



HALF-YEAR FINANCIAL REPORT 2020-21

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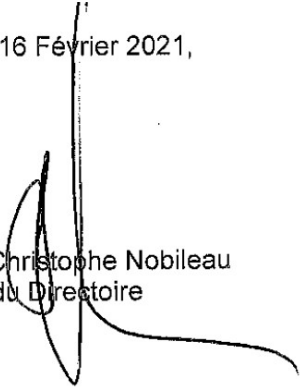
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Responsibility statement by the certifying officer for the half-year financial report 2020-21

I hereby certify that, to the best of my knowledge, the financial statements for the past six months presented in this half-year financial report have been prepared in accordance with the applicable accounting principles 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. I further certify that the half-year management report presents a fair review of the significant events that occurred during the first six months of the financial year, their effect on the accounts, the principal transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the year.

A Paris, le 16 Février 2021,

Monsieur Christophe Nobileau
Président du Directoire

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a vertical line and a horizontal stroke extending to the right.

FOCUS HOME INTERACTIVE
Public limited company with Management Board and Supervisory Board
with share capital of €6,395,630.40
Parc Pont de Flandre “Le Beauvaisis” - Bâtiment 28
11, Rue de Cambrai - 75019 Paris
RCS Paris B 399 856 277

<p>MANAGEMENT REPORT ON THE HALF-YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2021 1 April to 30 September 2020</p>
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In this document, “Focus Home Interactive” or “Company” refers to the French company registered in the Paris Trade and Companies Registry under number B 399 856 277. “Group” refers to Focus Home Interactive, its American subsidiary (Focus Home Interactive USA), and the German company Deck13 Interactive GmbH (Deck13) which was acquired in June 2020 along with its wholly owned subsidiary, Deck13 Production GmbH.

I. BUSINESS SITUATION OF THE COMPANY AND GROUP

Founded in 1995, Focus Home Interactive is a French video game publisher that aims to produce and distribute successful original video games across the globe on all platforms.

Focus Home Interactive supports game developers in the production of games and ensures the proper publicity and marketing of those games by relying on the distribution networks of its partners, i.e. the wholesale and retail networks for the physical distribution channel and the download platforms for online distributions.

Focus Home Interactive has sought and succeeded in establishing a durable ecosystem of partner studios around the world. The Company has also cultivated talented individuals who have proven their potential over the years through increasingly ambitious AA games.

The company has 152 employees on the issue date of this document and the Group has 195 employees including those of the German subsidiary, Deck13. The shares of the Company have been admitted for trading on the Euronext GROWTH® Paris stock exchange since February 2015 (ticker: ALFOC).

1. Business and significant events in the first half of 2020-21

The principal events for the period were:

External growth

On 23 June 2020, the Group finalised its acquisition of 100% of the share capital of the German company Deck13 Interactive GmbH (“Deck13”).¹

Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition cost a total of €7.1 million (i.e. €6.5 million in cash from a new bank financing facility² and €600k in the Company’s treasury stock) coupled with a

¹ See the press release issued on 25 June 2020, available on the Company’s website.

² As part of its development and acquisition strategy, Focus Home Interactive received a total of €46 million in financing from five bank institutes and BPIfrance Financement in early February 2020. For more details, see section 1.2.1 of the Company’s 2019-2020 annual report.

long-term incentive plan for the Deck13 directors as described in section 3.10 of the notes. The shares to be delivered at the end of the vesting period will be issued from a capital increase.

Deck13 became the first studio to be fully integrated into the Group on 1 July 2020.

Deposits, sureties and guarantees

At its meeting on 23 June 2020, the Management Board authorised its chairman to give, in the name of the Company, any deposits, sureties or guarantees up to a limit of €23.5 million to bank institutes, subject to the condition precedent of the Company signing the share purchase agreement with Deck13 Interactive GmbH.

Commercial success of SnowRunner and exceptional performance of the back catalogue

With over one million copies sold in scarcely three weeks, **SnowRunner** gave the Group a spectacular and historic start to the year upon its release in April 2020, despite the extremely complicated health crisis as a backdrop. The “Game of the Year” edition of **World War Z**, along with strong sales from flagship licences of the back catalogue, such as **A Plague Tale**, **The Surge**, **GreedFall** and even **Farming Simulator**, enabled back-catalogue revenue to rise 81% compared with the first half of 2019-20.

Summer 2020 witnessed the successful releases of **HardSpace: Shipbreaker** on Early Access (*Black Bird Interactive*), **Othercide** (*Lightbulb Crew*), **MudRunner Mobile** (*Saber*) and **Necromunda: Underhive Wars** (*Rogue Factor*).

Lastly, Focus announced in September 2020³ that it had entered into a partnership with the talented development studio **Flying Wild Hog**. This studio has three teams based in Poland and ten years’ experience in creating successful franchises (Shadow Warrior), which have allowed it to become a leader in the development of spectacular action games.

Change of primary shareholders

On 8 July 2020,⁴ Nabuboto and Innelec Multimédia (Thébaud Group), primary shareholders of the Company, signed a contract in which they sold their entire holdings of 1,883,218 shares (35.48% of stock) to Neology Holding, a subsidiary of FLCP & Associés. Under the terms of the contract, Nabuboto reinvested €11.3 million in Neology Holding.

Change of governance – Composition of the Supervisory Board and Management Board

Supervisory Board

At its meeting of 27 July 2020, the Company’s Supervisory Board noted the resignations of Georges Fornay, Christian Tellier and Claire Wancin. The Supervisory Board co-opted Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as new members of the Supervisory Board for Focus Home Interactive. Mr Larue was also appointed Supervisory Board Chairman, replacing Denis Thébaud who had resigned from the position. The Supervisory Board then comprised four members: the three members co-opted on the proposal of Neology Holding and Denis Thébaud. On 22 September 2020, the General Meeting of Shareholders ratified the appointment of Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as Supervisory Board members.

³ See the press release issued on 29 September 2020, available on the Company’s website.

⁴ See the press release issued on 8 July 2020, available on the Company’s website.

At its meeting on 24 September 2020, the Supervisory Board co-opted Tiphane Lamy as a member to the board, replacing Christophe Nobileau who resigned.

As of the date of this report, the Supervisory Board has the following members:

- Fabrice Larue – appointed on 27 July 2020 (Chairman of the Supervisory Board);
- Tiphane Lamy – appointed on 24 September 2020;
- Tanguy de Francieu – appointed on 27 July 2020; and
- Denis Thébaud – appointed on 6 January 2015.

Management Board

At its meeting of 24 September 2020, the Supervisory Board noted the resignation of Jean-François Busnel from his position as Management Board member. Christophe Nobileau was appointed to replace Mr Busnel as a member of the Management Board, and he was also appointed Managing Director of the Company.

Following the end of the second quarter, on 23 October 2020, Christophe Nobileau resigned from his position as Managing Director of the Company and was appointed Chairman of the Management Board, replacing the outgoing Jürgen Goeldner.

As of the date of this report, the Management Board has the following members:

- Christophe Nobileau – appointed Management Board member on 24 September 2020 and Chairman of the Management Board on 23 October 2020;
- Luc Heninger – appointed on 1 January 2016;
- Thomas Barrau – appointed on 29 June 2018; and
- John Bert – appointed on 1 January 2016.

Executive Committee

On 24 September 2020, an executive committee was established within the Company. Its members are:

- Christophe Nobileau – Chairman of the Management Board;
- John Bert – Chief Operations Officer and Management Board member;
- Luc Heninger – Chief Production Officer and Management Board member;
- Thomas Barrau – Chief Marketing Officer and Management Board member; and
- Jean-François Busnel – Chief Financial Officer.

Changes to the share capital

On 31 March 2020, the share capital was €6,368,630.40, made up of 5,307,192 shares with a par value of €1.20. On 30 September 2020, the share capital was €6,385,910.40, made up of 5,321,592 shares with a par value of €1.20.

The following capital increases occurred between 1 April and 30 September 2020:

- The Management Board, at its meeting on 26 June 2020, recorded the share capital increase of €960 resulting from the definitive vesting of free shares under the “AGA 2019-01-1” plan and carried out the corresponding amendments to the articles of association;
- The Management Board, at its meeting on 27 July 2020, recorded the exercise of 5,000 warrants (BSA-2015) which increased the share capital by €6,000;
- On 9 and 11 September 2020, 750 shares were issued following the exercise of 750 stock options by two beneficiaries as part of the “SO 2017-01” plan awarded by the Management Board on 6 October 2017 under the delegation granted by the General Meeting of 27 September 2017; while 250 shares were issued following the exercise of 250 stock options by one beneficiary as part of the “SO 2019” plan awarded by the Management Board on 11 March 2019 under the delegation granted by the General Meeting of 27 September 2018. The exercise of these 1,000 stock options and the corresponding capital increase were recorded by the Management Board at its meeting of 20 January 2021; and

- The Management Board at its meeting of 24 September 2020 recorded the capital increase resulting from the definitive vesting of free shares allocated under (i) the “AGA 2018-3” plan for a total of €5,400, (ii) the “AGA 2018-4” plan for a total of €2,520, (iii) the “AGA 2019-01-1” plan for a total of €960, and (iv) the “AGA 2019-01-2” plan for a total of €240.

Subsequent to 30 September 2020, the Management Board, at its meeting on 12 October 2020, recorded the share capital increase resulting from the definitive vesting of free shares under the “AGA 2018 -1” plan and “AGA 2018-2” plan for the respective amounts of €7,200 and €2,520. As of the date of this report, the share capital is €6,395,630.40, made up of 5,329,692 shares with a par value of €1.20.

2. Results

The Group achieved sales of €103.6M for the six months ended 30 September 2020, compared with €79.8M for the same period the previous year. This revenue includes a €700k sales contribution of Deck13, which was acquired on 25 June 2020. Revenue from the first half of the year was driven by sales of **Snowrunner** and the excellent performance from the back catalogue.

Gross profit came to €32.4M compared with €28.3M for the previous year—a year-over-year increase of 15% (see note 1.1 on changes to the accounting method).

EBITDA (definition can be found in note 1.1 on changes to the accounting method) was €35.5M, 34% of revenue. This was a 38% increase compared to its level on 30 September 2019 which was €25.7M.

Income from operations was €18.2M on 30 September 2020. This was a 36% year-over-year increase. On 30 September 2019, income from operations was €13.5M.

Taking into account a financial loss of €1.6M€, an extraordinary loss of €3.1M and a tax charge of €4.6M, the net income for the first six months was €8.9M.

Assets on the balance sheet grew from €90M on 31 March 2020 to €116.5M on 30 September 2020. Meanwhile, equity grew from €57.4M on 31 March 2020 to €64M on 30 September 2020.

Net intangible assets increased from €48.3M as of 31 March 2020 to €56.9M on 30 September 2020 (see note 1.5 for their definition). Net property, plant & equipment rose from €600k to €900k over the same period.

The Group held €28.7M in cash and cash equivalents and had a net cash position of €14M as of 30 September 2020.

II. IMPORTANT EVENTS AFTER 30 SEPTEMBER 2020

Unveiling of ambitious new game, end-of-year releases and prominence at the Game Awards 2020

The Game Awards is an unmissable event for industry professionals, influencers, gamers and studios. The 2020 edition took place on 10 December and was streamed online. Considered the video-game industry’s equivalent to the Oscars, the event was watched and streamed online by a record 83 million viewers. Focus had a prominent presence at this global event (broadcast in the US, Asia, Europe and elsewhere) with three games and their spectacular trailers benefiting from the unique stage:

- **Hood: Outlaws & Legends (Sumo):** world-exclusive announcement of its release date

- **Evil West:** a spectacular title from Flying Wild Hog unveiled for the first time
- **Shady Part of Me** (Douze Dixièmes): live worldwide release

The end of the year also saw the release of the **Alpine Farming Expansion of Farming Simulator 19**, which offered millions of its fans the opportunity to access extra content.

The final quarter will see the full release across all platforms of **Curse of the Dead Gods** which has enthralled Steam Early Access users for the last year, garnering 90% positive reviews.

Change to the Group's management

On 23 October 2020, Jürgen Goeldner announced he was stepping down from his position as Chairman of the Management Board for personal reasons, effective 31 October 2020. He became Senior Advisor to the Management Board and has worked on the M&A strategy. As non-executive chairman of Deck13, he will be supporting the expansion of the studio. As stated earlier, at the end of its meeting on 23 October 2020, the Supervisory Board appointed fellow Management Board member Christophe Nobileau as Chairman of that board to replace the outgoing Jürgen Goeldner. He was previously the Managing Director.

On 4 January 2021, John Bert was appointed Managing Director and, on 14 January 2021, the company announced Philippe Perthuis would be joining the Executive Committee in the role of Secretary General and Chief Business Model Officer.

European Commission investigation

The Company received a statement of objections from the European Commission in April 2019 as part of its investigation opened on 2 February 2017 in relation to agreements between Valve Corporation, owner of the video game distribution platform Steam, and five video game publishers including Focus Home Interactive.

The complaints essentially revolved around technical and contractual restrictions that would have allegedly limited the circulation of PC games in Europe.

On 9 November 2020, the Company announced⁵ that it believed the European Commission would fine it a maximum of €3 million. This amount has been recorded in the half-year financial statements as a provision for liabilities.

On 20 January 2021, the Company was informed⁶ by the European Commission that the Company would be fined €2.9 million.

GreedFall expansion and release on PlayStation 5 and Xbox Series S/X

Following the resounding success of GreedFall which sold over one million copies in under a year and considering the enthusiasm shown by gamers for the land of Teer Fradee, Nacon and Focus Home Interactive announced⁷ that discussions had culminated in new content to enrich the game along with the game's release on PlayStation 5 and Xbox Series S/X.

The two companies came to an agreement in which Focus Home Interactive would publish GreedFall on the PlayStation 5 and Xbox Series S/X and be responsible for the publication of the additional content and any future expansions. As for the GreedFall brand, this would form part of Nacon's game portfolio.

Establishment of new free share allotment plan and reallocation of treasury stock

On 17 December 2020, the Company announced the establishment of a free share allotment plan for the four members of the Executive Committee, which would be linked to performance. In accordance

⁵ See the press release issued on 9 November 2020, available on the Company's website.

⁶ See the press release issued on 20 January 2021, available on the Company's website.

⁷ See the press release issued on 26 November 2020, available on the Company's website.

with the 10th resolution of the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the issue of a maximum of 200,000 free shares, Focus Home Interactive's Supervisory Board authorised the Group's Management Board to establish a performance-based free share allotment plan.

The first beneficiaries of the plan are the following Executive Committee members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer), Jean-François Busnel (Chief Financial Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares that will be allotted to the beneficiaries over a four-year period are conditional on the beneficiary remaining with the Group and the achievement of performance indicators.

Moreover, the Executive Committee members have made a commitment to retain any ordinary shares currently held for a period between four and six years.

The Management Board, acting on the power delegated by the General Meeting, has also reallocated 20,000 shares of treasury stock, a portion of the shares acquired under the stock buyback programme of Focus Home Interactive. The original intention was to retain these shares for later use as payment for any external growth transactions. They will now be earmarked for the implementation of plans involving stock options, warrants, free shares and employee shareholding operations reserved for members of a company savings plan, in accordance with current legal provisions, or the transfer of shares to the employees and/or managing executives of the Company and of the companies that are linked to it.

End of URSSAF audit

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in an immaterial adjustment.

III. INFORMATION ON RISKS AND UNCERTAINTIES

In the Group's 2019-2020 annual report, available on its website, Focus Home Interactive disclosed the main risk factors that could affect its business.

Nonetheless, the Group wishes to update the risk associated with the coronavirus (COVID-19) pandemic.

Risk associated with the coronavirus pandemic

Focus Home Interactive had established a remote working environment even before it became a legal requirement. The Group had anticipated such restrictions and had prepared all its teams to work during this period in the safest and most effective way possible. This process remains in place today to ensure the health of its employees and to allow its business to continue while abiding by COVID-19 safety rules.

From an economic viewpoint, the COVID-19 health crisis has had an inherent positive effect on the Group's digital strategy, by boosting and maximising sales, communications and digital marketing. As a result, the Group has already seen a material increase in digital sales, especially in relation to its back catalogue which has recorded a year-over-year growth of 81%.

However, some development studios that are in partnership with the Group have neither the size nor the resources necessary to adapt to this unprecedented situation. As such, delays are being seen in the development and completion of several games, causing postponements to the release dates of these games until the next financial year.

The Group has not needed to apply for the State-Guaranteed Loan nor had to defer any expenses during this period. It has not suffered any cash flow pressure and has maintained a net cash position since the start of the financial year.

IV. SHAREHOLDERS AS OF 30 SEPTEMBER 2020

The Company's articles of association grant a double voting right to any registered share held for over two years. The table below depicts the breakdown of primary shareholders and voting rights as of 30 September 2020:

Breakdown of shareholders on 30/09/2020

	<u>Shares</u>	<u>Voting rights</u>	<u>Shares</u>	<u>Voting rights</u>
Buyback program	124 660	124 660	2,34%	2,28%
Neology Holding	2 095 748	2 095 748	39,38%	38,36%
Focus Executive Committee	89 810	161 670	1,69%	2,96%
Focus teams	72 606	94 337	1,36%	1,73%
Former employees	51 053	97 777	0,96%	1,79%
Floating	2 887 715	2 889 729	54,26%	52,89%
Total	5 321 592	5 463 921	100%	100%

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS - 1 APRIL TO 30 SEPTEMBER 2020

The consolidated financial statements of the Focus Home Interactive 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 update of CRC regulation no. 99-02 of 29 April 1999 on the consolidated financial statements of commercial companies and public enterprises.



HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS
1 April to 30 September 2020

1.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30/09/2020			31/03/2020 published	Net variation
		Gross	D&A	Net		
Subscribed capital not called				0	0	0
Goodwill	3.1	6 338	(51)	6 287	0	6 287
Intangible assets	3.2	72 720	(18 750)	53 971	14	53 957
Property, plant & equipment	3.3	2 107	(1 257)	850	661	189
Financial assets	3.4	757	(1)	756	310	446
Total Non-Current Assets		81 921	(20 058)	61 864	985	60 879
Inventory and works in progress	3.5	934	(184)	750	585	165
Trade receivables	3.6	18 886	(33)	18 854	14 534	4 320
Other receivables, accruals and deferrals	3.7	6 379		6 379	54 083	(47 704)
Marketable securities	3.8	0		0	0	0
Cash and cash equivalents	3.8	28 683		28 683	19 639	9 044
Total Assets		136 803	(20 274)	116 529	89 826	26 703

	Note	30/09/2020	31/03/2020 Published	Net variation
Capital		6 386	6 369	17
Share premium		22 365	22 311	54
Reserves		26 329	12 955	13 374
Profit(loss) for the year		8 888	13 040	(4 152)
Total Equity	3.9	63 968	54 675	9 293
Provisions	3.11	4 369	646	3 722
Borrowings and financial debt	3.12	14 670	1 661	13 008
Trade payables	3.13	20 670	21 595	(926)
Other payables, accruals and deferrals	3.14	12 853	11 248	1 605
Total Liabilities		116 529	89 826	26 703

1.1.2 CONSOLIDATED INCOME STATEMENT

	Note	30/09/2020 (6 months)		30/09/2019 published (6 months)		Variation	Variation %
Revenue	3.15	103 611	100%	79 805	100%	23 805	30%
Cost of goods sold	3.16	(53 434)		(39 732)		(13 703)	34%
Game development costs	3.16	(17 782)		(11 800)		(5 982)	51%
Gross margin		32 394	31%	28 274	35%	4 120	15%
Production costs	3.17	(3 588)		(2 959)		(629)	21%
Sales and marketing expenses	3.18	(6 383)		(8 897)		2 514	-28%
General and administration expenses	3.19	(4 453)		(2 953)		(1 500)	51%
Other operating income (expenses)		266		(7)		274	
Income from operations		18 237	18%	13 458	17%	4 779	36%
Financial result	3.22	(1 610)	-2%	54	0%	(1 663)	
Recurring income of consolidated companies		16 627	16%	13 512	17%	3 116	23%
Extraordinary result	3.23	(3 136)		(1)		(3 134)	3
Income tax	3.25	(4 604)		(4 315)		(289)	7%
Net income before amortisation of goodwill		8 888	9%	9 195	12%	(307)	-3%
Consolidated net income		8 888	9%	9 195	12%	(307)	-3%
Net income (attributable to the group)		8 888	9%	9 195	12%	(307)	-3%
Earnings per share	3.24	1,67		1,75			
Diluted earnings per share	3.24	1,63		1,72			

1.1.3 STATEMENT OF CHANGES IN EQUITY

	Capital	Share premium	Consolidated reserves	Profit/loss	Equity attributable to group	Equity
Equity as of 31/03/2019	6 300	21 625	8 652	7 974	44 552	44 552
Allocation to reserves			7 974	(7 974)	0	0
Dividends distributed			(3 471)		(3 471)	(3 471)
Profit(loss) for the year				13 040	13 040	13 040
Capital increase	68	685	(33)		720	720
Other transactions			(191)		(191)	(191)
FX translation reserve			24		24	24
Equity as of 31/03/2020	6 369	22 311	12 955	13 040	54 675	54 675
Equity as of 31/03/2020	6 369	22 311	12 955	13 040	54 675	54 675
Allocation to reserves			13 040	(13 040)	0	0
Dividends distributed					0	0
Profit(loss) for the year				8 888	8 888	8 888
Capital increase	17	59			76	76
Other transactions		(5)	488		483	483
FX translation reserve			(154)		(154)	(154)

“Capital increases” included :

For the previous year:

- the exercise of stock options and the definitive vesting of free shares for €33k in capital and €10k in share premiums,
- the capital increase related to scrip dividends for €35k in capital and €675k in share premiums.

For the current year:

- the exercise of warrants and the definitive vesting of free shares for €17k in capital and €59k in share premiums,

“Other transactions” related to:

For the previous year: the cancellation of treasury stock held as part of the liquidity contract and stock buyback programme, and the residual amount of dividends from the difference between the dividends voted on and those finally paid out.

For the current year: the cancellation of treasury stock held as part of the liquidity contract and stock buyback programme as well as the payment effected in stock as part of the acquisition of Deck13.

1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	30/09/2020	31/03/2020 Published
Net income of consolidated companies		8 888	13 040
- Net change in D&A and provisions (1)		20 617	426
- Goodwill amortisation		0	0
- Change in deferred taxes	3.7	(221)	220
- Gains (losses) from disposals		3	0
Cash flow before working capital changes		29 287	13 687
- Change in working capital		(8 797)	(11 313)
<i>Of which change in inventory</i>	3.5	(165)	456
<i>Of which change in receivables</i>	3.6 / 3.7	(4 868)	(19 597)
<i>Of which change in payables</i>	3.13 / 3.14	(3 764)	7 827
Net cash provided by (used in) operating activities		20 490	2 374
Purchases of property, plant, equipment and intangible assets	3.2 / 3.3	(17 570)	(264)
Other purchases net of disposed financial assets	3.4	(445)	27
Net cash used in acquisition of subsidiaries		(6 186)	0
Net cash provided by (used in) investing activities		(24 201)	(238)
Dividends paid (2)		0	(2 762)
Capital increase	3.9	62	11
Issuance of debt	3.12	14 008	1 000
Retirement of debt	3.12	(1 000)	(521)
Acquisition/disposal of treasury stock		(137)	(191)
Net cash provided by (used in) financing activities		12 933	(2 463)
Effect of exchange rate changes		(177)	(37)
Increase (decrease) in cash and cash equivalents		9 045	(363)
Cash and cash equivalents at beginning of year (3)		19 639	20 001
Cash and cash equivalents at end of year (3)		28 683	19 639
Increase (decrease) in cash and cash equivalents		9 045	(363)

- (1) Excluding provisions on current assets
(2) Dividends paid in cash
(3) Cash and cash equivalents represent cash net of overdrafts, excluding cash instruments

1.1.5 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.1.5.1.1 Presentation of the Group

Founded in 1995, FOCUS HOME INTERACTIVE is a French video game publisher that produces and releases successful original video games on multiple platforms across the globe. FOCUS HOME INTERACTIVE supports development studios in the production of games and ensures the proper publicity and marketing of those games.

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 in the Trade and Companies Registry of Paris under number 399 856 277.

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

1.1.5.1.2 Basis of preparation for the consolidated financial statements

The consolidated financial statements of the Focus Home Interactive 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 update of CRC regulation no. 99-02 of 29 April 1999 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.

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

1.1. Change in accounting method

The Group reviewed the presentation of its financial statements and decided to carry out a change to the accounting method in the classification of certain balance sheet items, which would not have any impact on its income statement:

- The Group decided to record video game investments, whether developed by partner studios or its German studio Deck13, under its intangible assets. These investments were previously placed under "Other receivables" but can now be directly identified in intangible assets under the non-current assets section of the balance sheet rather than under the current assets section. This decision allows assets to be more readily understandable on the whole by presenting actual current assets as well as improving the readability of the statement of cash flows.

- Now, amounts paid to studios as part of the financing of games in development are amortised over the estimated life of the games, which is between 12 and 24 months according to the pace of sales. This amortisation, recorded in the gross profit like all other royalties, is calculated according to the same rule for previous years.

A restatement table demonstrates this change in method by showing the financial position on 31 March 2020 according to the former method, adjustments made, and the financial position according to the new method. All notes to statements of financial position on 30 September 2020 are presented on the basis of the restated amounts on 31 March 2020 as shown in the table below:

ASSETS AT 31 MARCH 2020

	31/03/2020		31/03/2020
	Net published	Impact from method change	Net restated
Subscribed capital not called	0	0	0
Goodwill	0	0	0
Intangible assets	14	48 246	48 260
Property, plant & equipment	661	0	661
Financial assets	310	0	310
Total Non-Current Assets	985	48 246	49 231
Inventory and works in progress	585	0	585
Trade receivables	14 534	0	14 534
Other receivables, accruals and deferrals	54 083	(48 119)	5 964
Marketable securities	0	0	0
Cash and cash equivalents	19 639	0	19 639
Total Assets	89 826	127	89 952

LIABILITIES AND EQUITY AT 31 MARCH 2020

	31/03/2020		31/03/2020
	Published	Impact from method change	Restated
Capital	6 369		6 369
Share premium	22 311		22 311
Reserves	12 955		12 955
Profit(loss) for the year	13 040		13 040
Total Equity	54 675	0	54 675
Provisions	646		646
Borrowings and financial debt	1 661		1 661
Trade payables	21 595	(365)	21 230
Other payables, accruals and deferrals	11 248	492	11 740
Total Liabilities	89 825	127	89 952

Definitions and alternative performance indicators:

Definition of gross profit:

The Group defines gross profit as sales minus the sum of the cost of goods sold and game development costs. The cost of goods sold and game development are defined in note 1.15.

The table below shows the modifications made to the calculation of gross profit by showing how the gross profit on 30 September 2019 would have been under the new accounting method.

	Note	30/09/2020 (6 months)		30/09/2019 Restated (6 months)		30/09/2019 published (6 months)		Restated variation	Published variation
Revenue	3.14	103 611	100%	79 805	100%	79 805	100%	23 805	23 805
Cost of goods sold	3.15	(53 434)		(39 732)		(51 532)	100%	(13 703)	(1 902)
Game development costs	3.15	(17 782)		(11 800)				(5 982)	(17 782)
Gross margin		32 394	31%	28 274	35%	28 274	35%	4 120	4 120

Definition of EBITDA:

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is the income from operations before the depreciation and amortisation of tangible and intangible assets. The Group considers EBITDA as an alternative performance indicator since there is no standard definition of its primary parameters. The Group has chosen to present this metric with a description in note 1.20.

1.2. Material events of the period

The material events of the period were:

External growth

On 23 June 2020, the Group finalised its acquisition of 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck13").⁸

Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition cost a total of €7.1 million (i.e. €6.5 million in cash from a new bank financing facility⁹ and €600k in the Company's treasury stock) coupled with a long-term incentive plan for the Deck13 directors as described in section 3.10 of the notes. The shares to be delivered at the end of the vesting period will be issued from a capital increase.

Deck13 became the first studio to be fully integrated into the Group on 1 July 2020.

The impact of Deck13 on the financial statements as of 30 September 2020 was immaterial so no comparative information is presented.

Deposits, sureties and guarantees

At its meeting on 23 June 2020, the Management Board authorised its chairman to give, in the name of the Company, any deposits, sureties or guarantees up to a limit of €23.5 million to bank institutes, subject to the condition precedent of the Company signing the share purchase agreement with Deck13 Interactive GmbH.

⁸ See the press release issued on 25 June 2020, available on the Company's website.

⁹ As part of its development and acquisition strategy, Focus Home Interactive received a total of €46 million in financing from five bank institutes and BPIfrance Financement in early February 2020. For more details, see section 1.2.1 of the Company's 2019-2020 annual report.

Commercial success of SnowRunner and exceptional performance of the back catalogue

With over one million copies sold in scarcely three weeks, **SnowRunner** gave the Group a spectacular and historic start to the year upon its release in April, despite the extremely complicated health crisis as a backdrop. The “Game of the Year” edition of **World War Z**, along with strong sales from flagship licences of the back catalogue, such as **A Plague Tale**, **The Surge**, **GreedFall** and even **Farming Simulator**, enabled back-catalogue revenue to surge 81%.

Summer 2020 witnessed the successful releases of **HardSpace: Shipbreaker** on Early Access (*Black Bird Interactive*), **Othercide** (*Lightbulb Crew*), **MudRunner Mobile** (*Saber*) and **Necromunda: Underhive Wars** (*Rogue Factor*).

Lastly, Focus announced in September 2020¹⁰ that it had entered into a partnership with the talented development studio **Flying Wild Hog**. This studio has three teams based in Poland and ten years’ experience in creating successful franchises (*Shadow Warrior*), which have allowed it to become a leader in the development of spectacular action games.

Change of primary shareholders

On 8 July 2020¹¹, Nabuboto and Innelec Multimédia (Thébaud Group), primary shareholders of the Company, signed a contract in which they sold their entire holdings of 1,883,218 shares (35.48% of stock) to Neology Holding, a subsidiary of FLCP & Associés. Under the terms of the contract, Nabuboto reinvested €11.3 million in Neology Holding.

Change of governance – Composition of the Supervisory Board and Management Board

Supervisory Board

At its meeting of 27 July 2020, the Company’s Supervisory Board noted the resignations of Georges Fornay, Christian Tellier and Claire Wancin. The Supervisory Board co-opted Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as new members of the Supervisory Board for Focus Home Interactive. Mr Larue was also appointed Supervisory Board Chairman, replacing Denis Thébaud who had resigned from the position. The Supervisory Board then comprised four members: the three members co-opted on the proposal of Neology Holding and Denis Thébaud. On 22 September 2020, the General Meeting of Shareholders ratified the appointment of Fabrice Larue, Tanguy de Franclieu and Christophe Nobileau as Supervisory Board members.

At its meeting on 24 September 2020, the Supervisory Board co-opted Tiphonie Lamy as a member to the board, replacing Christophe Nobileau who resigned.

As of the date of this report, the Supervisory Board has the following members:

- Fabrice Larue – appointed on 27 July 2020 (Chairman of the Supervisory Board);
- Tiphonie Lamy – appointed on 24 September 2020;
- Tanguy de Franclieu – appointed on 27 July 2020; and
- Denis Thébaud – appointed on 6 January 2015.

¹⁰ See the press release issued on 29 September 2020, available on the Company’s website.

¹¹ See the press release issued on 8 July 2020, available on the Company’s website.

Management Board

At its meeting of 24 September 2020, the Supervisory Board noted the resignation of Jean-François Busnel from his position as Management Board member. Christophe Nobileau was appointed to replace Mr Busnel as a member of the Management Board, and he was also appointed Managing Director of the Company.

Following the end of the second quarter, on 23 October 2020, Christophe Nobileau resigned from his position as Managing Director of the Company and was appointed Chairman of the Management Board, replacing the outgoing Jürgen Goeldner.

As of the date of this report, the Management Board has the following members:

- Christophe Nobileau – appointed Management Board member on 24 September 2020 and Chairman of the Management Board on 23 October 2020;
- Luc Heninger – appointed on 1 January 2016;
- Thomas Barrau – appointed on 29 June 2018; and
- John Bert – appointed on 1 January 2016.

Executive Committee

On 24 September 2020, an executive committee was established within the Company. Its members are:

- Christophe Nobileau – Chairman of the Management Board;
- John Bert – Chief Operations Officer and Management Board member;
- Luc Heninger – Chief Production Officer and Management Board member;
- Thomas Barrau – Chief Marketing Officer and Management Board member; and
- Jean-François Busnel – Chief Financial Officer.

Changes to the share capital

On 31 March 2020, the share capital was €6,368,630.40, made up of 5,307,192 shares with a par value of €1.20. On 30 September 2020, the share capital was €6,385,910.40, made up of 5,321,592 shares with a par value of €1.20.

The following capital increases occurred between 1 April and 30 September 2020:

- The Management Board, at its meeting on 26 June 2020, recorded the share capital increase of €960 resulting from the definitive vesting of free shares under the “AGA 2019-01-1” plan and carried out the corresponding amendments to the articles of association;
- The Management Board, at its meeting on 27 July 2020, recorded the exercise of 5,000 warrants (BSA-2015) which increased the share capital by €6,000; and
- On 9 and 11 September 2020, 750 shares were issued following the exercise of 750 stock options by two beneficiaries as part of the “SO 2017-01” plan awarded by the Management Board on 6 October 2017 under the delegation granted by the General Meeting of 27 September 2017; while 250 shares were issued following the exercise of 250 stock options by one beneficiary as part of the “SO 2019” plan awarded by the Management Board on 11 March 2019 under the delegation granted by the General Meeting of 27 September 2018. The exercise of these 1,000 stock options and the corresponding capital increase were recorded by the Management Board at its meeting of 20 January 2021; and
- The Management Board at its meeting of 24 September 2020 recorded the capital increase resulting from the definitive vesting of free shares allocated under (i) the “AGA 2018-3” plan for a total of €5,400, (ii) the “AGA 2018-4” plan for a total of €2,520, (iii) the “AGA 2019-01-1” plan for a total of €960, and (iv) the “AGA 2019-01-2” plan for a total of €240.

Subsequent to 30 September 2020, the Management Board, at its meeting on 12 October 2020, recorded the share capital increase resulting from the definitive vesting of free shares under the “AGA 2018 -1” plan and “AGA 2018-2” plan for the respective amounts of €7,200 and €2,520. As of the date of this report, the share capital is €6,395,630.40, made up of 5,329,692 shares with a par value of €1.20.

1.3. Events after 30 September 2020

Unveiling of ambitious new game, end-of-year releases and prominence at the Game Awards 2020

The Game Awards is an unmissable event for industry professionals, influencers, gamers and studios. The 2020 edition took place on 10 December and was streamed online. Considered the video-game industry's equivalent to the Oscars, the event was watched and streamed online by a record 83 million viewers. Focus had a prominent presence at this global event (broadcast in the US, Asia, Europe and elsewhere) with three games and their spectacular trailers benefiting from the unique stage:

- **Hood: Outlaws & Legends** (Sumo): world-exclusive announcement of its release date
- **Evil West**: a spectacular title from Flying Wild Hog unveiled for the first time
- **Shady Part of Me** (Douze Dixièmes): live worldwide release

The end of the year also saw the release of the **Alpine Farming Expansion of Farming Simulator 19**, which offered millions of its fans the opportunity to access extra content.

The final quarter will see the full release across all platforms of **Curse of the Dead Gods** which has enthralled Steam Early Access users for the last year, garnering 90% positive reviews.

Change to the Group's management

On 23 October 2020, Jürgen Goeldner announced he was stepping down from his position as Chairman of the Management Board for personal reasons, effective 31 October 2020. He became Senior Advisor to the Management Board and has worked on the M&A strategy. As non-executive chairman of Deck13, he will be supporting the expansion of the studio. As stated earlier, at the end of its meeting on 23 October 2020, the Supervisory Board appointed fellow Management Board member Christophe Nobileau as Chairman of that board to replace the outgoing Jürgen Goeldner. He was previously the Managing Director.

On 4 January 2021, John Bert was appointed Managing Director and, on 14 January 2021, the company announced Philippe Perthuis would be joining the Executive Committee in the role of Secretary General and Chief Business Model Officer.

European Commission investigation

The Company received a statement of objections from the European Commission in April 2019 as part of its investigation opened on 2 February 2017 in relation to agreements between Valve Corporation, owner of the video game distribution platform Steam, and five video game publishers including Focus Home Interactive.

The complaints essentially revolved around technical and contractual restrictions that would have allegedly limited the circulation of PC games in Europe.

On 9 November 2020, the Company announced¹² that it believed the European Commission would fine it a maximum of €3 million. This amount has been recorded in the half-year financial statements as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that the Company would be fined €2.9 million.

¹² See the press release issued on 9 November 2020, available on the Company's website.

GreedFall expansion and release on PlayStation 5 and Xbox Series S/X

Following the resounding success of GreedFall which sold over one million copies in under a year and considering the enthusiasm shown by gamers for the land of Teer Fradee, NACON and Focus Home Interactive announced¹³ that discussions had culminated in new content to enrich the game along with the game's release on PlayStation 5 and Xbox Series S/X.

The two companies came to an agreement in which Focus Home Interactive would publish GreedFall on the PlayStation 5 and Xbox Series S/X, and be responsible for the publication of the additional content and any future expansions. As for the GreedFall brand, this would form part of NACON's game portfolio.

Establishment of new free share allotment plan and reallocation of treasury stock

On 17 December, the Company announced the establishment of a free share allotment plan for the four members of the Executive Committee, which would be linked to performance. In accordance with the 10th resolution of the Ordinary and Extraordinary General Meeting of 22 September 2020 authorising the issue of a maximum of 200,000 free shares, Focus Home Interactive's Supervisory Board authorised the Group's Management Board to establish a performance-based free share allotment plan.

The first beneficiaries of the plan are the following Executive Committee members: John Bert (Chief Operations Director), Luc Heninger (Chief Production Officer), Jean-François Busnel (Chief Financial Officer) and Thomas Barrau (Chief Marketing Officer). The newly issued shares that will be allotted to the beneficiaries over a four-year period are conditional on the beneficiary remaining with the Group and the achievement of performance indicators.

Moreover, the Executive Committee members have made a commitment to retain any ordinary shares currently held for a period between four and six years.

The Management Board, acting on the power delegated by the General Meeting, has also reallocated 20,000 shares of treasury stock, a portion of the shares acquired under the stock buyback programme of Focus Home Interactive. The original intention was to retain these shares for later use as payment for any external growth transactions. They will now be earmarked for the implementation of plans involving stock options, warrants, free shares and employee shareholding operations reserved for members of a company savings plan, in accordance with current legal provisions, or the transfer of shares to the employees and/or managing executives of the Company and of the companies that are linked to it.

End of URSSAF audit

On 26 December 2019, the Group was notified of an audit covering the years 2017 and 2018 being opened by the URSSAF (French social security agency) for the end of January 2020. The audit ended on 20 November 2020 and resulted in an immaterial adjustment.

1.4. 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 available information or the circumstances on the date the accounts were prepared. However, these could prove to differ from reality as time passes.

¹³ See the press release issued on 26 November 2020, available on the Company's website.

1.5. Non-current assets

Intangible assets mostly comprise 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 funding depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

Once a game is 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 pays supplementary royalties which are recorded in the income statement.

Intangible assets also include game developments by the German subsidiary Deck13.

Other non-current assets are recorded 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 |
| - General equipment, fixtures and fittings: | 8-10 years straight line |
| - Office materials and computers: | 3-5 years straight line |
| - Office furniture: | 5-8 years 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.

1.6. Financial assets

Financial assets include in particular:

- deposits and sureties relating to outstanding borrowings and leases,
- the liquidity account available to the company Gilbert Dupont (as part of the liquidity contract) which had not, as of 30 September 2020, been invested in Company shares.

Where 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.

1.7. Inventory

Inventory is valued under 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, this is 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 FHI and are recorded under inventory until sold by the distributor.

1.8. Trade receivables

Trade receivables are recorded at face value. A provision for bad debts is recorded where 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.

1.9. Other receivables

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

1.10. Currency operations

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

The currency operations are recorded at the monthly average rate of the month in which they are conducted.

Credits and debts not expressed in euros are converted at the exchange rate at the close to be incorporated into the balance sheet. Currency translation differences are recorded appropriately in the assets or liabilities of the statement of financial position.

The Group regularly conducts operations to hedge currency risks. Such hedges relate to collections in USD and GBP, and are entered into according to the expected USD and GBP inflows which are revised during the year.

As of 30 September 2020, the Group held outstanding hedge contracts for the purchase commitments of GBP 730k (no USD commitments). The guaranteed prices of the different contracts were from £0.9173 to £0.91819 sterling for €1.

1.11. Provision for liabilities

A provision is recorded when the following three conditions are fulfilled:

- 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.

1.12. Provision for charges

The provision for charges mainly concerns pension benefits.

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

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

Retirement schemes, related compensation and other company benefits that are addressed as defined benefits schemes (a 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 period, less fair value of the relevant scheme's assets dedicated to those commitments.

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

The Group'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 employees (entitlement to compensation on the current date with discounted 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.

1.13. Deferred income

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

1.14. Revenue

The Group's revenue is exclusively 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 that 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.

1.15. Cost of goods sold and game development costs

The cost of goods sold comprises the following external costs:

- royalties owed to game development studios for each video game, including additional royalties representing a percentage of a game's profits, once advances and production costs are recouped.
- the production cost of goods sold, including manufacturing fees paid to console manufacturers,
- royalties to third parties as soon as the licence's ownership does not belong to the studio,
- provisions on inventory,
- transportation costs,
- provisions on risks of returned merchandise from customers and game depreciation (see. 1.11).
- costs relating to abandoned games: in the event the Group abandons its rights over a game in which it has already invested. The relevant expense incurred is then recorded in costs relating to abandoned games.

Game development costs comprise, firstly, the amortisation charge on contractual financing paid to the studios before and after the launch of a game and, secondly, any costs incurred in cancelled games. The Group may sometimes invest in mock-ups or production starts of 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 in costs relating to cancelled games.

Refer to note 1.5 for information on the amortisation of developments costs for games that reach the market.

1.16. Production costs

This entry includes the expenses of production monitoring teams, including salaries, expenses, ancillary costs and external production costs (localisation, labelling, quality control testing).

1.17. Sales and marketing expenses

This entry includes all expenses relating to selling and marketing, including the salaries, expenses and ancillary costs of the sales & marketing teams, as well as the various external costs incurred in the selling and marketing of games.

1.18. General and administration expenses

These expenses comprise all administrative expenses and general costs, including the salaries and expenses of administrative teams, as well as any other expenses that are not attributed to cost of goods sold, production costs or sales and marketing expenses.

1.19. Other operating income (expenses)

This item includes in particular income and expenses relating to promotional exchanges.

1.20. EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is presented here for the first time as an alternative performance indicator following the accounting method change to the recognition of game advances in the statement of financial position. EBITDA is the operating profit (loss) before the depreciation and amortisation of tangible and intangible assets. Its calculation is shown below on the basis of restated accounts on 30/09/2019:

	30/09/2020 (6 months)		30/09/2019 restated (6 months)		Variation	Var %
Revenue	103 611	100%	79 805	100%	23 805	30%
Gross margin	32 394	31%	28 274	35%	4 120	15%
EBITDA	35 480	34%	25 737	32%	9 744	38%
Depreciation and amortisation on:						
Game development costs	16 893		11 800		5 093	
Other depreciation and amortisation	350		479		(129)	
Income from operations	18 237	18%	13 458	17%	4 779	36%

1.21. Financial result

The financial result 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.

1.22. Extraordinary result

The extraordinary result is composed of other non-recurring operations not related to game investments.

1.23. 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.

At the end of March 2020, Focus Home Interactive had no subsidiary or significant stake in a company except for its US subsidiary that was created in September 2013.

On 25 June 2020, a German company, Deck13 Interactive GmbH, and its subsidiary, Deck13 Production GmbH, were acquired.

Company	Registered office	Siret no.	Control	Stake	Method*
Deck 13 Interactive GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100%	100%	Full
Deck 13 Production GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100%	100%	Full
Focus Home Interactive USA LLC	1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA	N/A	100%	100%	Full

* Full consolidation

2.2 Method of consolidation

The American subsidiary and the two German subsidiaries are consolidated under the full consolidation method insofar as Focus Home Interactive France alone exercises control over these subsidiaries. The consolidation is conducted directly by the parent company.

2.3 Entry into scope

Where 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.

The difference between the acquisition cost of securities and the total valuation of the identifiable assets and liabilities constitutes goodwill.

On 25 June 2020, a German company, Deck13 Interactive GmbH, and its wholly-owned subsidiary, Deck13 Production GmbH, were acquired. This acquisition led to a recognition of goodwill (see note 3.1).

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 in the income statement are translated at the daily exchange rates.

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

2.7 Leases

As there are no leases of a material character, they are not adjusted, pursuant to the above-mentioned regulation.

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 give rise to the recognition of deferred taxes according to the asset-liability method.

2.9 Closing date of accounts

The Group closes its annual accounts on 31 March and its half-year accounts on 30 September. The two German subsidiaries, Deck13 Interactive and Deck13 Production, close and balance their annual accounts on 31 December.

3 EXPLANATION OF ITEMS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION, INCOME STATEMENT AND THEIR VARIATIONS

3.1 Goodwill

Goodwill	30/09/2020	31/03/2020 restated	Variation
Gross value	6 338	51	6 287
Impairment	(51)	(51)	0
Net value	6 287	0	6 287

The Group acquired all shares in Deck13 Interactive and its subsidiary Deck13 Production on 25 June 2020 for an overall price of €7.135 million with €6.5M being in cash and €635k in Focus Home Interactive stock held in treasury. Moreover, the four managers of Deck13 were offered a loyalty plan, which is described in note 3.10.

Deck13 Interactive is one of the principal video-game developers in Germany with over 18 years' experience. The company has developed over 20 titles, including the major releases such as The Surge, The Surge 2 and Lords of the Fallen with a team of 60 staff based in Frankfurt.

Under the label "Deck13 Spotlight", the team has established a publishing service to assist independent developers to showcase their projects to a wider audience. Deck13 Spotlight is a fast growing division with an experienced team, which offers access to the major console markets. Deck13 has managed the production, localisation, quality analysis, marketing, public relations and distribution for over 10 games, such as CrossCode.

On the date of acquisition, the net assets of the sub-group were valued at €1.134 million, after elimination of the securities of Deck13 Production and taking into account the acquisition costs. This gave a provisional goodwill value of €6.287 million.

<i>(In thousands of euros)</i>	DECK 13
Portion paid in cash	6 500
Portion paid in stock	635
Acquisition costs	285
Acquisition price	7 420
Fair value of net assets acquired	1 134
Goodwill	6 287

As of 25 June 2020, the net assets of Deck13 acquired were as follows:

<i>(In thousands of euros)</i>	Deck 13
Intangible assets	3 547
Property, plant & equipment	72
Trade receivables	706
Other receivables, accruals and deferrals	772
Cash and cash equivalents	600
Total Assets	5 698
Provisions for liabilities and charges	125
Other payables, accruals and deferrals	491
Trade payables	3 947
Total Liabilities	4 564
Net Assets Acquired	1 134

The appraisal of identifiable assets and liabilities is under way and should be finalised for the Group's consolidated financial statements for the year ending 31 March 2021.

3.2 Intangible assets

Concessions, patents, licences and software essentially consist of the amounts paid to studios for games developed as well as investments in the Group's work tools.

Intangible assets in progress relate primarily to the amounts paid to studios for games under development and still not launched as of the closure of accounts.

Once a game is released during the accounting period, the game's value in "intangible assets in progress" is expensed under "game development costs".

	31/03/2020 restated	Entry into scope	Acquisitions	Reclassificatio n	Amortisation	30/09/2020
Game development costs	8 041			17 241	0	25 283
Concessions, patents, software, trademarks	480	302			0	782
Other intangible assets	0	133		0	0	133
Development costs of games in progress	41 163	3 530	19 071	(17 241)	0	46 522
Other intangible assets in progress	0				0	0
GROSS INTANGIBLE ASSETS	49 684	3 966	19 071	0	0	72 720
Amortisation of games	(952)				(16 906)	(17 858)
Amortisation of concessions, patents, software, trademarks	(472)	(287)				(759)
Amortisation of other intangible assets	0	(131)			(1)	(133)
AMORT. ON INTANGIBLE ASSETS	(1 424)	(418)	0	0	(16 907)	(18 750)
NET INTANGIBLE ASSETS	48 260	3 547	19 071	0	(16 907)	53 971

3.3 Property, plant & equipment

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

	31/03/2020 restated	Acquisitions	Disposals	30/09/2020
Buildings and improvements	190	30	0	220
Other property, plant & equipment	1 313	202	(3)	1 886
PROPERTY, PLANT & EQUIPMENT	1 503	232	(3)	2 107
Deprec. on buildings and improvements	(131)	(11)	0	(142)
Deprec. on other property, plant & equipment	(712)	(101)	0	(1 115)
DEPREC. ON PROPERTY, PLANT & EQUIPMENT	(842)	(112)	0	(1 257)
NET PROPERTY, PLANT & EQUIPMENT	661	120	(3)	850

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

3.4 Financial assets

	31/03/2020 restated	Acquisitions	Disposals	30/09/2020
Securities of unconsolidated companies	1	0	0	1
Security deposits	310	445	0	756
Other financial assets	0	0	0	0
GROSS VALUE OF FINANCIAL ASSETS	311	445	0	757
Impairment on unconsolidated securities	(1)	0	0	(1)
NET VALUE OF FINANCIAL ASSETS	310	445	0	756

Financial assets comprised bank security deposits for loans, including accrued interest, as well as the liquidity account available to Gilbert Dupont (as part of the liquidity contract) which had not been invested, at the close of the period, in the company's own shares.

3.5 Inventory

	30/09/2020			31/03/2020 restated
	Gross	Provision	Net	Net
Merchandise	739	(178)	561	758
Finished products	195	(5)	189	203
INVENTORY TOTAL	934	(184)	750	585

At the close of the period, the Group wrote back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 30 September 2020, an addition of €184k and a write-back of €375k were recognised, resulting in an increase of €191k on the income from operations.

3.6 Trade receivables

	30/09/2020			31/03/2020 restated
	Gross	Provision	Net	Net
Trade receivables	18 886	(33)	18 854	14 534
TRADE RECEIVABLES	18 886	(33)	18 854	14 534

Trade receivables are payments owed within one year.

3.7 Other receivables, accruals and deferrals

	30/09/2020			31/03/2020 restated
	Gross	Provision	Net	Net
Advances and prepayments made	72	-	72	81
Supplier debts	-	-	-	-
Tax and employee-related receivables	3 561	-	3 561	3 777
Deferred tax assets	307	-	307	74
Deferred expenses	2 073	-	2 073	2 021
Currency hedge instruments	5	-	5	0
FX translation asset	360	-	360	11
TOTAL OTHER RECEIVABLES	6 379	0	6 379	5 964

Of which:

- Due under one year	6 379	0	6 379	5 964
- Due between 1 and 5 years				
- Due over 5 years				

Deferred tax assets

Deferred taxes are broken down as follows:

	31/03/2020 restated	Variation	30/09/2020
Temporary differences	74	221	295
Deferred taxes	74	221	295

Other receivables

Other receivables are due within one year.

The employee-related and tax receivables are essentially 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:

	30/09/2020	31/03/2020 restated
Subscriptions and rental	273	51
Contributions and other costs	255	139
Unreleased games	1 544	1 831
DEFERRED EXPENSES	2 073	2 021

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

	30/09/2020	31/03/2020 restated
Transferable securities	0	0
Cash and cash equivalents	28 683	19 639
Gross cash	28 683	19 639
Bank overdraft	0	0
Net cash	28 683	19 639
Unrealised gains/losses on financial instruments	0	0
Cash including unrealised gains/losses on financial instruments	28 683	19 639

3.9 Consolidated equity

As of 30 September 2020, Focus Home Interactive Group's share capital comprised 5,321,592 fully paid-up ordinary shares at a par value of €1.20 each.

Breakdown of share capital

	Number	Par value
Start of year	5 307 192	1,2
Shares issued during year	14 400	1,2
Increase of par value		
End of year	5 321 592	1,2

Treasury stock

Treasury stock held on 30 September 2020 was worth €3.6M, of which €3.4M was under the stock buyback programme and €200k under the liquidity programme implemented by the Group.

3.10 Potential capital – Dilutive instruments

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	06/10/2017	11/10/2018	26/06/2019	23/06/2020	27/07/2020
Date vested	06/10/2019	1/3 until 2022	Variable until 2023	Half until 2022	September 2021
End of holding period	06/10/2020	Until 2023	Until 2024	Until 2023	Until 2022
Number allocated	14 450	48 600	5 600	97 580	3 000
Number cancelled	950	3 000	-	24 594	-
Number still under vesting period on 30/09/2020	-	27 000	3 800	72 986	3 000
Number still under holding period on 30/09/2020	13 500	18 600	1 800	-	-

The allotment of free shares plan of 23 June 2020 is to the benefit of the four managers of Deck13. Two of them surrendered a total of 24,594 such shares. On the date of this report, 72,986 free shares allotted to Deck13 managers are still in the vesting period.

These were the only plans in force on 30 September 2020.

b) Stock options

	Stock options		
Date authorised	06/01/2015	06/10/2017	26/06/2019
Exercise deadline	06/01/2020	06/10/2022	26/06/2024
Exercise price	9,1	21,3	18,5
Number authorised	200 000	25 000	25 000
Number allocated	198 750	7 450	15 750
Number cancelled	5 000	500	
Number exercised	193 750	1 000	250
Outstanding number on 30/09/2020	-	5 950	15 500

These were the only plans in force on 30 September 2020.

c) Warrants (BSA)

In 2015, the Group issued 5,000 warrants as part of the BSA 2015 plan allocated on 06/01/2015 (open for a 10-year period at a price of €9.10). These warrants were exercised on 27 July 2020, thereby causing the issue of 5,000 new shares.

	Warrants
Date authorised	06/01/2015
Exercise deadline	06/01/2025
Exercise price	9,1
Number authorised	5 000
Number allocated	5 000
Number cancelled	-
Number exercised	5 000
Outstanding number on 30/09/2020	-

3.11 Provisions for liabilities and charges

	31/03/2020 restated	Entry into scope	Additions	Reversals	30/09/2020
Provision for liabilities	432	1	3 892	(382)	3 942
Provisions for guarantees	0	124	47	0	171
Provision for retirement benefits	215	0	41	0	256
PROVISIONS FOR LIABILITIES AND CHARGES	646	125	3 980	(382)	4 369

The provisions for liabilities during the period relate, in particular, to a provision for an estimated fine that could be issued by the European Commission on the basis of an investigation (see events after the accounting period).

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

3.12 Borrowings and financial debt

	31/03/2020 restated	New borrowings	Reimbursements	30/09/2020
Bank loans (excl. overdrafts)	1 661	11 508	(1 000)	12 169
- of which due under one year	1 261			1 332
- of which due between 1 and 5 years	401			6 344
- of which due after 5 years	0			4 493
Revolving		2 500		2 500
Bank overdraft	0			0
Financial debt	1 661	14 008	(1 000)	14 669
Cash and cash equivalents*	19 639			28 683
NET DEBT	(17 978)	14 008	(1 000)	(14 014)

(*) excluding cash instruments

Gross financial debt, excluding bank overdrafts, includes a BPI loan that was renegotiated in November 2017. This loan does not carry any financial covenants.

The terms of these euro-denominated loans are described below:

	Nominal amount	Nominal or average rate	Term and repayment conditions	Date signed	Balance on 30/09/2020	Balance on 31/03/2020
BPI €5M	€5,000k	0,80%	7 years, 20 quarterly payments, no deferral	mai-20	€5,000k	-
CREDIT POOLING - T1 €6.5M	€6,500k	1,10%	7 years, 8 different dates with varying reimbursement amounts	juin-20	€6,500k	-
BPI	€1,200k	2,39%	5 years, 20 quarterly payments, no deferral	oct-17	€660k	€660k

As of 30 September 2020, the Group had drawn down 100% of its revolving credit line of €2.5M from the BPI. This line has a two-year maturity date and its interest rate is indexed to the 3 month Euribor.

3.13 Trade payables

Trade payables are broken down as follows:

	30/09/2020	31/03/2020 restated
Trade payables	155	2 000
Accrued expenses	1 629	1 577
Accrued expenses - studios	18 885	17 653
TOTAL TRADE PAYABLES	20 670	21 230

As of 30 September 2020, 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.

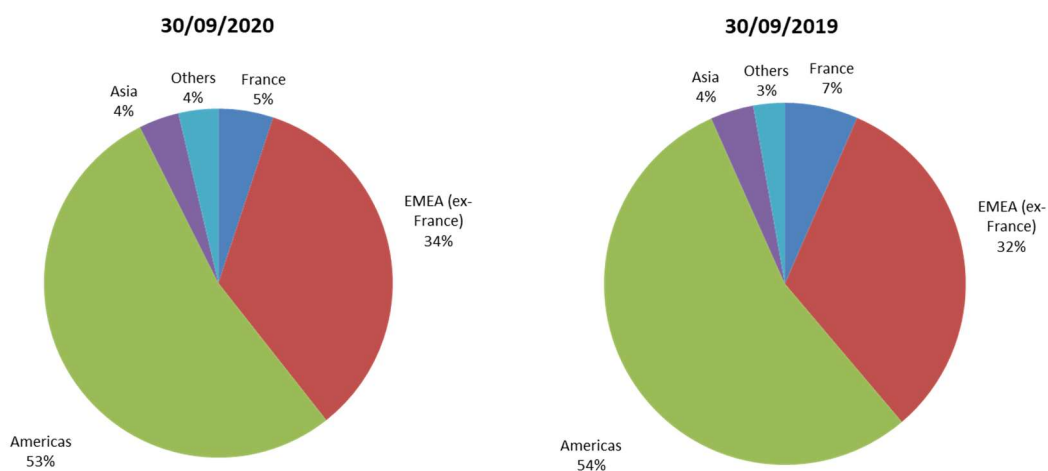
3.14 Other payables

	30/09/2020	31/03/2020 restated
Payables on non-current assets	2 225	492
Tax and employee-related payables	6 111	6 296
Deferred tax liabilities	12	0
Other payables (including advances and prepaym	3 854	4 365
Deferred income	496	429
FX translation liability	155	158
TOTAL OTHER PAYABLES	12 853	11 740
<i>Of which due under one year</i>	<i>12 853</i>	<i>11 740</i>

“Other payables (including advances and prepayments received)” are primarily composed of accrued debts to customers resulting from contractual conditions.

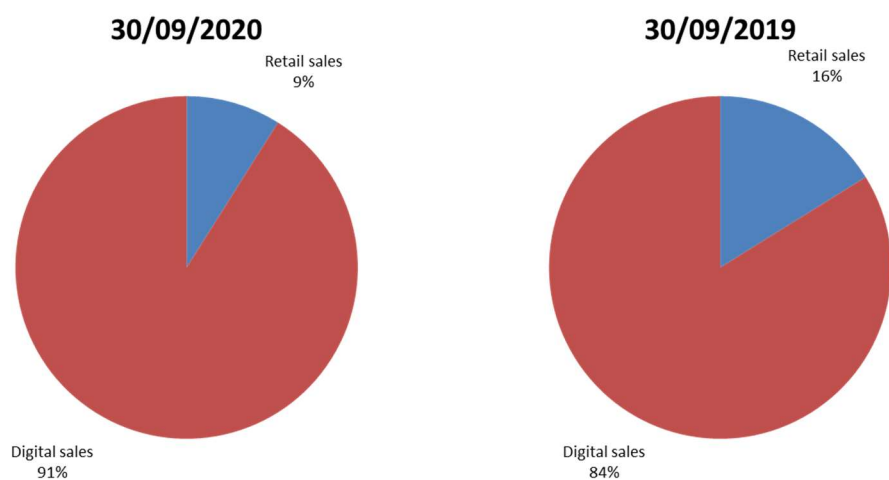
3.15 Breakdown of revenue

A. Sales by geographic regions



Geographical region	30/09/2020 (6 months)		30/09/2019 (6 months)		Variation	
	€k	%	€k	%	€k	%
France	5 278	5%	5 221	7%	57	1%
EMEA (ex-France)	35 513	34%	25 750	32%	9 763	38%
Americas	55 134	53%	43 510	55%	11 624	27%
Asia	3 863	4%	3 082	4%	781	25%
Others	3 822	4%	2 243	3%	1 580	70%
Total	103 610	100%	79 805	100%	23 805	30%

B. Sales by channel



Sales channel	30/09/2020 (6 months)		30/09/2019 (6 months)		Variation	
	€k	%	€k	%	€k	%
Retail sales	9 275	9%	12 896	16%	3 621	-28%
Digital sales	94 335	91%	66 909	84%	27 426	41%
Total	103 610	100%	79 805	100%	23 805	30%

3.16 Cost of goods sold and game development costs

	30/09/2020	30/09/2019	Variation
Manufacturing and ancillary costs	2 767	4 861	(2 094)
Studio royalties	50 667	34 870	15 797
Game development costs	17 782	11 800	5 982
TOTAL COST OF GOODS SOLD & GAME DEVELOPMENT	71 216	51 532	19 685

See note 1.15 for a description of these items.

3.17 Production costs

	30/09/2020	30/09/2019	Variation
External production expenses	577	1 028	(451)
Internal production costs (salaries & allowances)	3 011	1 931	1 080
TOTAL PRODUCTION COSTS	3 588	2 959	629

3.18 Sales and marketing expenses

	30/09/2020	30/09/2019	Variation
External sales and marketing costs	3 525	6 528	(3 002)
Costs and expenses relating to receivables (1)	34	22	12
Internal sales and marketing costs (salaries & allowances)	2 823	2 347	476
TOTAL SALES AND MARKETING EXPENSES	6 383	8 897	(2 515)

(1) including €53k in net currency gains on trade receivables and payables

3.19 General and administration expenses

	30/09/2020	30/09/2019	Variation
Other staff expenses	4	42	(38)
Rent, rental expenses and additional costs	671	403	268
IT & telecommunication expenses	346	174	172
Banking services	94	66	27
Taxes excl. income tax	824	435	388
Intermediary remuneration and fees	1 204	762	442
Internal administrative costs (salary & allowances)	1 184	971	213
Depreciation and amortisation charge	126	100	26
TOTAL GENERAL AND ADMINISTRATION EXPENSES	4 453	2 953	1 500

3.20 Staff expenses

	30/09/2020	30/09/2019	Variation
Production costs	2 832	1 889	943
Sales and marketing expenses	2 517	2 280	237
General and administration expenses	1 078	885	193
TOTAL STAFF EXPENSES	6 428	5 054	1 374

3.21 Net change in depreciation, amortisation and provisions

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY TYPE	30/09/2020	30/09/2019	Variation
Net addition to depreciation and amortisation:			
- on intangible assets	16 907	11 724	5 183
- property, plant & equipment	112	89	22
Total additions to D&A	17 019	11 814	5 205
Addition to operating provisions:			
- on inventory	184	496	(312)
- on current assets (ex-inventory)	13	8	5
- on liabilities and charges	686	231	455
- for guarantees	47	0	47
- on liabilities and charges (ex-return of goods)	41	37	4
Addition to financial provisions:			
- currency loss risk	176	9	167
Addition to extraordinary provisions:			
- on liabilities and charges	3 029	0	3 029
Total additions to provisions	4 176	781	3 395
Write-backs of operating provisions:			
- on inventory	375	356	19
- on current assets (ex-inventory)	0	9	(9)
- on liabilities and charges	371	28	343
- for guarantees	0	0	0
- on liabilities and charges (ex-return of goods)	0	0	0
Write-back of financial provisions:			
- currency loss risk	11	21	(10)
Write-back of extraordinary provisions:			
- on liabilities and charges	0	0	0
Total write-back of provisions	758	414	344
Total additions to provisions net of write-backs	3 419	367	3 052
Net change in depreciation, amortisation and provisions	20 438	12 181	8 257

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY PURPOSE	30/09/2020	30/09/2019	Variation
Addition to D&A:			
- cost of goods sold and game development costs	16 893	11 714	5 179
- on production costs	0	0	0
- on sales and marketing expenses	0	0	0
- on general and administration expenses	126	100	26
- extraordinary items	0	0	0
Total additions to D&A	17 019	11 814	5 205
Addition to provisions:			
- cost of goods sold and game development costs	448	652	(204)
- on production costs	87	38	49
- on sales and marketing expenses	131	63	67
- on general and administration expenses	34	27	6
- extraordinary items	3 477	0	3 477
Total additions to provisions	4 177	781	3 395
Write-backs of provisions:			
- cost of goods sold and game development costs	24	0	0
- on production costs	38	0	38
- on sales and marketing expenses	9	0	9
- on general and administration expenses	686	414	272
- extraordinary items	0	0	0
Total write-back of provisions	758	414	344
Total additions to provisions net of write-backs	3 419	367	3 052
Net change in depreciation, amortisation and provisions	20 438	12 181	8 257

3.22 Financial result

	30/09/2020	30/09/2019	Variation
Currency gains	62	213	(150)
Write-back of D&A and provisions	11	21	(10)
Other financial income	(1)	0	(1)
Financial income	73	234	(161)
Currency losses	1 458	157	1 300
Financial interest	48	13	35
Additions to D&A and provisions	176	9	167
Other financial expenses	2	1	1
Financial expenses	1 682	180	1 502
FINANCIAL RESULT	(1 609)	54	(1 663)

3.23 Extraordinary result

	30/09/2020	30/09/2019	Variation
Write-back of D&A and provisions	0	0	0
Income from disposals of non-current assets	0	0	0
Other extraordinary income	0	0	0
Extraordinary income	0	0	0
Additions to D&A and provisions	3 030	0	3 030
Net value of disposed assets	3	0	3
Other extraordinary expenses	102	1	101
Extraordinary expenses	3 136	1	3 135
EXTRAORDINARY RESULT	(3 136)	(1)	(3 135)

The extraordinary provision of €3.03 million is the provision for the estimated fine to be issued by the European Commission on the basis of its investigation.

Other extraordinary expenses mainly comprised the compensation, including employee-related expenses, paid to the former chief financial officer as per the terms of the settlement agreement.

3.24 Earnings per share

	30/09/2020 (6 months)	30/09/2019 (6 months)
Share capital	6 386	6 300
Number of shares	5 321 592	5 250 387
<i>Weighted number of shares excl. treasury stock</i>	5 309 590	5 250 387
<i>Number of dilutive shares</i>	128 236	100 400
Number of diluted shares	5 437 826	5 350 787
Net income	8 888	9 195
Earnings per weighted share	1,67	1,75
Diluted earnings per share	1,63	1,72

3.25 Income tax

	30/09/2020	30/09/2019
Deferred tax assets	307	467
Deferred tax liabilities	(12)	(34)
Deferred taxes on balance sh	295	433
Tax payable	4 825	4 453
Deferred taxes	(221)	(138)
Income tax charge	4 604	4 315

Explicative table on the effective tax rate

Recurring income before taxes	13 492
Current taxes	(4 825)
Deferred taxes	221
Total income tax charge	(4 604)
Effective tax rate	34,12%
Group standard rate	28,92%
Theoretical tax charge	(3 902)
Theoretical/actual difference	702
Items reconciling theoretical tax charge and actual tax charge:	
Permanent differences	702
Rate differential	(88)
Other add-backs/deductions	790
Others	0
Identified reconciling items total	702

3.26 Workforce

	30/09/2020	30/09/2019
Production	125	59
Sales and marketing	48	48
Administration	22	17
Total average workforce	195	125

As of 30 September 2020, the average workforce was 138 employees within Focus Home Interactive and 57 employees at Deck13 Interactive GmbH.

3.27 Off-balance-sheet commitments

1- Commitments given

a) **Commitments given to studios and right holders**

As of 30 September 2020, 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:

	30/09/2020	31/03/2020
Commitments given to studios and right holders	61 119	78 410
<i>Of which to studios</i>	59 824	77 054
<i>Of which to right holders</i>	1 294	1 356

	30/09/2020	31/03/2020
Commitments given to studios and right holders	61 119	78 410
<i>Of which due under one year</i>	47 363	43 350
<i>Of which due between 1 and 5 years</i>	13 756	35 060
<i>Of which due after 5 years</i>	-	-

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 1.5.

b) **Operating lease commitments**

Leases include two property leases signed on 2 March 2020 for the Group's registered office and a lease, which was signed in 2017, for the premises of the German subsidiary Deck13 in Frankfurt-am-Main.

	30/09/2020	31/03/2020
Commitments on property leases (rents & expenses)	7 328	6 416
<i>Of which due under one year</i>	1 396	1 019
<i>Of which due between 1 and 5 years</i>	5 458	4 376
<i>Of which due after 5 years</i>	474	1 021

The Group also rents out certain facilities under rental agreements that can be terminated.

c) **Leases**

The Group has entered into leases for equipment for an insignificant amount.

d) **Bank covenants**

On 31 March each year, the Group must be in compliance with a covenant under the loan agreement signed in February 2020 and expressed as a ratio of consolidated financial debt over the consolidated income from operations.

e) Pledge of securities

The company pledged Deck13 shares to five banks as collateral for the drawdown of €6.5 million made on 25 June 2020 under the terms of the loan contract dated 6 February 2020.

f) Currency hedges

The Group's exposure to currency risks principally concerns sales made with customers in US dollars less the expenses incurred in that currency.

Focus Home Interactive is also exposed to currency risks relating to the pound sterling due to its trade relationship with a studio based in England. Invoices from this studio are in GBP. Therefore, the Group must regularly purchase pound sterling to fulfil its contractual obligations with this studio.

See note 1.10 for information on the currency hedging policy.

2- Commitments received

The Group benefits from commitments on the part of its banks and financial partners in relation to revolving lines of credit and an overdraft facility of €23.5M.

3.28 Transactions with related parties

The Group remunerates its corporate officers, including the Supervisory Board members and the Management Board members.

Remuneration in thousands of euros	30/09/2020	30/09/2019
Compensation for service (1)	12	18
Attendance-related fees (2)	23	23
TOTAL	34	41

(1) *Compensation for service to chairman of the Supervisory Board. The new chairman of the Supervisory Board waived his compensation upon his appointment in July 2020.*

(2) *Attendance-related fees owed to Supervisory Board members.*

As of 30 September 2020, the Group has not identified any transactions with related parties that were not entered into under normal market conditions or that had a material impact on the accounts. No additional information required under Article R. 123-198 11 of the Commercial Code is required.