
- Elimination of interest expenses (4)		2,817	580
- Change in deferred taxes	3.7	(253)	288
- Elimination of the share of income from companies consolidated using the equity method		5	0
- Elimination of gains (losses) from disposals		226	0
- Other items without an impact on cash flow		(130)	0
Net cash flow		**54,073**	**37,060**
- Change in working capital requirements		13,137	(9,275)
Of which change in inventory	3.5	(10)	584
Of which change in operating receivables	3.6 / 3.7	(2,337)	(7,490)
Of which change in operating payables	3.13 / 3.14	15,484	(2,369)
Net cash from operations		**67,210**	**27,785**
Purchases of fixed assets	3.2 / 3.3	(65,512)	(36,793)
Other purchases net of disposed financial fixed assets	3.4	(7)	265
Impact of changes in consolidation (2)		(5,538)	(59,101)
Net cash from investments		**(71,057)**	**(95,630)**
Share capital increase	3.9	44	68,797
Issuance of debt	3.12	20,000	59,540
Repayment of borrowings, financial debt, and interest	3.12	(5,828)	(9,560)
Liquidity contracts		(850)	(7,866)
Net cash from financing		**13,365**	**110,911**
Effect of foreign exchange gains or losses		40	31
Change in cash and cash equivalents		**9,558**	**43,098**
Cash and cash equivalents at beginning of year (3)		62,595	19,497
Cash and cash equivalents at end of year (3)	3.8	72,151	62,595
Change in cash and cash equivalents		**9,558**	**43,098**

(1) *Excluding provisions for current assets and amortisation of goodwill.*
(2) *This item refers to the acquisitions of BlackMill Games B.V. and Black Soup GmbH in the financial year ended 31/03/2023 and of Dotemu, Streum On Studio, Leikir, and Douze Dixièmes in the financial year ended 31/03/2022, and it corresponds to the purchase price minus net cash obtained.*
(3) *Cash is net funds available in current bank accounts.*
(4) *This item refers to interest expenses, whereas in the previous financial year it referred to accrued interest.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

A. OVERVIEW OF THE GROUP

Founded in 1995, FOCUS ENTERTAINMENT Group is a French video game publisher and developer that develops, produces, and releases successful original video games on multiple platforms around the globe.

The Group has been a public limited company (*société anonyme*) since 6 January 2015. Previously, it was a simplified joint-stock company (*société par actions simplifiée*). Its registered office is located at Parc de Flandre "Le Beauvaisis" Bâtiment 28 – 11, Rue Cambrai, 75019 Paris, France. It is registered with the Business and Companies Registry (RCS) of Paris under number 399 856 277.

The Group has been listed on the Euronext Growth stock exchange since February 2015 (ticker: ALFOC).

The Group's consolidated financial statements as of 31 March 2023 show the Group's operations over the preceding 12-month period.

B. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of FOCUS ENTERTAINMENT Group have been prepared in accordance with the provisions of CRC regulations No. 2016-08 of 2 December 2016, No. 2015-07 of 23 November 2015, and No. 2005-10 of 3 November 2005, relating to the new ANC regulation No. 2020-01 of 9 October 2020 on the consolidated financial statements of commercial companies and public enterprises.

1. ACCOUNTING FRAMEWORK

General accounting conventions have been applied, with due regard to the cautionary principle, in accordance with the underlying assumptions of:
A going concern.

- Continuity of accounting methods from one period to the next
- Independence of periods
- And according to the general rules on the preparation and presentation of consolidated financial statements.

In accordance with ANC regulation No. 2020-01 regarding the treatment of the French research tax credit and video game tax credit, the research tax credit/video game tax credit was reclassified as a deduction from income taxes in the amount of €872 K as of 31 March 2023. As of 31 March 2022, the tax credit was included in the item "Other operating income and expenses", in the amount of €203 K.

Unless stated otherwise, the figures are stated in thousands of euros.

1.1. Change in accounting method

None.

1.2. Change in valuation

None.

1.3. Performance indicators monitored by management and their definitions

The indicators described below are alternative performance indicators, as their key features are not defined by an accounting standard. The following are the performance indicators tracked by the Group.

Definition of gross margin:

The Group defines gross margin as: revenue minus the cost of goods sold and game development costs. The cost of goods sold and of game development are defined in note 1.17. The expense for amortisation of intangible assets identified in a business combination process is not included in the gross margin.

Definition of EBIT:

The Group defines EBIT as the profit or loss from consolidated companies before exceptional items.

Definition of EBITA:

The Group defines EBITA (adjusted EBIT) as the profit or loss from consolidated companies before exceptional items,

- before goodwill amortisation,
- before amortisation of intangible assets identified in a business combination process,
- and after the research tax credit/video game tax credit.

	Note	31 March 2023	31 March 2022
Revenue		**194,104**	**142,558**
Gross margin		**72,590**	**42,244**
Production costs	3.17	(12,269)	(7,677)
Sales and marketing expenses	3.18	(23,571)	(13,143)
General and administration expenses	3.19	(9,989)	(8,385)
Other operating income (expenses)		787	(86)
Research/video game tax credits		872	203
EBITA		**28,419**	**13,155**
Amortisation of goodwill and amortisation of intangible assets acquired in a business combination process	3.1 and 3.21	(9,291)	(4,021)
Research/video game tax credits		(872)	
EBIT		**18,257**	**9,135**

Definition of EBITDA:

The term EBITDA (earnings before interest, taxes, depreciation, and amortisation) is defined as EBITA before amortisation and operating provisions.

EBITA	Note	31 March 2023	31 March 2022
		28,419	13,156
Allocations to amortisation and provisions - Development expenses	3.21	31,178	26,025
Allocations to amortisation and provisions - Other	3.21	689	2,951
EBITDA		**60,286**	**42,132**

Definition of operating cash flow:

Operating cash flow is defined as net operating flows to which the acquisitions of net intangible fixed assets of the related trade payables, have been added (see consolidated statement of cash flows).

In thousands of euros	Note	31 March 2023	31 March 2022
Net income for consolidated companies		**10,261**	**3,067**
- Net change in amortisation and provisions		33,192	29,106
- Goodwill amortisation		7,957	4,021
- Accrued interest		2,817	580
- Change in deferred taxes	3.7	(253)	288
- Elimination of the share of income from companies consolidated using the equity method		5	0
- Gains (losses) from disposals		96	0
Net cash flow		**54,073**	**37,061**
- Change in working capital requirements		13,137	(9,275)
- Acquisitions of intangible fixed assets	3.2	(65,148)	(36,411)
Operating cash flow		**2,062**	**(8,625)**

1.4. Material events of the period

Change in company name

The Shareholders' General Meeting, held on 1 April 2022, resolved to change the Company's name from Focus Home Interactive to FOCUS ENTERTAINMENT, effective immediately, in order to ensure consistency by highlighting the Company's main business lines and values. Indeed, the name "Entertainment" represents the ambition to offer players around the world unique experiences with an editorial line that stands out thanks to its innovative concepts, alternative gameplay, and original universes that go beyond the boundaries of video games.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit to begin in early July 2021 and covering the period from 1 April 2017 to 31 March 2020. The audit ended on 1 June 2022 and resulted in an immaterial adjustment that had already been provisioned for as at the year's end in March 2022.

External growth

On 5 September 2022, FOCUS ENTERTAINMENT acquired 66.67% of the share capital of WW1 Game Series B.V., since renamed BlackMill Games B.V., for the price of €5.5 M, including acquisition costs but excluding earn-outs. The acquired company's accounts are consolidated in the Group from the same date. Based in the Netherlands and composed of a team of 15 or so passionate creators, BlackMill Games has become the sixth development studio to join Focus Group. Jos Hoebe, Founder and Creative Director of BlackMill Games, will own the remaining 33.33% of share capital and voting rights, and will continue to lead the studio.

On 16 November 2022, FOCUS ENTERTAINMENT acquired 60% of the share capital of Black Soup GmbH for €2.7 M, including acquisition costs. The acquired company's accounts are consolidated in the Group from the same date.

Change in governance

On 5 January 2023, the Board of Directors of FOCUS ENTERTAINMENT decided to appoint Sean Brennan to the position of Chief Executive Officer, effective immediately. Mr Brennan would be supported by two deputy CEOs: Christophe Nobileau, in charge of corporate affairs, and John Bert, in charge of operations. The appointment was accompanied by a change in the governance of the Board of Directors, which entrusted its Chair position to Mr Fabrice Larue, with Mr Frank Sagnier being appointed as Vice Chairman.

War in Ukraine

The war in Ukraine, which started on 24 February 2022, has had a very limited impact on FOCUS ENTERTAINMENT. At present, revenue from sales made to gamers in Ukraine or Russia account for less than 1% of the Group's revenues in 2022-23.

FOCUS ENTERTAINMENT has just one long-standing partner in Russia, whose game development business is partly managed from Russia, Ukraine, and Belarus.

This partner, which has a large number of studios throughout Europe and the rest of the world, has taken steps to assure the relocation and safety of many of its employees ready to leave, and to transfer certain tasks to other studios. FOCUS ENTERTAINMENT does not, at this point, expect any significant impact on the timing and quality of the games developed by this partner.

If, despite the actions taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a need to push back dates for revenue expectations, as well as an impact on the development of the budget and the achievement of sales goals.

1.5. Post-closing events

Acquisition of Dovetail Games Group

On 20 April 2023, FOCUS ENTERTAINMENT acquired 98% of the share capital of Dovetail Games Group via the creation of Dovetail Games Holding, owned 98% by Focus. The accounts of the acquired entities are consolidated in the Group from the same date.

Credit contract

As part of the acquisition of Dovetail Games Group, FOCUS ENTERTAINMENT drew an additional €20 million from its line of credit.

Additionally, in order to uphold its obligations under the credit contract, on 14 June 2023, FOCUS ENTERTAINMENT established a senior collateral pledge of 50.1% of the financial securities of Dotemu to the benefit of the creditors holding the credit contract.

Acquisition of a minority stake in Carpool Studio

FOCUS ENTERTAINMENT joined forces with industry veterans François Alaux, Olivier Blin, and Thomas Painçon to found Carpool Studio, dedicated to the development of an ambitious, multiplayer "game as a service" (GaaS) based on a new piece of intellectual property. Pursuant to this, on 26 May 2023, FOCUS ENTERTAINMENT acquired 35% of the share capital of Carpool Studio for €2.1 M.

Change in governance

On 16 May 2023, in agreement with the Board of Directors, Mr Sean Brennan presented his resignation from the position of Chief Executive Officer of FOCUS ENTERTAINMENT, effective immediately. As part of this change in governance and in order to continue implementing the Company's strategy, the Board of Directors, still in their 16 May meeting, announced that they had taken the decision to combine the duties of Chair of the Board of Directors and of Chief Executive Officer, appointing Mr Fabrice Larue to the position of Chairman and CEO of FOCUS ENTERTAINMENT Group.

As Chairman of FOCUS ENTERTAINMENT and on behalf of the Board of Directors, Mr Fabrice Larue confirmed the desire to pursue the strategy initiated in the last several years and to support FOCUS ENTERTAINMENT Group's teams, who have the full confidence of the Board.

The other members of the management team remain in place and are focussed on delivering the Group's ambitious line-up of games.

Partnerships

Negotiations in progress as of 31 March 2023 resulted in the signing, post-closing, of a deal for three new games, including a new franchise co-owned and co-developed by Saber Interactive. The elements resulting from these negotiations are included in the off-balance sheet items (see note 3.27.1.a).

1.6. Use of estimates

The preparation of financial statements requires estimates and assumptions that could affect the book value of certain items on the balance sheet or income statement; they can also have impacts on disclosures in some of the notes to the financial statements.

The Group regularly reviews these estimates and assessments to take into consideration past experience and other factors deemed relevant under the persisting economic conditions.

The estimates, assumptions, and assessments are based on the information or circumstances existing as at the date the financial statements were prepared, which may in the future prove to be different from the reality.

The main estimates and assumptions relate, in particular, to the following:

- The valuation of intangible assets, in particular games and the duration of goodwill;
- The assessment of earn-outs to be paid and the estimated probability of paying them for acquisitions of companies made by the Group;
- The allocation of acquisition costs for acquisitions made;
- The determination of provisions for risks and expenses;
- The provisions for depreciation of inventory.

1.7. Intangible and tangible fixed assets

Intangible fixed assets are mostly investments made to studios as part of the contractual acquisition of publication and distribution rights over games, and other investments in games, whether or not the Group acquires the intellectual property (IP) of the game. These contracts can include minimum royalty guarantees and/or payments of funds according to a predetermined schedule, with payments conditional on the achievement of development milestones.

Once a game has been launched, the total investment is amortised over the estimated life of the game, generally between 12 and 24 months. This amortisation may be modified if expected sales will not enable the guaranteed minimum to be recouped. Where royalties to be paid exceed the guaranteed minimum, FOCUS ENTERTAINMENT pays supplementary royalties which are recorded in the income statement.

Intangible assets also include game developments by the subsidiaries.

Other fixed assets are valued at their purchase price, including any ancillary costs directly attributable to them.

Depreciation and amortisation are calculated on the asset's expected useful lifespan:

- Concessions, patents, licences: 3 years straight-line
- Intellectual property rights: 12 months accelerated rate
- General equipment, fixtures, and fittings: 8–10years straight-line
- Office and IT equipment: 3–5years straight-line
- Office furniture: 5–8years straight-line

Non-current assets can also be the subject of impairment when, due to events or circumstances during the year, their fair value becomes permanently less than their net book value.

1.8. Financial fixed assets

Financial fixed assets include, in particular:

- deposits and sureties relating to outstanding borrowings and leases,
- the liquidity account available from the company Gilbert Dupont (under the liquidity contract) which had not, as of 31 March 2023, been invested in Company shares.

When the book value is less than the gross value, a provision for impairment is established equal to that difference.
As part of the stock buyback programme, the provision for impairment is eliminated from the consolidated accounting.

1.9. Inventory

Inventory is valued using the weighted average cost method.

The gross value of finished products and merchandise comprises the manufacture or purchase price and ancillary expenses, including manufacturing fees paid to console manufacturers.

A provision for depreciation is recorded, calculated product by product on the basis of obsolescence, turnover ratio and the sale potential of the inventory. Each year, the Group writes back the entire provision of the previous year and calculates a new provision for the year.

With regard to sales by consignment in certain countries outside France, the consigned games remain the property of FOCUS ENTERTAINMENT and are thus recorded under inventory until sold by the distributor.

1.10. Trade receivables

Trade receivables are recorded at face value. A provision for impairment is recorded when the book value of the receivables shows a risk of non-recovery. The book value is assessed on a case-by-case basis according to the age of the receivable and the customer's situation.

1.11. Other receivables

Other receivables are mainly composed of other tax and employee-related receivables.

1.12. Transactions in foreign currencies and hedging financial instruments

The Group applies Regulation 2015-05 of the French Accounting Standards Authority (ANC) on forward financial instruments and hedging transactions.

Transactions completed in foreign currencies are recorded at the monthly average rate of the month prior to that in which they are conducted.

Receivables and payables not denominated in euros are converted at the exchange rate at year end to be added to the balance sheet. Currency translation differences are recorded appropriately on the balance sheet among either assets or liabilities.

As of 31 March 2023, the Group had made two forward purchases in the total amount of GBP 26.5 million to hedge foreign exchange risk as part of the acquisition of Dovetail Games in April 2023. The forward contracts' fair value is €115 K as of 31 March 2023.

Under the credit contract and in order to comply with its obligations, two interest rate hedging transactions were carried out. The corresponding payments are recorded on the financial statements as of 31 March 2023. The fair values of the hedges are €3,293 K and €335 K as of 31 March 2023. A loan insurance policy premium was paid in the amount of €494 K.

Currency swap transactions, for USD and GBP, were carried out and recorded on the financial statements as of 31 March 2023. The unrealised loss at the financial year's closing was registered on the financial statements.

1.13. Provision for risks

A provision is recognised when the following three conditions are met:

- there is a current obligation (legal or implied) resulting from a past event,
- settlement of the obligation will probably require an outflow of resources embodying economic benefits,
- a reliable estimate can be made on the amount of the obligation.

A provision for liabilities has been established for the risk of returned merchandise from customers. This provision is assessed by offsetting the profit margin made on the sales of games presenting a possibility of clearance and those remaining in stock at main customer outlets, based on the return rate assessed for each title according to its sales performance.

1.14. Provision for expenses

The provision for expenses mainly concerns pension benefits.

French employees of the Group receive pension benefits under French regulations:

- receipt of a retirement bonus from the Group when the employee retires (defined benefits scheme);
- payment of a pension by social security bodies, which are funded by company and employee contributions (defined contributions scheme).

Retirement schemes, related bonuses, and other company benefits that are analysed as defined benefits schemes (scheme whereby the Group guarantees a defined benefit amount or level) are recorded on the balance sheet on the basis of an actuarial assessment of the commitments at the close of the year, less the fair value of the relevant scheme's assets dedicated to those commitments.

This appraisal relies in particular on assumptions relating to salary changes, retirement ages, and the use of the projected unit credit method, as well as taking into account staff turnover and probable mortality rates.

The Group's payments to the defined contributions schemes are recorded as expenses on the income statement for the period to which they relate.

The calculation method applied is the retrospective method: projected unit credit method with end-of-career salaries (currently entitled to retirement benefits with updated end-of-career salaries).

This compensation is calculated on the voluntary retirement of employees at 65 years of age in accordance with the provisions of the collective bargaining agreement in force with the Group.

The following are the main assumptions:

- The staff turnover rate and the annual change in wages differs for each company;
- The social security contributions rate is 45% for French companies;
- The discount rate is 3.60%;

- Collective bargaining agreement: Syntec;
- The mortality table used is INSEE TV-TD 2011–2013.

1.15. Deferred income

Deferred income comprises advances paid by customers for pre-launch games. Such income is recognised in revenue when sales of the game begin in the territory covered by the distribution contract under which the advance payments are made.

1.16. Revenue

The Group's revenue is mainly composed of physical and digital sales of video games.

a) Physical products (retail sales): Sales of physical products are recorded on the date ownership of the game passes to the customers. This amount is net of discounts, rebates, and commissions granted to the distributors.

b) Digital products (digital sales): Sales of downloaded games are recorded at the time of download by the end customer through the Group's websites or the download platforms of third parties (digital distributors). This amount is net of discounts, rebates, and commissions granted to the distributors.

1.17. Cost of goods sold and game development costs

The cost of goods sold comprises the following external costs:

- the royalties owed to game development studios for each video game, including additional royalties representing a percentage of a game's profits, once game investments and production costs are recovered,
- the production cost of goods sold, including manufacturing fees paid to console manufacturers,
- royalties owed to third parties when ownership of the licence does not belong to the development studio,
- provisions for inventory,
- transportation costs,
- provisions for risks of returned merchandise from customers and game depreciation (see. 1.13),
- costs relating to sold games: in the event the Group sells its rights over a game in which it has already invested. The relevant expense incurred is then recorded among costs relating to sold games.

Game development costs comprise the amortisation expense for contractual financing paid to the studios before and after the launch of a game. The Group may sometimes invest in mock-ups or production start-up costs for games. If the commercial value of the game does not justify investment in its further development, the game is not marketed and the relevant expense incurred is recorded among costs relating to cancelled games.

Refer to note 1.7 for information on the amortisation of developments costs for games that reach the market.

1.18. Production costs

This category comprises external production costs (translation, labelling, and quality-control testing), expenses related to production supervision teams (including salaries, expenses, and related costs), and facility expenses. These include information technology and telephone expenses, as well as rents and related expenses that are allocated per department according to the number of employees.

1.19. Sales and marketing expenses

This item includes all marketing and sales expenses (including salaries, expenses, and related fees for marketing and sales teams), and facility expenses. These include information technology and telephone expenses, as well as rents and related expenses that are allocated per department according to the number of employees.

1.20. General and administration expenses

This item includes all administrative expenses and general costs (including salaries and expenses for general and administrative teams) and facility expenses. These include information technology and telephone expenses, as well as rents and related expenses that are allocated per department according to the number of employees.

1.21. Other operating income (expenses)

This entry includes, in particular, foreign exchange gains and losses linked to trade payables and receivables.

1.22. Financial profit (loss)

The financial profit or loss comprises the income and expenses from cash and cash equivalents and bank finance (including discounts received or conceded), interest expense on borrowings, and currency gains and losses.

In compliance with ANC regulation No. 2020-01, loan issuance costs have been spread out over the duration of the loans. The remaining balance at year's end is presented in the item "Other receivables."

1.23. Extraordinary profit (loss)

The extraordinary profit or loss is composed of other non-recurring transactions not related to game investments.

1.24. Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Group by the weighted average number of ordinary shares in circulation during the period.

Diluted earnings per share takes into account the possible dilutive effects of financial instruments on the weighted average number of ordinary shares in circulation.

2. CONSOLIDATION FRAMEWORK

2.1. Consolidation criteria

A company enters the scope of consolidation where either the Group takes control of it, regardless of the legal methods, or the Group creates a subsidiary.

Over the course of this financial year, FOCUS ENTERTAINMENT acquired a majority stake in the company BlackMill B.V. on 5 September 2022 and in the company Black Soup GmbH, which itself owns the company Peanut Butter and Jelly GmbH, on 16 November 2022. Additionally, Deck 13 Interactive GmbH acquired a minority stake in the company Just 2D Interactive GmbH.

The companies Deck 13 Studio Montreal Inc. and FOCUS ENTERTAINMENT Développement (both 100% owned by the Group) were added into the scope of consolidation beginning 1 April 2022.

Company	Registered office	SIRET No.	Control	*Stake*	*Method **
Black Soup GmbH	Husemannstraße 33, 10435 Berlin, Germany	N/A	60.00%	60.00%	Full
BlackMill Games B.V.	Limmerhoek 43, 1811 BA, Alkmaar, The Netherlands	N/A	66.67%	66.67%	Full
Deck 13 Interactive GmbH	Gervinusstr. 18–22· 60322 Frankfurt am Main, Germany	N/A	100.00%	100.00%	Full
Deck 13 Spotlight GmbH	Gervinusstr. 18–22· 60322 Frankfurt am Main, Germany	N/A	100.00%	100.00%	Full
Deck 13 Studio Montreal Inc.	630 René-Lévesque Blvd. West - Suite 280, H3B1S6 Montréal, Québec, Canada	N/A	100.00%	100.00%	Full
Dotemu	79 Rue du Faubourg Poissonnière 75009 Paris, France	53535584600028	77.50%	77.50%	Full
Douze Dixièmes	79 Cité Jouffroy Renault 92110 Clichy, France	82872451800026	50.01%	50.01%	Full
FOCUS ENTERTAINMENT Développement	11, Rue de Cambrai 75019 Paris, France	89847217000015	100.00%	100.00%	Full
FOCUS ENTERTAINMENT USA LLC	1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA	N/A	100.00%	100.00%	Full
Just 2D Interactive GmbH	Wilhelm-Kobelt-Str. 4 - 39108 Magdeburg - Germany	N/A	30.00%	30.00%	EM
Leikir Studio	30 Rue Westermeyer 94200 Ivry-sur-Seine, France	78872138900039	70.00%	70.00%	Full
Peanut Butter & Jelly GmbH	Husemannstraße 33, 10435 Berlin, Germany	N/A	50.01%	30.01%	Full
Streum On Studio	1 avenue de Lattre de Tassigny, 94130 Nogent-sur-Marne, France	49906163800049	60.00%	60.00%	Full

** Full = Full consolidation*
EM = Equity method

2.2 Consolidation method

All subsidiaries, with the exception of Just 2D Interactive GmbH, are consolidated using the full consolidation method given that FOCUS ENTERTAINMENT alone exercises control over these entities. The company Just 2D Interactive GmbH is consolidated using the equity method, with FOCUS ENTERTAINMENT exercising notable influence over the company.

2.3. Entry into scope

When a company is first consolidated, the starting value of its identifiable assets and liabilities is assessed at fair value.

The difference noted between the starting value in the consolidated statement of financial position and the book value of each item in the consolidated company's balance sheet constitutes a fair value increment. Fair value increments on non-current assets are depreciated/amortised if they relate to depreciable/amortisable assets.

Goodwill

The difference between the acquisition cost of securities (which include acquisition costs net of income tax) and the total valuation of the identifiable assets and liabilities constitutes goodwill. Goodwill is either i) amortised on a straight-line basis throughout the duration of an asset's use when its lifetime is limited, or ii) an impairment test is performed at least at each closing when its lifetime is unlimited.

Impairment tests are carried out systematically if any indication of loss of value is seen.

In the event of acquisition contracts with earn out clauses, the latter are estimated by the Management at the date of first consolidation as reliably as possible, in compliance with the terms defined in the agreements. If their payment is deemed likely when drawing up the financial statements, they are accounted for in the acquisition cost of the shares.

The initial estimates of the variable components of the purchase price, prepared as at the date of first consolidation, are revised at each year end by management or whenever they become reliably measurable for the first time after that date. The purchase cost is then corrected accordingly.

The company BlackMill Games B.V. was acquired on 5 September 2022, leading to the provisional assessment of goodwill as of 31 March 2023.

The company Black Soup GmbH was acquired on 16 November 2022, leading to the provisional assessment of goodwill as of 31 March 2023.

The company Just 2D Interactive was acquired on 11 May 2022. As the level of goodwill was non-significant, it was not recorded in the consolidated financial statements as of 31 March 2023.

The acquisitions of BlackMill B.V. and Black Soup GmbH during the financial year and of Streum On Studio, Dotemu, Leikir, and Douze Dixièmes in the previous financial year came with clauses providing for earn-outs conditioned on indicators combining several different criteria.

The earn-outs for Dotemu, Streum On Studio, and Deck 13 have been finalised and are recorded in the financial statements.

2.4. Accounting standardisation

The financial statements of the Group's companies are prepared according to the accounting rules applicable in France and are adjusted, where necessary, to harmonise the accounting methods.

2.5. Intra-group transactions

All reciprocal transactions conducted between the companies incorporated within the Group are eliminated.

The internal results on the disposal of assets between Group companies are eliminated.

2.6. Translation of foreign companies' financial statements

The net asset entries of foreign companies are translated into euros at the exchange rate on the date of the period's close. The entries on the income statement are translated at an average daily exchange rate.

Any translation difference for the opening net assets and on the income statement is recorded in the FX translation reserve of the equity section.

	Average rate	Closing rate
€/USD	1.0411	1.0875
€/CAD	1.3774	1.6268

2.7. Finance leases

As there are no finance leases of a material nature, they are not adjusted specifically in the consolidated financial statements.

2.8. Deferred taxes

Income tax represents the aggregate tax on profits of the Group's different companies, adjusted for any deferred taxes.

The temporary differences between the taxable income and the consolidated income before taxes gives rise to the recognition of deferred taxes according to the asset-liability method.

2.9. Closing date of the financial statements

The Group closes its annual financial statements on 31 March and its half-year financial statements on 30 September.

The subsidiaries BlackMill Games B.V., Black Soup GmbH, and Just 2D previously closed their annual financial statements on 31 December of each year; however, following an exceptional three-month reporting period from January 2023 to March 2023, these companies will move their closing date to 31 March.

The other subsidiaries of the Group also close their annual financial statements on 31 March.

3. EXPLANATION OF BALANCE SHEET AND INCOME STATEMENT ITEMS, AND THEIR CHANGES OVER TIME

3.1. Goodwill

Goodwill	31 March 2023	31 March 2022	*Change*
Gross value	83,855	72,747	11,108
Impairment	(12,028)	(4,072)	(7,957)
Net value	**71,826**	**68,675**	**3,151**
Of which Dotemu	*51,850*	*60,736*	*(8,886)*

On 5 September 2022, the Group acquired 66.67% of the share capital of the company BlackMill Games B.V., and on 16 November 2022 it acquired 60% of the shares of Black Soup GmbH (see "Key events"). These acquisition contracts provide for earn-outs conditioned on indicators combining several different criteria. It was deemed that there was a high likelihood of paying these earn-outs and they were recorded in the financial statements as of 31 March 2023.

The acquisition of BlackMill B.V. led to the provisional assessment of goodwill in the amount of €8.9 M and an intangible asset for €2.3M, amortised for €1.3 M as of 31 March 2023. The acquisition of Black Soup GmbH led to the provisional assessment of goodwill in the amount of €2 M. The acquisition of Dotemu during the previous financial year led to the definitive assessment of goodwill in the amount of €60,990 K.

	BlackMill Games B.V.
Cost of acquiring shares	**10,174**
Fair value of acquired net asset	1,224
Goodwill	***8,950***

As of 31 March 2023, the valuations of the assets and liabilities acquired are as follows:

	BlackMill Games B.V.
Purchase price	9,829
Acquisition costs	465
Tax savings related to acquisition costs	(120)
Purchase price	**10,174**
Fair value of acquired net asset	**1,224**
Goodwill	**8,950**

Intangible fixed assets	2,300
Property, plant & equipment	3
Financial fixed assets	-
Trade receivables	126
Other receivables, accruals, and deferrals	53
Cash and cash equivalents	174
Total Assets	**2,655**
Other payables, accruals, and deferrals	803
Trade payables	15
Total Liabilities	**818**
Net assets	**1,836**
% held	**66.67%**
Net Assets Acquired	**1,224**

Management has assessed that this goodwill will have a limited duration, as the equity investments made involved the acquisition of expertise with a limited lifespan. These lifespans cannot be estimated reliably, hence such goodwill is amortised on a flat rate over 10 years straight-line, as permitted by Article 231-11 of ANC regulation 2020-01. The same applied to the goodwill from BlackMill B.V. and from Black Soup as the Group continues to acquire their expertise.

No indication of impairment was detected during FY 2022/2023.

As the recoverable amount of goodwill recorded on the balance sheet cannot be determined individually, the Group has identified all assets of the production business and publishing business as a single cash generating unit, with the two businesses being interdependent. This decision was also due to the synergies that will develop thanks to these acquisitions. This is explained by the collaboration between the studios and with FOCUS ENTERTAINMENT in accordance with the publishing and integrated co-production strategy of the Group, as well as the sharing of certain means of production and back-office resources.

3.2. Intangible fixed assets

Concessions, patents, licences, and software essentially include the amounts paid to partner studios for games developed, but also investments in the Group's work tools.

Intangible fixed assets essentially concern the costs of developing the games marketed or under development.

Once a game is released during the accounting period, the game's value in "development costs for games in progress" is reclassified under "game development costs".

	31 March 2022	Entry into scope	Acquisitions	Disposals	Reclassification	Impact of currencies	Amortisation	31 March 2023
Research & development costs	429	-	-	-	-		-	429
Game development costs	72,088	2,300	12,069	-	29,693		-	116,151
Concessions, patents, software, trademarks	2,062	6	88	(217)	(8)	0	-	1,933
Other intangible fixed assets	133	-	-	(109)	-	-	-	24
Development costs of games in progress	70,356	-	55,987	-	(28,707)	-	-	97,636
Other intangible fixed assets in progress	1,119	-	-	-	(1,117)	-	-	2
GROSS INTANGIBLE FIXED ASSETS	**146,186**	**2,306**	**68,144**	**(326)**	**(138)**	**1**	**-**	**216,174**
Amortisation of research & development costs	(429)	-	-	-	-	-	-	(429)
Amortisation of games	(63,049)	-	-	-	(529)	-	(32,273)	(95,852)
Amortisation of patents, licences, trademarks, software	(1,439)	(6)	-	217	-	(0)	(379)	(1,608)
Amortisation of other intangible fixed assets	(133)	-	-	109	-	-	-	(24)
AMORT. OF INTANG. FIXED ASSETS	**(65,049)**	**(6)**	**-**	**326**	**(529)**	**(0)**	**(32,653)**	**(97,912)**
NET INTANGIBLE FIXED ASSETS	**81,136**	**2,300**	**68,144**	**0**	**(668)**	**1**	**(32,653)**	**118,262**

The year's acquisitions essentially concern games under development.

3.3. Property, plant & equipment

Property, plant, and equipment consist of IT equipment, construction works, and the fitting of premises.

	31 March 2022	Entry into scope	Acquisitions	Disposals	Reclassification	31 March 2023
Buildings and improvements	220	-	-	(28)	(46)	146
Other property, plant & equipment	2,567	12	392	(277)	-	2,694
Property, plant & equipment in progress	-	-	-	-	-	-
Down payments and advances for property, plant & equipment	4	-	-	-	(4)	-
PROPERTY, PLANT & EQUIPMENT	**2,792**	**12**	**392**	**(305)**	**(50)**	**2,840**
Deprec. of buildings and improvements	(176)	-	(22)	13	46	(139)
Deprec. of other property, plant & equipment	(1,787)	(1)	(447)	197	5	(2,033)
DEPREC. OF PROPERTY, PLANT & EQUIPMENT	**(1,963)**	**(1)**	**(469)**	**210**	**51**	**(2,172)**
NET PROPERTY, PLANT & EQUIPMENT	**829**	**10**	**(77)**	**(95)**	**0**	**667**

Purchases of property, plant, and equipment were mostly composed of IT equipment.

3.4. Financial fixed assets

	31 March 2022	Entry into scope	Acquisitions	Disposals	31 March 2023
Securities of non-consolidated companies	2	-	-	(1)	-
Security deposit	1,162	5	11	(63)	1,114
Liquidity account - Gilbert Dupont	55	-	59	-	114
Share buyback contracts					
GROSS VALUE OF FINANCIAL ASSETS	**1,218**	**5**	**70**	**(64)**	**1,228**
Impairment on non-consolidated securities	(1)	-	-	1	-
NET VALUE OF FINANCIAL ASSETS	**1,217**	**5**	**70**	**(63)**	**1,228**

Financial assets are composed of bank security deposits for loans, including accrued interest, as well as the liquidity account available to Gilbert Dupont, which had not been invested, at the close of the period, in the Company's own shares.

3.5. Inventory

	31 March 2023			31 March 2022
	Gross	Provision	Net	Net
Finished products	978	(395)	582	73
Merchandise	306	(15)	291	783
INVENTORY TOTAL	**1,284**	**(411)**	**873**	**855**

At the close of the period, the Group writes back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 31 March 2023, an addition of €736 K and a write-back of €493 K were recorded, resulting in a negative impact of €244 K on operating income.

3.6. Trade receivables

	31 March 2023			31 March 2022
	Gross	Provision	Net	Net
Trade receivables	27,566	(157)	27,409	13,367
TRADE RECEIVABLES	**27,566**	**(157)**	**27,409**	**13,367**

Trade receivables are payments owed within less than one year.

3.7. Other receivables, accruals, deferrals, and financial instruments

	31 March 2023			31 March 2022
	Gross	Provision	Net	Net
Advances and prepayments made	726	-	726	2,243
Tax and employee-related receivables	5,528	-	5,528	13,488
Deferred tax assets	1,213	-	1,213	1,022
Deferred expenses	4,825	-	4,825	3,623
Forward financial instruments	494	-	495	0
FX translation asset	275	-	275	13
Expenses to be allocated	1,641	-	1,641	1,966
Total of other receivables and financial instruments	**14,703**	**0**	**14,703**	**22,354**
Of which:				
- Due under one year	*7,497*	*0*	*7,497*	*18,977*
- Due between 1 and 5 years	*6,974*		*6,974*	*3,144*
- Due over 5 years	*232*		*232*	*232*

Forward financial instruments correspond to hedges established as part of the credit contract. (See Note 1.12)

Deferred taxes

Deferred taxes are broken down as follows:

	31 March 2022	Entry into scope	Change	31 March 2023
Temporary differences	977	(286)	253	943
Deferred tax assets	1,022	307	(116)	1,213
Deferred tax liabilities	45	593	(369)	269
Deferred taxes	**977**	**(286)**	**253**	**943**

Other receivables

Other receivables are due within one year.

The employee-related and tax receivables are essentially down payment on corporate income tax, VAT credits and VAT pending regularisation at the time of closing the accounts (e.g. VAT on accrued expenses).

Deferred expenses by type are broken down as follows:

	31 March 2023	31 March 2022
Subscriptions and rentals	120	376
Contributions and other costs	145	446
Unreleased games	4,560	2,801
DEFERRED EXPENSES	**4,825**	**3,623**

Deferred expenses only relate to operating expenses.

Expenses on games in development essentially comprise the marketing and production costs (localisation and testing) for games currently in development. These costs are recorded as expenses at the time the games are launched.

3.8. Cash and cash equivalents

	31 March 2023	31 March 2022
Transferable securities - Cash equivalents	-	600
Cash and cash equivalents	72,151	61,995
Gross cash	**72,151**	**62,595**
Bank overdraft	-	(27)
Net cash	**72,151**	**62,567**
Unrealised gains/losses on financial instruments	-	-
Cash including unrealised gains/losses on financial instruments	**72,151**	**62,567**

As at March 2022, transferable securities consisted of fixed-term accounts. No impairment was recorded.

3.9. Consolidated equity

As of 31 March 2023, FOCUS ENTERTAINMENT's share capital comprised 6,494,926 fully paid-up ordinary shares at a par value of €1.20 each.

Breakdown of share capital

	Number	Par value
Start of year	6,482,276	1.2
Shares issued during year	12,650	1.2
End of year	6,494,926	1.2

Treasury stock

Treasury stock held as of 31 March 2023 totalled 316,527 shares, of which 311,356 shares were part of the stock buyback programme and 5,171 shares were part of the liquidity programme implemented by the Group.

3.10. Potential share capital – Dilutive securities

The Group has allocated or issued different transferable securities giving a right to equity. Changes during the relevant period to each type of security giving future equity is presented below.

a) Allotment of free shares (AGA)

	Allotment of free shares					
Date authorised	11 October 2018	26 June 2019	17 December 2020	26 January 2021	30 March 2022	17 January 2023
Date vested	1/3 until 2022	Variable until 2023	December 2024	December 2024	March 2023	1/2 until 2024
End of holding period	in 2023	in 2024	in 2026	in 2026	30 March 2024	end of Oct. 2025
Number assigned	**48,600**	**5,600**	**70,000**	**75,375**	**6,000**	**53,460**
Number cancelled	4,400	1,000	26,733	29,852	-	-
Number still under vesting period on 31/03/2023	**-**	**600**	**43,267**	**45,523**	**-**	**53,460**
Number still under holding period on 31/03/2023	**1,400**	**800**			**6,000**	

The table shows the plans in effect as of 31 March 2023.

b) Stock options

During the financial year, 4,250 stock options were exercised:

	Stock options			
Date authorised	06 October 2017	26 June 2019	01 April 2022	05 January 2023
Exercise deadline	**06 October 2022**	**26 June 2024**	**30 June 2027**	**31 December 2027**
Exercise price	21.34	18.53	44.00	47.95
Number authorised	25,000	25,000	250,000	250,000
Number assigned	**7,450**	**15,750**	**42,500**	**85,000**
Number cancelled	3,550	1,750	-	-
Number exercised	3,900	4,000	-	-
Outstanding number on 31/03/2023	**-**	**10,000**	**42,500**	**85,000**

These were the only plans in effect as of 31 March 2023.

c) Stock warrants

There are no current stock warrant plans as of 31 March 2023.

3.11. Provisions for risks and expenses

	31 March 2022	Entry into scope	Additions	Write-backs used	Write-backs not used	31 March 2023
Provision for risks	525	111	226	(49)	(251)	560
Provision for retirement benefits	415	-	43		(176)	282
PROVISIONS FOR RISKS AND EXPENSES	**940**	**111**	**269**	**(49)**	**(427)**	**843**

The provisions for liabilities essentially represent the provision for risk of customer returns and the provision for charges on employee-related expenses on the allotment of free shares.

3.12. Borrowings and net debt

	31 March 2022	New borrowings	Repayments	Change in scope of consolidation	31 March 2023
Bank loans (excl. overdrafts)	**65,447**	**20,000**	**(2,970)**	**-**	**82,477**
- of which due in under one year	2,092				3,569
- of which due between 1 and 5 years	17,704				77,403
- of which due in over 5 years	45,651				1,505
Other borrowings and debt	38	-	(9)	-	28
Revolving	**-**				
Interest accrued (on other loans and similar payables)	585	(0)	(0)	(5)	581
Bank overdraft and other short-term debts	27	(32)	-	5	-
Financial debt	**66,097**	**19,968**	**(2,979)**	**-**	**83,086**
Cash and cash equivalents	(62,595)				(72,151)
Earn-outs/Deferred payments	10,500	5,825			16,325
NET DEBT	**14,002**				**27,260**

Gross financial debt, excluding bank overdrafts, mainly includes a senior loan and four BPI loans. The Group drew on a tranche of funds from its pooled debt.

The BPI loans are denominated in euros and have fixed rates.

The senior loan and the pooled debt are denominated in euros and have variable margins linked to the leverage ratios of FOCUS ENTERTAINMENT and index-linked to the Euribor. These borrowings carry financial covenants.

Under the credit contract and in order to comply with its obligations, two interest rate hedging transactions were carried out. The corresponding payments are recorded on the financial statements as of 31 March 2023 (see Note 1.12).

Net debt includes cash and cash equivalents, financial debt, and debt linked to earn-outs to be paid and deemed to be highly likely at year end, as well as deferred payments linked to acquisitions of companies by the Group.

3.13. Trade payables

Trade payables are broken down as follows:

	31 March 2023	31 March 2022
Trade payables	4,194	4,229
Accrued expenses	7,893	7,670
Accrued expenses - studios	23,068	7,096
TOTAL TRADE PAYABLES	**35,155**	**18,995**

As of 31 March 2023, accrued expenses from studios only concerned invoices still to be received for the additional royalties owed according to the sale reports sent to the studios in the 45 days following the closing of accounts.

3.14. Other payables and financial instruments

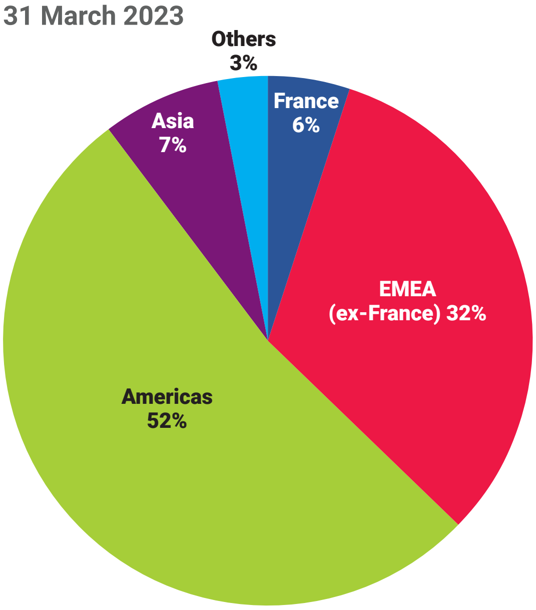
	31 March 2023	31 March 2022
Payables related to fixed assets	3,096	2,430
Tax and employee-related payables	11,640	5,816
Deferred tax liabilities	269	45
Other payables (including advances and prepayments received)	24,550	12,040
Current accounts - liabilities	2	2
Deferred income	2,339	9,170
FX translation liability	108	215
Derivative instruments - liabilities	34	-
Total of other payables and financial instruments	**42,038**	**29,719**

"Other payables (including advances and prepayments received)" are essentially composed of earn-outs linked to Group acquisitions and credit notes to be issued to customers resulting from contractual conditions.

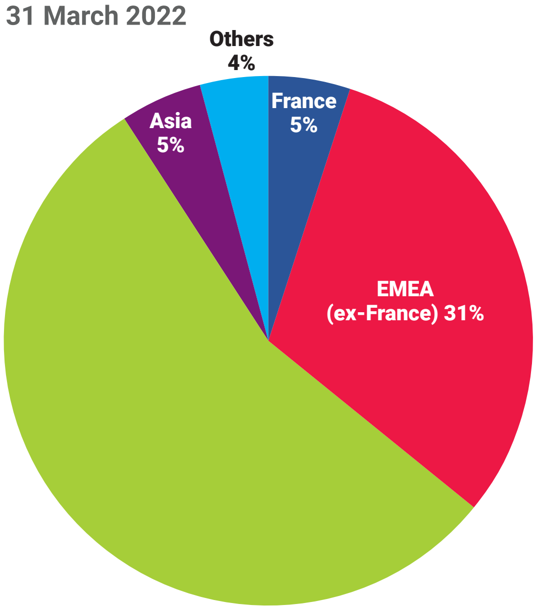
3.15. Breakdown of revenue

A. Sales by geographic regions

31 March 2023



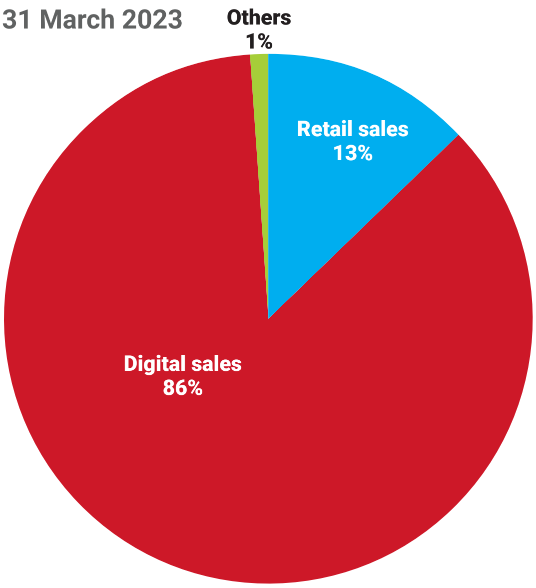
31 March 2022



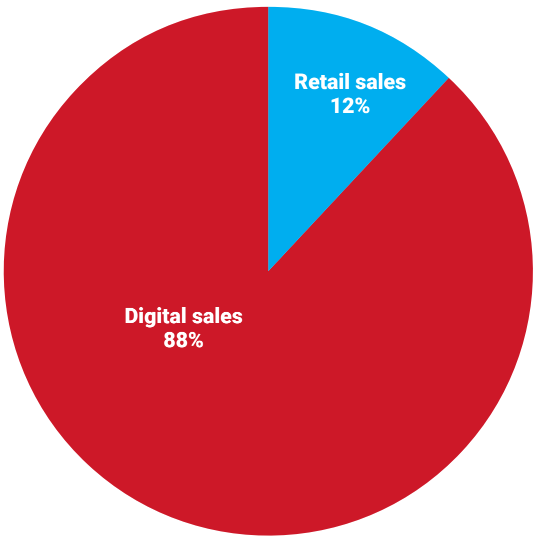
Geographical region	31 March 2023		31 March 2022		Change	
	In € K	%	In € K	%	In € K	%
France	10,479	6%	7,640	5%	*2,839*	*37%*
EMEA (excl. France)	62,364	32%	44,822	31%	*17,542*	*39%*
Americas	101,077	52%	77,111	55%	*23,966*	*31%*
Asia	13,823	7%	7,576	5%	*6,248*	*82%*
Others	6,361	3%	5,410	4%	*952*	*18%*
Total	**194,104**	**100%**	**142,558**	**100%**	**51,545**	**36%**

B. Sales by channel

31 March 2023



31 March 2022



Sales channel	31 March 2023		31 March 2022		Change	
	In € K	%	In € K	%	In € K	%
Retail sales	24,811	13%	17,640	12%	7,171	41%
Digital sales	166,866	86%	124,918	88%	41,948	34%
Others	2,426	1%	-	0%	2,426	n.a.
Total	**194,104**	**100%**	**142,558**	**100%**	**51,546**	**36%**

3.16. Cost of goods sold and game development costs

	31 March 2023	31 March 2022	Change
Manufacturing and ancillary costs	11,410	6,100	5,310
Studio royalties	78,977	65,586	13,391
Game development costs	32,509	29,524	2,985
TOTAL COST OF SALES & DEVELOPMENT EXPENSES	**122,897**	**101,210**	**21,687**

See note 1.17 for a description of these items.

3.17. Production costs

	31 March 2023	31 March 2022	Change
External production expenses	4,753	2,623	2,130
Internal production expenses (salaries & allocation of facility expenses)(1)	7,516	5,054	2,461
TOTAL PRODUCTION COSTS	**12,269**	**7,677**	**4,591**

(1) Facility expenses were allocated per department according to the number of employees.

See note 1.18 for a description of these items.

3.18. Sales and marketing expenses

	31 March 2023	31 March 2022	Change
External sales and marketing costs	16,621	7,387	9,234
Costs and expenses relating to receivables	161	0	161
Internal sales and marketing costs (salaries & allocation of facility expenses) (1)	6,788	5,756	1,032
TOTAL SALES AND MARKETING EXPENSES	**23,571**	**13,143**	**10,427**

(1) Facility expenses were allocated per department according to the number of employees.

See note 1.19 for a description of these items.

3.19. General and administration expenses

	31 March 2023	31 March 2022	Change
Rent, rental expenses, and additional costs	417	1,401	(984)
IT & telecommunication expenses	534	789	(255)
Taxes excl. corporate income tax	522	548	(26)
Intermediary remuneration and fees	3,850	2,564	1,286
Internal administrative expenses (salaries & allocation of facility expenses)(1)	4,448	2,667	1,781
Depreciation and amortisation	219	416	(197)
TOTAL GENERAL AND ADMINISTRATION EXPENSES	**9,989**	**8,385**	**1,604**

(1) Facility expenses were allocated per department according to the number of employees.

See note 1.20 for a description of these items.

3.20. Staff expenses

	31 March 2023	31 March 2022	Change
Production costs	14,653	9,398	5,255
Sales and marketing expenses	6,749	5,775	975
General and administration expenses	4,553	2,539	2,015
Employee expenses before activation	**25,956**	**17,711**	**8,245**
Activation linked to game development	(6,730)	(5,007)	(1,723)
TOTAL STAFF EXPENSES	**19,226**	**12,704**	**6,522**

3.21. Net change in depreciation, amortisation, and provisions

NET CHANGE IN DEPRECIATION, AMORTISATION, AND PROVISIONS BY TYPE	31 March 2023	31 March 2022	Change
Net addition to depreciation and amortisation:			
- on intangible fixed assets	32,654	29,382	3,272
- property, plant & equipment	421	304	117
Total additions to impairment	**33,075**	**29,686**	**3,389**
Addition to operating provisions:			
- on inventory	736	168	568
- on current assets (excl. inventory)	109	65	43
- on risks and expenses	189	186	3
- on risks and expenses (excl. return of goods)	43	155	(112)
Addition to financial provisions:			
- FX translation loss risk	35	0	35
- amortisation of borrowing costs	326	231	95
Addition to extraordinary provisions			
- risks and expenses	0	0	0
Total additions to provisions	**1,437**	**805**	**632**
Write-back of operating provisions:			
- on inventory	493	246	247
- on current assets (excl. inventory)	31	4	27
- on risks and expenses	252	855	(603)
- for guarantees	0	2	(2)
- on risks and expenses (excl. return of goods)	176	177	(1)
Write-back of financial provisions:			
- FX translation loss risk	0	153	(153)
Write-back of extraordinary provisions:			
- risks and expenses	49	49	0
Total write-back of provisions	**1,000**	**1,486**	**(487)**
Total addition to provisions net of write-backs	**438**	**(681)**	**1,119**
Net change in depreciation and amortisation	**33,512**	**29,005**	**4,507**

NET CHANGE IN DEPRECIATION, AMORTISATION, AND PROVISIONS BY PURPOSE	31 March 2023	31 March 2022	Change
Net addition to depreciation and amortisation:			
- production costs [(1)]	32,512	29,270	0
- general and administration expenses [(2)]	563	416	147
Total additions to amortisation	**33,075**	**29,686**	**3,389**
Addition to provisions:			
- cost of goods sold and game development costs [(2)]	748	431	317
- production costs [(2)]	40	52	(52)
- sales and marketing expenses [(2)]	115	61	(61)
- general and administration expenses [(2)]	0	28	(28)
- other costs [(2)]	174	0	174
- financial	361	231	130
- extraordinary items	0	2	(2)
Total additions to provisions	**1,437**	**805**	**632**
Write-backs of provisions:			
- cost of goods sold and game development costs [(2)]	468	627	0
- production costs [(2)]	163	219	(56)
- sales and marketing expenses [(2)]	264	396	(132)
- general and administration expenses [(2)]	56	42	14
- other income	0	0	0
- financial	0	153	(153)
- extraordinary items	49	49	(0)
Total write-back of provisions	**1,000**	**1,486**	**(486)**
Total addition to provisions net of write-backs	**438**	**(681)**	**1,119**
Net change in depreciation and amortisation	**33,512**	**29,005**	**4,507**
[(1)] of which amortisation of intangible assets acquired in a business combination	1,334		
[(2)] Allocations to amortisation and provisions - Other	689		

3.22. Financial profit (loss)

As of 31 March 2023, the financial profit of €3 M was mainly made up of €2.8 M in interest, versus €1.7 M as of 31 March 2022.

3.23. Extraordinary profit (loss)

	31 March 2023	31 March 2022	Change
Write-back of amortisation and provisions	270	49	221
Other extraordinary income	163	241	(78)
Extraordinary income	**433**	**290**	**143**
Additions to amortisation and provisions	2	0	2
Net value of disposed assets	325	0	325
Other extraordinary expenses	309	1,607	(1,298)
Extraordinary expenses	**636**	**1,608**	**(972)**
EXTRAORDINARY PROFIT (LOSS)	**(203)**	**(1,317)**	**1,115**

As of 31 March 2023, other extraordinary income and expenses mainly corresponded to the write-backs of provisions from 31 March 2022.

As of 31 March 2022, other extraordinary expenses consisted of the costs of due diligence in connection with the acquisition projects that were aborted and restructuring costs for the year. As of 31 March 2023, they were allocated to the operating profit or loss.

3.24. Earnings per share

	31 March 2023	31 March 2022
Share capital	7,794	7,779
Number of shares	6,494,926	6,482,276
Number of diluted shares	*6,438,949*	*6,342,386*
Net income	**7,313**	**2,980**
Weighted earnings per share	**1.18**	**0.48**
Diluted earnings per share	**1.14**	**0.47**

3.25. Income tax

	31 March 2023	31 March 2022
Deferred tax assets	1,213	1,022
Deferred tax liabilities	(269)	(45)
Deferred taxes on balance sheet	**943**	**977**
Tax credit	872	
Tax payable	3,831	2,739
Deferred taxes	(253)	288
Tax expenses	**4,450**	**3,027**

Explicative table on the effective tax rate

Ordinary earnings before taxes and earnings from equity-method companies	**14,715**
Current taxes	(3,831)
Deferred taxes	253
Total tax expenses	**(4,450)**
Effective tax rate	30.24%
Group standard rate	25.82%
Theoretical tax burden	**(3,799)**
Theoretical/actual difference	650
Items reconciling theoretical tax charge and actual tax charge:	
Amortisation of goodwill	(1,975)
Non-recognition of deferred taxes	160
Corporate income tax adjustments for previous years	212
Rate differences	14
Video game tax credit	900
Other permanent differences	38
Identified reconciling items total	**(650)**

3.26. Workforce

	31 March 2023	31 March 2022
Production	269	201
Sales and marketing	44	54
Administration	85	52
Total average workforce	**398**	**307**

As of 31 March 2023, the average workforce was made up of 191.06 employees of FOCUS ENTERTAINMENT, 91.9 employees of Deck13 Interactive GmbH, 23.03 employees of Streum On Studio, 41.70 employees of Dotemu, 13.55 employees of Douze Dixièmes, 19 employees of Leikir Studio, 8 employees of BlackMill, and 10 employees of Black Soup GmbH.

3.27. Off-balance-sheet commitments

1. Commitments given

a) Commitments given to external studios and right holders.

As of 31 March 2023, the Group had signed contracts with studios for the acquisition of publication and distribution rights, as well as licences on the adaptation rights of a trademark or title with the right holders of the relevant trademark, title or franchise.

The outstanding amounts to be paid are as follows:

	31 March 2023(*)	31 March 2022
Commitments given to studios and right holders	152,398	120,786
Of which to studios	*151,332*	*120,132*
Of which to right holders	*1,066*	*654*
	31 March 2023(*)	**31 March 2022**
Commitments given to studios and right holders	152,398	120,786
Of which due under one year	*68,311*	*59,183*
Of which due between 1 and 5 years	*84,087*	*61,603*

(*) contracts under negotiation as of 31 March 2023 and that were finalised post-closing are included in the commitments presented as of 31 March 2023

Once paid, these amounts will be recognised under the balance sheet item of intangible assets and will be recorded in the income statement according to the principle described in note 1.7.

b) Operating lease commitments

Leases mainly include real property leases for the Group's head office and leases for the subsidiaries.

	31 March 2023	31 March 2022
Commitments on property leases (rents & expenses)	9,134	6,017
Of which due under one year	*2,195*	*1,718*
Of which due between 1 and 5 years	*5,429*	*4,299*
Of which due after 5 years	*1,510*	*-*

The Group also rents out certain pieces of equipment under rental agreements that can be terminated.

c) Other leases

The Group also rents out certain pieces of equipment under rental agreements that can be terminated.

d) Finance leases

The Group has entered into finance leases for equipment for a non-significant amount.

e) Bank covenants

The company must calculate a leverage ratio as at 31 March of each year, which must not exceed the threshold specified in the contract, signed on 20 July 2021. This ratio is defined as the ratio of consolidated net debt to consolidated EBITDA. The ratio had not exceeded the threshold as of 31 March 2023.

f) Currency hedges

The Group's exposure to foreign exchange risk mainly relates to two foreign currencies: USD and GBP.

The Group must then make purchases of currencies as needed to comply with its contractual obligations.

As of 31 March 2023, the Group had made two forward purchases in the total amount of GBP 26.5 million to hedge foreign exchange risk as part of the acquisition of Dovetail Games in April 2023 (see Note 1.12.).

g) Buyback commitments on minority shareholdings

The minority shareholders of Dotemu and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale options relating to the remaining shares held by the minority shareholders. The strike price and conditions of these options are defined by contract.

The minority shareholders of Streum On Studio and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale promises relating, in part, to the remaining shares held by the minority shareholders. The strike price and conditions of these promises are defined by contract.

The minority shareholders of Douze Dixièmes and the company FOCUS ENTERTAINMENT have agreed to a unilateral option of sale relating, in part, to the remaining shares held by a minority shareholder. The strike price and conditions of this option are defined by contract.

The minority shareholders of BlackMill B.V. and the company FOCUS ENTERTAINMENT have agreed to a unilateral option of sale relating, in part, to the remaining shares held by a minority shareholder. The strike price and conditions of this option are defined by contract.

The minority shareholders of Black Soup and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale options relating, in part, to the remaining shares held by the minority shareholders. The strike price and conditions of these options are defined by contract.

2. Commitments received

The Group benefits from commitments from its banks and financial partners regarding lines of credit confirmed but not drawn, in the amount of €60,500 K.

3.28. Transactions with related parties

The Group remunerates its corporate officers, including the members of the Board of Directors.

Remuneration in thousands of euros	31 March 2023	31 March 2022
Compensation for service(1)	-	-
Services	393	517
Attendance-related fees(2)	226	75
TOTAL	**619**	**592**

(1) Compensation for service to the Chairman of the Board of Directors.
(2) Attendance-related fees owed to members of the Board of Directors

Service contract between the Company and FLCP & Associés

On 10 December 2020, a services contract between the Company and FLCP & Associés was authorised by the Supervisory Board. This services contract specifies:

- The provision of advising in the matter of acquisitions and strategy relating to acquisition by merger;
- Annual fixed remuneration in the amount of €250,000 excl. tax, as well as remuneration in the form of success fees that may range from 0.3% to 0.5%, excl. tax, of the "portion of the company value at 100% of the acquired company";
- The term of the agreement starts from the time of the signing of the contract and lasts until 31 March 2022, and it will renew automatically each year, for a period of one year from 1 April to 31 March of each year, unless terminated by one of the parties.

At the Ordinary and Extraordinary Shareholders' General Meeting held on 16 April 2021, the Supervisory Board explained this agreement as follows: FLCP & Associés will act as a technical consultant for the Company on matters related to M&A services, with a view to assisting the Company in determining its external growth strategy and implementation thereof by supporting the Company with the entire acquisition process. These items of remuneration were deemed by the Supervisory Board to be low in comparison to the retainers and success fees proposed by business banks in relation to searches for acquisition targets and to purchase mandates.

The amounts of this service contract over the period from 1 April 2022 to 31 March 2023 came to €388 K.

As of 31 March 2023, the Group has not identified any other transactions with related parties that were not entered into under normal market conditions or that had a material impact on the financial statements. As such, no additional information required under Article R. 123–198 11 of the French Commercial Code is required.

3.29. Auditors' fees

Remuneration in thousands of euros	Deloitte	Finexsi Audit	Others	31/03/2023 € K	%
Auditing, certification of individual and consolidated financial statements:					
- Issuer	133	124		257	
- Fully consolidated subsidiaries		20	21	41	
Total for statutory assignment of statutory auditors	**133**	**144**	**21**	**298**	**93%**
Other services rendered by the network to fully consolidated subsidiaries					
- Issuer		22		22	
- Fully consolidated subsidiaries					
Total of other services	**0**	**22**	**0**	**22**	**7%**
Total	**133**	**166**	**21**	**320**	**100%**

FOCUS ENTERTAINMENT
Parc de Flandre “Le Beauvaisis” - Bâtiment 28
11, Rue de Cambrai - 75019 Paris, France

STATUTORY AUDITORS’ REPORT ON THE ANNUAL FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 MARCH 2023

Finexsi Audit
14 rue de Bassano
75116 Paris, France
S.A. with share capital of €57,803 RCS Paris 412 029 357

Statutory auditing firm
registered with the *Compagnie Régionale de Paris*

Deloitte & Associés
6 place de la Pyramide
92908 Paris-La Défense Cedex, France
S.A.S. with share capital of €2,188,160 RCS Nanterre 572 028 041

Statutory auditing firm
registered with the *Compagnie Régionale de Versailles et du Centre*

For the attention of the Shareholders' General Meeting of FOCUS ENTERTAINMENT

Opinion

Pursuant to the assignment entrusted to us by your Shareholders' General Meeting, we have audited the accompanying annual financial statements of FOCUS ENTERTAINMENT for the year ended 31 March 2023.

We hereby certify that the annual financial statements are, with regard to French accounting principles and rules, consistent and accurate and give a fair and true view of the past year's operational performance, as well as the financial position, assets, and liabilities of the company at the close of the year.

Basis for opinion

Audit framework

We performed our audit according to the standards of our profession applicable in France. We consider that we collected sufficient and relevant audit evidence to form the basis for our opinion.

Our responsibilities under these professional standards are stated in the "Statutory auditors' responsibilities for the audit of the annual financial statements" section of this report.

Independence

We have completed our audit assignment in compliance with the rules governing independent auditors set forth in the French Commercial Code and by the code of ethics of the profession of statutory auditors, over the period from 1 April 2022 to the issue date of our report.

Justification of assessments

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code regarding the justification of our assessments, we bring to your attention the following aspects, which, in our professional opinion, were the most important in our audit of the annual financial statements for the year.

The assessments made fit into the context of the audit of the annual financial statements taken as a whole and the formation of our opinion stated above. We do not express any opinion on specific items taken in isolation from these annual financial statements.

Equity securities

Equity securities, the net amount of which appears on the balance sheet as of 31 March 2023, came to €92,138 K; they are assessed at their purchase prices, plus any earn-outs, using the methods described in note "1.5 Financial fixed assets" of the section "Accounting standards and methods" of the notes to the annual financial statements, and are depreciated on the basis of their value in use, as per the definition given in the notes.

Our work mainly consisted of examining the data and hypotheses on which the estimates prepared by the management team were based to determine any earn-outs to be recorded at year end and the value in use of the equity securities. We also verified that note "1.5 Financial fixed assets" of the section "Accounting standards and methods" of the notes to the annual financial statements provides appropriate information.

Specific verifications

In accordance with the professional standards applicable in France, we conducted specific verifications as required under legal and regulatory provisions.

Disclosures in the management report and other documents on the financial position and annual financial statements addressed to shareholders

We make no observations on the accuracy of the disclosures in the Board of Directors' management report and in the other documents in relation to the financial position and financial statements addressed to shareholders.

We hereby certify the accuracy and consistency with the financial statements of the disclosures on the payment lead times required under Article D.441-6 of the French Commercial Code.

Information on corporate governance given in the management report

We hereby certify that the information required by Article L.225-37-4 of the French Commercial Code appears in the section on corporate governance of the Board of Directors' management report.

Responsibilities of management and those charged with corporate governance relating to the financial statements

Management is responsible for preparing financial statements that present a true and fair image of the business in accordance with French accounting rules and principles, as well as for establishing the internal controls it deems necessary to ensure the financial statements do not contain material misstatements, whether due to fraud or error.

In preparing the financial statements, management must assess the company's ability to continue as a going concern, disclose in said statements, as applicable, the necessary matters related to a going concern, and use the going-concern basis of accounting unless the company is expected to be liquidated or cease its operations.

The annual financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities with regard to the audit of the financial statements

It is our responsibility to prepare a report on the annual financial statements. Our objective has been to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards will systematically detect every material misstatement. Misstatements may be the result of fraud or error and are considered material when it can be reasonably expected that they could, individually or in the aggregate, influence the financial decisions of users taken on the basis of the financial statements.

As stipulated by Article L. 823-10-1 of the French Commercial Code, our audit of these financial statements does not include a guarantee on the viability or quality of the management of the company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises professional judgement throughout the audit. Furthermore,

- the auditor identifies and assesses the risks that the financial statements may contain material misstatements, whether due to fraud or error, designs and carries out audit procedures responsive to these risks, and collects audit evidence deemed relevant and sufficient to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the evasion of internal controls;
- the auditor obtains an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls;
- the auditor evaluates the appropriateness of accounting methods used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;
- they assess the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cast doubt on the company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or are inadequate, to place a qualification on their opinion or refuse to certify the statements;
- the auditor evaluates the overall presentation of the annual financial statements and assesses whether the statements represent the underlying transactions and events in a manner that achieves a fair representation.

Paris and Paris-La Défense, 20 July 2023

The Statutory Auditors

Finexsi Audit	**Deloitte & Associés**
Lucas Robin	Julien Razungles

PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

[in thousands of euros]

I. ASSETS

		31 March 2023			31 March 2022
		Gross	Impairment & provisions	Net	Net
ASSETS					
Intangible fixed assets	Concessions, patents, and similar rights	136,238	(118,326)	17,912	6,607
	Other intangible fixed assets	88,809	-	88,809	66,271
Property, plant & equipment	Buildings and improvements	146	(139)	7	44
	Other property, plant & equipment	1,976	(1,443)	534	665
	Advances and prepayments on property, plant & equipment	-	-	-	4
Financial fixed assets	Other equity interests	92,138	-	92,138	79,289
	Other financial fixed assets	13,100	(3)	13,097	12,235
FIXED ASSETS		332,408	(119,911)	212,498	165,115
Inventory and works in progress	Raw materials	35	-	35	57
	Finished products	629	(205)	425	469
	Merchandise	136	(15)	121	13
Advances and prepayments paid on orders		42	-	42	460
Trade receivables		17,132	(156)	16,975	10,791
Other receivables		5,169	-	5,169	16,934
Forward financial instruments		494	-	494	-
Cash and cash equivalents		56,134	-	56,134	57,576
Deferred expenses		3,737	-	3,737	2,334
Expenses to be allocated across multiple financial years		1,641	-	1,641	1,966
FX translation asset		260	-	260	13
CURRENT ASSETS		**85,409**	**(376)**	**85,032**	**90,613**
TOTAL ASSETS		**417,817**	**(120,287)**	**297,530**	**255,728**

II. LIABILITIES

		31 March 2023	31 March 2022
LIABILITIES			
Share capital	of which paid 7,794	7,794	7,779
Share premiums		90,275	90,192
Statutory reserve		779	779
Other reserves		-	-
Retained earnings		47,932	41,924
Profit (loss) for the year		6,545	6,018
Equipment subsidy		-	-
Regulated provisions		818	294
EQUITY		**154,143**	**146,985**
Provision for risks		449	522
Provision for expenses		225	303
PROVISIONS FOR RISKS AND EXPENSES		**674**	**825**
Convertible bonds		-	-
Other bonds		-	-
Loans and borrowings from credit institutions		82,536	65,261
Miscellaneous borrowings and financial debt		-	-
Advances and prepayments received on pending orders		-	1,059
Trade payables		23,083	16,543
Tax and employee-related payables		4,875	3,728
Payables related to fixed assets and related accounts		25,024	12,800
Forward financial instruments		34	-
Other payables		5,252	197
Deferred income		1,806	8,114
PAYABLES		142,610	107,702
FX translation liability		103	215
TOTAL LIABILITIES		**297,530**	**255,728**

III. INCOME STATEMENT

	France	Export	31 March 2023	31 March 2022
Merchandise sales	767	2,963	3,730	31
Sales of produced goods	2,034	9,317	11,351	10,182
Sales of produced services	1,333	128,066	129,399	122,447
Revenue	**4,134**	**140,346**	**144,481**	**132,660**
Inventoried production			(858)	(2,821)
Capitalised production			-	-
Operating subsidies			65	7
Write-back of provisions and transfer of expenses			4,874	4,712
Other income			1,510	2,188
OPERATING INCOME			**150,072**	**136,747**
EXTERNAL EXPENSES				
Purchases of goods			986	
Change in inventory of goods			(968)	(2,267)
Purchases of raw materials and other supplies			4,145	2,992
Change in raw materials and other supplies			(60)	(53)
Other purchases and external expenses			83,324	80,125
TOTAL OF EXTERNAL EXPENSES			**87,427**	**80,797**
TAXES AND SIMILAR PAYMENTS			**679**	**696**
STAFF EXPENSES				
Wages and salaries			10,840	8,174
Employee-related expenses			4,923	3,668
TOTAL STAFF EXPENSES			**15,762**	**11,842**
OPERATING PROVISIONS				
Impairment of fixed assets			31,277	24,167
Provisions for fixed assets			1,157	5,348
Provisions for current assets			531	143
Provision for risks and expenses			209	358
TOTAL OPERATING PROVISIONS			**33,173**	**30,017**
OTHER OPERATING EXPENSES			**1,074**	**2,092**
OPERATING EXPENSES			**138,115**	**125,443**
OPERATING PROFIT (LOSS)			**11,957**	**11,303**
Financial income from equity interests			-	7
Income from other transferable securities and receivables from fixed assets			-	-
Other interest and similar income			539	25
Write-back of provisions and transfer of financial expenses			7	18
Foreign exchange gains			285	284
Net income from disposal of transferable securities				
TOTAL FINANCIAL INCOME			**831**	**333**
Financial additions to amortisation and provisions			364	256
Interest and similar expenses			2,794	1,770
Foreign exchange losses			845	6
Net expense from disposal of transferable securities			-	-
TOTAL FINANCIAL EXPENSES			**4,003**	**2,032**
FINANCIAL PROFIT (LOSS)			**(3,172)**	**(1,699)**
ORDINARY EARNINGS BEFORE TAXES			**8,785**	**9,604**
Extraordinary income from management transactions			-	5
Extraordinary income from capital transactions			343	530
Write-back of provisions and transfer of expenses			88	49
TOTAL EXTRAORDINARY INCOME			**431**	**585**
Extraordinary expenses from management transactions			242	
Extraordinary expenses from capital transactions			130	1,539
Extraordinary additions to amortisation and provisions			565	251
TOTAL EXTRAORDINARY EXPENSES			**937**	**1,790**
EXTRAORDINARY PROFIT (LOSS)			**(506)**	**(1,206)**
Income tax			1,734	2,380
Employee shareholding			-	-
NET INCOME			**6,545**	**6,018**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING FRAMEWORK

The financial statements of the company FOCUS ENTERTAINMENT are drawn up on the basis of the accounting standards applicable in France, in compliance with the general rules for preparation and presentation of financial statements as set forth by regulation No. 2018-07 of 10 December 2018, amending ANC regulation No. 2014-03 of 5 June 2014, adhering to the principle of prudence, according to the following basic assumptions:

- A going concern,
- Continuity of accounting methods from one period to the next,
- Independence of periods.

Unless stated otherwise, the figures are stated in thousands of euros.

During this financial year, there was no change in the accounting method, nor in the method of preparing estimates.

1.1. MATERIAL EVENTS OF THE PERIOD

Change in company name

The Shareholders' General Meeting, held on 1 April 2022, resolved to change the Company's name from Focus Home Interactive to FOCUS ENTERTAINMENT, effective immediately, in order to ensure consistency by highlighting the Company's main business lines and values. Indeed, the name "Entertainment" represents the ambition to offer players around the world unique experiences with an editorial line that stands out thanks to its innovative concepts, alternative gameplay, and original universes that go beyond the boundaries of video games.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit to begin in early July 2021 and covering the period from 1 April 2017 to 31 March 2020. The audit ended on 1 June 2022 and resulted in an immaterial adjustment that had already been provisioned for as at the year's end in March 2022.

External growth

On 5 September 2022, FOCUS ENTERTAINMENT acquired 66.67% of the share capital of WW1 Game Series B.V., since renamed BlackMill Games B.V., for the price of €5.5 M, including acquisition costs but excluding earn-outs. The acquired company's accounts are consolidated in the Group from the same date.

Based in the Netherlands and composed of a team of 15 or so passionate creators, BlackMill Games has become the sixth development studio to join Focus Group. Jos Hoebe, Founder and Creative Director of BlackMill Games, will own the remaining 33.33% of share capital and voting rights, and will continue to lead the studio.

On 16 November 2022, FOCUS ENTERTAINMENT acquired 60% of the share capital of Black Soup GmbH for €2.7 M, including acquisition costs. Black Soup GmbH, in turn, owns the company Peanut Butter and Jelly GmbH. The acquired company's accounts are consolidated in the Group from the same date.

Change in governance

On 5 January 2023, the Board of Directors of FOCUS ENTERTAINMENT decided to appoint Sean Brennan to the position of Chief Executive Officer, effective immediately. Mr Brennan would be supported by two deputy CEOs: Christophe Nobileau, in charge of corporate affairs, and John Bert, in charge of operations. The appointment was accompanied by a change in the governance of the Board of Directors, which entrusted its Chair position to Mr Fabrice Larue, with Mr Frank Sagnier being appointed as Vice Chairman.

War in Ukraine

The war in Ukraine, which started on 24 February 2022, has had a very limited impact on FOCUS ENTERTAINMENT. At present, revenue from sales made to gamers in Ukraine or Russia account for less than 1% of revenue in 2022-23.

FOCUS ENTERTAINMENT has just one long-standing partner in Russia, whose game development business is partly managed from Russia, Ukraine, and Belarus.

This partner, which has a large number of studios throughout Europe and the rest of the world, has taken steps to assure the relocation and safety of many of its employees ready to leave, and to transfer certain tasks to other studios. FOCUS ENTERTAINMENT does not, at this point, expect any significant impact on the timing and quality of the games developed by this partner.

If, despite the actions taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a need to push back dates for revenue expectations, as well as an impact on the development of the budget and the achievement of sales goals.

1.2. EVENTS AFTER 31 MARCH 2022

Acquisition of Dovetail Games Group

On 20 April 2023, FOCUS ENTERTAINMENT acquired 98% of the share capital of Dovetail Games Group via the creation of Dovetail Games Holding, owned 98% by Focus. The accounts of the acquired entities are consolidated in the Group from the same date.

Credit contract

As part of the acquisition of Dovetail Games Group, FOCUS ENTERTAINMENT drew an additional €20 million from its line of credit.

Additionally, in order to uphold its obligations under the credit contract, on 14 June 2023, FOCUS ENTERTAINMENT established a senior collateral pledge of 50.1% of the financial securities of Dotemu to the benefit of the creditors holding the credit contract.

Acquisition of a minority stake in Carpool Studio

FOCUS ENTERTAINMENT joined forces with industry veterans François Alaux, Olivier Blin, and Thomas Painçon to found Carpool Studio, dedicated to the development of an ambitious, multiplayer "game as a service" (GaaS) based on a new piece of intellectual property. Pursuant to this, on 26 May 2023, FOCUS ENTERTAINMENT acquired 35% of the share capital of Carpool Studio via a share capital increase for €2.1 M.

Change in governance

On 16 May 2023, in agreement with the Board of Directors, Mr Sean Brennan presented his resignation from the position of Chief Executive Officer of FOCUS ENTERTAINMENT, effective immediately. As part of this change in governance and in order to continue implementing the Company's strategy, the Board of Directors, still in their 16 May meeting, announced that they had taken the decision to combine the duties of Chair of the Board of Directors and of Chief Executive Officer, appointing Mr Fabrice Larue to the position of Chairman and CEO of FOCUS ENTERTAINMENT Group.

As Chairman of FOCUS ENTERTAINMENT and on behalf of the Board of Directors, Mr Fabrice Larue confirmed the desire to pursue the strategy initiated in the last several years and to support FOCUS ENTERTAINMENT Group's teams, who have the full confidence of the Board.

The other members of the management team remain in place and are focussed on delivering the Group's ambitious line-up of games.

Partnerships

Negotiations in progress as of 31 March 2023 resulted in the signing, post-closing, of a deal for three new games, including a new franchise co-owned and co-developed by Saber Interactive. The elements resulting from these negotiations are included in the off-balance-sheet items (see note 2.18.1a).

1.3. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that could affect the book value of certain items on the balance sheet or income statement; they can also have impacts on disclosures in some of the notes to the financial statements.

The Company regularly reviews these estimates and assessments to take into consideration past experience and other factors deemed relevant under the persisting economic conditions.

The estimates, assumptions, and assessments are based on the information or circumstances existing as at the date the financial statements were prepared, which may in the future prove to be different from the reality.

The main estimates and assumptions relate, in particular, to the following:

- The valuation of intangible assets in particular games,
- The determination of provisions for liabilities and charges,
- The provisions for the determination of inventory,
- The earn out on the purchases of equity investments,
- Impairment testing on equity investments.

1.4. INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible fixed assets are mostly investments made to studios as part of the contractual acquisition of publication and distribution rights over games, and other investments in games, whether or not the Group acquires the intellectual property (IP) of the game. These contracts can include minimum royalty guarantees and/or payments of funds depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

Once a game has been launched, the total investment is amortised over the estimated life of the game, generally between 12 and 24 months. This amortisation may be modified if expected sales will not enable the guaranteed minimum to be recouped. Where royalties to be paid exceed the guaranteed minimum, FOCUS ENTERTAINMENT pays supplementary royalties which are recorded in the income statement.

Intangible assets also include game developments by the German subsidiary Deck13 Interactive, Streum On Studio and Douze Dixièmes.

Other non-current assets are valued at their acquisition price, including any ancillary costs directly attributable to them. Depreciation and amortisation are calculated on the asset's expected useful lifespan:

- Concessions, patents, licences: 3 years straight-line
- General equipment, fixtures, and fittings: 8–10years straight-line
- Office and IT equipment: 3–5years straight-line
- Office furniture: 5–8years straight-line

Non-current assets can also be the subject of impairment when, due to events or circumstances during the year, their fair value becomes permanently less than their net book value.

1.5. FINANCIAL FIXED ASSETS

Financial fixed assets include, in particular:

- deposits and sureties relating to outstanding borrowings and leases,
- receivables and treasury stock held as part of the liquidity contract with the company Gilbert Dupont,
- treasury stock held by the Company as part of the stock buyback programme,
- equity securities, which are recorded on the balance sheet at their purchase price or at their subscription value and earn-outs, when said earn-outs are highly probable. Indeed, in the event of acquisition contracts with earn-out clauses, earn-outs are estimated as reliably as possible by management as at the date of acquisition, in accordance with the terms defined in the agreements. If their payment is deemed likely when drawing up the financial statements, they are accounted for in the acquisition cost of the shares. The initial estimates of the variable components of the purchase price, prepared as at the date of acquisition, are revised at each year end by the management, or whenever they become reliably measurable for the first time after that date. The acquisition cost of the shares is then adjusted accordingly. The company has also chosen to record the acquisition costs of shares as fixed assets. They are subjected to accelerated impairment on a straight-line basis over 5 years and are recorded among regulated provisions. The value in use of the equity securities is assessed each financial year according to profitability prospects.

When the value in use is less than the net book value, a provision for impairment is established equal to that difference.

1.6. INVENTORY

Inventory is valued using the weighted average cost method.

The gross value of finished products and merchandise comprises the manufacture or purchase price and ancillary expenses, including manufacturing fees paid to console manufacturers.

A provision for depreciation is recorded, calculated product by product on the basis of obsolescence, turnover ratio and the sale potential of the inventory. Each year, the Company writes back the entire provision of the previous year and calculates a new provision for the year.

With regard to sales by consignment in certain countries outside France, the consigned games remain the property of FOCUS ENTERTAINMENT and are recorded under inventory until sold by the distributor.

1.7. TRADE RECEIVABLES

Trade receivables are recorded at face value. A provision for impairment is recorded when the book value of the receivables shows a risk of non-recovery. The book value is assessed on a case-by-case basis according to the age of the receivable and the customer's situation.

1.8. OTHER RECEIVABLES

Other receivables are made up mainly of employee-related and tax receivables and current accounts within the Group.

1.9. TRANSACTIONS IN FOREIGN CURRENCIES

The Company applies Regulation 2015-05 of the French Accounting Standards Authority (ANC) on futures and hedging transactions.

Transactions completed in foreign currencies are recorded at the monthly average rate of the month prior to that in which they are conducted.

Receivables and payables not denominated in euros are converted at the exchange rate at year end to be added to the balance sheet. Currency translation differences are recorded appropriately among balance sheet assets or liabilities.

As of 31 March 2023, FOCUS ENTERTAINMENT had made two forward purchases in the total amount of GBP 26.5 million to hedge foreign exchange risk as part of the acquisition of Dovetail Games in April 2023. The forward contracts' fair value is €115 K as of 31 March 2023.

Under the credit contract and in order to comply with its obligations, two interest rate hedging transactions were carried out. The corresponding payments are recorded on the financial statements as of 31 March 2023. The fair values of the hedges are €3,293 K and €335 K as of 31 March 2023. A loan insurance policy premium was paid in the amount of €494 K.

Currency swap transactions, for USD and GBP, were carried out and recorded on the financial statements as of 31 March 2023. The unrealised loss at the financial year's closing was registered on the financial statements.

1.10. PROVISION FOR RISKS

A provision is recognised when the following three conditions are met:

- there is a current obligation (legal or implied) resulting from a past event,
- settlement of the obligation will probably require an outflow of resources embodying economic benefits,
- a reliable estimate can be made on the amount of the obligation.

A provision for liabilities has been established for the risk of returned merchandise from customers.

This provision is assessed by offsetting the profit margin made on the sales of games presenting a possibility of clearance and those remaining in stock at main customer outlets, based on the return rate assessed for each title according to its sales performance.

A provision for risks is also set up to cover the risk of an exchange loss and staff-related disputes.

1.11. PROVISION FOR EXPENSES

The provision for expenses only concerns pension commitments.

French employees of the Company receive pension benefits under French regulations:

- receipt of a retirement bonus from the Company when the employee retires (defined benefits scheme);
- payment of a pension by social security bodies, which are funded by company and employee contributions (defined contributions scheme).

Retirement schemes, related bonuses, and other company benefits that are analysed as defined benefits schemes (scheme whereby the Company guarantees a defined benefit amount or level) are recorded on the balance sheet on the basis of an actuarial assessment of the commitments as at the close of the year, less the fair value of the relevant scheme's assets dedicated to those commitments.

This appraisal relies in particular on assumptions relating to salary changes, retirement ages, and the use of the projected unit credit method, as well as taking into account staff turnover and probable mortality rates.

The Company's payments to the defined contributions schemes are recorded as expenses in the income statement for the period to which they relate.

The calculation method applied is the retrospective method: projected unit credit method with end-of-career salaries (currently entitled to retirement benefits with updated end-of-career salaries).

The retirement commitments as of 31 March 2023 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 3.60%;
- Salary increase rate: 3%;
- Rate of applicable employee-related expenses: 45%;
- Employee turnover rate: 0% to 24%;
- Collective bargaining agreement: Syntec;
- Mortality table: INSEE TV/TD 2011–2013.

This compensation is calculated on the voluntary retirement of employees at 65 years of age in accordance with the provisions of the collective bargaining agreement in force with Company.

1.12. DEFERRED INCOME

Deferred income comprises advances paid by customers for pre-launch games. Such income is recognised in revenue at the time of marketing the game in the territory covered by the distribution contract under which the advance payments are made.

1.13. REVENUE

The Company's revenue is mainly composed of the physical and digital sale of video games.

a) Physical products (retail sales): The sales of physical products are recorded on the date ownership of the game passes to the customers. This amount is net of discounts, rebates, and commissions granted to the distributors.

b) Digital products (digital sales): Sales of downloaded games are recorded at the time of downloaded by the end customer through the Company's websites or third-party download platforms (digital distributors). This amount is net of discounts, rebates, and commissions granted to the distributors.

1.14. REMUNERATION OF COMPANY LEADERS

The remuneration of the Chief Executive Officer and Deputy Chief Executive Officer appears in the Board of Directors' Report on Corporate Governance.

1.15. FINANCIAL PROFIT (LOSS)

The financial profit or loss comprises the income and expenses from cash and cash equivalents and bank flows (including deductions received or given), interest expenses for borrowings, and foreign exchange gains and losses.

In compliance with French regulations, loan issuance costs have been spread out over the duration of the loans. The financial profit or loss also includes the provision for loan issuance costs for the year.

1.16. EXTRAORDINARY PROFIT (LOSS)

The extraordinary profit or loss is composed of other non-recurring transactions not related to game investments.

1.17. CLOSING DATE OF THE FINANCIAL STATEMENTS

The company closes its financial statements on 31 March.

2. EXPLANATION OF BALANCE SHEET AND INCOME STATEMENT ITEMS, AND THEIR CHANGES OVER TIME

2.1. INTANGIBLE FIXED ASSETS

Concessions, patents, licences, and software include the Company's investments in work tools.

Concessions, patents, licences, and software also consist of amounts paid to studios for games developed or currently being developed, whether or not the Company holds the intellectual property rights.

	31 March 2022	Acquisitions/Additions	Sales/Reversals	Reclassification	31 March 2023
Research & development costs	-				-
Concessions, trademarks, patents	97,001	12,631		26,606	136,238
Software	-				-
Goodwill/negative goodwill from merger	-				-
Intangible fixed assets in progress	66,271	49,144		(26,606)	88,809
GROSS VALUES	**163,272**	**61,775**	**-**	**-**	**225,048**
Amort. of patents, licences, trademarks, software	(90,394)	(32,083)	4,152		(118,326)
IMPAIRMENT	**(90,394)**	**(32,083)**	**4,152**	**-**	**(118,326)**
NET INTANGIBLE FIXED ASSETS	**72,879**	**29,692**	**4,152**	**-**	**106,722**

2.2. PROPERTY, PLANT & EQUIPMENT

Property, plant, and equipment consist of IT equipment, construction works, and the fitting of premises.

	31 March 2022	Acquisitions/Additions	Sales/Reversals	Reclassification	31 March 2023
Buildings and improvements	220		(74)		146
Technical facilities and equipment	249		(95)		155
IT hardware, office equipment, and furniture	1,602	271	(51)		1,822
Other property, plant & equipment	-				-
GROSS VALUES	**2,072**	**271**	**(221)**	**-**	**2,122**
Impairment of buildings and improvements	(176)	(22)	59		(139)
Impairment of technical facilities and equipment	(164)	(32)	47		(149)
Impair. of IT hardware, office equipment, and furniture	(1,023)	(296)	25		(1,294)
IMPAIRMENT	**(1,362)**	**(350)**	**131**	**-**	**(1,581)**
NET PROPERTY, PLANT & EQUIPMENT	**709**	**(79)**	**(90)**	**-**	**541**

Purchases of property, plant, and equipment were mostly composed of IT equipment. Disposals pertain to the transfer of assets no longer in service.

2.3. FINANCIAL FIXED ASSETS

	31 March 2022	Acquisitions/Additions	Sales/Reversals	Reclassification	31 March 2023
Equity interests	79,289	14,532	(1,683)		92,138
Security deposits	1,112	76	(125)		1,063
Liquidity contract - Receivables converted to fixed assets	55	60	-		114
Liquidity contract - Treasury stock	286	2,144	(2,177)		254
Buyback contract - Treasury stock	10,789	2,391	(1,510)		11,669
Receivables connected to equity interests	(0)				-
Other financial fixed assets	-				-
GROSS VALUES	**91,532**	**19,202**	**(5,495)**	**-**	**105,239**
Impairment of equity securities	(1)		1		-
Impairment on treasury stock	(7)	(3)	7		(3)
DEPRECIATION	**(7)**	**(3)**	**7**	**-**	**(3)**
NET FINANCIAL FIXED ASSETS	**91,524**	**19,199**	**(5,487)**	**-**	**105,235**

The financial fixed assets consist of equities (from acquisitions), the liquidity account with the company Gilbert Dupont (under the liquidity contract), which has not, as at the closing date, been invested with treasury stock, and the bank security deposits linked to the loans taken out.

The acquisition cost takes into account fees related to the purchase (see "Key events over the year") and earn-outs conditional on multi-criteria indicators, reliably deemed highly likely by management in preparing the financial statements. To this end, the earn-outs relating to the acquisitions of Dotemu, Streum On Studio, Douze Dixièmes, and Leikir Studio were analysed at closing.

Registered office	Share capital	Equity excluding net income	Percentage of share capital held	Book value of shares held Gross	Book value of shares held Net	Loans and prepayments granted but not repaid	Amount of guarantees given	Revenue from previous financial year	Profit (loss) from previous financial year	Dividends received	Comment
A. DETAILED INFORMATION ON SUBSIDIARIES AND EQUITY STAKES											
1. Subsidiaries (Over 50% of share capital held)											
FOCUS ENTERTAINMENT USA LLC *1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA*	-	1,515	100%	-	-	525	-	8,388	(105)	-	
FOCUS ENTERTAINMENT DÉVELOPPEMENT 11, Rue de Cambrai 75019 Paris, France	1	0	100%	1	1	0	-	0	0	-	
Deck13 Interactive GmbH Gervinusstr. 18-22 · 60322 Frankfurt am Main, Germany	25	1,035	100%	7,420	7,420	1,281	-	314	(72)	-	
Dotemu 79 Rue du Faubourg Poissonnière 75009 Paris, France	33	5,880	78%	65,311	65,311	19	-	35,316	7,925	-	
Streum On Studio 1 avenue de Lattre de Tassigny 94130 Nogent-sur-Marne, France	1	(98)	60%	2,375	2,375	1,589	-	2,430	832	-	
Leikir Studio 30 Rue Westermeyer 94200 Ivry-sur-Seine, France	1	550	70%	3,250	3,250	666	-	1	52	-	
Douze Dixièmes 79 Cité Jouffroy Renault 92110 Clichy, France	36	730	50%	723	723	0	-	73	148	-	
BlackMill Limmerhoek 43, 1811 BA, Alkmaar, The Netherlands	2	233	67%	10,295	10,295	0		3,989	2,035	-	Financial year ended 31/12/2022
Black Soup Husemannstraße 33, 10435 Berlin, Germany	25	973	60%	2,764	2,764	0		1,199	434	-	Financial year ended 31/12/2021
2. Equity stakes (10%-50% of share capital held)											
B. GENERAL INFORMATION ON OTHER SUBSIDIARIES AND EQUITY STAKES											
None											

List of subsidiaries and equity investments:

Treasury stock:

As part of the liquidity contract, the Company held, as of 31 March 2023, 5,171 of its own shares and held a receivable of €114 K allocated to the liquidity account.

Liquidity contract - Treasury stock	Quantity
Shares held as at 31/03/2022	6,464
Shares purchased	47,239
Shares sold	48,532
Shares held as at 31/03/2023	5,171

Besides the liquidity contract, the Group held 311,356 shares, as of 31 March 2023, under its stock buyback programme. FOCUS ENTERTAINMENT thus holds 316,527 treasury shares as at closing.

2.4. INVENTORY AND WORKS IN PROGRESS

	31 March 2023			31 March 2022
	Gross	Provision	Net	Net
Merchandise	136	(15)	121	13
Raw materials	35	-	35	57
Finished products	629	(205)	425	469
GROSS VALUES	**801**	**(220)**	**581**	**539**

At each close of the year, the Company writes back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 31 March 2023, an addition of €422 K and a write-back of €292 K were recognised, resulting in a negative impact of €130 K on operating income.

2.5. STATEMENT OF RECEIVABLES AND PAYABLES

	Gross	Up to one year	Over one year
TRADE RECEIVABLES	**17,132**	**17,132**	**-**
Receivables for personnel and related accounts	6	6	
Receivables for social security bodies	298	298	-
State - Other receivables	43	43	-
State - Value-added tax	1,153	1,153	-
Group and associates	3,654	3,654	-
Miscellaneous debtors	15	15	-
OTHER RECEIVABLES	**5,169**	**5,169**	**-**
DEFERRED EXPENSES	**3,737**	**3,737**	**-**
TOTAL	**26,037**	**26,037**	**-**

Trade receivables are payments owed within less than one year.

As of 31 March 2023, the provision for depreciation of trade receivables was €156 K, versus €79 K for the previous financial year. No loss from uncollectable receivables was recorded as of 31 March 2023, nor as of 31 March 2022.

Deferred expenses only relate to operating expenses.

Expenses for games in development essentially comprise the marketing and production costs (localisation and testing), as well as the additional development costs for games currently in development. These costs are recorded as expenses at the time the games are launched.

	Gross	< 1 year	1–5years	> 5 years
Miscellaneous borrowings and financial debt	82,536	4,108	76,928	1,500
Trade payables	28,687	28,687		
Tax & employee-related payables	4,875	4,875		
Staff and related payables				
Social security and other bodies				
Income tax				
Value-added tax				
Guaranteed bonds				
Other taxes and similar payments				
Payables for fixed assets and related accounts	19,420	16,896	2,524	
Other payables	5,252	5,252		
Forward financial instruments	34	34		
Deferred income	1,806	1,806		
TOTAL	**142,610**	**61,658**	**79,452**	**1,500**

Payables related to fixed assets include definite or estimated earn-outs to be paid for acquisitions during the financial year or in previous financial years (see Note 2.3).

2.6. PENDING INCOME

	31 March 2023
Trade receivables	15,863
State	944
PENDING INCOME	**16,808**

2.7. EQUITY

As of 31 March 2023, FOCUS ENTERTAINMENT's share capital comprised 6,494,926 fully paid-up ordinary shares at a par value of €1.20 each.

	31 March 2022	Profit allocated	Dividends	Share capital transactions	Others	Profit (loss) for the year	31 March 2023
Share capital	7,779			15			7,794
Share premiums	90,191			83			90,275
Statutory reserve	779						779
Other reserves	-						-
Retained earnings	41,924	6,018		(10)			47,932
Profit (loss) for the year	6,018	(6,018)				6,545	6,545
NET POSITION	**146,691**	**-**	**-**	**89**	**-**	**6,545**	**153,325**
Regulated provisions	294	-			524		818
EQUITY	**146,985**	**-**	**-**	**89**	**524**	**6,545**	**154,143**

"Share capital transactions" include the exercise of stock options and the definitive vesting of free shares.

Breakdown of share capital

	Number	Par value
Start of year	6,482,276	1.2
Shares issued during year	12,650	1.2
End of year	6,494,926	1.2

As of 31 March 2022, the share capital was composed of 6,482,276 shares with a par value of €1.20 each. As of 31 March 2023, it was composed of 6,494,926 shares with a par value of €1.20 each.

During the 2022–2023 financial year, the 12,650 new shares issued during the period resulted from the following transactions:

- Share capital increase by issuing, on 21 July 2022, 600 shares assigned free of charge in March 2019 and 200 shares assigned free of charge in April 2019
- The exercise on 21 July 2022 of 350 stock options from the 2019 SO Plan and 500 stock options from the 2017 SO Plan
- Share capital increase on 20 October 2022 via the issuance of 1,400 shares assigned free of charge in February 2018
- The exercise on 20 October 2022 of 1,150 stock options from the 2019 SO Plan and 1,700 stock options from the 2017 SO Plan
- The exercise on 15 December 2022 of 550 stock options from the 2019 SO Plan
- The exercise on 11 April 2023 of 200 stock options from the 2019 SO Plan
- Share capital increase by means of the issuance of 6,000 shares under the 2022-1 AGA Plan, on 11 April 2023.

2.8. POTENTIAL SHARE CAPITAL – DILUTIVE SECURITIES

The Company has allocated or issued different transferable securities giving a right to equity. Changes during the relevant period to each type of security giving future equity are presented below, along with summary tables of the plans.

a) Allotment of free shares (AGA)

During its meeting on 17 January 2023, the Board of Directors of the Company adopted a plan for the allotment of shares free of charge ("AGA" Plan 01–2023). This 01–2023 free share allotment plan allows for the allotment of 53,460 free shares to the employees of the Company and its subsidiaries.

	Allotment of free shares					
Date authorised	11 October 2018	26 June 2019	17 December 2020	26 January 2021	30 March 2022	17 January 2023
Date vested	1/3 until 2022	Variable until 2023	December 2024	December 2024	March 2023	1/2 until 2024
End of holding period	in 2023	in 2024	in 2026	in 2026	30 March 2024	end of Oct. 2025
Number assigned	**48,600**	**5,600**	**70,000**	**75,375**	**6,000**	**53,460**
Number cancelled	4,400	1,000	26,733	29,852	0	0
Number still in vesting period as of 31 March 2023	**0**	**600**	**43,267**	**45,523**	**0**	**53,460**
Number still in holding period as of 31 March 2023	**1,400**	**800**			**6,000**	

b) Stock options

	Stock options			
Date authorised	06 October 2017	26 June 2019	01 April 2022	05 January 2023
Exercise deadline	**06 October 2022**	**26 June 2024**	**30 June 2027**	**31 December 2027**
Exercise price	21.34	18.53	44.00	47.95
Number authorised	25,000	25,000	250,000	250,000
Number assigned	**7,450**	**15,750**	**42,500**	**85,000**
Number cancelled	3,550	1,750	0	0
Number exercised	3,900	4,000	0	0
Remaining amounts as of 31 March 2023	**0**	**10,000**	**42,500**	**85,000**

At its meeting on 21 July 2022, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 350 stock options under the 2019 SO Plan, allotted by the Executive Board on 11 March 2019.

At its meeting on 21 July 2022, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 500 stock options under the 2017 SO Plan, allotted by the Executive Board on 6 October 2017.

At its meeting on 20 October 2022, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 1,150 stock options under the 2019 SO Plan, allotted by the Executive Board on 11 March 2019.

At its meeting on 20 October 2022, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 1,700 stock options under the 2017 SO Plan, allotted by the Executive Board on 6 October 2017.

At its meeting on 15 December 2022, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 550 stock options under the 2019 SO Plan, allotted by the Executive Board on 11 March 2019.

At its meeting on 11 April 2023, the Company's Board of Directors recorded an increase in share capital due to an employee's exercise of 200 stock options (on 28 March 2023) under the 2019 SO Plan, allotted by the Executive Board on 11 March 2019.

During its meeting on 1 April 2022, the Company's Board of Directors approved the creation of a new plan for 250,000 stock options, of which 42,500 were assigned.

During its meeting on 5 January 2023, the Company's Board of Directors amended the allocation under the plan dated 1 April 2022, of which 85,000 were assigned.

2.9. PROVISIONS ON THE BALANCE SHEET

	31 March 2022	Increases, Additions	Decreases, Write-backs	Write-backs used	31 March 2023
Provisions for FX losses	13	47	(13)	-	47
Provision for retirement benefits	303		(78)	-	225
Other prov. for risks and expenses	510	198	(257)	(49)	402
PROVISIONS FOR RISKS AND EXPENSES	**825**	**245**	**(348)**	**(49)**	**674**
Provision for equity securities					-
Provisions for inventory and works in progress	89	422	(292)		220
Provisions for trade receivables	79	109	(31)		156
PROVISIONS FOR IMPAIRMENT	**169**	**531**	**(323)**	**-**	**376**
PROVISIONS FOR RISKS AND EXPENSES	**994**	**776**	**(670)**	**(49)**	**1,051**

The other provisions for risks and expenses for the period represent only operating provisions, namely the provision for the risk of returned merchandise and the provision for social security charges on free shares given to employees.

2.10. BORROWINGS AND FINANCIAL DEBT

	31 March 2022	New borrowings	Repayments	31 March 2023
Bank loans (excl. overdrafts)	**65,261**	**20,000**	**(2,841)**	**82,420**
- of which due in under one year	3,422			4,108
- of which due between 1 and 5 years	28,089			76,928
- of which due in over 5 years	33,750			1,500

Borrowings and financial debt are in euros at fixed or variable rates, the details of which are detailed below:

Bank	Nominal amount	Nominal rate	Term and repayment conditions	Date of borrowing	Balance as at 31/03/2023	Balance as at 31/03/2022
BPI	€5,000 K	0.80%	7 years quarterly	May 2020	4,250	5,000
BPI	€1,200 K	2.39%	5 years quarterly	Oct. 2017	-	180
BPI	€5,000 K	0.86%	7 years quarterly	Sep 2021	5,000	5,000
BPI	€5,000 K	0.86%	7 years quarterly	Sep 2021	5,000	5,000
SENIOR LOAN TA	€10,500 K	Euribor + Margin	6 years half-yearly	Jul 2021	8,589	10,500
SENIOR LOAN TB	€9,000 K	Euribor + Margin	6.5 years half-yearly	Jul 2021	9,000	9,000
SENIOR LOAN TC	€30,000 K	Euribor + Margin	7 years half-yearly	Jul 2021	30,000	30,000
SENIOR LOAN TC2	€20,000 K	Euribor + Margin	7 years, at term	Jul 2021	20,000	-

Under the credit contract and in order to comply with its obligations, two interest rate hedging transactions were carried out. The corresponding payments are recorded on the financial statements as of 31 March 2023 (see Note 1.9).

2.11. PENDING EXPENSES

	Amount
Loans and borrowings from credit institutions	697
Trade payables	21,932
Tax and employee-related payables	3,635
Payables related to fixed assets and related accounts	25,024
Other payables	479
PENDING EXPENSES	**51,071**

2.12. ITEMS RELATING TO SEVERAL BALANCE SHEET ENTRIES

	Amount relating to companies in which the Company holds equity
Equity interests	92,138
Trade receivables	429
Accrued interest	162
Trade payables	0
Other receivables	3,492
Total	**96,221**

2.13. AVERAGE WORKFORCE

	31 March 2023	31 March 2022
Senior personnel	94	58
Technicians and supervisors	24	27
Employees	73	82
AVERAGE WORKFORCE	**191**	**167**

2.14. FINANCIAL PROFIT (LOSS)

As of 31 March 2023, the financial loss of (€3 M) was mainly made up of (€2.8M) in interest, versus (€1.7 M) as of 31 March 2022.

2.15. EXTRAORDINARY PROFIT (LOSS)

	31 March 2023	31 March 2022	Change
Gains from liquidity contract	152	531	(378)
Reversal of provisions	279	49	229
Other extraordinary income	-	5	(5)
Extraordinary income	**431**	**585**	**(154)**
Additions to amortisation and provisions	565	251	314
Fines and penalties	43	-	43
Net value of disposed assets	90	6	84
Losses from liquidity contract	40	253	(213)
Other extraordinary expenses	199	1,281	(1,082)
Extraordinary expenses	**937**	**1,790**	**(853)**
EXTRAORDINARY PROFIT (LOSS)	**(506)**	**(1,206)**	**700**

As of 31 March 2022, other extraordinary expenses consisted of the costs of due diligence in connection with the acquisition projects that were aborted and restructuring costs for the year. As of 31 March 2023, these expenses are now registered in the operating profit or loss. The other extraordinary expenses are covered by write-backs of provisions for €190 K.

2.16. BREAKDOWN OF CORPORATE INCOME TAXES

	31 March 2023	31 March 2022
Operating profit (loss), excl. soc. sec. contrib. on employee shareholdings	2,551	3,161
Donations - Family tax credit	(73)	(2)
Employee income tax withholding		
Financial profit (loss)	(677)	(475)
Extraordinary profit (loss)	(108)	(337)
Equity interest		(0)
Additional contribution	40	34
Other items		
Corporate income tax	**1,734**	**2,380**

Deferred tax position	**31 March 2023**	**31 March 2022**
Prepaid taxes on:		
- expenses temporarily non-deductible (to deduct next financial year):	(23)	41
Deferred tax position	**23**	**(41)**

2.17. DETAILS OF CONSOLIDATING PARENT COMPANY

The company Neology Holding is fully consolidated into the group FLCP & Associés, of which the simplified joint-stock company (SAS) FLCP & Associés (SIREN registration number 843754417, located at 17 avenue George V, 75008 Paris, France) is the parent company.

The company FLCP & Associés and its subsidiaries are themselves fully consolidated into the consolidated group FLCP, of which the simplified joint-stock company (SAS) FLCP (SIREN registration number 840421176, located at 17 avenue George V, 75008 Paris, France) is the parent company.

2.18. OFF-BALANCE-SHEET COMMITMENTS

1. Commitments given

a) Commitments given to studios and right holders

As of 31 March 2023, the Company had signed contracts with studios for the acquisition of publication and distribution rights, as well as for licences for the adaptation rights of a trademark or title with the right holders of the trademark, title, or franchise in question.

The outstanding amounts to be paid are as follows:

	31/03/2023 (*)	31 March 2022
Commitments given to studios and right holders	142,419	124,223
Of which to studios	*142,319*	*124,073*
Of which to right holders	*100*	*150*

	31/03/2023 (*)	31 March 2022
Commitments given to studios and right holders	142,419	124,223
Of which due under one year	*64,333*	*63,086*
Of which due between 1 and 5 years	*78,086*	*61,137*

(*) Contracts under negotiation as of 31 March 2023 and that were finalised post-closing are included in the commitments presented as of 31 March 2023.

Once paid, these amounts will be recognised among fixed assets on the balance sheet and will be recorded on the income statement according to the principle described in note 1.8.

b) Operating lease commitments

Leases include two property leases: one signed on 2 March 2020 for the Company's head office and one signed on 15 March 2022 on behalf of Dotemu.

	31 March 2023	31 March 2022
Commitments on property leases (rents & expenses)	8,223	4,584
Of which due under one year	*1,702*	*1,200*
Of which due between 1 and 5 years	*5,011*	*3,385*
Of which due after 5 years	*1,510*	-

The Company also rents out certain equipment under rental agreements that can be terminated.

c) Finance leases

The Company has entered into finance leases for equipment, but these are not of a significant amount.

d) Bank covenants

The company must calculate a leverage ratio as at 31 March of each year, which must not exceed the threshold specified in the contract, signed on 20 July 2021. This ratio is defined as the ratio of consolidated net debt to consolidated EBITDA. The ratio had not exceeded the threshold as of 31 March 2023.

e) Currency hedges

As of 31 March 2023, the Company had made two forward purchases for GBP as part of the acquisition of Dovetail Games, to be completed in April 2023.
The company also purchased two interest rate hedging contracts as part of its borrowing contract (see Note 1.9).

2. Buyback commitments for minority shareholdings

The minority shareholders of Dotemu and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale options relating to the remaining shares held by the minority shareholders. The strike price and conditions of these options are defined by contract.
The minority shareholders of Streum On Studio and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale promises relating, in part, to the remaining shares held by the minority shareholders. The strike price and conditions of these promises are defined by contract.
The minority shareholders of Leikir Studio and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale options relating, in part, to the remaining shares held by the minority shareholders. The strike price and conditions of these options are defined by contract.
The minority shareholders of Douze Dixièmes and the company FOCUS ENTERTAINMENT have agreed to a unilateral option of sale relating, in part, to the remaining shares held by a minority shareholder. The strike price and conditions of this option are defined by contract.
The minority shareholders of BlackMill B.V. and the company FOCUS ENTERTAINMENT have agreed to a unilateral option of sale relating, in part, to the remaining shares held by a minority shareholder. The strike price and conditions of this option are defined by contract.
The minority shareholders of Black Soup and the company FOCUS ENTERTAINMENT have mutually agreed to unilateral purchase and/or sale options relating, in part, to the remaining shares held by the minority shareholders. The strike price and conditions of these options are defined by contract.

3. Commitments received

The Group benefits from commitments from its banks and financial partners regarding lines of credit confirmed but not drawn, in the amount of €60,500 K:

- Pooled debt Tranche A: €24,500 K
- Pooled debt Tranche B: €21,000 K
- Revolving credit: €15,000 K.

2.19. TRANSACTIONS WITH RELATED PARTIES

Remuneration in thousands of euros	31 March 2023	31 March 2022
Compensation for service[1]	-	-
Services	393	517
Attendance-related fees[2]	226	75
TOTAL	**619**	**592**

[1] Compensation for service to the Chairman of the Board of Directors.
[2] Attendance-related fees owed to members of the Board of Directors

Service contract between the Company and FLCP & Associés

On 10 December 2020, a services contract between the Company and FLCP & Associés was authorised by the Supervisory Board. This services contract specifies:

The provision of advising in the matter of acquisitions and strategy relating to acquisition by merger;

- Annual fixed remuneration in the amount of €250.000 excl. tax, as well as remuneration in the form of success fees that may range from 0.3% to 0.5%, excl. tax, of the “portion of the company value at 100% of the acquired company”;
- The term of the agreement starts from the time of the signing of the contract and lasts until 31 March 2022, and it will renew automatically each year, for a period of one year from 1 April to 31 March of each year, unless terminated by one of the parties.

At the Ordinary and Extraordinary Shareholders’ General Meeting held on 16 April 2021, the Supervisory Board explained this agreement as follows: FLCP & Associés will act as a technical consultant for the Company on matters related to M&A services, with a view to assisting the Company in determining its external growth strategy and implementation thereof by supporting the Company with the entire acquisition process. These items of remuneration were deemed by the Supervisory Board to be low in comparison to the retainers and success fees proposed by business banks in relation to searches for acquisition targets and to purchase mandates.

The amounts paid under this service contract over the period from 1 April 2021 to 31 March 2023 came to €388 K.

The Company has not identified any other transactions with related parties that were not entered into under normal market conditions or that had a material impact on the financial statements. As such, no additional information required under Article R.123-198 11 of the French Commercial Code is needed.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Shareholders' General Meeting called to approve the financial statements for the financial year ended 31 March 2023

Finexsi Audit
14 rue de Bassano
75116 Paris, France

Deloitte & Associés
6 place de la Pyramide
92908 Paris-La Défense Cedex, France

For the attention of the Shareholders' General Meeting of FOCUS ENTERTAINMENT,

In our capacity as the statutory auditors of your company, we have prepared this report on related-party agreements.

It is our responsibility to inform you, based on the information provided, of the features and essential conditions of the agreements disclosed to us or discovered by us in the course of our assignment. We do not comment on their usefulness or merit, nor is it our task to search for any other such agreements. Under the terms of Article R.225-58 of the French Commercial Code, it is the responsibility of the shareholders to assess the benefits arising from these agreements in order to decide on their approval.

Furthermore, it is incumbent upon us, where applicable, to disclose to you the information described in Article R. 225-58 of the French Commercial Code on the execution during the past financial year of the agreements already approved by the Shareholders' General Meeting.

We have carried out all due diligence deemed necessary under the professional standards of the National Auditing Body (*Compagnie nationale des commissaires aux comptes*) in relation to this assignment. The due diligence in question included the verification of the consistency of the information provided to us in relation to the documents on which the agreements are based.

RELATED-PARTY AGREEMENTS SUBJECT TO APPROVAL BY THE SHAREHOLDERS' GENERAL MEETING

Agreements authorised and entered into during the past financial year

Pursuant to Article L. 225-86 of the French Commercial code, we have been informed of related-party agreements authorised and entered into during the past financial year to be submitted for the approval of the Shareholders' General Meeting.

- **Non-competition agreement between the Company and Mr Sean Brennan, the Company's CEO**

  Signature date: 05 January 2023

  Nature of the agreement: Non-competition agreement

  Conditions: Taking into account the duties that Mr Sean Brennan carries out within the Company and, in particular, the relations he maintains with its business partners, his access to sensitive and confidential information, and his knowledge of the Group's organisation and the technical and financial resources employed, and in order to ensure the reasonable protection of the Company's interests, Mr Sean Brennan has undertaken, for as long as he shall perform his operational duties within the Company and thereafter for a period of eighteen (18) months from when he leaves his position as Chief Executive Officer of the Company, to not, within the territory of one or more of the following countries: France (including the overseas departments and territories), the United Kingdom, and the United States;

  - become involved or act on the behalf of any natural person or legal entity, in any way whatsoever, directly or indirectly, particularly as an employee, corporate officer, advisor, consultant, or in any other capacity, whether or not such positions may be remunerated, in any company, enterprise, or group that conducts business in competition with that of the Company or which sells competing products or services;
  - solicit or have any business relations in connection with the competing business, with customers or suppliers of the Company and/or of one of the subsidiary companies of the Group;
  - disclose to third parties or use any information or knowledge whatsoever, including that of a technical, commercial, financial, or other nature to which he would have gained knowledge during the period in which he performed duties or held titles in the Company, with the exception of information or knowledge in the public domain as at the end of the contract;
  - hold (directly or indirectly, except via a private equity fund in which Mr Sean Brennan does not perform any duties whatsoever) an equity stake in any company conducting business in competition with the Company or its subsidiaries in any of the three territories listed above. As an exception, Mr Sean Brennan shall be authorised to own shares of a publicly traded company conducting competing business if said shareholding results from a management mandate entirely delegated to a third party (banker, wealth manager, etc.) on the condition that the stake held (directly or indirectly) by Mr Sean Brennan does not exceed 3% of the share capital of said publicly traded company.

  In exchange for agreement to this non-compete clause, Mr Sean Brennan shall receive, for the entire period in which this clause is enforced on him, a gross monthly sum equal to 70% (i) of the average gross monthly total remuneration (excluding in-kind benefits and expense reimbursement) paid to him by the Company over the twelve (12) months preceding the termination of his duties as a corporate officer, or, if the duties cease before 12 months are reached, (ii) the average gross monthly total remuneration (excluding in-kind benefits and expense reimbursement) paid to him by the Company before the termination of his duties. In addition, the Company has undertaken, for the same duration, to continue paying the Company's share of the mutual insurance company policy of Mr Sean Brennan.

  As necessary, we note that this commitment took effect in the accounts of the Company on 16 May 2023, i.e. after the closing of the financial statements for the year ended 31 March 2023, due to the termination of the duties of Mr Sean Brennan as Chief Executive Officer of the Company on 16 May 2023.

  Furthermore, the Board of Directors, having officially accepted the resignation of Mr Sean Brennan from his duties on 16 May 2023, decided to apply a non-compete period for Mr Sean Brennan until 31 March 2024 in order to protect the interests of the Company.

- **Amendment to the corporate officer contract of Mr Christophe Nobileau, Deputy Chief Executive Officer**

  Signature date: 05 January 2023

  Nature of the agreement: Amendment to the corporate officer contract

  Conditions: Given the changes in the duties of Mr Christophe Nobileau, who was serving as the Chief Executive Officer of the Company and who, since 5 January 2023, now serves as a Deputy Chief Executive Officer, the amendment to the corporate officer contract was signed to ensure consistency between the office held by Mr Christophe Nobileau within the Company and the terms of his corporate officer contract. The conditions for carrying out the duties of his office (powers, remuneration, etc.) remain the same as those that applied to his capacity as Chief Executive Officer.

RELATED-PARTY AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING

Related-party agreements approved in previous financial years and whose performance continued during the past financial year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the performance of the following agreements, previously approved by the Shareholders' General Meeting in previous years, continued during the past financial year.

- **Agreement with FLCP & Associés**, a shareholder indirectly holding a more than 10% share of voting rights in the Company.

  Signature date: 10 December 2020

  Nature: contract for services

  Methods: agreement for M&A services, with a view to furthering the growth of the Company via potential external growth transactions.

  Amounts recorded for the financial year ended 31 March 2023: €388,304

- **Non-competition agreement between the Company and Mr Christophe Nobileau, a corporate officer of the Company.**

  Signature date: 1 April 2022

  Nature of the agreement and party concerned by the agreement: Non-competition agreement between the Company and Mr Christophe Nobileau, a corporate officer of the Company,

  Conditions: Taking into account the duties that Mr Christophe Nobileau carries out within the Company and, in particular, the relations he maintains with its business partners, his access to sensitive and confidential information, and his knowledge of the Group's organisation and the technical and financial resources employed, and in order to ensure the reasonable protection of the Company's interests, Mr Christophe Nobileau has undertaken, for as long as he shall perform his operational duties within the Company and thereafter for a period of eighteen (18) months from when he leaves his position as a corporate officer of the Company, to not become involved in any way whatsoever, directly or indirectly, particularly as an employee, corporate officer, advisor, consultant, or in any other capacity, whether or not such positions may be remunerated, in any company, enterprise, or group that conducts business in competition with that of the Company or which sells competing products or services within the territory of one or more of the following countries: France (including the overseas departments and territories), England, and the United States.

  In exchange for this commitment, Mr Christophe Nobileau shall receive every month, for the entire duration of this commitment, i.e. for eighteen (18) months, a gross monthly sum equal to 70% of the average gross monthly total remuneration paid to him by the Company over the twelve (12) months preceding the termination of his duties as a corporate officer. In addition, the Company has undertaken, for the same duration, to continue paying the Company's share of the mutual insurance company policy of Mr Christophe Nobileau.

  This commitment shall only take effect in the accounts of the Company from the date of termination of Mr Christophe Nobileau's duties.

Paris La Défense, 20 July 2023

The Statutory Auditors

Finexsi Audit	**Deloitte & Associés**
Lucas Robin	Julien Razungles

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

2022–2023

MESSAGE FROM THE DEPUTY CEO

Social and environmental issues are rightfully becoming increasingly important to companies. I believe that respecting the environment, taking care of employees, and offering high-quality, fun, and safe games are just as important as a company's financial objectives.

This is why in 2020, we made a commitment to be an even more responsible company. To do so, we decided to construct an ambitious CSR strategy, seeking the assistance of our stakeholders.

This has allowed us to formalise our commitments and values through our very first CSR report. We continued these efforts throughout the 2021-22 and 2022-23 financial years. Each of the company's teams has contributed:

- At the start of the financial year, the Board of Directors of FOCUS ENTERTAINMENT set up a CSR committee, chaired by Mrs Irit Hillel.
- The executive team is regularly consulted about decisions to be taken and is fully involved in Focus's social engagement.
- The company's employees also bring this strategy to life every single day by serving as stakeholders of Focus's CSR strategy and by constantly challenging the company to do better.
- Our partners, who share their experience with us so that we can move forward with them.

This collective engagement has allowed us to maintain all the initiatives launched last year while strengthening some, such as:

- Initial efforts to educate our teams about accessibility in games.
- More broadly, educating people throughout the company about disabilities.
- Establishing a travel policy to limit short-distance travel.

Just as we had hoped to do last year, the first Group-wide initiatives were established. We want to accelerate those efforts so that we will be able to share more good news next year about all our initiatives, including those of our studios. We hope to live up to our ambitions, and I'm sure we will.

Christophe Nobileau, Deputy Chief Executive Officer of FOCUS ENTERTAINMENT

INTEGRATING CSR INTO FOCUS ENTERTAINMENT'S ACTIVITIES

OUR CSR AMBITION AND OUR VISION

As a French video game publisher with more than 20 years of experience, we (FOCUS ENTERTAINMENT, or FE) make our players and their satisfaction one of our top priorities. With numerous ambitious projects with both in-house and independent studios, we want to provide our players with a responsible, original and entertaining gaming experience. Through our CSR strategy, we would like to bring concrete answers to the various environmental, social, and societal issues faced by the video game industry, and respond to the main expectations of our stakeholders.

The foundations of our commitment and long-term vision were laid in our first report in 2021. The 2023 report aims to present how the work started two years ago has continued. For the first time, we will report consolidated social data from some of our studios. The ambition and effort for the years ahead is to accelerate CSR actions at the Group level and to create reference material to be shared with our studios based outside of France.

THE CHALLENGES IN OUR SECTOR

The video game industry is constantly changing, which creates many challenges and new issues for sustainability:

- The rise of a form of consumption different from that seen before the COVID-19 pandemic, which is shaking up the industry and forcing it to review its development, marketing, and sales practices.
- The environmental impact of digital technology is growing: the digital sector is responsible for 3% to 4% of global greenhouse gas emissions[1] and represents 2.5% of France's carbon footprint[2]; it therefore has a major role to play in the fight against climate change.
- The increase in the number of environmental regulations.
- The challenge of equality and gender diversity in a sector that is lagging behind in this area.
- The search for talent and building employee loyalty in a highly competitive market.
- The extremely rapid pace of change of skills in the sector.
- The necessity to anticipate trends in the consumption of our products.
- The increase in cyber attacks, risks of fraud and pirating.
- The growing burden of regulations on the protection of personal data.
- The growth of online communities and the prevention of toxic behaviours.

OUR APPROACH TO DEVELOPING OUR CSR STRATEGY

Our CSR issues and our contribution to the UN Sustainable Development Goals

During the 2020–2021 financial period, FOCUS ENTERTAINMENT (FE) identified the main non-financial challenges in its business sector and with respect to its size and growth ambitions. To do so, we conducted an internal documentary analysis, an analysis of the studies and standards in the industry on the subject, a benchmark of the companies in the industry, and a comparison of the non-financial standards applicable to our industry. These analyses allowed us to identify a list of 15 non-financial issues that are particularly important for our company. We have presented this list to our internal and external stakeholders in a series of interviews. On this basis, we have conducted a materiality analysis in order to identify the biggest issues (material issues) for the company and for our stakeholders.

As part of this analysis, FE also identified from the 17 United Nations Sustainable Development Goals (SDGs) the ones that fall into the scope in which FE has the greatest impact:

[1] https://librairie.ademe.fr/cadic/6555/guide-en-route-vers-sobriete-numerique.pdf
[2] https://www.arcep.fr/fileadmin/cru-1651234245/user_upload/04-22-version-francaise.pdf

Engaging with our stakeholders through an initial dialogue in 2020–2021

In 2020–2021, FOCUS ENTERTAINMENT conducted a mapping exercise for its stakeholders. The company considers all organisations or persons that have one or more direct or indirect interests in the company's decisions or activity to be stakeholders.

FOCUS ENTERTAINMENT thus identified several categories of stakeholders:

Players	Individuals, teams, communities
Employees	Employees, interns, service providers, Social and Economic Committee (CSE)
Investors and shareholders	Shareholders, investors, banks, rating agencies
Partners	Development studios
Suppliers and subcontractors	Suppliers of computing equipment, software, services and other goods
Government, public agencies	Certification agencies, standards agencies, professional associations, CNC (National Centre for Cinema), media
Local communities	Local associations, schools

To identify the most important stakeholders to interview, FOCUS ENTERTAINMENT put in place an approach based on the analysis of two criteria:

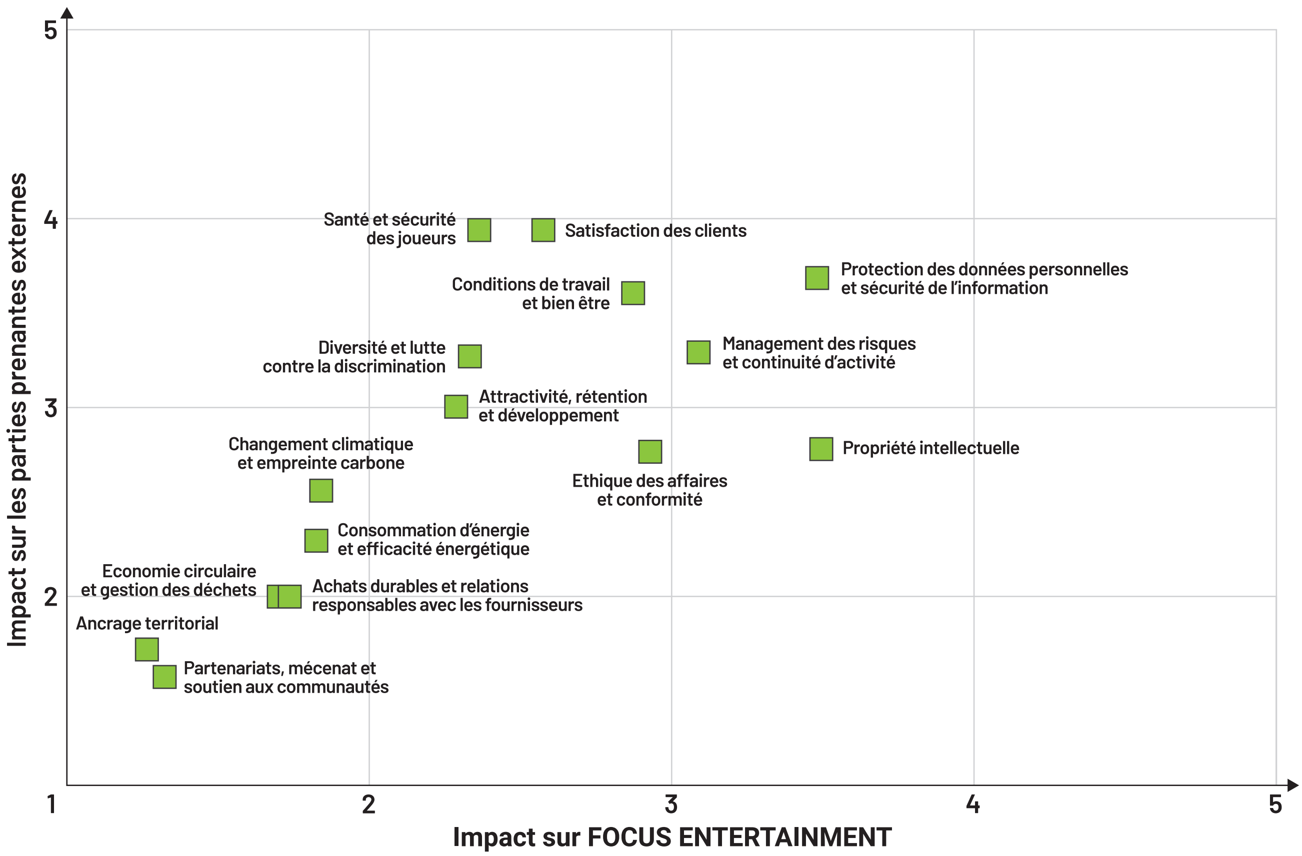
- The importance of the impacts of FOCUS ENTERTAINMENT on the stakeholder and the influence of that stakeholder on FOCUS ENTERTAINMENT
- The level of relations between FOCUS ENTERTAINMENT and the stakeholder

Following this analysis, FOCUS ENTERTAINMENT interviewed its stakeholders on the importance and the relevancy of its non-financial issues in order to build a materiality analysis. This materiality analysis was the opportunity to understand the expectations of its internal and external stakeholders and to create a first dialogue on the subject of CSR with them. The goal for FOCUS ENTERTAINMENT is to renew this initiative by creating a sustainable relationship and a regular dialogue with these stakeholders. These discussions will allow FOCUS ENTERTAINMENT to better understand the challenges and the expectations of its stakeholders and to share information on the CSR process.

Our materiality matrix, the foundation of our CSR strategy

As part of defining its CSR strategy, FOCUS ENTERTAINMENT conducted its first materiality analysis in order to define and to rank its CSR issues. This analysis was used to identify the most material issues and rank CSR actions while taking into account the expectations of its shareholders.

Through our materiality analysis, we have joined an internal vision of the importance of the non-financial issues with the expectations of the external shareholders. This has allowed us to select our main non-financial issues involving financial, regulatory, reputational, and business continuity risks. The results of this materiality analysis are presented below:



Following this materiality analysis, FOCUS ENTERTAINMENT decided to focus its CSR strategy on the material issues having the greatest impact for the company and for its stakeholders. From this, we identified nine strategic issues:

1. Player satisfaction and competitiveness.
2. Player health and safety.
3. Diversity and the fight against discrimination.
4. Protection of personal information and data security.
5. Risk management, business continuity, and business ethics.
6. Working conditions and well-being at work.
7. Attractiveness, employee retention, and career development.
8. Intellectual property.
9. Climate change and carbon footprint.

While carrying out this materiality analysis, it should be noted that each year, FOCUS ENTERTAINMENT also identifies risks in its financial report. The risks and uncertainties faced by the Company include non-financial aspects.

OUR CSR STRATEGY

As a result of our discussions with our stakeholders and then, in the co-construction with our teams, in 2020-21 FOCUS ENTERTAINMENT launched its CSR strategy founded on three pillars of commitment:

1. **Be a publisher of entertaining video games that are safe and respectful of our players.**
2. **Be an attractive and responsible employer.**
3. **Be a company that is committed to the environment and society.**

We will detail these different pillars throughout the report, specifying the actions we have taken in over the last three years.

CSR governance at FOCUS ENTERTAINMENT

Each of the company's teams is involved in the CSR strategy. The CSR strategy is managed by a dedicated person within FOCUS ENTERTAINMENT, reporting to the Secretary General, a member of the FOCUS ENTERTAINMENT Executive Committee, to provide a cross-functional vision of the strategy.

In line with its involvement in developing the strategy initiated in early 2020, the Executive Committee plays a central role in the implementation and the decision-making involved with FOCUS ENTERTAINMENT Group's CSR strategy.

At the Shareholders' General Meeting held on 1 April 2022, the shareholders voted to change the mode of administration and leadership of FOCUS ENTERTAINMENT, which resulted in the change from a public limited company (*société anonyme*) with an Executive Board and Supervisory Board, to a public limited company with a Board of Directors. The Board also decided, taking into account the size of FOCUS ENTERTAINMENT and the number of its directors, not to create autonomous committees to prepare the Board's work in a given area, but rather to itself carry out the specific tasks of such committees by constituting, in plenary form, as applicable, an Audit Committee, an Appointments and Remuneration Committee, and a CSR Committee.

Mrs Irit Hillel has been appointed to chair the meetings of the Board of Directors when discussing CSR matters.

Our main key performance indicators (KPIs)

Since 2020-21, FOCUS ENTERTAINMENT has defined its strategy for each of its material issues in order to develop a roadmap for the coming years.

This long-term commitment is supported by the Company's General Management and is measured through the use of the indicators mentioned below:

1. Satisfaction survey: quality of life at work, working atmosphere, and recommendations.
2. Gender equality index.
3. Male/female employee turnover rate.
4. Carbon footprint by revenue and employee.

Shown below are indicators deriving from actions recently initiated or not yet implemented that we will be able to monitor starting from the next financial year:

1. % of employees who received awareness training in business ethics.
2. % of employees and internal studios who received awareness training in CSR and environmental protection.
3. Average number of hours of training per employee.

	2020-21	2021-22	2022-23
Satisfaction with quality of life at work* (%)	94	N/A[3]	76
Satisfaction with the working environment (%)	91	N/A[3]	90
FE recommendation (%)	89	N/A[3]	73
Gender equality in the workplace index** (out of 100)	84	94	62
Staff turnover rate*** (%)	22.7[4]	28.5	23.8
Carbon footprint per employee (tonnes of CO_2eq. / employee)	20.39	N/A[3]	N/A[4]
Carbon footprint per revenue (kg of CO_2eq / € K)	19.42	N/A[3]	N/A[5]

[3] *We update these data resulting from our 2020 "social barometer" and the Bilan carbone® produced every two years.*
[4] *The rate published (11.5%) in the 2020-21 report corresponded to the attrition rate; we have adjusted this figure.*
[5] *Next renewal expected for 2023.*
* *Subject detailed in section 2.3.1.*
** *Subject detailed in section 2.4.1.*
*** *Explanation in section 4.5.2.*

In addition to its CSR strategy, FOCUS ENTERTAINMENT carries out non-financial reporting that will be able to provide more information on its non-financial performance and thereby provide greater visibility to its stakeholders on the subject. FOCUS ENTERTAINMENT will monitor the Gaïa ratings and Vigéo Eiris indexes[5] to stay up to date on the progress of its commitments.

Years	2020	2021	2022
Gaïa score (out of 100)	11[6]	60[6]	59
Years	2020	2020	2022
Vigéo score (out of 100)	13	N/A	30

PILLAR 1: BE A PUBLISHER OF ENTERTAINING VIDEO GAMES THAT ARE SAFE AND RESPECTFUL OF OUR PLAYERS

The video game industry is undergoing many changes, such as the growth in digital games, the increase in online communities, and the development of new "loot box" models. Faced with these challenges, the goal of FOCUS ENTERTAINMENT is to guarantee a high-quality gaming experience that is respectful of its players while promoting their safety, well-being and accessibility to games.

The satisfaction of our players, their health and safety and the protection of their personal data are the Company's top priority, which is why FOCUS ENTERTAINMENT commits to:

- Increase the quality of games and guarantee a satisfactory gaming experience
- Provide a gaming environment that promotes the health and safety of players
- Provide game models that are respectful of players
- Ensure accessibility to its games
- Increase diversity of all kinds in its games

Action plans were approved in 2021 to respond to these long-term commitments. Prior to implementing these action plans, FOCUS ENTERTAINMENT already had many actions in progress on these issues.

1.1. DEVELOP HIGH-QUALITY GAMES AND ENSURE A SATISFACTORY, RESPECTFUL GAMING EXPERIENCE

1.1.1. Publish high-quality games

For many years now, FE's editorial line has distinguished itself thanks to its innovative concepts, alternative gameplay, and original worlds that have received acclaim from both critics and players. With 20 years of experience, the company's teams pour their passion and expertise into their creative endeavours, paying special attention to quality.
This commitment translated to a historic level of revenue in FY 2022-23, driven by a robust catalogue of diverse, bold releases, demonstrating the expertise of the Group and its teams with regard to editorial choices.
After exploring the darkest corners of a fictitious Wild West infested with vampires in ***Evil West***, people around the world once again quivered with excitement and shared the poignant journey of the De Rune siblings in ***A Plague Tale: Requiem***, the sequel in the hit saga launched in 2019. ***Atomic Heart*** wowed players with both its high-flying technical prowess and its off-kilter, dystopian universe with a bold creative vision.
Teenage Mutant Ninja Turtles: Shredder's Revenge confirmed the success of the Dotemu acquisition with its excellent sales and unanimously positive reviews. Two other games, ***SnowRunner***, released in April 2020, and ***Insurgency: Sandstorm***, released in December 2018, also proved the staying power of their contributions to our editorial policy thanks to live content constantly offered to players.
With the upcoming releases of the tactical action game ***Aliens: Dark Descent*** from our partner Tindalos, the next action-RPG ***Atlas Fallen***, the first game developed by Deck13 since the studio's acquisition by FOCUS ENTERTAINMENT, and the ambitious adventure game ***Banishers: Ghosts of New Eden***, developed by the studio DON'T NOD, we are reaffirming our editorial positioning by pushing ever farther into rich universes with captivating narrative possibilities.

International recognition for our games

In the Metacritic annual ranking, Focus Group came in at the excellent place of **4th best published in the world** based on the average of Metacritic reviews and ratings, including a mix of opinions from players and video game media. We are particularly proud of this ranking, which is a reward for our strategy of increasing human and financial resources to boost the quality of our games.

A Plague Tale: Requiem was nominated for the 2022 Video Game Awards, considered the industry's highest annual distinction, in the following categories: ***Best Performance (Charlotte McBurney as Amicia De Rune), Best Action/Adventure Game, Best Score & Music (composed by Olivier Derivière), Best Narrative***, and the most prestigious category of all: ***Game of the Year 2022***.

The game was also nominated for other prestigious awards, such as the BAFTA Awards, the Pégases, the Tribeca Festival, the Golden Stick Awards, and many others. In total, 40 nominations for the Asobo Studio title and 15 or so awards won, a testament to the quality and artistic impact of the game on the media and players.

Evil West, in addition to its immediate commercial success, also won three NYX Awards in the categories Best PC Action Game, Game Design, and Game Advertising, the latter recognising the work of the title's marketing teams.

Over the past financial year, other titles in the catalogue received awards for their success and quality: ***BLACKTAIL*** won six awards, ***Chained Echoes*** (Focus Group's Deck13 Spotlight) won ***seven awards, including Best German Game, and Teenage Mutant Ninja Turtles: Shredder's Revenge*** (Focus Group's Dotemu) won ***three awards***.

In total, Focus Group received over 80 nominations and won more than 35 awards worldwide.

[6] The Gaia Rating changed its evaluation methodology in 2022. According to the new methodology, the rating for 2020 was adjusted from 31 to 11, and the 2021 rating from 62 to 60.

The games announced for the 2023-24 financial year also appear likely to receive some great awards, with conference awards (from media and/or players) already won by ***Dordogne, Warhammer 40,000: Boltgun, and Aliens: Dark Descent*** at the 2023 PAX East trade show. Recently released, these titles have already confirmed that enthusiastic reception, having received excellent ratings from media and players.

1.1.2. Publish games that respect consumers

It is important for us to maintain communication with our players throughout the life of a game. We take their opinions into account during game development, starting with test phases involving a panel of players. Our presence on social media and our website also help us answer players' questions and gather their feedback after a game is released.

Additionally, with the goal of offering our players better clarity, we undertook a revamp of our website in September 2021 and it has been regularly improved, notably with an overview page for each of our in-house studios.

A gaming environment that is respectful of players

FOCUS ENTERTAINMENT has always paid great attention to ensuring its gaming environment is fair for its players. We ensure that our business model does do not interfere with our players' enjoyment and satisfaction, and does not imbalance the gaming experience. We also consider it important to be transparent for our players with regard to the commitments and tools that are used to monitor their experience.

1.2. PROVIDE A GAMING ENVIRONMENT THAT PROMOTES THE HEALTH AND SAFETY OF PLAYERS

1.2.1. Ensuring the health and safety of our online players

Reducing toxic behaviour

In order to provide a gaming environment that is enjoyable and safe for all players, it is essential to protect and moderate the players in our games. To fight against toxic or discriminatory behaviour and harassment, we implemented a behavioural protection system in our games, with several aims:

- Protecting young players: we limit online access for minors so they cannot access online content if their account is subject to parental control. This can involve preventing access to the multiplayer mode and content generated by other users, as well as blocking access to voice and/or text chatting, etc.
- Ensuring healthy behaviour among players: we provide tools to prevent toxic behaviour, like the anti-insult filter on the text chat. We also moderate UGC (user-generated content) to avoid any offensive text or content. Players can also block other players to avoid hearing them over voice chat. In some online games, like ***Insurgency: Sandstorm***, servers can be blocked if an offensive term is visible in the server name.
- Moderation of game activities: a reporting system, required by the console manufacturers, allows players to report toxic behaviour of certain players based on various criteria. In addition, community managers, working with developers, can take appropriate action, ranging from a warning to temporary suspension or definitive removal of the account.

More generally, we take steps to ensure that the discussions on our official communication channels (Twitter, LinkedIn, Facebook, etc.) are conducted in a respectful manner.

Protect and raise awareness with all player groups

In order to protect the most sensitive members of the public, national and international agencies evaluate games in order to recommend, in the simplest manner, a minimum age for playing a game. This information is displayed in all communications regarding the game (such as in the trailer) and on the game boxes sold in shops or online.

This allows parents or consumers to quickly understand the contents of a title and be informed prior to making a purchase, with full transparency.

Here are several of the main advisory bodies:

- ESRB (Entertainment Software Rating Board) for distribution in North America
- PEGI (Pan European Game Information) in Europe
- ACB (Australian Classification Board) in Australia
- OFLC (Office of Film and Literature Classification) in New Zealand
- USK (Unterhaltungssoftware Selbstkontrolle; in English: "Entertainment Software Self-Regulation") for Germany
- CERO (Computer Entertainment Rating Organization) for Japan
- GRAC (Game Rating Administration Committee) for Korea.

In addition to these age-based classifications, we display infographics explaining the type of game and contents that our players may encounter and also to inform parents[7].

More generally, through its involvement with the *Syndicat des Editeurs de Logiciels de Loisirs* (SELL), FOCUS ENTERTAINMENT supports actions to raise awareness and promote best practices in video games.

1.2.2. Protect the personal data of our players

FE takes very seriously the confidentiality of our players' information and the protection of their personal data. Since the entry into force of the EU's General Data Protection Regulation (GDPR), FE has strengthened its commitments and processes by deploying various compliance tools.

Our General Policy on Personal Data Protection[8], available on our website and regularly updated, allows our players and partners to learn how their data is used, to understand their rights with regard to processing of their personal data, and to exercise those rights. Meanwhile, our Internal Policy on Personal Data Protection is intended for our employees and informs them of how their personal data is processed due to their duties within Focus Group.

The work of the dedicated data protection team – consisting of our Data Protection Officer (DPO) and a personal data legal advisor, with support from the entire Executive Committee – has also led to the establishment of new internal procedures during the past financial year, such as the data storage policy and the personal data management process for our production activities.

[7] *https://pegi.info/what-do-the-labels-mean*
[8] *https://www.focus-entmt.com/en/privacy-policy*

Furthermore, FE has begun deploying its compliance programme within its French subsidiaries. Pursuant to those efforts, FE is implementing an action plan developed with the individuals designated as data protection officers at each of those subsidiaries.

1.3. A COMMITMENT TO ACCESSIBILITY AND BOOSTING THE REPRESENTATION OF DIVERSITY IN OUR GAMES

FE would also like to share a multicultural vision of our society through the universes and characters in its games. In this way, FE aims to fight against stereotypes and transmit positive images of particular communities and minority groups. In our games released over the last few years, FE has already been determined to portray diverse characters (for example, non-stereotypical female protagonists in the games ***A Plague Tale: Requiem and Blacktail***). However, FE is aware that there is still much work to be done in the fight against stereotypes and thus strives to better represent players in all their diversity. Our teams work with this in mind, with the help of outside experts, to improve the representation of gender and ethnic diversity in our future games.

For several years now, our teams have worked to improve the accessibility of our games for individuals with disabilities. Our goal is to make our games as accessible as possible and to minimise barriers in order to offer optimum gaming experiences. To provide support to game creation, in the past year, FE worked on several initiatives to bring about change and work towards more ambitious objectives.

1.3.1. Raising awareness and educating employees

In partnership with the non-profit organisation CapGame, we educated our content monitoring team about different ways of playing and the obstacles encountered by players with disabilities. After learning the theory, the team participated in role-playing exercises and discussed how they felt, as well as the barriers that exist and the technical solutions that could be implemented to remove those barriers. This training will help the team in the future better design solutions and better support our studios in order to make our games more accessible.

1.3.2. Processes and standardisation

Key actions were identified with the goal of incorporating considerations of accessibility and inclusivity into various stages of game development. Our teams have created a reference tool for the development phase of our future games and that tool is to be systematically used in all projects. As such, our most ambitious games to be released in financial year 2023-24 will offer subtitling options, customisation of game controls, and the possibility of changing settings to allow access for people with colour-blindness. In addition, we assist our partner studios during game design to make games intrinsically accessible.

In addition to our in-house tools, we turn to the expertise of partners specialising in accessibility, such as CapGame and Be Player One. We recently began having them assist with game development. They may assist in different ways: expert analysis of a game with the submission of a detailed report on the game's strengths and weaknesses, playtesting with players living with different disabilities, and monitoring of the implementation of components and features in a game.

1.3.3. In-house tools

Starting this past year, we began systematically offering a survey on accessibility and inclusivity to all volunteers doing playtesting of our games in development. Our playtests are open to all, without discrimination relating to gender, socio-demographics, or physical or cognitive abilities. The survey thus allows our 350 or so annual playtesters to anonymously express their opinions and detail the physical or mental-emotional barriers they may have encountered during playtesting. The survey's results are then shared with the development teams, who incorporate the feedback into their playtesting reports, thus helping us improve our games.

All of our efforts in this domain have begun to bear fruit in the games released this past year. For example, development teams worked on *Evil West* and ***A Plague Tale: Requiem*** to improve their accessibility, with various subtitle options for deaf players and sound options for players with visual impairment. The control buttons and sensitivity can be adapted to make the game accessible for each player.

We actively measure the progress we have made on the subjects of accessibility and diversity. What's more, we are thrilled to work with studios and partners who are interested in this subject and with whom we will set an even better example and who will help us go even further in future releases.

PILLAR 2: BE AN ATTRACTIVE AND RESPONSIBLE EMPLOYER

Aware of the rapid changes and the attractiveness of our sector, FE hopes to attract new talent and earn the loyalty of its employees by guaranteeing a flexible, balanced, and safe working environment. This also involves taking action against discrimination and ensuring diversity and inclusion within the company. The company makes it a priority to address the issues of working conditions and well-being at work, FE's attractiveness as an employer, retention and professional development of employees, diversity, and fighting discrimination. As such, FE undertakes:

1. To allow its employees to receive regular training and develop their skills
2. To provide working conditions that encourage work-life balance
3. To promote diversity, inclusivity, and equal opportunity

For the first time, we will be able to report consolidated figures on these issues, with the data including several of our studios (Douze Dixièmes, Dotemu, and Streum On). Some of the data only concern the entity FOCUS ENTERTAINMENT: we will note when this is the case.

2.1. AN ATTRACTIVE EMPLOYER WITH STRONG GROWTH

FE pursued its policy of recruiting new employees over the past financial year, including within our development studios. Indeed, the average workforce for FY 2022-23 was 269 employees (a figure that includes our subsidiaries Streum On, Douze Dixièmes, and Dotemu) with 27% being women and 73% being men.

The video game industry is relatively young, which explains the average age of our teams. This figure increased slightly compared to the previous year, 32.7 years old (as compared with 32.2 years old in 2021-22), with 74% of our employees aged under 35 years old.

Average age 32.2 years

20–25 years	25–30 years	30–35 years	35–40 years	Over 40 years old
11%	39%	24%	15%	11%

Since 2020, FE has entered a pivotal era in its development, which has led to significant recruiting of new employees (50 in 2020-21 and 55 in 2021-22 in the entity FOCUS ENTERTAINMENT). This financial year saw the continuation of this development and the expansion of teams, with 89 new employees, of which 27% were women. With 39 employee departures, the rate of attrition was 15% over the period, down 9 percentage points compared to the previous year.

Of the 89 new hires, 26 are on fixed-term employment contracts and 63 have permanent contracts.

As of 31 March 2023, 88% of the workforce was hired on permanent contracts, 7% on fixed-term contracts, and 3% on apprenticeship/professional training contracts. This breakdown has improved given that as of 31 March 2022, 82% of employees were on permanent contracts and 15% on fixed-term contracts, which helps build employee loyalty and limit uncertainty in employment.

	Men	Women
Number of hires	65	24
Number of departures	28	11

2.2. ALLOW OUR EMPLOYEES TO GROW AND RECEIVE REGULAR TRAINING

The data in this section only concern the entity FOCUS ENTERTAINMENT.

2.2.1. Developing our employees' skills, a key factor for our success

It is important for each employee to grow and thrive at FE. For this reason, we have implemented a training policy, which we plan to ramp up over the years. The training plan deployed over the last several years has been enhanced so that as many employees as possible can benefit from it throughout the year. This year, 82 employees (compared with 61 last year) received training, representing 39% of eligible employees (versus 37% last year), for a total of 139 hours of training[9]. This corresponds to an average of just under two hours of training per employee trained.

2.2.2. Monitoring our employees' career progress and their loyalty

FE considers it very important to ensure that its employees have all the tools that they need to be well-equipped and as independent as possible in their work. For this reason, each manager holds an interview with each member of their team to see how satisfied they are and what difficulties they may be experiencing. This interview also provides an opportunity to discuss the employee's priorities and expected future and ensures a successful balance of the personal and working life of the employee, in line with expectations.

3.8 years AVERAGE LENGTH OF SERVICE

Over the past year and a half, the annual evaluation was improved and automated through our HR tool to facilitate data tracking. To date, 71% of our employees have had an annual interview. This figure is very close to the previous year's figure (72%). There is still work to be done in this area, but that is partly due to the fact that FE welcomed numerous new employees in the three months prior to the annual interview campaign. Only employees who have been with the company for more than three months take part in these interviews.

The average length of service remained at the same level as last year: 3.8 years. This figure can be explained, in particular, by the large number of new hires made by the company in the last three years, offsetting the data from long-time employees.

In terms of remuneration, FE hopes to boost its ability to retain employees over the long-term. FE gave its managers access to a share purchasing programme in 2020. This policy for assigning shares was expanded in 2022 to new employees, as well as to employees of the Group's French subsidiaries.

At the end of 2021, FE organised a campaign to invite all its employees to become shareholders, allowing them to buy shares at a preferential price subsidised by the company in order to further build the loyalty of its teams by helping them become Group shareholders. The company has also implemented a profit-sharing policy.

[9] *This figure does not include awareness-raising initiatives like the one against harassment and sexism that we mention further on.*

2.3. GUARANTEEING WORK CONDITIONS THAT RESPECT A BALANCE BETWEEN WORK AND PERSONAL LIFE

The data in this section only concern the entity FOCUS ENTERTAINMENT.

2.3.1. Improve quality of life and promote flexibility in working conditions

As an employer, FE takes great care to ensure that each employee feels at home in the company. As such, flexibility in the start and end times of each workday has been implemented and made official in company policy so that each employee can adapt their work time to their personal constraints (e.g. transportation, schedules, family).

As with all other companies, the COVID-19 pandemic required us to change the way our work is organised. While our teams were able to brilliantly adapt during this crisis, it also became apparent that a full teleworking solution was not an optimum solution for everyone. In fact, the importance of maintaining the social ties between all teams, which is key at FE, has proven to be essential. FE's flexibility has allowed workers to maintain a balance between teleworking and presence in the office, while guaranteeing the safety of all teams.

With this aim of striking a balance between work and personal life, a policy governing teleworking was enacted in agreement with the works council. This policy allows employees to work remotely two days a week. This will allow the company to further improve the balance between personal convenience and maintaining social ties.

In connection with the works council, various activities are offered throughout the year (e.g. rentals of sports facilities, participation in inter-company e-sports events). These essential initiatives allow teams to get together and become acquainted with one another, and thereby improve quality of life at work. The works council regularly offers fruit baskets, ice cream in summer, and chocolate fountains. FE also organises every year a summer soirée and a Christmas party, which are annual highlights for our employees. In particular, the Christmas party includes a raffle that is a favourite among our employees.

Another internal employee survey[10] highlighted several positive aspects of FE's quality of life at work. Employees were surveyed anonymously at the end of 2022 by an external firm to assess their level of satisfaction on a number of matters related to FE's operations: communication, company strategy and vision, skills and career paths, and finally general satisfaction and employee engagement.

The results of this survey showed that 76% of employees consider FE's quality of life at work to be satisfactory or very satisfactory[11].

The survey also found that 90% of employees felt that there is a good working atmosphere at FE, and 99% said that this is the case within their team. These figures remained stable compared to the 2020 survey. Finally, 73% of employees would recommend working at FE. Our ratings for recommendation as an employer (89% in 2020) and quality of life (94% in 2020) saw decreases. In response, Focus quickly proposed measures that will help improve quality of life for employees. FE has since implemented solutions, offering new pay benefits and improving quality of life by increasing the teleworking from 1 April 2023. Finally, we will be moving to newly renovated offices in the first half of FY 2023-24, allowing us to quadruple the number of meeting rooms. This was a major source of frustration found in the survey on quality of life at the office. The move will also allow teams greater flexibility by enabling better organisation of work spaces.

These figures reflect the work environment that we try to create for our teams. Not all the responses were so positive, but they provide a foundation to build on, as we maintain the positives while focussing on areas that need improvement, notably the need to strengthen internal communications and training initiatives.

2.3.2. Preserve the health and safety of our employees

Guaranteeing a peaceful work environment also means fighting against all forms of harmful behaviour in the workplace (harassment, burnout, etc.). Concerning the fight against sexual harassment and sexism, a procedure was put in place in 2020 in the works council to allow anonymous reporting of any inappropriate behaviour or comments. As an additional response, seven volunteer employees from different departments received a day of training to increase the number of coordinators to eight people. These coordinators meet every month to discuss these subjects.
FE has launched a refresher training for first aid at work (an initiative for occupational health and safety), a voluntary programme that was a big success. Indeed, the number of employees trained was far above the minimum legal requirement.

Absenteeism, illnesses, and occupational accidents	'20–21	'21–22	'22–23
Rate of absenteeism for illness and occupational accidents	2%	3%	3.7%
Number of occupational accidents	0	0	1
Number of occupational illnesses	0	0	0
Frequency rate of occupational accidents with a medical leave of absence	0%	0%	0%
Severity rate of occupational accidents with a medical leave of absence	0%	0%	0%

As at the end of March 2023, one work accident had been recorded, which was an accident during the employee's commute. The rate of absenteeism for illness or occupational accidents was 3.7%. Just like last year, the fairly low figure is a result of safe working conditions. However, that rate increased; as such, we encourage our teams to be careful.

2.3.3. Employee dialogue within FOCUS ENTERTAINMENT

Good collaboration between teams and dialogue with management are key to promoting cohesive relations at work. To that end, we conducted an initial employee survey in 2020, then again in 2022. The results highlighted the need for better communication between teams. This led to the creation of a position dedicated to internal communication[12]. To give a formal structure to our internal communication, we created a space for discussion, via an online meeting with the CEO and the Deputy CEO. They present the latest projects and news information from the Company to all teams and answer questions from employees.
All our employees are represented by the Social and Economic Committee (CSE). The Focus CSE and management meets every two months to foster an ongoing dialogue on changes in the Company, the expectations of employees and the overall functioning of the Company. In 2015 and 2017, employee representatives and management signed two collective agreements, one on investment and second on the organisation of work. As mentioned above, an agreement was stipulated on 2021 governing working from home.
The CSE put in place a dedicated channel on the Company network allowing simple dialogue with the teams and clear and transparent information sharing.

[10] 87% of our employees responded to this anonymous internal survey, versus 85% in 2020.
[11] Score above 6/10.
[12] Survey, the results of which have been described in section 2.3.1. Improve quality of life and promote flexibility in working conditions.

2.4. COMMITTING TO A DIVERSITY OF PROFILES, INCLUSIVITY, AND EQUAL OPPORTUNITY

The data in this section only concern the entity FOCUS ENTERTAINMENT.

2.4.1. Promoting equality between men and women at work

The issue of women's inclusion in the video game industry is one that FE has been working on for several years. FE's workforce is made up 30% of women (27% when including our subsidiaries, a figure provided in 2.1). This number was down slightly, but is encouraging, and we hope to improve on it, in particular for positions related to production. Concerning management positions, 21% of managers were women in this period[13].
The index of gender equality in the workplace, which FE is required to publish, stands at 62/100. This is based on four major criteria: the difference in remuneration between women and men, the difference in the breakdown of individual raises, the number of women employees who received raises upon their return from maternity leave, and the level of parity among the 10 highest levels of remuneration[14].
Our index score was down, due in part to the lack of parity among our highest earners. The positive is that we have maintained a difference in remuneration between women and men of 1.4%.
We know that the decrease in our index score means that we must do better on this subject. We will take decisive action in this historically male-dominated industry and we will maintain our individual and collective efforts to increase women's inclusion at FE.

2.4.2. Promote all other forms of diversity

FE is a company with a great quality of life in which each difference is seen as a strength that adds to the personalities of our teams. We are doing everything we can to ensure that each person feels at ease in the work environment, regardless of their age, culture, or orientations.

There is, however, a point on which FE is less than exemplary, and that is in welcoming individuals with disabilities. To change this, the company launched an awareness-raising initiative for teams in partnership with the disability agency Diversidées and the disability-inclusive company Papillons du Jour. The awareness-raising event took place in two parts: a plenary session to break down common misperceptions about disabilities and a more hands-on session to show teams the difficulties that people with disabilities may encounter at work.
We hope to see initial results by hiring people with disabilities in the 2023-24 financial year. Currently, our actions to support people with disabilities consist of working with contractors certified by the French government as "Work Assistance Services and Establishments" (ESAT) and "adapted companies" (EA)[15].

PILLAR 3: BE A PUBLISHER THAT IS COMMITTED TO THE ENVIRONMENT AND SOCIETY

At the centre of an ecosystem of players and development studios, and due to the nature of its activity, FOCUS ENTERTAINMENT hopes to develop its role as a responsible partner while remaining vigilant over the practices of its value chain. Moreover, the impact of the digital sector on the environment further increases our desire to limit our impact. This involves managing our waste and our energy consumption while raising the awareness of our employees and our studios. The Company is also committed to social and solidarity initiatives that benefit its local communities.
FOCUS ENTERTAINMENT thus is committed to:

1. Increasing vigilance over its value chain.
2. Allowing employees to report practices that are contrary to business ethics and to be trained on the subject.
3. Guaranteeing remuneration to the creators.
4. Guaranteeing and providing information on personal data protection.
5. Raising awareness of employees and studios on climate change.
6. Fight against climate change and contribution to carbon neutrality.
7. Supporting initiatives for diversity, inclusion and local communities.

3.1. INCREASING VIGILANCE AND SUSTAINABLE RELATIONS ACROSS OUR VALUE CHAIN

As a game publisher, FE's business is based on contractual partnerships with many studios, supporting the development of their games. These partnerships are based on trust and FOCUS ENTERTAINMENT strives to treat its partners in a fair and respectful manner.

FE, in line with the standards of the International Labour Organization (ILO) and the principles of the United Nations Global Compact, undertakes to uphold and promote human rights, condemns child labour and forced labour, and respects the freedom of association and the right to collective bargaining. We make sure that our partners, particularly game studios, also comply with these principles. To do so, we include in our contracts a corporate social responsibility (CSR) clause that is binding on our partner studios and, accordingly, all players of their value chain, to ensure that they are in compliance with all of the applicable rules in Europe and the United States concerning child labour, human rights, respect for working hours, standards on health and safety in the workplace, disciplinary measures, minimum income, environmental protection, and waste recycling.

FE does not, to date, have a specific responsible purchasing policy, though we implement several initiatives. Concerning our purchases of general services, we include environmental and social criteria whenever possible. This means that when selecting new service providers, we study the proposals of entities that are part of the Social and Solidarity Economy (SSE).

As regards our handicap sector, we have entered into contracts with two establishments and services assisting with work (ESATs) for caring for the plants in our offices and for collecting a portion of our waste. We also work on an as-needed basis with an ESAT for the collection of bulky waste and waste electronic and electrical equipment (WEEE), as well as with an EA for the provision of small work items and consumables.

More specifically, with regard to social inclusion through work, we occasionally work with two companies focussing on social inclusion, providing services for the collection of bulky waste and the placement of stickers. Additionally, we regularly work with a non-profit association that promotes workforce inclusion and covers our needs for moving heavy items.

In total for this financial year, we made €20,900 in purchases from players in the social and solidarity economy, with three ESATs, one adapted company, two social-inclusion companies, and one workforce inclusion association.

[13] *Management positions concern employees managing at least one other employee.*
[14] *The fifth criterion, "the difference in the breakdown of promotions", is only accounted for in companies that have more than 250 employees. We have calculated the index for the entity FOCUS ENTERTAINMENT.*
[15] *See 4.1. Increasing vigilance and sustainable relations across our value chain*

3.2. PROMOTING BUSINESS ETHICS AND DATA SECURITY IN OUR ACTIVITIES

3.2.1. Compliance with national regulations

FOCUS ENTERTAINMENT complies with all national and European regulations, like the GDPR or the French Data Protection Act as well as with the rules laid down by the CNIL and foreign regulations applicable to it on the confidentiality of information regarding gamers and employees and the protection of their personal data.

As we distribute games throughout the world, we strive to comply with applicable local regulations governing marketing and the display of required age (Age Rating), which depends on the content of games and respect for rules setting limited playing time limited for minors in some countries (such as China).

3.2.2. Respect and promote the principles of our Ethics Charter

Our Ethics Charter, intended for all our stakeholders, will aim to promote actions to prevent corruption and violations of integrity (money laundering, tax evasion, fraud, etc.), as well as combat, at every level of our supply chain and distribution network for our products, unethical business practices.

It will also echo the procedures already in place, notably the commitment made by each employee and shareholder to the company and financial markets to prevent insider trading.

Finally, it will aim to put the values and principles protected by the company forward, like the promotion of the creation of games developed by and for enthusiasts, or the desire to develop a federation of talents at the service of a community of gamers making the most of quality games and a safe, respectful gaming environment.

The deployment of the Charter within the Group, then with external partners, is set to take place during the next financial year, using communication initiatives, training sessions for the most exposed employees, and awareness-raising initiatives for our other employees.

3.2.3. Training for our employees and the reporting system

FE has implemented an alert system to collect all reports regarding unethical or unlawful behaviour or events within the company.

This system is based on a digital platform that collects reports while guaranteeing the security and confidentiality of exchanges, as well as the anonymity of the whistleblower making an anonymous report.

The system also relies on the designation of a reporting reference person within FE who has been specifically trained to manage and process the reports received. Alternatively, the system allows for classic channels to be used to report information, such as hierarchical and managerial lines, or employee representatives.

3.3. FIGHT AGAINST CLIMATE CHANGE AND CONTRIBUTION TO CARBON NEUTRALITY

The digital sector is responsible for 3% to 4% of greenhouse gas emissions worldwide[16] and therefore has a major role to play in the fight against climate change. FE is committed to reducing its impact on the environment with regard to its waste and its energy consumption, while working to raise awareness among its employees. Climate change and FE's carbon footprint are priority issues for the company.

3.3.1. FOCUS ENTERTAINMENT's carbon footprint

FOCUS ENTERTAINMENT carried out its first assessment of its carbon footprint in 2020, using the Bilan Carbone® methodology. This study of greenhouse gas (GHG) emissions linked to FOCUS ENTERTAINMENT's business in FY 2019-20 identified the main sources of emissions and helped to establish an action plan to reduce or offset its emissions. The scope of our Bilan Carbone® covers the following:

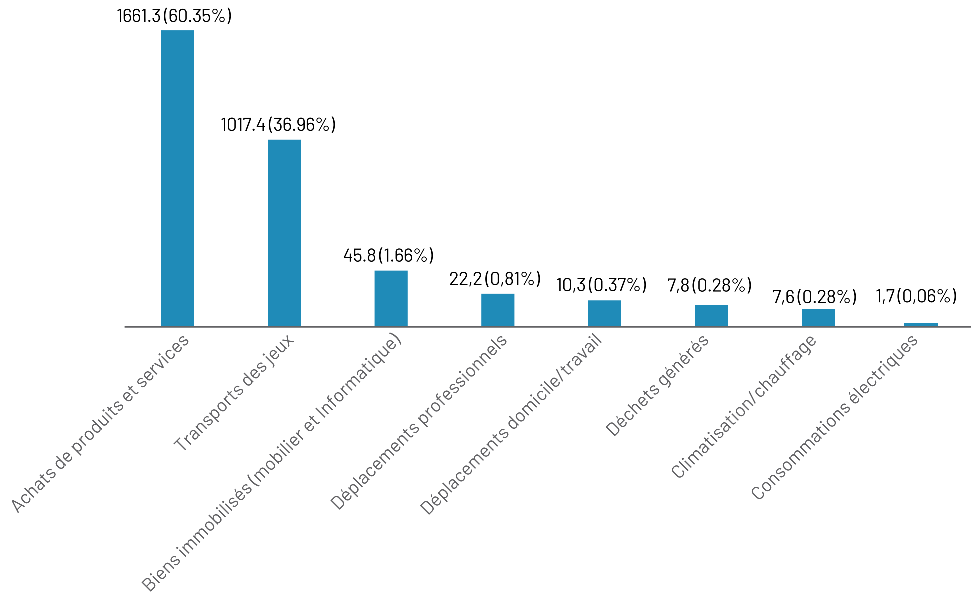
- **Scope 1:** direct emissions generated by the entity's resources using fossil fuels.
- **Scope 2:** indirect emissions linked to the purchase or production of electricity, heat, and steam.
- **Scope 3, excluding products**[17]: this is a more complete report that includes all other indirect emissions, including those upstream and downstream of the business itself (transport of video games throughout the world, business travel and daily commutes, purchases of goods and services, waste treatment, etc.).

Breakdown of CO_2 emissions by scope (in tonnes of CO_2 equivalent) – Excluding products

The total value of our emissions will obviously be important to monitor in the future. The growth of our Company will most likely lead to an increase in our emissions. This requires monitoring of other indicators (such as carbon intensity per employee, and intensity per thousand euros of revenue) which is used to evaluate the improvement and the impact of our efforts in the domain.

[16] *Source: Environmental footprint of the digital world, Green IT, September 2019.*
[17] *We calculated all of our emissions, but we excluded data relating to the manufacturing of games and their use by our players. We provide the details here: 5.2 Reporting scope.*

Breakdown of CO_2 emissions per category, in tonnes of CO_2 equivalent (t CO2 eq) – Products portion excluded



Our emissions for the year 2019 reached 2,774 t CO2 eq. This represents a carbon intensity of 20.39 t CO2 eq per employee and a carbon intensity of 19.42 kg CO2 eq per thousand euros of revenue. We expect to update our Bilan Carbone® in 2023, based on 2022 data.

Purchases

Focus's purchases represent the largest share of its emissions, up to 60% for 1,661.3 t CO2 eq. All expenses linked to the marketing of our games as well as those of our suppliers and our subcontractors are included in this category.

Transport of our games

This part concerns the transport of our games from the manufacturing sites to our storage sites, then from the storage sites to the distribution shops. Our games are distributed throughout the world, and this constitutes our second-largest source of emissions since it represents 36.96% of our emissions. For several years now, when the conditions allow, our teams reflect on the most optimised solutions for transport, seeking new storage points closer to our distribution centres. In general, each year, the increasing digitalisation of sales of our games compared with our sales in boxes reduces our emissions from transport.

Energy consumption and buildings

FE's head office is established in two multi-tenant buildings. One of the two buildings has been restored in accordance with the French "High Environmental Quality" (HQE) standard. This involves more reduction in our energy consumption.

In our 2019 Bilan Carbon® (carbon footprint) data collection period, 79% of our electricity was of renewable origin. Since 2020, we had moved to obtaining 100% of our electricity consumed from renewable sources. The war in Ukraine brought about the bankruptcy of our provider, Planète Oui, which supplied power to some of our facilities. This forced us to change providers and use electricity from non-renewable sources. Our share of renewable electricity thus stands at 54.4%.

In 2022, we had higher electricity consumption than in previous years. This can be explained by the expansion of our workforce. Regarding our consumption of heat, energy conservation recommendations led us to keep temperatures at 19°C this past winter, which had a major effect on our consumption.

Our desire to reduce our consumption is supported by the collective effort initiated by our landlord, Icade, an effort which we fully support. The two buildings we occupy underwent energy audits in 2019. One of the two buildings is labelled HQE (High Quality Environment). It is also certified ISO 14,001. Thus the lights in our offices, the taps, and the air-conditioning, are managed by a presence detection system that is able to limit non-useful energy losses.

Energy data [18]	2019	2020	2021	2022
Electricity consumption (kWh)	147,268	158,900	175,915	220,287
Electricity consumption per worker (kWh/employee)	1,156	1,077	1,055	1,153
Share of renewable electricity consumed	79%	100%	100%	54.4%
Heat consumption (kWh)	46,423	36,299	48,918	33,117
Water consumption (m^3)	618	632	649	481

[18] The data concerning resource consumption (water, electricity, and waste) lack precision. The data provided by our landlord concern all of the multi-tenant buildings which we occupy. The data are therefore prorated according to the surface area that we occupy. It should be noted that for the years 2020 and 2021, our landlord readjusted the data. As such, they differ from those found in the report published in 2021-22.

Business travel: indicators, policy, and actions

FE works with partner studios throughout the world, and travel is therefore necessary. In the wake of the COVID-19 pandemic, FE adopted a video conferencing system that facilitates communication when we are unable to meet in person with our partners far away.

A travel policy went into effect in FY 2022-23. This policy encourages employees, whenever possible, to take trains when travelling in France and in neighbouring countries. For trips to visit our French, British, and German partners, travel by train has been the preferred choice for several years now[19].

In km	2019[20]
Distance travelled by aeroplane for business travel	72,730
Distance travelled by rail for business travel	40,300

Daily commutes

In March 2023, most of our employees used public transport as their main means to reach the workplace (86%). Around 4% used a motor vehicle (2% car and 2% motorcycle/scooter) for their commute. The remainder of employees commuted on foot (2%) or by bicycle (4%). It should be noted that 4% of our employees work remotely full-time, and thus do not have a daily commute between home and work. When they visit the office, they travel 100% by train. The issue for us is thus not strategic, but remains significant since it is a daily consideration for our teams. Promoting low-impact mobility intersects with questions of safety (commuting accidents) and health (benefits of bicycling and walking). It is for these reasons that we have joined the thinking of our lessor Icade as part of a mobility plan. Icade, for example, has set up charging terminals for electric cars available for site users. They also opened a parking area for electric bikes, as well as a changing room/shower for employees who wish to travel by bicycle.

Future actions

An action plan is being established to improve our carbon footprint. Among the actions envisioned to reduce our carbon footprint, we hope to continue our thinking on the storage areas for our games, on the organisation of remote meetings and on our efforts in recycling. Generally speaking, we hope for better awareness of our employees (concerning turning off their equipment for example).

3.3.2. Waste management at FOCUS ENTERTAINMENT

Waste management is very important for our company. FE has a waste sorting system in place in its offices, in a joint initiative with our landlord Icade, who is in charge of waste collection through its service provider. We have not estimated the weight of our waste collected by our landlord's partner, as the weight is calculated per building. Additionally, one of our buildings is occupied by a bread bakery, which generates a lot of waste. As such, the building figures are too open to chance and are dependent on the business of the bakery. However, we are looking at developing a method for next year.

Office waste

To make waste sorting more efficient for our teams, FE has replaced individual bins with sorting stations for voluntary contributions. The stations are located in strategic places to facilitate sorting. Five types of waste are now collected in the offices: paper, glass, and non-hazardous industrial waste are handled by Véolia, a service provider chosen by our landlord. The collection of cans and bottles, as well as batteries, is directly managed by our service provider Le Petit Plus.

In 2021, we signed a contract with Upcycle to collect our coffee grounds. This new form of waste sorting was adopted very quickly by our teams, drastically reducing the weight of our waste bins. In 2022, 758 kg of coffee grounds were collected. The really unique aspect of Upcycle is that they use these coffee grounds as a substrate in which to grow mushrooms. Thus, in exchange for these collections, we have been able to offer our employees free trays of oyster mushrooms (for a total of 50 kg), and we even hosted activities for creating boxes in which to plant their mushrooms. It's an initiative that teams have really enjoyed.

Furniture and waste from electrical and electronic equipment (WEEE)

Concerning furniture and obsolete computing equipment, first they are reassigned, when possible, for new uses.
Then, for that which cannot be reused internally:

- For furniture, we offer it to neighbourhood associations. For everything else, we have it collected by companies that specialise in collection, recycling, and upcycling. In 2022-23, we worked with the company Tricycle Environnement, a company focussing on social inclusion that is a player in the social and solidarity economy.
- For WEEE, everything that cannot be reused and computing equipment at end-of-life is removed by a service provider that specialises in the collection and reconditioning of equipment. Everything containing data is destroyed for security reasons. Before being removed, When electrical equipment (e.g. coffee makers, microwaves) is still functional, it is offered to nearby non-profit organisations or hospitals. In 2022-23, we worked with the company Ecodair, a company focussing on social inclusion that is a player in the social and solidarity economy.

3.3.3. Our employee awareness actions

For a number of years now, the subject of environmental responsibility has been an issue of importance at FE. This took concrete form with the creation of an employee group called Focus Green. The purpose of the group is to come up with initiatives to launch and share best practices within the offices and raise awareness within our teams. Focus Green is behind the initiatives to display information on waste sorting in the offices, eliminate plastic disposable bottles and cups in the offices and raise awareness through a newsletter. By means of an internal newsletter, Focus Green spreads messages for awareness and good practices to the other employees.

3.4. SUPPORTING INITIATIVES TO PROMOTE DIVERSITY, INCLUSION, AND LOCAL COMMUNITIES

The Company is also involved in social and societal initiatives that benefit local communities and non-profit organisation, mainly in the form of donations. Each winter, around Christmas, the "*défis du cœur*" (challenges of the heart) initiative collects funds and food donations from employees. FE then monetarily matches those donations.
FE has supported the programme *Avenir en jeu*, aiming to give access to QA tester training to young people who are socially marginalised or have quit school.

[19] Except for cases of strike, delayed departure, specific cases, etc.
[20] These data are updated upon release of the Bilan Carbone report and have therefore not been updated for the past year.

We are also a partner of CapGame, a non-profit organisation that promotes accessibility for people with disabilities.
More generally, FE supports various local non-profits and hospitals whenever we can assist them by providing materials and equipment.

NOTE ON METHODOLOGY / ABOUT THIS REPORT

From the implementation of our CSR strategy to the publication of this report, we have been assisted by a firm called Tennaxia that specialises in CSR. They began helping us in 2020 and ended mid-2021. They also assisted us in carrying out our Bilan Carbone® in 2020.

4.1. DESCRIPTION OF FOCUS ENTERTAINMENT'S NON-FINANCIAL REPORTING

The indicators included in our reporting protocol and published in this report come from several workshops in which several managers of different FE departments (Production, Marketing, HR, Legal, and IT) participated. These indicators were then sorted into two categories: key performance indicators for the most important and monitoring indicators for the less strategic ones.

4.2. REPORTING SCOPE

The scope of reporting covers the entity FOCUS ENTERTAINMENT, except for CSR data. Regarding the CRS report, most of the data include the studios Dotemu, Douze Dixièmes, and Streum On. We expect to be able to add in data from the subsidiaries Deck 13, Leikir, Dovetail, and BlackMill when the data are collected in FY 2023-24.

4.3. REPORTING PERIOD

Nearly all of the data from our reporting were generated over the financial period from 1 April 2022 to 31 March 2023. The social barometer (2022) and Bilan Carbone® (2020, based on 2019 data) were prepared on the calendar years.

A new Bilan Carbone® will be prepared for FY 2023-24.

4.4. REPORTING PROCESS

Among the tools used for data collection, we use data extracted from our human resources information system. A reporting protocol was also created in which the list of CSR indicators as well as the definitions, the calculation methods, the scope and the sources of data are specified. It serves as a reference for the collection and consolidation of data.

4.5. INDICATOR METHODOLOGY

The ratio of men and women is calculated using the real workforce at 31/03/2023. The data collection was centralised by FE's CSR manager in cooperation with the departments concerned.

4.5.1. Environmental indicators

For the Bilan Carbone, only the Scope 1 (direct emissions generated by the resources of the entity using fossil fuels) and Scope 2 (indirect emissions linked to purchasing or to the production of electricity, heat and steam) emissions were retained. Scope 3 is only partly retained, since it includes the transportation portion for the distribution of our games but excludes the portion on the impact of playing time. A lack of visibility on the emissions linked to the manufacturing of games and too much uncertainty with regard to the emissions linked to the use by our players led us to exclude these results.

The Bilan Carbone® could not be updated in 2022, however, it will be in 2023. The indicators will therefore be renewed in the next CSR report.

For the Bilan Carbone® energy use data, the data from the two buildings of the Parisian head office have been taken into account.

4.5.2. Employee indicators

Total workforce

The total workforce includes all workers registered at the end of the period in permanent positions (CDI) and fixed-term positions (CDD), both full-time and part-time. Employees on parental leave, maternity/paternity leave, or sabbatical leave are also included. Interns, subcontractors, temporary workers, independent workers and occasional workers are not included.

Number of hires, departures, and staff turnover rate

The number of hires corresponds to the recruitment of employees in full-time positions, fixed-term positions and recruitment of employees in internships or apprenticeships. Renewals of fixed-term positions are not considered hires.

The number of departures corresponds to the following types of departures:

- Employee-initiated departures: end of contract (resignation, retirement).
- Employer-initiated departures (individual dismissal, economic redundancy).
- Departures by mutual agreement: contractual termination.
- Departures at end of contract: end of fixed-term contract, end of professional training contract.
- Departures for other causes: death.

The attrition rate is used to understand the rate of departures compared with the overall workforce of the company during the reporting year.

The staff turnover rate is used to understand the rate of new hires and departures compared with the overall workforce of the company during the reporting year.

Rate of absenteeism for illness and occupational accidents

Absences taken into account in this indicator are the following:

- absences due to illness and occupational illness.
- absences due to occupational accidents.
- other absences: without real constraining cause.

Maternal/paternal leave, family events, labour strikes or training leave are not included in the calculation.

Number of occupational accidents

Accidents considered here are accidents that occur at the workplace (occupational accident) or during travel from or to a place of work or to a work destination (travel accident). Accidents that occur while commuting, between residence and workplace, are also taken into account. The accident may involve death and may or may not involve a medical leave of absence.

Frequency rate of occupational accidents with a medical leave of absence

The rate measuring the degree of employee risk exposure, eliminating the effect of change in duration of work and number of employees.

Severity rate of occupational accidents with a medical leave of absence

The severity rate aims to express the severity of accidents according to the duration of the medical leave of absence.

Satisfaction survey: Quality of life at work, working atmosphere, and recommendations

The survey questions gave a choice between five different graduated responses: “totally disagree,” “somewhat disagree,” “somewhat agree,” “totally agree,” and “no opinion.” The responses “somewhat agree” and “totally agree” are considered a positive opinion and the responses “totally disagree” and “somewhat disagree” are considered a negative opinion.

Percentage of female managers

Management positions concern employees who manage at least one other employee.

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