



FOCUS
ENTERTAINMENT

ANNUAL FINANCIAL REPORT

CSR REPORT

2021/2022

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ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2022

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MESSAGE FROM THE CEO

After the 2020/21 year, during which the video gaming industry benefited greatly from the lockdown measures implemented worldwide, FOCUS ENTERTAINMENT recorded turnover of €142.6M for FY 2021/22, including a contribution of €5.6M by Dotemu. SnowRunner, Insurgency: Sandstorm and A Plague Tale: Innocence made major contributions to the period's business thanks to the release of additional content and supplementary revenue from one-off deals, thereby confirming the Group's capacity to generate long-term revenue on flagship franchises. The year also benefited from the success enjoyed by Necromunda: Hired Gun developed by Stream On Studio, a member of the Group since April 2021, and by Aliens: Fireteam Elite, both of which were launched during the year.

In 2021/22, we also confirmed our desire to create our own franchises and bring together talents. Our strategy is to move up the value chain, evolving our business model from publisher/distributor to developer/publisher, increasing the portion of Intellectual Property (IP) held in our game portfolio. The long-term aim is to reach 50% of turnover generated by games, whose IP is held by the Group.

To this end, this year should constitute a turning point:

- the Group carried out no fewer than 4 external growth operations during the year. After the 2020/21 Deck13 Interactive acquisition, the group acquired Stream On Studio (April 2021) and Dotemu (September 2021), followed by Douze Dixièmes (October 2021) and welcomed a fifth studio with the purchase of Leikir Studio (February 2022).
- The Group has secured the most ambitious game line-up in its history with 31 new games that are to be launched by March 2025. Throughout the period during which these games are to be marketed, 30% of turnover should come from games for which the Group holds the IP directly (15%) or jointly (15%).

In a parallel fashion, to give us the means to achieve our ambitions, the Group has continued to boost its financing, with the successful €70.4M capital increase by Private Placement in May 2021 and by signing a new loan for a total amount of €140M in July 2021.

At the same time, we are continuing to implement all the tools necessary to gather and gain the loyalty of our talented staff, like the capital increase reserved for Group employees carried out this year. Value creation also goes hand-in-hand with changes to our governance, establishing a Board of Directors and separating the duties of the Chairman of the Board of Directors and the CEO. Frank Sagnier has thus been appointed Chairman of the Board of Directors and I myself have been appointed as CEO. In compliance with the Middlednext Code, three independent directors have been appointed to the Board of Directors: Frank Sagnier, Virginie Calmels and Irit Hillel.

These structural changes were concluded with a new name for our Group, now called FOCUS ENTERTAINMENT. It aims to offer players across the world unique experiences with a publishing line that stands out thanks to its innovative concepts, alternative game plays and original worlds that go beyond the boundaries of video games.

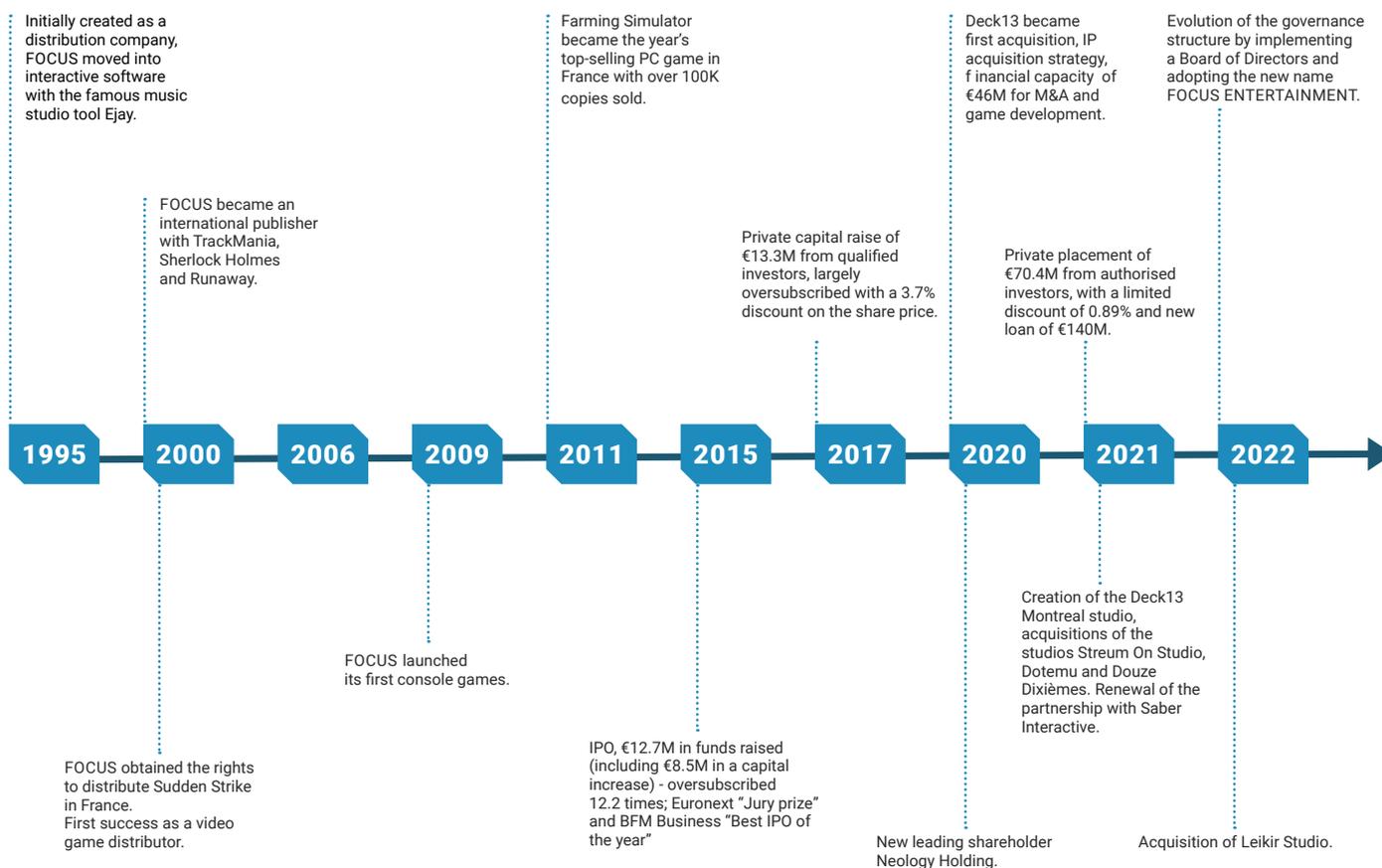
Christophe Nobileau, CEO of FOCUS ENTERTAINMENT

FOCUS ENTERTAINMENT IS A EUROPEAN LEADER IN VIDEO GAME DEVELOPMENT AND PUBLISHING

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

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

We support innovative projects without compromising on quality, with investments ranging from participation in financing new games through the partial or complete integration of a studio. Our developer partners become part of a strong Group that develops successful franchises such as **A Plague Tale** and **SnowRunner** and that is able to give their game a worldwide reach.

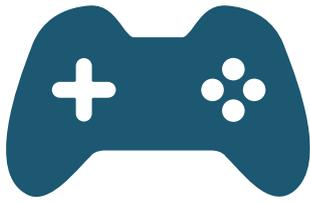


SUPPORT FOR CREATIVE FREEDOM

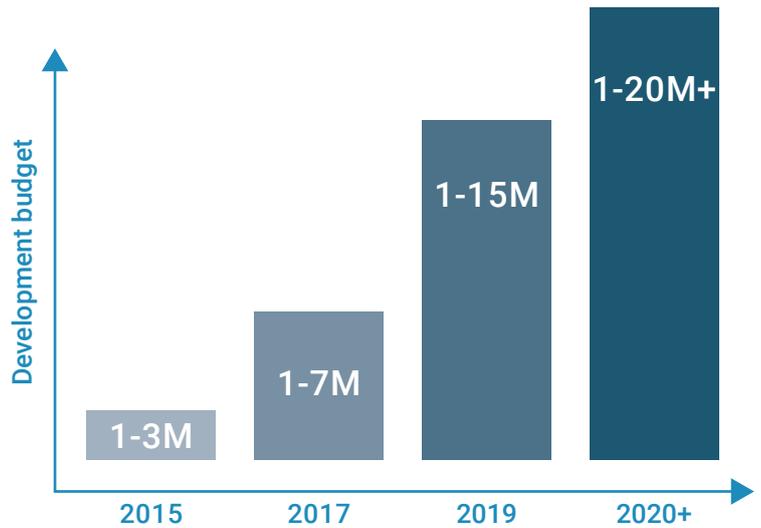
The FOCUS ENTERTAINMENT editorial line is unique thanks to truly original experiences that are also respectful of our players.

Our catalogue is composed of a variety of titles in all genres (action, simulation, RPG, strategy, etc.). Whether it is a young "Indie" studio, or a studio composed of industry veterans, our developer partners share a strong vision: the desire to create games and franchises with unique content and strong commercial potential. Our games are designed for all types of players, everywhere in the world, of all ages, genders, origins and cultures. Creativity, for everyone's pleasure.

ENHANCE CONTENT QUALITY



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



AN OUTSTANDING EDITORIAL LINE

The FOCUS ENTERTAINMENT editorial line is distinguished by innovative concepts.

We are sensitive to emerging artistic movements that show new trends, new gameplays, as well as concepts and projects that do not yet exist and deserve to be offered to players throughout the world. We look for studios that have unique titles, and pay special attention to quality.

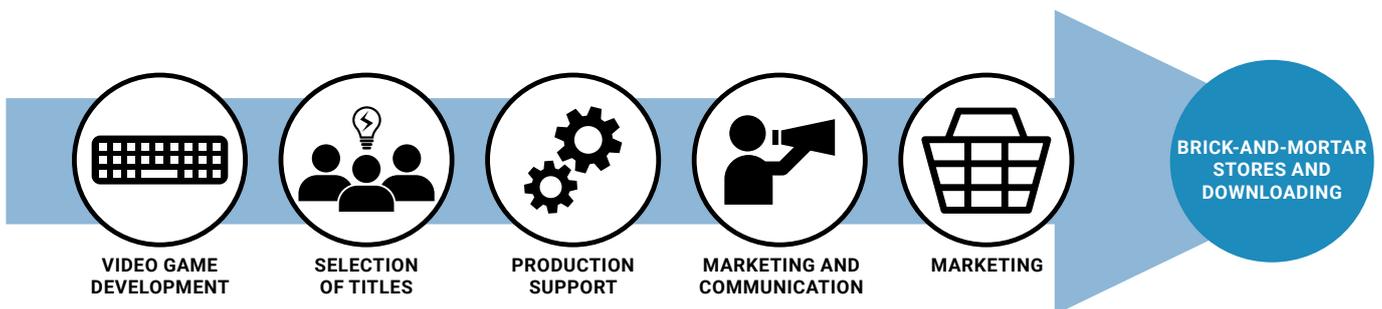
TRANSFORM CONCEPTS INTO WORLDWIDE SUCCESSES

Our catalogue is “genre- and trend-agnostic”.

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

A FEDERATION OF TALENT

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



We support our developer partners with their vision, we help finance projects, or we invest in the studios by acquiring a majority stake. We aim to integrate talent and studios with a unique vision, in a strong and ambitious Group, to maximise value creation, and secure and operate our brands over the entire spectrum. We commit to unite and develop our talent within this shared vision. We form a virtuous circle in which passionate individuals create synergies that enable FOCUS ENTERTAINMENT to innovate, adapt, and anticipate the trends of a constantly changing video game market.

OUR CUSTOMERS



NETWORK OF PARTNERS SEEKING THE KNOW-HOW OF FOCUS ENTERTAINMENT



FIVE INTEGRATED STUDIOS

DECK13 INTERACTIVE

Deck13 Interactive is a leading game developer and a long-time partner of FOCUS ENTERTAINMENT. With a studio in Germany and in Canada, **Deck13 Interactive** has a team of 80 highly qualified employees who have developed more than 20 games in the 18 last years, including the successful title *Lords of the Fallen*.

Deck13 Interactive has already produced major titles in partnership with FOCUS ENTERTAINMENT, such as the franchise *The Surge*, and is now developing a new, ambitious and spectacular game to be released on game consoles and PCs in 2023. **Deck13 Interactive** also owns the company *Spotlight*, which has already launched and published several indie gems including *CrossCode*.

STREUM ON STUDIO

With a team of about 20 talented workers, **Strem On Studio** owns the E.Y.E. game franchise and has specialised in shooting games since it was founded in 2007. *Divine Cybermancy* was an immediate hit with players as soon as it was released.

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

DOTEMU

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

With a team of around thirty people, **Dotemu** has already shown all its know-how to identify and update old cult licences (*Final Fantasy*, *Another World*, *Street of Rage*, *Teenage Mutant Ninja Turtles*, etc.) in order to transform them into worldwide commercial and critical successes.

DOUZE DIXIÈMES

Douze Dixièmes is a studio of passionate creators from the animation film industry, and 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. This title with its mesmerising artistic direction and profound, revolutionary narration has received a vibrant critical acclaim from the press and players across the globe.

LEIKIR STUDIO

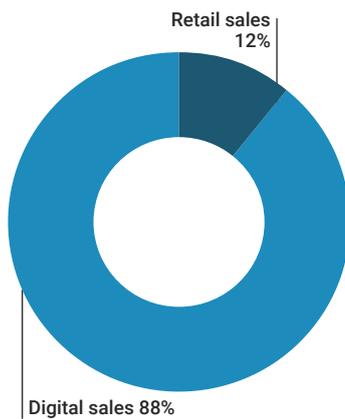
Leikir Studio has already produced and developed multiple PC and console titles praised by the press and players alike. Comprising a team of twenty or so talented minds, **Leikir Studio** is currently working on the game Metal Slug Tactics, an extremely promising title based on the mythical licence of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

Apart from its capacity to produce quality titles for unique game play, **Leikir Studio** also boasts significant technical and production knowledge. A multi-production studio, **Leikir Studio** develops stylised 3D games in pixel art and in 2D, operating out of Paris.

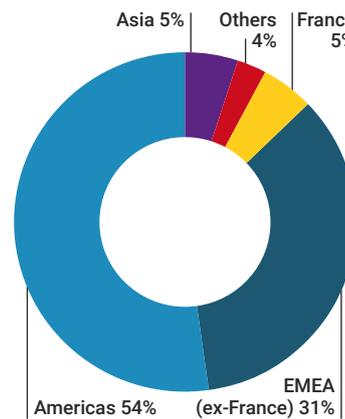
EXPERTISE AND INNOVATION

FOCUS ENTERTAINMENT has more than 20 years of experience in the video game industry: monitoring production, communication, marketing and sales worldwide on all distribution channels.

Breakdown of 2021/2022 revenue by distribution channel

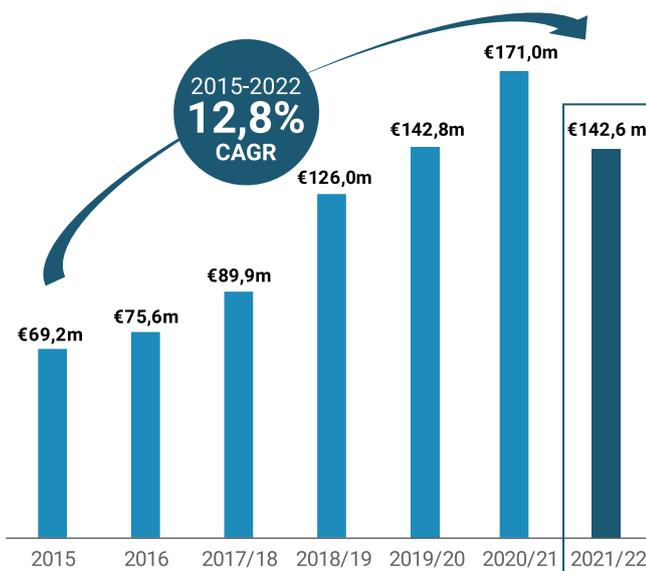


Breakdown of 2021/2022 revenue by geography

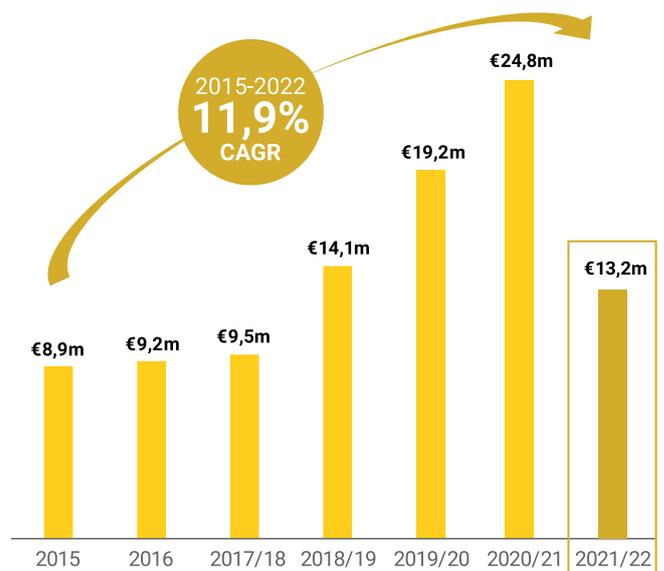


Our in-house and external partner studios benefit from top-level publishing know-how that serves their unique creative visions. At each step in the creation process, our talent places quality at the heart of their concerns, with the aim of giving unique and innovative franchises a mass-market reach (**Space Marine 2, A Plague Tale, Evil West, The Surge, SnowRunner, Aliens: Fireteam**, etc.)

REVENUE (million euros)



EBITDA¹



¹ Adjusted operating profit: Operating profit before amortisation of goodwill

FOCUS ENTERTAINMENT
Public limited company with share capital of €7,780,711.20.
Parc de Flandre "Le Beauvaisis" - Bâtiment 28
11, Rue de Cambrai - 75019 Paris
RCS Paris B 399 856 277

Declaration by the person responsible

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

21 July 2022,

Christophe Nobileau
CEO of FOCUS ENTERTAINMENT



MANAGEMENT REPORT AT 31 MARCH 2022

21 July 2022,

Ladies and gentlemen. Dear shareholders,

We have called an Annual General Meeting in accordance with the articles of association and the law on trading companies so that we may report on the activity of FOCUS ENTERTAINMENT (hereinafter, the "Company", and with its US subsidiary, its German subsidiary Deck13 Interactive and its French subsidiaries Dotemu, Streum On Studio, Leikir Studio and Douze Dixièmes, together referred to as the "Group") for the year ended 31 March 2022, 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 law will be made available to you within the time allowed.

I. GROUP BUSINESS

1.1. GENERAL PRESENTATION OF FOCUS ENTERTAINMENT'S BUSINESS

Established in 1995, FOCUS ENTERTAINMENT (formerly FOCUS HOME INTERACTIVE) is a European leader in video game publishing and development. Its vocation is to assist leading French and international studios to develop and monitor the production, marketing, sale and financing of their projects.

Publisher of great licences such as **The Surge**, **Vampyr**, or **A Plague Tale: Innocence**, FOCUS ENTERTAINMENT has sought and succeeded in establishing a durable ecosystem of partner studios around the world. The Company has also cultivated talented individuals who have proved their potential over the years through increasingly ambitious AA games.

1.2. KEY EVENTS OVER THE YEAR

1.2.1. Finances

As of 31 March 2022, FOCUS ENTERTAINMENT Group turnover was €142.6M or €136.9M at like-for-like perimeter (i.e. without considering Dotemu, Douze Dixièmes, Streum On Studio and Leikir Studio) in FY 2021/22, compared with €171M for the previous year over an identical 12-month period.

Indeed, after a year (2020/21) during which the video game industry strongly benefited from the worldwide containment measures, the Group's business has shown its resilience with the strong contribution **SnowRunner**, **Insurgency: Sandstorm** and **A Plague Tale: Innocence** in FY 2021/22 thanks to the release of additional content and supplementary revenue from one-off deals, thereby confirming the Group's capacity to generate long-term revenue on flagship franchises.

The year also benefited from the good performance of **Necromunda: Hired Gun** developed by Streum On Studio, a FOCUS ENTERTAINMENT studio, and **Aliens: Fireteam Elite**, two games launched during the year.

With regard to operating profitability, the gross margin came to €42.2M, accounting for 30% of turnover, in line with FY 2021/22.

Adjusted operating profit¹ came to €13.2M, reflecting the reduction in turnover over the year as well as the evolution of the gross margin and the impact of the increase in game launches over the year compared with the previous year. Adjusted operating profit came to €24.8M in FY 2020/21.

Amortisation of goodwill (paragraph 1.2.2) came to €(4)M during the year.

After having taken into account a financial result mainly composed of interest expense linked to the debt raised in July 2021 of €(1.7)M, an extraordinary result of €(1.3)M, corporate tax expense of €(3.0)M and minority interests of €(0.1) M, the net result (Group share) came to €3.0M compared with €13.3M the previous year.

Company assets rose from €119.2M on 31 March 2021 to €251.0M on 31 March 2022. Shareholders' equity (Group share) was €68.5M at 31 March 2021, compared with €133.7M at 31 March 2022, following the capital increase that took place in May 2021. In July 2021, the Group also secured a new loan of €140M, of which €59.5M was drawn down during the period.

The Group held a gross cash position of €62.6M on 31 March 2022.

€70.4M capital increase

By decision of the Chairman of the Executive Board of the Company, using the sub-delegation granted to him by the Executive Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Executive Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.4M in an accelerated book-building process.

¹ Adjusted operating profit: operating profit before amortisation of goodwill

Bank loan

On 20 July 2021, the Company signed a new loan for €140M, which is structured as follows:

- A syndicated loan comprising:
 - An amortizable tranche, a bullet tranche and a revolving loan with maturities of up to 6.5 years for a total amount of €80M, from a pool of seven banks.
 - A second bullet tranche with a maturity of 7 years for a total amount of €50M from 3 institutional investors.
- A €10M loan from Bpifrance.

1.2.2. Legal aspects

External growth

Acquisition of Streum On Studio

On 20 April 2021, FOCUS ENTERTAINMENT acquired the majority of the shares comprising the share capital of the company Streum On Studio, paid for in cash and in FOCUS ENTERTAINMENT shares.

A long-standing partner of the Group since 2013 with a team of twenty or so employees, Streum On Studio has been specialised in shooting games since 2007. On behalf of FOCUS ENTERTAINMENT, the company has in particular developed the emblematic game **Space Hulk: Deathwing**, which has sold nearly one million copies.

The acquisition was financed partly through the drawing on bank facilities dedicated to external growth and is tied to a long-term incentive plan for the managers of Streum On Studio. The company has been fully consolidated in the Group's accounts since 1 April 2021.

Acquisition of 77.5% of equity of the capital of Dotemu

On 30 September 2021, FOCUS ENTERTAINMENT acquired 77.5% of the capital of Dotemu, one of the world leaders in retro gaming based in Paris. With a team of around thirty people, Dotemu has already shown all its know-how to identify and update old cult licences (**Final Fantasy, Another World, Street of Rage, Teenage Mutant Ninja Turtles**, etc.) in order to transform them into international commercial and critical success stories. Positioned on a highly attractive market, in 2020, Dotemu recorded turnover of €14.6M and benefits from an ambitious growth plan for the years to come. In addition, through this operation, FOCUS ENTERTAINMENT acquired technical skills in developing independent games and a young independent publishing label, The Arcade Crew.

The operation involves the acquisition of 77.5% of the capital and voting rights of Dotemu and has been carried out for a total of €53.5M; it also involves the potential earn-out subject to multiple criteria indicators. The Chairman of Dotemu, Cyrille Imbert, remains Chairman and shareholder of Dotemu with 22.5% of the capital and is a member of the Group's executive committee.

The company Dotemu has been fully consolidated in the Group's accounts since 30 September 2021.

Acquisition of Douze Dixièmes

On 12 October 2021, the Group acquired a stake in the development studio Douze Dixièmes. Based in Paris, the studio is composed of 7 passionate members from the animation film industry, and talents from the video game industry.

The company has been fully consolidated in the Group's accounts since 1 October 2021.

Acquisition of Leikir Studio

Finally, on 4 February 2022 FOCUS ENTERTAINMENT finalised the acquisition of Leikir Studio. Based in Paris and composed of twenty or so passionate creators, Leikir Studio thus becomes the 5th development studio to join the Group. With the acquisition of Leikir Studio, FOCUS ENTERTAINMENT gains numerous new production lines with varied artistic directions – stylised 3D, pixel art or 2D.

After having developed multiple PC and console titles much appreciated by the press and players alike, Leikir Studio has been working in particular on the game Metal Slug Tactics, an extremely promising title based on the legendary licence of the Japanese publisher SNK and that will be published by Dotemu.

The company has been fully consolidated in the Group's accounts since 1 February 2022.

Implementation of a stock buyback programme

Having received the prior authorisation of the Supervisory Board, the Executive Board met on 20 April 2021 to implement a stock buyback programme based on Resolution 6 of the Ordinary and Extraordinary General Meeting of 16 April 2021, for the following purposes:

- Held for subsequent delivery as payment or exchange as part of any transactions involved for external growth, mergers, spin-offs or contributions;
- Full or partial cancellation through capital reduction (especially to optimise cash flow management, equity return or earnings per share).

This buyback programme, just like the previous one, is implemented through the mandate entrusted to Gilbert Dupont, investment service provider. It can thus buy, on the dates it deems appropriate, up to 250,000 shares at the price conditions authorised by the Combined Ordinary and Extraordinary Shareholders' Meeting, it being specified that the number of its shares held by the Company at any time shall not exceed 10% of the share capital at the date considered and that the number of shares acquired for their further buyback as part of a merger, spin-off or contribution may not exceed 5% of the share capital. The programme will expire on 15 October 2022. It will be proposed that the General Meeting of 22 September 2022 shall authorise a new share buyback programme.

At 31 March 2022, 181,643 Company shares had been bought back in execution of the buyback programme.

At 31 March 2022, the Company has 299,365 of its own shares (of which 292,901 shares bought back on the basis of the buyback programme of which the last covenant was implemented on 20 April 2021, as compared with 129,871 shares held at the same date a year earlier). 9,641 treasury shares were used when acquiring the company Douze Dixièmes to pay part of the company's shares; 4,472 treasury shares were used when acquiring the company Leikir Studio to pay part of the company shares and 2,182 treasury shares were used when acquiring the company Streum On Studio to pay part of the company shares.

Capital increase to the benefit of employees

In compliance with its policy in the favour of employee shareholding, by Executive Board decision passed on 18 November 2021, the Company implemented the delegation of competence conferred upon it by the General Shareholders' Meeting of 23 September 2021, in its 17th resolution, in order to complete a share capital increase reserved for employees, for which the subscription period ran from 19 November to 3 December 2021.

Around one third of eligible employees¹ of the Company subscribed to the share capital increase, for a total of €240,869.20, contributing €23,623.60 of the Company.

The subscription price included a 30% discount on the share price corresponding to the average of the 20 trading days open prior to the Executive Board decision of 18 November 2021.

9,248 new shares were issued on 19 January 2022 after the Board noted the definitive increase in capital by a total nominal amount of €11,097.60, taking the Company's share capital up to €7,734,039.60, divided into 6,445,033 shares, each with a nominal value of €1.20.

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 ENTERTAINMENT.

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 announced² that it was able to estimate the amount of the fine that would be imposed by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that it would be fined €2.9M. This fine was paid on 12 July 2021.

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

Change in company name

The General Shareholders' Meeting, held on 1 April 2022, resolved to change the Company's name from FOCUS HOME INTERACTIVE to, as from this date, FOCUS ENTERTAINMENT, in a bid to ensure consistency, clarifying the Company's pillars and values. In actual fact, the name "Entertainment" aims to offer players across the world unique experiences with a publishing line that stands out thanks to its innovative concepts, alternative game plays and original worlds that go beyond the boundaries of video games.

Changes in the Group's governance

Board of Directors

Under the scope of its third resolution, the General Shareholders' Meeting held on 1 April 2022 resolved to change, from that date forward, how the Company is managed and directed by adopting the structure of the Board of Directors and appointed its directors, namely:

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

Said Board of Directors thus met for the first time on 1 April 2022 at the end of the General Shareholders' Meeting, and opted to separate out the duties of Chairman of the Board of Directors from those of CEO, designating:

- Frank Sagnier as Chairman of the Board of Directors,
- Christophe Nobileau as Chief Executive Officer.

In addition, the company Neology Holding, represented by Fabrice Larue, was designated as Deputy Chairman of the Board of Directors and Tiphonie Lamy as Secretary of the Board of Directors.

During this same meeting, the Board of Directors adopted its internal regulation and examined the independence of its members in respect of the independence criteria set by the Middlednext Code. The Board concluded with the presence of three independent directors, namely: Frank Sagnier, Virginie Calmels and Irit Hillel.

The Board also decided, taking into account the size of the Company and the number of its directors, not to create autonomous committees to prepare the Board works in a given area, but rather to itself assure the specific tasks of such committees by constituting, in plenary form, as applicable, in the form of the Audit Committee, in the form of the Appointments and Remuneration Committee and in the form of the CSR Committee.

Virginie Calmels, independent director, was appointed to oversee the meetings of the Board of Directors, when ruling in the form of Audit Committee and Appointments and Remuneration Committee. Irit Hillel, independent director, was appointed to oversee the meetings of the Board of Directors, when ruling in the form of CSR Committee.

¹ Company employees with more than three months of seniority, adhering to the Company Savings Plan and present on the last day of the subscription period.

² See the press release issued on 9 November 2020, available on the Company's website.

Change to the percentage triggering shareholding threshold declarations

The General Shareholders' Meeting held on 1 April 2022, through its Second Resolution, amended article 16 of the Company's articles of association "Shareholding thresholds" and lowered the percentage stake in the capital or voting rights of the company at which a declaration must be made by all Company shareholders to 3%, just like the reaching of a multiple of this percentage.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit starting 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.

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 developed very well, coming in at number 1 on world Steam in the minutes following its release. After just a week's use on the PC, Nintendo Switch, PlayStation 4 and Xbox One, Dotemu and the Tribute Games studio, 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 present on the Xbox Game Pass and PC Game Pass and the physical version will be marketed late July 2022.

Partnerships

Negotiations in progress at 31 March 2022 were finalised post-closing. The elements resulting from these negotiations are included in the off-balance sheet items (see Consolidated Financial Statements 3.27.1a)

1. 4. RESEARCH AND DEVELOPMENT

FOCUS ENTERTAINMENT does not have any research and development activities.

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

1.5.1. Risk associated with the coronavirus pandemic

Since March 2020, when the world COVID-19 pandemic began, the whole of the video gaming industry found itself forced to adapt to new ways of working. Since then and throughout FY 2021/22, FOCUS ENTERTAINMENT has maintained the measures implemented, allowing it to:

- protect the health and safety of its workers by rigorously applying the recommendations of local authorities (partial halts to business, generalised remote working, making available of protective equipment, etc.),
- ensure business continuity, notably the monitoring of games in production and the marketing of the games released.

Even if lesser circulation of the COVID-19 virus is seen, since the first quarter of 2022, FOCUS ENTERTAINMENT has maintained a high level of vigilance and continued to apply the measures recommended by the local authorities.

Despite these precautions, a worsening of the circulation of the COVID-19 virus could impact the launch calendars of certain games. These shifts could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

1.5.2. Geopolitical risk, the war in Ukraine

The war in Ukraine, which started on 24 February 2022, has to date only had a very limited impact on FOCUS ENTERTAINMENT. At present, the turnover from the sales made to gamers in Ukraine or Russia account for less than 2.4% of the Group's revenues in 2021/22.

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 action taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

1.5.3. 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 to the production of hardware consoles.

The difficulty in procurement for physical warehouses of new generation consoles means that it is simply not possible today to have an install base in line with manufacturers' projections.

With 30 million Gen9 consoles, compared with more than 150 million Gen8 consoles and the games developed purely for a PC and Gen9 output, there is a risk that turnover forecasts may not be entirely achieved.

1.5.4. Risks associated with finding and retaining talent

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

In order to support the development of its activities, FOCUS ENTERTAINMENT needs to withhold the very best talent and recruit top-level employees. Thus in 2021/22, the Group implemented a loyalty programme for 34 of its key managers¹, in addition to the Executive Committee, through a plan to allot free shares subject to performance and presence conditions.

Together with the other French and foreign industry companies, the incapacity to attract or withhold these key persons may prevent FOCUS ENTERTAINMENT from achieving these targets and, therefore, have a negative impact on its business, financial position, results and growth prospects.

¹ see the 2020/21 Annual Report, Supervisory Board report, section VIII, B.1

1.5.5. Risks associated with any shifts in the development and marketing of a flagship game

The Group studios, just like external 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 need for creative processes and the desire for continuous improvement in the game's quality until it is released and
- the increasing technological complexity of the products and video game platforms.

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

- additional developments to guarantee the quality of the game in line with the standards expected by FOCUS ENTERTAINMENT, to secure its future revenue aims and
- align the marketing calendar with a favourable period to 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 results, financial position and growth.

In addition, in a highly competitive context of the video game, a game may encounter lesser commercial success than the Group had hoped. Indeed, the success of a game is linked partly to external elements over which FOCUS ENTERTAINMENT has no control (fashion effect, society or political event, etc.). Commercial success coming in above expectations could result in an impact on the budget and the expected commercial targets.

For this reason, FOCUS ENTERTAINMENT has set a double objective of releasing quality, innovative games while respecting cost and time targets. In addition, thanks to its diversified catalogue characterised by the strength of certain titles, FOCUS ENTERTAINMENT is less dependent on the success of a flagship game during each year.

1.5.6. Risks associated with dependency on console manufacturers

As part of the marketing of video games on different consoles, the Company must submit each game to the console manufacturer for various approval steps. Keeping abreast of all manufacturer requirements and the constant changes in the specifications of each console as technology advances, constitute a major challenge. Such elements or events may risk the game development or release being delayed, which may have a negative impact on the Company's results.

Like all console game publishers, the Company must produce games for retail distribution in the factories belonging to the principal console manufacturers or external service providers endorsed by those manufacturers. As such, supply is subject to the prior approval of the manufacturers, the production of these 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 results. For PC/Mac games, there is no such particular dependence.

Finally, FOCUS ENTERTAINMENT requires the authorisation of the console manufacturers (Sony, Nintendo or Microsoft) in order to be able to publish games on their respective consoles. The Company has obtained authorisations on all major consoles, which are valid for the operational period of the console. Therefore, the receipt of these authorisations is not a significant risk for FOCUS ENTERTAINMENT.

1.5.7. Risks associated with a possible commercial dependence on the platforms

As of this day, we do not believe to be 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 marketing channels for digital sales.

In relation to hardcopy distribution, FOCUS ENTERTAINMENT has an international network of approximately 50 distributors covering more than 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 distributor 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 physical revenue for 2021/22.

The ratio of trade receivables presenting a risk on collection was zero on both 31 March 2022 and 31 March 2021.

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

Lastly, unlike its principal competitors, who launch their blockbuster games in the final quarter of the calendar year to take advantage of Christmas sales, the Company 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 commercial success can be observed, the Group's sales are not skewed by seasonality.

1.5.8. Risks associated with the competitive environment

The video gaming industry stands out for the major competition between players, competition that will only grow in the future years. FOCUS ENTERTAINMENT faces this competition and the Company's game performance could be impacted by the performance of titles published by other industry players.

These titles developed by the competition 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.

This risk cannot be completely eliminated meaning that 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, profits, the financial position and the growth outlook.

1.5.9. Risks associated with video game regulations

Like any other game publisher, the Company must comply with national and international laws that apply notably to video game content and consumer protection. Failure to abide by these legal provisions and the possible repercussions, i.e. 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, results, financial position and growth outlook of the Group.

1.5.10. Risks associated with intellectual property rights and licences

Risks on the reconsideration of commercial rights within a territory

Where FOCUS ENTERTAINMENT is the rights holder of a video game, it has implemented a trademark protection policy based on the risks identified for the distribution territories, the nature of the video game and the prospects of future sales.

Other than trademark protection, numerous countries in which the Company operates have copyright protection and laws on unfair competition which offers protection on the title or video game.

As of this date, no rights on the titles and/or video games commercialised by the Company have been claimed by a third party in any territory. In the event of such a claim, the activity, results, financial position and outlook of the Company could be affected to a fairly significant degree depending on the title and/or video game involved.

Risks on the renewal of rights

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

The commercial rights of the games obtained by the Company from studios, through publication and reproduction rights, are granted to it for a territory and definite period (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 fails to acquire new rights, the catalogue of games that the Company can commercialise will dwindle, which could negatively impact its revenue, results, financial position and growth outlook.

Risks on changes to market trends and changes in the functionality of games in its portfolio

FOCUS ENTERTAINMENT has observed video games becoming increasingly social through gamer interactions within video games. As such, some games allow the creation of items that may be subject to copyright as well as the trade of items potentially subject to consumer protections laws. We endeavour to ensure such changes are in compliance with the applicable legal provisions.

Risks on 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. In fact, digitalisation has enabled publishers to add new downloadable functionalities or online content in addition to the original (offline) game, such as:

- frequent video game updates through the Internet (both consoles and PCs) allowing for bug correction,
- data sharing among users ("the community"),
- online multi-player modes and
- downloadable content, of which some for free.

These functionalities are additional possibilities offered by digitalisation; they cannot be accessed on pirated games since access is only possible where the player has the original game (containing the encrypted code keys). While a player can still copy a game, they will be unable to access all this content and be left with a highly impoverished game. Thus, the growth in digitalisation makes the purchase of a legal copy almost systematic.

We consider our strong position on the digital segment limits any major risk of our products being pirated (even if the risk cannot entirely be circumscribed).

1.5.11. Currency risk

FOCUS ENTERTAINMENT's operates at an international level and is thus subject to currency risk due to its exposure to currencies other than the euro, in particular US dollars.

At the year ended 31 March 2022, the proportion of sales billed in US dollars was 55% of the consolidated revenue. The Group's operating profit along with its cash and cash equivalents are therefore subject to currency fluctuations.

FOCUS ENTERTAINMENT benefits from an automatic reduction of this risk given game sales in US dollars can offset the costs incurred in dollars (i.e. manufacturing costs for hardcopy games destined for American consoles and PCs as well as certain studio royalties). Nonetheless, the volumes collected in US dollars are structurally superior to the outlays in US dollars and the Company is thus organised to limit the impact of the change in exchange rates on its accounts by:

- ensuring the rapid settlement of invoices in foreign currencies, on the one hand, and
- maintaining a very low level of cash in foreign currencies on the other.

The Company had not subscribed to any foreign exchange hedges at 31 March 2022.

Finally, from an economic point of view, 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 2022 were as follows:

Consolidated (euros in thousands)	TOTAL	< 1 year	1-5 years	> 5 years
Bank loans and BPI loans	66,097	2,742	17,704	45,651
Earn-out	10,500	10,500		
Total loans and financial debt	76,597	13,242	17,704	45,651
Available cash	62,595	62,595		
Net cash	(14,002)	49,353	(17,704)	(45,651)

The Group regularly reviews its funding sources to maintain sufficient liquidity at all times and considers its cash on hand (€62.6M as of 31 March 2022) as well as:

- any amounts used in investments,
- the reimbursement plan for financial debt at that date,
- current level of activity, and
- off-balance-sheet commitments.

1.5.13. Risk associated with financial covenants

The loan agreement signed on 20 July 2021 for a total of €130M contains a proviso on maintaining a financial ratio specified as consolidated net financial debt, corrected in pro forma and divided by consolidated EBITDA, corrected in pro forma. This ratio was measured for the first time on 31 March 2022 and will be calculated every year on the same date. It will determine the interest rate for the following year. As of 31 March 2022, we were in compliance with this covenant.

1.5.14. Legal proceedings and arbitration

To date, FOCUS ENTERTAINMENT reports no risks linked to legal or arbitration procedures. 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 growth and outlook

FY 2022/23 began with the PC Release of **Hardspace: Shipbreaker** (Blackbird Interactive), which has confirmed its good performance, coming in 3rd in terms of sales on Steam at its release. These good results are also a good sign in light of the forthcoming release on Gen9 consoles in a few weeks time.

June was also filled with announcements:

A Plague Tale: Requiem has been in the spotlight with an invitation to the unmissable cinema event Tribeca created by Robert De Niro in New York City, as well as a notable presence at the Xbox E3 conference; the title release date has now been revealed with launch expected for 18 October 2022. We also note the announcement of the title **Aliens: Dark Descent** (Tindalos) in a partnership with 20th Century Games during the Summer Game Fest (by the organiser of the Game Awards), and the announcement of **Warhammer 40,000: Boltgun** (Auroch Digital), unveiled during the annual show organised by Games Workshop.

In terms of releases, the title **Teenage Mutant Ninja Turtles: Shredder's revenge** by Dotemu (publisher/studio integrated into the Group since September 2021) has enjoyed excellent success since its launch on 16 June 2022.

The summer will be marked out by the release of supplementary contents for **SnowRunner**, an additional campaign for **Aliens: Fireteam Elite** and the announcement of the forthcoming title by Deck13 Interactive, a Group studio, which will be unveiled in late August. The fall will then see the release of the long-awaited **Evil West** (Flying Wild Hog).

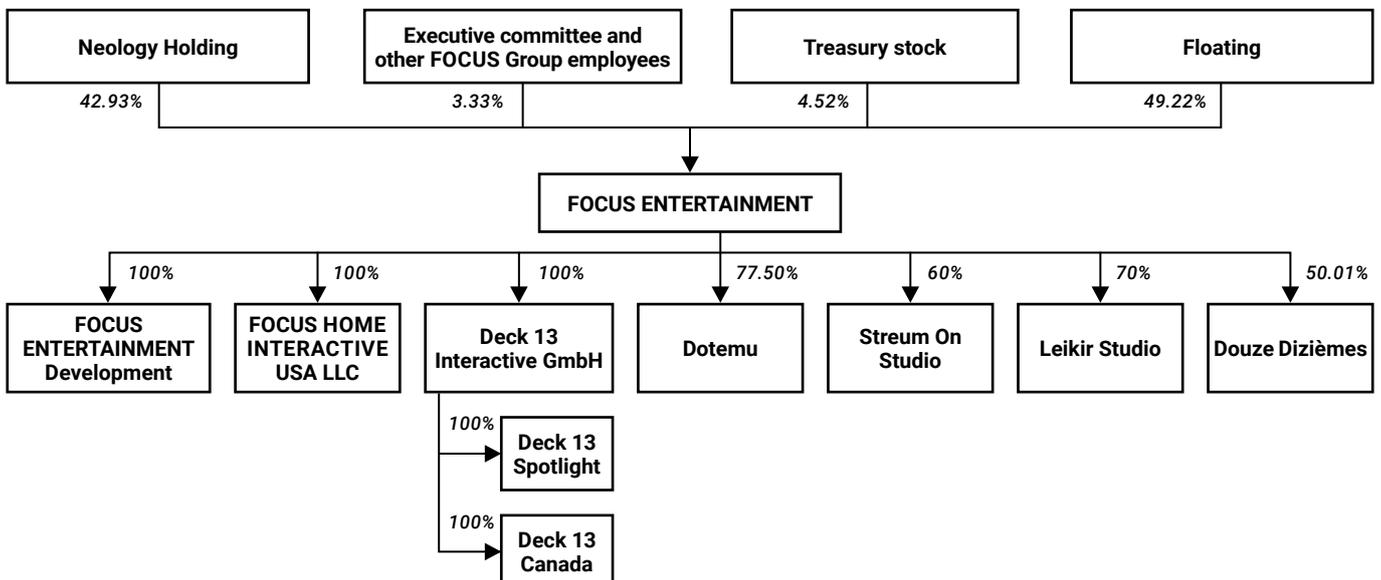
Finally, FY 2022/23 will be marked by the continuous operational integration of the 4 new studios (Stream On Studio, Dotemu, Douze Dixièmes and Leikir Studio) that joined the Group in 2021/22.

II. EMPLOYEE SHAREHOLDINGS

On 31 March 2022, the participation in the share capital of the Company held by the employees or by members of the Executive Committee linked to the Company by an employment contract or by employees of Group subsidiaries stands at 215,995 shares, that is 3.3% of the shares and 4.8% of the voting rights.

III. SUBSIDIARIES AND INVESTMENTS

1. LEGAL ORGANISATIONAL CHART AT 31 MARCH 2022



The business of FOCUS HOME INTERACTIVE USA (which will soon be renamed FOCUS ENTERTAINMENT) is identical to the business of the French parent company. It is engaged in commercial activities in North and Central America.

As of 31 March 2022, its annual revenue was \$7.6M. It recorded a net profit of \$1.1k.

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 full subsidiary Deck13 Spotlight, based in Frankfurt. Deck13 Interactive also has a subsidiary in Montreal, Canada, which was established on 1 April 2021. The revenue of Deck13 Interactive over the 2021-22 financial period totals €1.3M.

The acquisition of 60% of the share capital of Streum On Studio was finalised on 20 April 2021. The company has been fully consolidated in the Group's accounts since 1 April 2021 and its contribution to the Group's turnover was €0.1M in FY 2021/22.

Doteum, one of the world leaders in retrogaming, based in Paris, has also joined the Group, following the acquisition of 77.5% of the capital. The company has been fully consolidated in the Group's accounts since 30 September 2021 and its contribution to turnover was €5.6M in FY 2021/22.

The Group's acquisition of an investment in the Douze Dixièmes was made official on 12 October 2021. Based in Paris, the studio is made up of 7 passionate members from an animation cinema background and video game industry talent. The company has been fully consolidated in the Group's accounts since 1 October 2021.

In February 2022, FOCUS ENTERTAINMENT acquired the video game developed Leikir Studio. Based in Paris and made up of twenty or so talented creators, Leikir Studio thus becomes the 5th development studio to join the Group. The company has been fully consolidated in the Group's accounts since 1 February 2022.

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

On 20 April 2021, the Group acquired 60% of the capital and voting rights of the company Streum On Studio, paid in cash and in FOCUS ENTERTAINMENT shares. Streum On Studio is a leading French game development studio and has been a strong partner of the Group since 2013.

On 30 September 2021, FOCUS ENTERTAINMENT acquired 77.5% of the capital and voting rights of Dotemu, one of the world leaders in retro gaming based in Paris.

On 12 October 2021, the Group acquired 50.01% of the capital and voting rights of the development studio Douze Dixièmes.

Finally, on 4 February 2022, FOCUS ENTERTAINMENT acquired 70% of the capital and voting rights of the video games developer Leikir Studio.

3. EXISTING BRANCHES

None

4. DISPOSAL OF SHARES TO RECTIFY CROSS HOLDINGS

None

5. CAPITAL BREAKDOWN AND TREASURY STOCK

To the best of the Company's knowledge, the shares and transferable securities held by members of the Executive Board and Supervisory Board on 31 March 2022 are as follows:

31 MARCH 2022	Number of shares held	Transferable securities giving future equity		Total	% of capital	
		Number & type of allocated transferable securities	Number of shares issued if all exercised		Held total	Diluted total
Executive Board members						
Thomas Barrau	15,098	AGA 2018 - 3,000 shares AGA 2020 - 15,000 shares AGA 2022 - 2,000 shares	20,000	35,098	0.23%	0.54%
John Bert	30,916	AGA 2018 - 3,000 shares AGA 2020 - 35,000 shares AGA 2022 - 2,000 shares	40,000	70,916	0.48%	1.09%
Luc Heninger	29,083	AGA 2018 - 3,000 shares AGA 2020 - 20,000 shares AGA 2022 - 2,000 shares	25,000	54,083	0.45%	0.83%
Supervisory Board members						
Fabrice Larue (indirectly via Neology Holding)	2,782,803	-	-	2,782,803	42.93%	43.76%
Tanguy de Francieux	-	-	-	-	-	-
Denis Thébaud	-	-	-	-	-	-
Tiphonie Lamy	-	-	-	-	-	-
Louise Tingström	-	-	-	-	-	-
Thaima Samman	-	-	-	-	-	-

As part of the liquidity contract, Company held, as of 31 March 2022, 6,464 of its own shares with a value of €267K and held a receivable of €54,412 allocated to the liquidity account.

Liquidity contract on 31/03/2022	Quantity	Price
Shares held on 31/03/2021	2,318	64.4740
Shares bought (average price)	106,602	49.4280
Shares sold (average price)	102,456	48.8346
Shares held on 31/03/2022	6,464	41.3000

Besides the liquidity contract, the Group held 292,901 shares, as of 31 March 2022, 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 depicts the breakdown of primary shareholders and voting rights as of 31 March 2022:

Shareholders	Prior to the completion of the transaction			
	Number of shares	% of capital	Voting rights	% of voting rights
Neology Holding	2,782,803	42.9%	2,782,803	44.2%
FOCUS Group Executive Committee and employees	215,995	3.3%	303,606	4.8%
Treasury stock	299,365	4.6%	-	-
Floating	3,184,113	49.1%	3,212,308	51.0%
Total	6,482,276	100.0%	6,298,717	100.0%

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

At its meeting on 20 April 2021, the Board decided to implement a stock buyback programme based on the authorisation granted by the Ordinary and Extraordinary General Meeting of 16 April 2021 (Resolution 6) in addition to signing the liquidity contract as described above.

The Ordinary and Extraordinary General Meeting of 16 April 2021 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 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.

On 20 April 2021, the Executive Board authorised the buyback of no more than 250.000 shares of the Company.

Below is a breakdown of the shares bought under the stock buyback programme according to their objectives as of 31 March 2022:

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	281,817
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	6,464
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	299,365

IV. PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE YEAR AND ALLOCATION OF PROFIT

1. EXAMINATION OF ACCOUNTS AND RESULTS

Company accounts as of 31 March 2022

FOCUS ENTERTAINMENT recorded revenue of €132.7M over the twelve-month period ended 31 March 2022, whereas the revenue for the previous year was €166.5M at 31 March 2021.

Operating expense came to €125.4M at 31 March 2022 compared with €142.6M at 31 March 2021. Income from operations was €11.3M as compared with €25.4M at 31 March 2021.

Taking into account a financial loss of €(1.7)M€, an extraordinary loss of €(1.2)M and a tax charge of €2.4M, the net income at 31 March 2022 was €6.0M.

Assets on the balance sheet grew from €122.0M on 31 March 2021 to €255.7M on 31 March 2022. Equity grew from €71.6M on 31 March 2021 to €147.0M on 31 March 2022.

The gross cash position of the Company stood at €62.6M.

Consolidated accounts as of 31 March 2022

These consolidated accounts include the business of the US subsidiary. This subsidiary is 100% controlled and managed by the French parent company which bears the variable expenses of its subsidiary. These consolidated accounts also include the 5 acquisitions made by the Group during the last two financial years.

As of 31 March 2022, the Group revenue for the trailing twelve months came to €142.6M (€136.9M at constant perimeter), whereas the revenue for the year ended 31 March 2021 had reached €171.0M.

88% of sales were made by digital partners and 95% internationally.

The gross margin stood at €42.2M at 31 March 2022, whereas it was €51.1M for 2020/21.

Net income stood at €3.0M compared with €13.3M for the 2020/21 financial period.

The consolidated balance sheet is very similar to the Company's balance sheet in structure and amounts. It includes supplementary items from the American subsidiary. Total assets on the balance sheet for the year ended was €251.0M.

Consolidated equity came to €133.7M compared with €68.5M at 31 March 2021. The Group held a gross cash position of €62.6M.

2. DEBT SITUATION OF THE COMPANY AND GROUP AS OF 31 MARCH 2022

In thousands of euros	31/03/2021	New borrowings	Reimbursements	Change in scope of consolidation	31/03/2022
Bank loans (excl. overdrafts)	11,246	61,710	(8,295)	786	65,447
- of which due under one year	1,076				2,092
- of which due between 1 and 5 years	6,933				17,704
- of which due after 5 years	3,237				45,651
Other borrowings and debt	-			38	38
Revolving	1,250		(1,250)		-
Interest accrued (on other loans and similar payables)	10	580	(3)	-	585
Insufficient funds and other short-term debts	10	14	-	4	27
Financial debt	12,516	62,303	(9,549)	828	66,097
Cash and cash equivalents	19,497			1,336	62,595
Earn out	-				(10,500)
NET DEBT	(6,981)	62,303	(9,549)	828	14,002

3. PROPOSED ALLOCATION OF THE PROFIT

The Board of Directors proposes that the General Meeting allocate the annual profit entirely to retained earnings:

Financial year net profit	6,018,017.14
Allocation to the legal reserve	-
Previous retained earnings	41,924,143.05
Distributable profit	47,942,160.19
Dividend distribution	-
Allocation of year's profit to retained earnings	6,018,017.14

FOCUS ENTERTAINMENT's equity stood as follows on 31 March 2022:

Subscribed capital	7,778,731.20
Share premium	90,191,572.57
Legal reserves	779,184.80
Retained earnings	41,924,143.05
Capital before profit allocation	140,673,631.62
Profit allocated	6,018,017.14
Capital after profit allocation	146,691,648.76

4. DIVIDENDS DISTRIBUTED IN THE PRECEDING THREE FINANCIAL YEARS

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

For the financial ending on	Dividend per share	Dividend distributed	of which scrip dividends	Allowance mentioned in Art. 158 (3)(2°) of Tax Code	
				Eligible for 40% allowance	Non-eligible for 40% allowance
31 March 2021	-	-	-	-	-
31 March 2020	-	-	-	-	-
31 March 2019	0.68	3,470,824.04	709,587.60	3,470,824.04	-

5. NON-TAX-DEDUCTIBLE EXPENSES

In accordance with Article 223 C of the French General Tax Code, we are obliged to inform you of all expenses and charges referred to in Article 39-4 of said code and recorded by the Company. For the year ended 31 March 2022, the Company recorded no such non-tax-deductible expenses.

V. FIVE-YEAR SUMMARY OF THE COMPANY

SUMMARY TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS

	2017/18 (15 months)	2018/19	2019/20	2020/21	2021/22
Financial position at year end (in euros)					
Share capital	6,272,942	6,300,464	6,368,630	6,395,930	7,778,731
No. of issued shares	5,227,452	5,250,387	5,307,192	5,329,942	6,482,276
No. of convertible bonds					
Overall income from operations for the year (euros in thousands)					
Revenue excl. tax	83,637	121,007	137,885	166,506	132,660
Profit before tax, D&A and provisions	9,147	10,921	18,335	48,449	38,787
Income tax	3,063	4,001	5,795	7,253	2,380
Profit after tax, D&A and provisions	6,342	7,587	12,127	14,717	6,018
Profit distributed	2,983	3,471	-	-	-
Operational earnings per share*					
Profit before tax, D&A and prov.	1.75	2.08	3.45	9.09	5.98
Profit after tax, D&A and prov.	1.21	1.45	2.29	2.76	0.93
Dividend	0.57	0.68	-	-	-
Staff					
No. of employees	97	113	127	146	182
Total payroll	5,748	5,286	6,328	7,633	8,174
Salary expenses	2,489	2,413	2,948	3,341	3,368

* 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 SECURITIES TRANSACTED BY DIRECTORS AND RELATIVES

In accordance with Articles 223-22 A and 223-26 of the general regulation of the French Financial Markets Regulator (AMF), below are the transactions performed by directors and their relatives on the Company's securities during the year:

A. PURCHASES AND SALES OF SECURITIES BY DIRECTORS

Managers	Shares sold	Shares bought
Executive Board members		
Christophe Nobileau	-	-
John Bert	-	-
Thomas Barrau	-	-
Luc Heninger	-	-
Supervisory Board members		
Fabrice Larue <i>indirectly via Neology Holding</i>	-	394,979
Tanguy de Franclieu	-	-
Denis Thébaud	-	-
Tiphonie Lamy	-	-
Louise Tingström	-	-
Thaima Samman	-	-

B. EXERCISE OF OPTIONS BY DIRECTORS DURING THE YEAR

None.

VII. SPECIAL REPORT ON STOCK OPTIONS

A. STOCK OPTIONS

At 31 March 2022	Stock options	
Date authorised	06/10/2017	26/06/2019
Exercise deadline	06/10/2022	26/06/2024
Exercise price	21.3	18.5
Number authorised	25,000	25,000
Number allocated	7,450	15,750
Number cancelled	500	
Number exercised	1700	1750
Residual quantities	5,250	14,000

1) Allocation of stock options during the year ended 31 March 2022

None.

2) Stock option exercise during the year ended 31 March 2022

At its meeting on 24 September 2021, the Board recorded an increase in the share capital due to an employee's exercise of 250 stock options attributed by the Board as part of SO 2019 plan on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The subscription price of these 250 shares was €18.53 per share. The Executive Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by €300.

At its meeting on 24 November 2021, the Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan. The subscription price of these 250 shares was €18.53 per share. The Executive Board recorded the creation of 250 shares with a par value of €1.20, which increased the share capital by €300.

On 12 January 2022, the Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of the SO 2019 plan for a subscription price of €18.53 per share.

On the same date, the Board also recorded an increase in the share capital due to an employee's exercise of 200 stock options attributed by the Board as part of SO 2017- 01 plan on 16 October 2017, under the powers delegated by the General Meeting of 27 September 2017. The subscription price of these 250 shares was €21.34 per share. The Executive Board recorded the creation of 450 shares with a par value of €1.20, which increased the share capital by €540.

On 30 March 2022, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2017-01 plan for a subscription price of €21.34 and 500 stock options under the scope of the SO 2019 plan for a subscription price of €18.53 per share. The Executive Board recorded the creation of 750 shares with a par value of €1.20, which increased the share capital by €900.

B. FREE SHARES (AGA)

1) Allotment of free shares during the year ended 31 March 2022

At its meeting on 30 March 2022, the Board adopted a free share allotment plan for the Board members, with the exception of the Chairman (AGA 2022-1), under the powers delegated by the Ordinary and Extraordinary General Meeting of 23 September 2021, under the scope of Resolution Eleven and as authorised by the Supervisory Board at its meeting of 29 March 2022.

2) Definitive vesting of free shares during year ended 31 March 2022

On 11 March 2019, the Company allotted 2,400 free shares to the employees and corporate officers of the Company (AGA 2019-01-1). On 26 June 2021, the Chairman of the Executive Board, by Board delegation of 23 June 2021, recorded the creation of 600 shares following their definitive vesting on 26 June 2021. These free shares are subject to a holding period of one year from the time of their definitive vesting. (200 shares were not allocated as the conditions for their definitive allocation had not been met).

On 23 June 2020, the Company allotted 72,986 free shares to the employees and corporate officers of the Company (AGA 2020-1 and AGA 2020-2). At its meeting of 1 July 2021, the Board decided to create 36.493 shares following their definitive vesting on 1 July 2021. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 2 October 2018, the Company allotted 18,000 free shares to the employees and corporate officers of the Company (AGA 2018-3). At its 24 September 2021 meeting, the Executive Board decided to issue 4,500 shares following their definitive vesting on 23 September 2021 (1.500 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 time 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 2018-4). At its meeting of 24 September 2021, the Board decided to create 2,100 shares following their definitive vesting on 23 September 2021. (350 shares were not allocated as the conditions for their definitive allocation had not been met). These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 11 March 2019, the Company allotted 2,400 free shares to the employees and corporate officers of the Company (AGA 2019-01-1). At its 24 September 2021 meeting, the Executive Board decided to issue 600 shares following their definitive vesting on 23 September 2021 (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 time of their definitive vesting.

On 11 March 2019, the Company allotted 400 free shares to the employees and corporate officers of the Company (AGA 02/01/2019). At its meeting of 24 September 2021, the Executive Board decided to create 200 shares following their definitive vesting on 23 September 2021. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 27 July 2020, the Company allotted 3,000 free shares to the employees and corporate officers of the Company (AGA 2020-5). At its meeting of 24 September 2021, the Executive Board decided to create 3.000 shares following their definitive vesting on 23 September 2021. These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 2 October 2018, the Company allotted 18,000 free shares to the employees and corporate officers of the Company (AGA 2018-1). At its meeting of 11 October 2021, the Executive Board decided to issue 6,000 shares following their definitive vesting on 11 October 2021. These free shares are subject to a holding period of one year from the time 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 2018-2). At its meeting on 11 October 2021, the Board decided to create 1,750 shares following their vesting on 11 October 2021 (350 shares were not allotted because the conditions for their definitive vesting were not fulfilled). These free shares are subject to a holding period of one year from the time of their definitive vesting.

On 23 June 2020, the Company allotted 72,986 free shares to the employees and corporate officers of the Company (AGA 2020-1 and AGA 2020-2). At its meeting of 28 February 2022, the Board decided to create 36.493 shares under the scope of their definitive vesting on 1 March 2022. These free shares are subject to a holding period of one year from the time of their definitive vesting.

C. TRANSFERABLE SECURITIES AND INSTRUMENTS GIVING FUTURE EQUITY IN FORCE AT THE DATE OF THIS REPORT

On the date of this report:

- 140,225 free shares have been allocated but have not yet definitively vested;
- 19,250 stock options have not yet been exercised.

VIII. SHARE CAPITAL

A. TRANSACTIONS ON THE SHARE CAPITAL

Year ended 31 March 2022

At 31 March 2022, the share capital was divided up into 6,482,276 shares, each with a nominal value of €1.20. At 31 March 2021, it had been divided up into 5,329,942 shares, each with a nominal value of €1.20.

The following capital increases occurred between 1 April 2021 and 31 March 2022:

- By resolutions passed on 21 May 2021, the Chairman of the Board noted the increase in the share capital, with the elimination of pre-emptive rights in the favour of categories of benefit, resulting from the resolutions passed by the Board and Chairman on 18 May 2021, taken on delegation of competence of the General Shareholders' Meeting held on 16 April 2021, of an amount of €1,260,000 and made the related statutory changes;
- On 26 June 2021, the Chairman of the Board, on Board delegation of 23 June 2021, noted the increase in capital by an amount of €720, resulting from the definitive acquisition of the shares allocated free of charge under the "AGA-2019-01-3" plan;
- On 1 July 2021, the Chairman of the Board, on Board delegation of 23 June 2021, noted the increase in capital by an overall amount of €43,791.60, resulting from the definitive acquisition of the shares allocated free of charge under the "AGA-2020-01" and "AGA-2020-02" plans;
- On 29 June 2021, 250 shares were created following a beneficiary's exercise of 250 stock options as part of the SO 2019 plan issued by the Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018. The exercise of these 250 stock options and the corresponding capital increase were recorded by the Board at its meeting of 24 September 2021; and
- The Board at its meeting of 24 September 2021 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 €2,100, (iii) the "AGA 2019-01-1" plan for a total of €720, (iv) the "AGA 2019-01-2" plan for a total of €240 and (v) the "AGA 2020-5" plan for a total of €3,600.
- The Board, at its meeting on 11 October 2021, recorded the share capital increase resulting from the definitive vesting of free shares under the "AGA 2018 -01" plan and "AGA 2018-02" plan for the respective amounts of €7,200 and €2,100.
- The Executive Board, at its meeting on 24 November 2021, recorded the share capital increase of €300 resulting from the exercise of the 250 stock options granted by the Board on 11 March 2019.
- The Executive Board, at its meeting on 12 January 2022, recorded the share capital increase resulting from the exercise of the 250 stock options granted by the Board on 11 March 2019 and of €540 resulting from the exercise of the 200 stock options granted by the Board on 12 September 2017.
- During the meeting held on 19 January 2022, the Board noted the definitive increase in share capital reserved for employees by an amount of €11,097.60, thereby resulting in the issue of 9,248 new shares.
- The Board, at its meeting on 28 February 2022, recorded the share capital increase resulting from the definitive vesting of free shares under the "AGA 2020-1" plan and "AGA 2020-2" plan for the respective amounts of €32,518.80 and €11,272.80.
- The Executive Board, at its meeting on 30 March 2022, recorded the share capital increase resulting from the exercise of the 500 stock options granted by the Board on 11 March 2019 and of €900 resulting from the exercise of the 250 stock options granted by the Board on 12 September 2017.

Post-closing

By resolution of the Chairman of the Company's Board of Directors passed on 21 July 2022 in using the sub-delegation conferred upon him by the Board during the meeting held on 11 March 2019, noted the share capital increase resulting from the definitive vesting of free shares under the "AGA 2019-04" plan and "AGA 2019-03" plan for the respective amounts of €240 and €720 and also noted the share capital increase resulting from the exercise of 350 stock options granted by the Board on 11 March 2019 for a total amount of €420. Equally, in applying the sub-delegation conferred upon him by the Board, at its meeting on 12 September 2017, recorded the share capital increase totalling €600 resulting from the exercise of the 500 stock options granted by the Board on 12 September 2017.

Date	Operation type	Number of shares issued/cancelled	Capital	Share premium or contribution	Accumulated share capital	Accumulated number of shares	Par value
21 May 2021	Capital increase to the benefit of categories of beneficiaries	1,050,000	1,260,000	69,090,000	7,655,930.40	6,379,942	1.20
26 June 2021	Definitive vesting AGA 2019-01-3	600	720	0	7,656,650.40	6,380,542	1.20
1 st Jul. 2021	Definitive vesting of AGA 2020-1 and AGA 2020-2	36,493	43,791.60	0	7,700,442.00	6,417,035	1.20
24 Sept 2021	Exercise SO 2019 plan	250	300	4,332.50	7,712,802.00	6,427,335	1.20
	Definitive vesting of AGA 2018-3 and AGA 2018-4	6.250	7.500	0			
	Definitive vesting AGA 2019-01-1 and AGA 2019-01-2	800	960	0			
	Definitive vesting of AGA 2020-5	3.000	3.600	0			
11 Oct. 2021	Definitive vesting of AGA 2018-01 and AGA 2018-02	7.750	9.300	0	7,722,102.00	6,435,085	1.20
24 Nov. 2021	Exercise SO 2019 plan	250	300	4,332.50	7,722,402.00	6,435,335	1.20
12 Jan 2022	Exercise SO 2017-01 plan	200	240	4.028	7,722,942.00	6,435,785	1.20
	Exercise SO 2019 plan	250	300	4,332.50			
19 Jan 2022	Capital increase reserved for employees	9.248	11,097.60	253,395.20	7,734,039.60	6,445,033	1.20
28 Feb. 2022	Definitive vesting of AGA 2020-1 and AGA 2020-2	36.493	43,791.60	0	7,777,831.20	6,481,526	1.20
30 March 2022	Exercise SO 2017-01 plan	250	300	5.035	7,778,731.20	6,482,276	1.20
	Exercise SO 2019 plan	500	600	8.665			
After 31 March 2022							
21 Jul. 2022	Definitive vesting of AGA 2019-3 and AGA 2019-4	800	960		7,779,691.20	6,483,076	1.20
21 Jul. 2022	Exercise SO 2019 plan	350	420	6,065.50	7,780,111.20	6,483,426	1.20
21 Jul. 2022	Exercise SO 2017 plan	500	600	10.070	7,780,711.20	6,483,926	1.20

Shareholding thresholds

The Company became aware of a threshold crossing by the company AXXION (15 Rue de Flaxweiler, L-6776 Grevenmacher, Luxembourg). This company's holdings had risen, on 27 May 2021, above the 5% threshold of capital and voting rights in the Company. On this date, it held 292,347 Company shares (5.48% of capital) and 292,347 voting rights (5.38% of votes).

For the year ended 31 March 2022, the Company is not aware of any other crossing of shareholding thresholds pursuant to legal provisions or the articles of association.

IX. MISCELLANEOUS INFORMATION

1. INFORMATION ON SETTLEMENT PERIODS FOR PAYABLES AND RECEIVABLES (EXCLUDING ACCRUED EXPENSES)

In thousands of euros	Due					Total (>1 day)
	Not due	1-30 days	31-60 days	61-90 days	>91 days	
A. Invoices in arrears						
PAYABLES' settlement periods						
Number of invoices concerned	138	64	17	4	116	201
Net total (incl. VAT) of invoices concerned	743	730	53	29	311	1,122
Percentage of year's purchases	1%	1%	0%	0%	0%	1%
RECEIVABLES' deadlines						
Number of invoices concerned	117	104	107	42	472	725
Net total (incl. VAT) of invoices concerned	566	928	256	1,142	71	3,233
Percentage of year's sales	0%	1%	0%	1%	0%	2%
B. Invoices excluded from A. as relating to unrecorded or disputed debts/credits						
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 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 upfront and 90 days net				
	Statutory term:	France: 60 days net / International: variable				

2. INTER-COMPANY LOANS

In accordance with Article L. 511-6 3 A of the French Finance and Monetary Code, for the year ended 31 March 2022, we declare no inter-company loan had been entered into.

3. COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM

As part of the applicable Euronext Growth® rules, the Company, 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 Company, its directors and corporate officers do not appear on the European Union's sanctions list or the list established by the OFAC.

4. SITUATION OF AUDITORS' TERMS OF OFFICE

Statutory auditor:

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

Deloitte & Associés was appointed the statutory auditor by the General Meeting of 22 June 2006 for a term of six financial years. The term was renewed by the 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 Lucas ROBIN 14 Rue de Bassano 75116 Paris

Cabinet FINEXSI AUDIT was appointed co-statutory auditor by the 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 adopt the corresponding resolutions.

Paris 21 July 2022

The Board of Directors

FOCUS ENTERTAINMENT
Public limited company with share capital of €7,780,711.20.
Parc de Flandre "Le Beauvaisis" - Bâtiment 28
11, Rue de Cambrai - 75019 Paris
RCS Paris B 399 856 277

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Ladies and gentlemen. Dear shareholders,

It is recalled that under the scope of its third resolution, the General Shareholders' Meeting held on 1 April 2022, resolved to change, from that date forward, how the Company is managed and directed through the adoption of the structure of the Board of Directors. Until 1 April 2022 and, consequently, for the whole of the financial year ended 31 March 2022, the Company was directed and managed by an Executive Board and a supervisory board.

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 voting rights greater than 10% and another company in which more than half its capital is held directly or indirectly by the Company, except for agreements bearing on current transactions signed under normal market conditions;
- a summary of the current delegated powers granted by the General Meeting of shareholders in relation to capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, and when such delegated powers were exercised during the year; and
- the choice made of one of the two exercise procedures by the general management, envisaged by article L. 225-51-1.

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

During the year ended 31 March 2022, the Company was a public limited corporate governed by an Executive Board and Supervisory Board. Its corporate officers were the following persons.

Executive Board

Up until 1 April 2022, the date on which the manner by which the Company is managed and directed was changed by adopting a Board of Directors, the Company's articles of association ruled that the members of the Board were appointed by the Supervisory Board, which established the relevant number, appointing one of them as Chairman and determining the relevant remuneration. These must be natural persons.

During the year ended 31 March 2022, the Executive Board was made of the following four members:

Executive Board members

Member name	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
Christophe Nobileau	Executive Board chairman	Date of appointment as member of the Executive Board: 24 September 2020 Date of appointment as Chairman of the Executive Board: 23 October 2020 End of term: 31 December 2023	None	None
John Bert	Member of the Executive Board and Deputy CEO	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
Luc Heninger	Executive Board member	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
Thomas Barrau	Executive Board member	Appointment date: 29 June 2018 End of term: 31 December 2023	None	None

Term of office: 4 years

Supervisory Board

Until 1 April 2022, the date on which the manner by which the Company is managed and directed was changed by adopting a Board of Directors, the Company's articles of association ruled that the Supervisory Board would be made up of between three and 18 members.

During the financial year ended at 31 March 2022, the Supervisory Board was made up as follows:

Members from 1st April to 16 April 2021:

- Fabrice Larue,
- Tanguy de Franclieu
- Denis Thébaud,
- Tiphonie Lamy.

Members from 16 April to 23 September 2021:

- Fabrice Larue,
- Tanguy de Franclieu
- Denis Thébaud,
- Tiphonie Lamy,
- Thaima Samman,
- Louise Tingström.

Members from 23 September 2021 to 31 March 2022:

- Fabrice Larue,
- Tanguy de Franclieu
- Tiphonie Lamy,
- Thaima Samman,
- Louise Tingström.

Thaima Samman and Louise Tingström were appointed as independent members of the Supervisory Board by the Company's Combined Ordinary and Extraordinary Shareholders' Meeting held on 16 April 2021.

The mandates of Tanguy de Franclieu and Tiphonie Lamy, which expired at the General shareholders' meeting of 23 September 2021, were renewed for another three years, expiring at the Annual Ordinary General shareholders' meeting to be called to rule on the financial statements for the year ended 31 March 2024.

The same General shareholders' meeting thus acknowledged the request made by Denis Thébaud, whose mandate has also expired, not to have his mandate as member of the Supervisory Board renewed.

Each proposal for nomination or renewal of the term of office of a member of the Supervisory Board is subject to a separate resolution allowing the shareholders to freely decide on the composition of the Supervisory Board of the Company.

Information on the experience and the skills of each member of the Supervisory Board is provided at the time of appointment for renewal of the term of office of each member of the Supervisory Board (Recommendation R 8 of the Middlednext Code).

From 16 April to 23 September 2021, the Supervisory Board had an equal representation of three men and three women.

From 23 September 2021 to 31 March 2022, the Supervisory Board was made up of 60% women.

Supervisory Board members

Member name	Position within the Company	Term of office in the Company	Other offices currently held in other companies	
			Nature of office	Company
Fabrice Larue	Supervisory Board Chairman	Appointment date: 27 July 2020 End of term: AGM 2022 for annual accounts 2021/2022	Chairman Legal representative of FIFL, itself Chair of Deputy Chair Director	FIFL FLCP FLCP & Associés MCFL SAM Monaco Mediap
Mr Tanguy de FRANCLIEU	Vice Chairman of the Supervisory Board	Appointment date: 27 July 2020 End of term: AGM 2024 for annual accounts 2023/2024	Manager Legal representative of Financière Beauvau, CEO	Financière Beauvau FLCP FLCP Associés FLCP @Associés Invest
Denis Thébaud	Supervisory Board member	Appointment date: 6 January 2015 End of term: AGM 2021 for annual accounts 2020/2021	Supervisory Board Chairman Chairman Chairman Chairman CEO Director Director Manager Manager Manager Manager	Innelec Multimédia Innelec Technologies Jeux Vidéo & Co Numeric Pipeline Konix Interactive Xandrie publisher of Qobuz AC6 IDM Nabuboto SCI Innobat Participation Financière de L'Erdre MDA
Tiphonie Lamy	Supervisory Board member	Appointment date: 24 September 2020 End of term: AGM 2024 for annual accounts 2023/2024	None	None
Louise Tingström	Independent member of the Supervisory Board	Appointment date: 16 April 2021 End of term: AGM 2024 for annual accounts 2023/2024	None	None
Thaima Samman	Independent member of the Supervisory Board	Appointment date: 16 April 2021 End of term: AGM 2024 for annual accounts 2023/2024	None	None

Term of office: 3 years

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

To the knowledge of FOCUS ENTERTAINMENT, and on the date of preparation of this report:

- no convictions for fraud have been handed down in the last 5 years against any member of the any member of the Supervisory Board or General Management;
- none of the members of the Supervisory Board 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 CEO;
- no official public incrimination and/or official sanction has been pronounced during the last five years against any member of the Supervisory Board or the of the Supervisory Board or General Management by statutory or regulatory authorities (including designated professional bodies);
- no member of the Supervisory Board, or member of General Management, has been prevented by a court of law from acting as a member of an administrative, management or supervisory body, or from intervening in the management or conduct of the business of an issuer during the last 5 financial years.

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

Supervisory Board members	Nature of office	Company
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 Tanguy de FRANCLIEU	Member of the Strategic Committee Member of the Strategic 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
Denis Thébaud	Chairman	Innelec Services
Tiphane Lamy	Member of the Board Director	Tuvalu Media Netherlands BV Pull Up Digital
Louise Tingström	Chair of the Board	FinElk (UK, non-listed)
Thaima Samman	None	None
Executive Board members	Nature of office	Company
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
John Bert	None	None
Luc Heninger	None	None
Thomas Barrau	None	None

II. FUNCTION OF THE SUPERVISORY BOARD DURING THE YEAR ENDED

During the year ended on 31 March 2022, the Supervisory Board met 14 times with an average attendance rate by its members (in person or by means of video or audio conference) of 84%, it being understood that members represented were not considered.

Taking into account the manner of Company management and direction through the adoption of a Board of Directors on 1 April 2022 and, consequently, the dissolution of the Supervisory Board in place until 31 March 2022, the latter has not been able to assess its work.

Moreover, following the meeting held on 15 June 2022, the Board of Directors in office since 1 April 2022 decided to defer the assessment of its work to a later date, considering the little time available to the members to assess its operation since the recent establishment.

III. RELATED-PARTY AGREEMENTS

Regulated agreements approved in previous financial years and that continued to be implemented during the year ended 31 March 2022

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

1 - Agreement with Innelec Multimédia, of which Denis Thébaud (member of the Supervisory Board) is a majority shareholder, as he is an indirect shareholder of FOCUS ENTERTAINMENT through his minority investment in Neology Holding:

Signature date: annual agreement under commercial conditions signed at the start of every year according to applicable regulations.

Type of agreement: commercial agreement

Conditions during 2021/2022:

- Publicity expenses as part of our commercial agreements: None
- Sale of finished products: €69,797

This contract was renewed because FOCUS ENTERTAINMENT continues to distribute games in France, a market in which Innelec Multimédia operates.

This has no longer been an agreement subject to the regulated agreements system since 23 September 2021, the date on which the mandate of Supervisory Board member Denis Thébaud reached an end.

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

Signature date: 10/12/2020

Nature: contract for services

Methods: agreement for M&A services, to take part in the growth of the Company through possible acquisitions.

Amounts recorded for the year ended 31 March 2022: €517,023

Related-party agreements entered into during the year ended 31 March 2022:

No new related-party agreements were entered into during the year ended 31 March 2022

Agreement signed after the close of the year ended 31 March 2022

A regulated agreement was stipulated after the end of the year closed at 31 March 2022, following Board of Directors' authorisation given on 1 April 2022:

- Nature of the agreement and party concerned by the agreement: Non-competition agreement between the Company and Christophe Nobileau, the Company's CEO,
- Signature date: 1 April 2022
- Conditions: Taking into account the duties that Christophe Nobileau has in the Company and, in particular, the relations he entertains with its business partners, his access to sensitive and confidential information and his knowledge of the Group's organisation and the technical and financial means implemented, as well as in order to assure the lawful protection of the Company's interests, Christophe Nobileau has undertaken, for the period for which he shall perform his operative duties within the company and thereafter for a period of eighteen (18) months from when he ceases the office of Company General Manager, not to become involved in any way, directly or indirectly, particularly as employee, corporate representative, advisor, consultant or other, whether or not such positions may be remunerated, in any company, enterprise or group that goes about a business in competition with that of the Company or which markets products or services that are in competition, in the territory of one or more of the following countries: France (including the overseas departments), England and the United States.

In exchange for this commitment, Christophe Nobileau will receive a monthly gross amount for the entire duration of such commitment, namely eighteen (18) months, equal to 70% of the average total gross monthly remuneration paid to him during the twelve (12) months prior to the cessation of office. In addition, on its part, the Company has undertaken to maintain the social security contract of Christophe Nobileau for the entire duration of this period.

IV. SUMMARY OF THE CURRENT POWERS DELEGATED BY THE GENERAL MEETING OF SHAREHOLDERS IN RELATION TO CAPITAL INCREASES AND RELEVANT USE MADE

The table below shows the different financial delegations granted by for the Executive Board by the Company's General shareholders' meeting and thereafter transferred to the Board of Directors for their remaining duration, under the scope of the third resolution of the General shareholders' meeting held on 1 April 2022, having decided to modify, from that date on, the manner by which the Company is managed and directly, adopting a Board of Directors, and the financial delegations granted directly to the Board of Directors by the General shareholders' meeting on 1 April 2022:

General Shareholders' Meeting	Resolution	Duration of delegated power	Limit		Use
16/04/2021	6th resolution: Authorisation to be given to the Board for the purchase by the Company of its own shares in accordance with Article L.22-10-62 of the French Commercial Code.	18 months (15/10/2022)	10% of the share capital (of which a maximum of 5% due to their conservation and subsequent remittance for payment or exchange under the scope of a merger, spin-off or contribution) Maximum amount of funds: €26,400,000 Max. price per share: €99		Executive Board resolution passed on 20/04/2021 - Buyback of 250.000 shares in view of external growth operations and cancellation
16/04/2021	13th resolution: Delegation of powers to be granted to the Executive Board to decide, in the case of a public offering, on the issue of warrants on the free shares of the Company to be allotted to shareholders	18 months (15/10/2022)	100% of the share capital		None
16/04/2021	15th resolution: Reduction of the share capital of the Company by cancellation of shares	18 months (15/10/2022)	10% of the share capital per 24-month period		None
23/09/2021	12th resolution: Issue, with preferential subscription rights, of shares and/or transferable securities giving immediate or future access to equity or giving the right to a debt security or incorporation of profits, reserves, or premiums into the capital	26 months (22/11/2023)	two million seven hundred forty thousand and eight hundred euros (€2,740,800), i.e. 2,284,000 shares or one hundred and fifty million euros (€150M) in the case of bond issues	€5,602,800, namely 4,669,000 shares	None
23/09/2021	13th resolution: Issue of shares and/or transferable securities giving immediate or future access equity or giving the right to a debt security, with elimination of the preferential subscription right without indication of beneficiaries and by public offering	26 months (22/11/2023)	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues		None
23/09/2021	14th resolution: Issue of shares and/or of transferable securities giving immediate or future access to equity or giving the right to a debt security, via the offering mentioned in Article L.411-2 1 of the French Monetary and Financial Code, limited to 20% of the share capital per year with elimination of the preferential subscription right without indication of beneficiaries	26 months (22/11/2023)	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues		None
23/09/2021	15th resolution: Issue of shares and/or transferable securities giving immediate or future equity, or giving the right to a debt security, with elimination of preferential subscription rights of shareholders for certain categories of beneficiaries	18 months (22/03/2023)	two million one hundred thirty-one thousand and two hundred euros (€2,131,200), i.e. 1,776,000 shares or one hundred and twenty-five million euros (€125M) in the case of bond issues		None
23/09/2021	17th resolution: Delegation of powers to be granted to the Executive Board to decide on a cash capital increase reserved for employees who are members of a company savings plan in accordance with the provisions of Articles L.225-129-6 of the French Commercial Code and L.3332-18 et seq. of the French Labour Code, with the elimination of preferential subscription rights reserved for the benefit of Company employees	26 months (22/11/2023)	sixty-four thousand six hundred and eight euros (€64,608), or 53,840 shares		Resolutions passed by the Executive Board on 18 November 2021 and on 19 January 2022 - Share capital increase of a nominal €11,097.60 and issue of 9.248 shares
01/04/2022	13th resolution: Authorisation to be granted to the Board or Board of Directors, as applicable, to allow for the free allocation of Company shares	38 months (01/06/2025)	200.000 shares	640.000 shares (total of (i) shares allocated free of charge and not definitively vested by virtue of existing plans and plans resulting from this authorisation and (ii) new and/or existing shares for which the options are open to, and not yet exercised by, employees under stock option plans at that same date)	None
01/04/2022	14th resolution: Authorisation to be granted to the Board or Board of Directors, as applicable, in order to grant subscription or purchase options of shares from the Company	38 months (01/06/2025)	250.000 shares		Resolution passed by the Board of Directors on 1 April 2022 - Allocation of 131.500 stock options for Company shares, subject to performance and attendance conditions, to Frank Sagnier
01/04/2022	16th resolution: Reduction of the Company's share capital through a public offering of the buyback of shares following their cancellation	38 months (01/06/2025)	€1,160,106 namely 966,755 shares Maximum amount of funds: €58,005,300 Max. price per share: €60		None

V. METHODS FOR THE EXERCISE OF GENERAL MANAGEMENT

On 1 April 2022, the date on which the Company management and direction method changed by virtue of the adoption of a Board of Directors, the latter decreed its choice of the manners available for exercising general management envisaged by article L.225-51-1 of the French Commercial Code and decided to separate out the duties of Change Request and CEO and thus to appoint Christophe Nobileau as Chief Executive Officer and Frank Sagnier as Chairman of the Board of Directors.

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 Middlednext. 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 shows the Middlednext recommendations with which the Company has complied since 1 April 2022, the date on which the manner of management and direction of the Company changed with the adoption of the Board of Directors, and those it expects to comply with in the future:

Recommendations of the MiddleNext Code	Applied	Not applied
I. The power of "surveillance"		
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 the internal regulation of the Board ⁽³⁾	X	
R10: Choice of each director	X	
R11: Duration of the terms of the members of the Board	X	
R12: Directors' remuneration	X	
R13: Establishment of a system to evaluate the work of the Board	X	
R14: "Shareholder" relations	X	
II. The executive power		
R15: Diversity and fairness policy in the company	X	
R16: Definition and transparency of the remuneration of the executive officers	X	
R17: Preparation of the succession of the "managers"		X ⁽⁴⁾
R18: Cumulative employment contract and executive office	X	
R19: Retirement payments	X	
R20: Supplementary retirement schemes	X	
R21: Stock options and allotment of free shares	X	
R22: Review of vigilance points	X	

⁽¹⁾ At the date of this report, no training plan has been implemented in the Board of Directors. Further reflection is necessary to consider the value of complying with this recommendation.

⁽²⁾ During the meeting held on 1 April 2022, the Board decided, taking into account the size of the company and the number of directors, not to constitute committees but rather, as applicable, to meet in the form of an Audit Committee, as an Appointments and Remuneration Committee or as a Corporate Social and Environmental Responsibility ("CSR") Committee. This decision makes it possible for all directors to contribute towards the preparation of the Board's works and decisions on such matters.

⁽³⁾ The internal regulation of the Board of Directors may be consulted at the registered office of the Company and its website.

⁽⁴⁾ The matter of the succession of managers will be duly included on the agenda of the Board meeting this year.

Independent members of the Board of Directors

At the date of this report, the Board of Directors that took up office on 1 April 2022 has 3 independent members, in the person of the Chairman, Frank Sagnier and Virginie Calmels and Irit Hillel, namely 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 Middlednext 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 in the previous five years;
- not have been, in the two previous 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 or family relationship with a corporate officer or a major shareholder; and
- not have been a statutory auditor of the Company in the six previous years.

In addition, the Board of Directors considers that its Chairman, Frank Sagnier, can be classified as an independent member. Indeed, both the absence of a financial, contractual or family relationship between Frank Sagnier on the one hand and the Company and Group on the other, and the conditions of exercise of the mandate of non-executive Chairman of the latter (including the structure of the elements of his remuneration) allow the Board to consider that Frank Sagnier's freedom of judgement is not able to be compromised during the exercise of this mandate.

From 16 April 2021 to 31 March 2022, before adopting a Board of Directors, the Supervisory Board had 2 independent members, Thaima Samman and Louise Tingström, i.e. 33.33% of the total number of members of the Supervisory Board up until 23 September 2021 and then 40.00% from 23 September 2021 to 31 March 2022, as per Middlednext Code recommendation no. 3.

VII. POLICY REGARDING GENDER BALANCE AND FAIRNESS

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

During the meeting held on 21 July 2022, the Board of Directors established on 1 April 2022 made sure that a policy was in force regarding gender balance and fairness within the Group and implemented at all hierarchical levels.

To this end, the Human Resources Department has been asked to provide its conclusions about such 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 Board of Directors has agreed to examine the results at the end of this financial year.

VIII. REMUNERATION OF CORPORATE OFFICERS FOR PAST FINANCIAL YEAR

Remunerations received by the managing corporate officer

For the year ended on 31 March 2022, Christophe Nobileau, Chairman of the Board until 31/03/2022 and CEO since 01/04/2022, received the total amount of €288,558 in exchange for the fulfilment of his office.

In addition, in accordance with the provisions of article L. 225-197-1 of the French Commercial Code, at each free allocation of shares to the Board members, the Supervisory Board set the percentage of shares that the latter must keep as registered until cessation of office.

Equity ratio

The equity ratio envisaged under recommendation R 16 of the Middlednext Code¹ is:

- 15 for the year ended 31 March 2022 for Christophe NOBILEAU, Chairman of the Board until 31/03/2022 and CEO since 01/04/2022.

¹ Ratio calculation: amount of total remuneration in cash and SMIC during the reference year to the denominator.

Remunerations received by the non-managing corporate officers

Remunerations received by the non-managing corporate officers		
Gross remuneration received (In euros)	31/03/2021 (12 months)	31/03/2022 (12 months)
Fabrice Larue, Chairman of the Supervisory Board		
Remuneration (fixed, variable)	None	None
Other remuneration	None	None
Tanguy de Francieu, Vice-chair of the Supervisory Board		
Remuneration (fixed, variable)	None	None
Other remuneration	None	None
Tiphane Lamy, member of the Supervisory Board		
Remuneration (fixed, variable)	None	None
Other remuneration ⁽²⁾	None	None
Denis Thébaud, member of the Supervisory Board		
Remuneration (fixed, variable)	22,863	11,986
Other remuneration	None	None
Thaima Samman, member of the Supervisory Board		
Remuneration (fixed, variable)	None	23,973
Other remuneration	None	None
Louise Tingström, member of the Supervisory Board		
Remuneration (fixed, variable)	None	23,973
Other remuneration	None	None

Paris, 21 July 2022,

The Board of Directors

Frank Sagnier, Chairman of the Board of Directors

FOCUS ENTERTAINMENT
Public limited company with share capital of €7,778,731.20.
Parc de Flandre "Le Beauvaisis" - Bâtiment 28
11, Rue de Cambrai - 75019 Paris
RCS Paris B 399 856 277

**AUDITOR'S REPORT ON THE CONSOLIDATED
FINANCIAL STATEMENTS**
YEAR ENDED 31 MARCH 2022

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

Auditing company
registered with the Regional Company of Paris

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

Auditing company
registered with the Regional Company of Versailles and the Centre

For the attention of the General Meeting of FOCUS ENTERTAINMENT

Opinion

In compliance with the assignment entrusted to us by the general meeting of shareholders, we have audited the accompanying consolidated financial statements of FOCUS ENTERTAINMENT for the year ended 31 March 2022.

In our opinion, 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 results as well as the financial position, assets and liabilities of all companies and entities under the group's consolidated accounting 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 "Auditor's responsibilities for the audit of consolidated financial statements" section of this report.

Independence

We have performed our audit mission in compliance with the rules governing independent auditors specified by the French Commercial Code and by the code of ethics of the profession of statutory auditors, over the period from 1 April 2021 to the date of issue of our report.

Comment

Without disputing the opinion given above, we would draw your attention to note 1.1 "Change in regulation" of the notes to the consolidated financial statements, which describes the impact of changes in accounting methods brought about by the first application of the new ANC 2020-01 regulation on consolidated financial statements.

Justification of assessments

The global crisis brought on by the COVID-19 pandemic created special conditions for the preparation and review of the financial statements for this financial period. The crisis and the extraordinary measures taken as part of the emergency health situation have provoked many consequences for businesses, especially for their activities, financing and the heightened uncertainties surrounding their future outlook. Some of these measures, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and on the arrangements for performing our work.

It is amidst this complex, evolving context that, 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 would point out the following aspects, which, in our professional opinion, were the most important in our audit of the consolidated financial statements for the year.

The assessments made form part of the audit of the consolidated financial statements as a whole and were decided under the conditions stated above. They contribute 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 relative to the grouping of companies, notably 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 under laws and regulations, on information pertaining to the group which is provided in the management report approved by 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 governance for 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 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 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 contain material misstatements, whether due to fraud or error, designs and performs 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 because fraud can involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- the auditor obtains an understanding of internal control 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 control;
- he evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- it assesses 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 inadequate, to place a qualification on their opinion or refuse to sign off on 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;
- he obtains sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the scope of consolidation to express 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, 8 July 2022

Auditors

Finexsi Audit



Deloitte & Associés



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

[in thousands of euros]

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/03/2022			31/03/2021	Net variation
		Gross	D&A	Net	Net	
Intangible assets	3.2	218,932	(69,121)	149,811	73,865	75,946
<i>Of which goodwill</i>	3.1	72,747	(4,072)	68,675	6,207	62,468
Property, plant & equipment	3.3	2,792	(1,963)	829	716	113
Financial assets	3.4	1,218	(1)	1,217	1,434	(217)
Total Non-Current Assets		222,941	(71,085)	151,857	76,015	75,842
Inventory and works in progress	3.5	1,026	(170)	855	1,526	(671)
Trade receivables	3.6	13,446	(79)	13,367	15,381	(2,014)
Other receivables, accruals and deferrals ^(*)	3.7	22,354		22,354	6,736	15,617
Marketable securities	3.8	600		600		600
Cash and cash equivalents	3.8	61,995		61,995	19,497	42,498
Total Assets		322,362	(71,334)	251,027	119,155	131,872

^(*) of which €1,022K deferred tax at 31/03/2022 and €606K at 31/03/2021

	Note	31/03/2022	31/03/2021	Net variation
Capital		7,779	6,396	1,383
Share premium		90,192	22,369	67,822
Reserves		32,696	26,493	6,203
Profit(loss) for the year		2,980	13,278	(10,299)
Equity attributable to group	3.9	133,646	68,537	65,109
Minority interest		1,630	0	1,630
Total Equity		135,277	68,537	66,740
Provisions	3.11	940	1,704	(764)
Borrowings and financial debt	3.12	66,097	12,516	53,581
Trade payables	3.13	18,995	23,416	(4,421)
Other payables, accruals and deferrals ^(*)	3.14	29,719	12,981	16,737
Total Liabilities		251,027	119,155	131,872

^(*) of which €45K deferred tax at 31/03/2022 and €0K at 31/03/2021

II. CONSOLIDATED INCOME STATEMENT

	Note	31/03/2022		31/03/2021		Variation	Variation %
Revenue	3.15	142,558	100%	170,996	100%	(28,437)	-17%
Cost of goods sold	3.16	(71,686)		(96,270)		24,584	-26%
Game development costs	3.16	(29,524)		(24,374)		(5,150)	21%
Other income	3.16	896		750		146	
Gross profit		42,244	30%	51,102	30%	(8,857)	-17%
Production costs	3.17	(7,677)		(7,425)		(252)	3%
Sales and marketing expenses	3.18	(13,143)		(10,316)		(2,827)	27%
General and administration expenses	3.19	(8,385)		(8,607)		222	-3%
Other operating income (expenses)		117		72		44	
Operating profit before goodwill amortisation		13,155	9%	24,826	15%	(11,670)	-47%
Goodwill amortisation		(4,021)		0		(4,021)	
Operating profit after goodwill amortisation		9,135	6%	24,826	15%	(15,691)	-63%
Financial result	3.22	(1,724)	-1%	(1,677)	-1%	(47)	
Extraordinary result	3.23	(1,317)		(3,049)		1,732	-57%
Income tax	3.25	(3,027)		(6,821)		3,794	-56%
Consolidated net income		3,067	2%	13,278	8%	(10,212)	-77%
Net income (attributable to the group)		2,980	2%	13,278	8%	(10,299)	-78%
Earnings per share	3.24	0.48		2.50			
Diluted earnings per share	3.24	0.47		2.38			

III. STATEMENT OF CHANGES IN EQUITY

	Capital	Share premium	Reserves reserves	Profit/loss	Equity attributable to group	Non-controlling interest	Equity
Equity as of 31/03/2020	6,369	22,311	12,955	13,040	54,675	0	54,675
Allocation to reserves			13,040	(13,040)	0		0
Dividends distributed					0		0
Income for the year				13,278	13,278		13,278
Capital increase	27	39			66		66
Other transactions		20	642		662		662
FX translation reserve			(145)		(145)		(145)
Equity as of 31/03/2021	6,396	22,369	26,492	13,278	68,537	0	68,537
Equity as of 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
Capital increase	1,383	67,822	(110)		69,095		69,095
Change in scope of consolidation						1,630	1,630
Treasury stock			(7,034)		(7,034)	0	(7,034)
FX translation reserve			69		69		69
Equity as of 31/03/2022	7,779	90,192	32,697	2,980	133,646	1,630	135,277

Capital increases include:

- the final vesting of free shares for €88K in compliance with the Executive Board Chairman's resolutions on 23 June 2021 and 28 February 2022;
- the increase of share capital by means of the subscription and release of 1,050,000 ordinary shares, for a nominal amount of €1,260K and an issue premium of €67,822K, in compliance with the Executive Board Chairman's resolution passed on 21 May 2021.

"Treasury stock" regards its cancellation as part of the liquidity contract and stock buyback program, and the payment in shares as part of the acquisition of Stream On Studio, Douze Dixièmes and Leikir Studio.

"Change in scope" regards the acquisition of the companies Stream On Studio, Douze Dixièmes, Leikir Studio and Dotemu, generating an impact of €1,630K on minority interests.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	Note	31/03/2022	31/03/2021
Net income of consolidated companies		3,067	13,278
- Net change in D&A and provisions ⁽¹⁾		29,106	25,813
- Goodwill amortisation		4,021	0
- Accrued interest		580	0
- Change in deferred taxes	3.7	288	(452)
- Gains (losses) from disposals		0	25
Cash flow before working capital changes		37,060	38,665
- Change in working capital		(9,275)	(1,713)
<i>Of which change in inventory</i>	3.5	584	(941)
<i>Of which change in receivables</i>	3.6 / 3.7	(7,490)	2,465
<i>Of which change in payables</i>	3.13 / 3.14	(2,369)	(3,236)
Net cash provided by (used in) operating activities		27,785	36,952
Purchases of property, plant, equipment and intangible assets	3.2 / 3.3	(36,793)	(40,521)
Other purchases net of disposed financial assets	3.4	265	(1,123)
Impact of changes in consolidation ⁽²⁾		(59,101)	(6,186)
Net cash provided by (used in) investing activities		(95,630)	(47,829)
Capital increase	3.9	68,797	66
Issuance of debt	3.12	59,540	14,010
Retirement of debt	3.12	(9,560)	(3,164)
Liquidity contracts		(7,866)	27
Net cash provided by (used in) financing activities		110,911	10,940
Effect of exchange rate changes		31	(203)
Increase (decrease) in cash and cash equivalents		43,098	(142)
Cash and cash equivalents at beginning of year ⁽³⁾		19,497	19,639
Cash and cash equivalents at end of year ⁽³⁾	3.8	62,595	19,497
Increase (decrease) in cash and cash equivalents		43,098	(142)

⁽¹⁾ Excluding provisions on current assets and amortisation of goodwill.

⁽²⁾ This concerns the acquisitions of DOTEMU, Streum On Studio, Leikir Studio and Douze Dixièmes as of 31/03/2022 and Deck13 Interactive as of 31/03/2021 and it corresponds to the purchase cost less net cash acquired.

⁽³⁾ Cash is net funds available in current bank accounts.

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

A. PRESENTATION OF THE GROUP

Founded in 1995, FOCUS ENTERTAINMENT is a French video game publisher that develops, produces and releases successful original video games on multiple platforms across the globe. FOCUS ENTERTAINMENT supports in-house and external 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).

The Group's consolidated financial statements at 31 March 2022 show the Group's operation over the 12 months.

B. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the 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.

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

1.1. Change in regulation

The consolidated financial statements of the FOCUS ENTERTAINMENT Group are impacted by the changes made by the new ANC 2020-01 regulation, which applies for the first time prospectively to transactions occurring after 1 April 2021 as well as to contracts stipulated after that date.

We note that the changes also impact the booking of lease contracts as assets. However, the amount of the contracts in question is €143K hence we consider this restatement to be insignificant.

1.2. Change in accounting method

None.

1.3. Change in valuation

A change in the estimates of the useful life of the goodwill of Deck13 Interactive has been applied: this life that was considered as unlimited the previous year, became limited starting 1 April 2021.

In compliance with the analysis performed under the scope of the FOCUS ENTERTAINMENT acquisition policy that was adopted in FY 2021/2022 with the acquisitions of four other studios (see note on goodwill), the Management has estimated that the goodwill shall have a limited useful life based on know-how of unlimited duration. Their useful life is unable to be reliably estimated, in compliance with French standards, hence goodwill shall be amortised on a straight-line basis over 10 years.

The goodwill of Deck13 Interactive previously not amortised, is now amortised over its residual duration (i.e. nine years) and will generate annual amortisation of €690K.

Before this change in estimation, an impairment test run on the goodwill of Deck13 Interactive for €6,207K had been formed and had not revealed any indication of loss of value.

1.4. Definition and performance indicators monitored by the management

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 1.18.

Definition of EBITA:

The Group defines an adjusted EBIT ("EBITA") as the operating profit before amortising goodwill.

Definition of EBITDA:

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is the income from operations before the depreciation and amortisation of property, plant & equipment 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.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is the income from operations before the depreciation and amortisation of property, plant & equipment and intangible assets.

	31/03/2022		31/03/2021		Variation	Variation %
Revenue	142,558	100%	170,996	100%	(28,437)	-17%
Gross profit	42,244	30%	51,102	30%	(8,857)	-17%
EBITDA	42,131	30%	50,519	30%	(8,388)	-17%
Depreciation and amortisation on:						
Development costs	26,025		24,589		1,436	
Other depreciation and amortisation	2,951		1,104		1,847	
EBITDA	13,155	9%	24,826	15%	(11,670)	-47%

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).

	Note	31/03/2022	31/03/2021
Net income of consolidated companies		3,067	13,278
- Net change in amortisation and provisions		29,106	25,813
- Goodwill amortisation		4,021	0
- Accrued interest		580	0
- Change in deferred taxes	3.7	288	(452)
- Gains (losses) from disposals		0	25
Cash flow before working capital changes		37,060	38,665
- Change in working capital		(9,275)	(1,713)
- Acquisitions of intangible fixed assets	3.2	(36,411)	(40,246)
Operating cash flow		(8,625)	(3,295)

1.5. Material events of the period

€70.4M capital increase

By decision of the Chairman of the Executive Board of the Company, using the sub-delegation granted to him by the Executive Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Executive Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.4M in an accelerated book-building process.

Bank loan

On 20 July 2021, the Company signed a new loan for €140M, which is structured as follows:

- A syndicated loan comprising:
 - An amortizable tranche, a bullet tranche and a revolving loan with maturities of up to 6.5 years for a total amount of €80M, from a pool of seven banks.
 - A second bullet tranche with a maturity of 7 years for a total amount of €50M from 3 institutional investors.
 - A €10M loan from Bpifrance.

External growth

Acquisition of Stream On Studio

On 20 April 2021, FOCUS ENTERTAINMENT acquired 60% of the share capital of the company Stream On Studio.

Acquisition of Dotemu

On 30 September 2021, FOCUS ENTERTAINMENT acquired 77.5% of the capital of Dotemu.

Acquisition of Douze Dixièmes

On 12 October 2021, FOCUS ENTERTAINMENT acquired 50.01% of the company Douze Dixièmes.

Acquisition of Leikir Studio

On 4 February 2022, FOCUS ENTERTAINMENT acquired 70% of the company Leikir Studio.

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 ENTERTAINMENT.

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 announced² that it was able to estimate the amount of the fine that would be imposed by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that it would be fined €2.9M. This fine was paid on 12 July 2021.

COVID-19 pandemic

Since March 2020, when the world COVID-19 pandemic began, the whole of the video gaming industry found itself forced to adapt to new ways of working.

Since then and throughout FY 2021/22, FOCUS ENTERTAINMENT has maintained the measures implemented, allowing it to:

- protect the health and safety of its workers by rigorously applying the recommendations of local authorities (partial halts to business, generalised remote working, making available of protective equipment, etc.),
- ensure business continuity, notably the monitoring of games in production and the marketing of the games released.

Even if lesser circulation of the COVID-19 virus is seen, since the first quarter of 2022, FOCUS ENTERTAINMENT has maintained a high level of vigilance and continued to apply the measures recommended by the local authorities.

Despite these precautions, a worsening of the circulation of the COVID-19 virus could impact the launch calendars of certain games. These shifts could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

War in Ukraine

The war in Ukraine, which started on 24 February 2022, has to date only had a very limited impact on FOCUS ENTERTAINMENT. At present, the turnover from the sales made to gamers in Ukraine or Russia account for less than 2.4% of the Group's revenues in 2021/22.

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 action taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

1.6. Events after 31 March 2022

Change in company name

The General Shareholders' Meeting, held on 1 April 2022, resolved to change the Company's name FOCUS HOME INTERACTIVE to FOCUS ENTERTAINMENT from this date, in a bid to ensure consistency, clarifying the Company's pillars and values.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit starting 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.

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 developed very well, coming in at number 1 on world Steam in the minutes following its release. At the time of this report, the game's Metacritic score was 84, suggesting it will perform very well.

Partnerships

Negotiations in progress at 31 March 2022 were finalised post-closing. The elements resulting from these negotiations are included in the off-balance sheet items (see note 3.27.1a).

1.7. 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 at the date the accounts were prepared which can be different from the reality in the future.

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

- The valuation of intangible assets in particular games and the duration of the goodwill;
- The valuation of earn out to be paid and the estimated probability of paying them under the scope of the acquisitions made by the Group;
- The determination of provisions for liabilities and charges;
- The provisions for depreciation of inventory.

1.8. Non-current assets

Intangible 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 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 ENTERTAINMENT pays supplementary royalties which are recorded in the income statement.

Intangible assets also include game developments by the subsidiaries.

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. |
| • Intellectual property rights: | 12 months accelerated rate. |
| • 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.

1.9. 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 31 March 2022, 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.

1.10. 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 recorded under inventory until sold by the distributor.

1.11. 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.

1.12. Other receivables

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

1.13. 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 prior to that 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.

At 31 March 2022, the Group has not stipulated any hedges nor does it have any hedges in place.

1.14. Provision for liabilities

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.

1.15. 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 (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 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.

The following are the main hypotheses:

- Staff turnover and the annual evolution of employees differs for each company;
- The social security rate is 45% for French companies;
- The discount rate is 1.83%;
- The mortality table used is INSEE TV-TD 2011-2013.

1.16. 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.

1.17. 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 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.

1.18. 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 advances and production costs are recovered.
- the production cost of goods sold, including manufacturing fees paid to console manufacturers,
- royalties to third parties with title to the licence and not the development studio,
- provisions on inventory,
- transportation costs,
- provisions on risks of returned merchandise from customers and game depreciation (see. 1.14).
- costs relating to transferred games: in the event the Group transfers its rights over a game in which it has already invested. The relevant expense incurred is then recorded in costs relating to transferred games.

Game development costs comprise the amortisation charge on contractual financing paid to the studios before and after the launch of a game. 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 1.8 for information on the amortisation of developments costs for games that reach the market.

1.19. 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).

1.20. 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.

1.21. 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.

1.22. Other operating income (expenses)

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

1.23. 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.

In compliance with regulation ANC no. 2020-01, loan issuance costs have been spread out over the duration of the loans. The residual balance at closure is shown in the item "Other receivables".

1.24. Extraordinary result

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

1.25. 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. FOCUS ENTERTAINMENT acquired four companies during the year:

- the company Stream On Studio on 20 April 2021;
- the company Dotemu on 30 September 2021;
- the company Douze Dixièmes on 10 October 2021;
- and the company Leikir Studio on 4 February 2022.

Company	Registered office	Siret no.	Control	Stake	Method*
Deck 13 Interactive GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100.00%	100.00%	Full
Deck 13 Production GmbH	Gervinusstr. 18-22 · 60322 Frankfurt am Main	N/A	100.00%	100.00%	Full
FOCUS HOME INTERACTIVE USA LLC	1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA	N/A	100.00%	100.00%	Full
Douze Dixièmes	79 Cité Jouffroy Renault 92110 Clichy	82872451800026	100.00%	50.01%	Full
Dotemu	79 Rue du Faubourg Poissonnière 75009 Paris	53535584600028	77.50%	77.50%	Full
Leikir Studio	30 Rue Westermeyer 94200 Ivry-sur-Seine	78872138900039	100.00%	70.00%	Full
Stream On Studio	1 avenue de Lattre de Tassigny, 94130 Nogent-sur-Marne	49906163800049	60.00%	60.00%	Full

* Full consolidation

2.2 Consolidation method

All subsidiaries are consolidated under the full consolidation method insofar as FOCUS ENTERTAINMENT alone exercises control over these subsidiaries. The consolidation is conducted directly by the parent 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 its 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 considered in the cost of purchase. The initial estimates of the variable components of the purchase price, prepared at the date of first consolidation, are revised at each year end by the Management or whenever they become reliably able to be measured for the first time after that date. The purchase cost is then corrected accordingly.

The purchase of the companies Streum On Studio, Dotemu, Leikir Studio and Douze Dixièmes led to the recording of provisional goodwill.

The period acquisitions of Streum On Studio, Dotemu, Leikir Studio and Douze Dixièmes and that of Deck13 Interactive during the previous year, are accompanied by earn out clauses subject to multi-criteria indicators.

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.

	Average rate	Closing rate
€/USD	1.1605	1.1101

2.7. Leases

As there are no leases of a material character, 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 accounts

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

The subsidiaries Dotemu and Douze Dixièmes previously closed their annual accounts on 31 December of each year, so after an exceptional 15-month period, the companies postponed their closing date to 31 March 2022.

The subsidiary Leikir Studio previously closed its accounts on 31 July of each year, so after an exceptional 9-month period, the company postponed their closing date to 31 March 2022.

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

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

3.1. Goodwill

Goodwill	31/03/2022	31/03/2021	Variation
Gross value	72,747	6,257	66,489
Impairment	(4,072)	(51)	(4,021)
Net value	68,675	6,206	62,469
<i>Of which Dotemu</i>	<i>60,736</i>	<i>0</i>	<i>60,736</i>

On 30 September 2021, the Group acquired 77.5% of the shares of the company DOTE MU for a total amount of €53.5M, of which a deferred payment was made of €15M (escrow account), for release at the latest by end of December 2022, depending on the release date of a game. The acquisition contract also envisages an earn out conditional on multi-criteria indicators.

The purchase cost takes into account the purchase costs net of income tax and earn out conditional on multi-criteria indicators, estimated as highly likely and reliably by the Management in preparing the consolidated financial statements.

	Dotemu
Acquisition cost of investments	65,147
Fair value of acquired net asset	4,411
Goodwill	60,736

At 30 September 2021, the valuation of the assets and liabilities acquired are detailed as follows:

	Dotemu
Intangible assets	6,490
Property, plant & equipment	36
Financial assets	27
Trade receivables	1,361
Other receivables, accruals and deferrals	1,373
Cash and cash equivalents	1,702
Total Assets	10,989
Provisions for liabilities and charges	109
Other payables, accruals and deferrals	2,813
Trade payables	2,375
Total Liabilities	5,297
Net assets	5,692
% held	77.5%
Net Assets Acquired	4,411

The acquisition of Stream On Studio led to the recording of provisional goodwill in the amount of €2,585K. The second semester acquisitions of Leikir Studio and Douze Dixièmes led to the recording of provisional goodwill in the respective amounts of €2,840K and €327K.

The Management estimated that this goodwill will have a limited duration, as the investments have ensured the acquisition of know-how with a limited lifetime. These lifetimes 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 regulation ANC 2020-01. The same applies to the goodwill of Deck13 Interactive, acquired the previous year and amortised over a residual duration of 9 years, following a change in the estimated lifetime of the goodwill (see Paragraph 1.3 - Change in valuation).

No indication of impairment has been seen during FY 2021/2022. Impairment testing was carried out on the goodwill of Deck13 Interactive, which did not reveal any loss in value. Thus no write-down was applied to goodwill at year end.

The goodwill entered on the Group's financial statements is all linked to the acquisition of production subsidiaries. The recoverable amount of this goodwill cannot be determined individually, hence the Group has identified all assets of the production business (the internal studios) and publishing business (the parent company) as a single cash generating unit with the two businesses being interdependent and due to the synergies to be developed by these purchases. This is explained by the collaboration of studios and with FOCUS ENTERTAINMENT in compliance with the publishing and integrated co-production strategy of the Group and the sharing of certain means of production and back-office.

3.2. Intangible assets

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 "intangible assets in progress" is reclassified in "game development costs".

	31/03/2021	Entry into scope	Acquisitions	Reclassification	Amortisation	31/03/2022
Research & development costs	-	429	-	-	-	429
Game development costs	31,660	5,341	6,768	28,319	-	72,088
Concessions, patents, software, trademarks	755	734	572	-	-	2,062
Other intangible assets	133	-	-	-	-	133
Development costs of games in progress	61,256	5,023	28,843	(24,766)	-	70,356
Other intangible assets in progress	326	306	812	(325)	-	1,119
GROSS INTANGIBLE ASSETS	94,131	11,833	36,995	3,227	-	146,186
Amortisation/depreciation of research & development costs	-	(429)	-	-	-	(429)
Amortisation of games	(25,580)	(3,878)	-	(4,422)	(29,169)	(63,049)
Amortisation on patents, licences, trademarks, software	(759)	(469)	-	9	(220)	(1,439)
Amortisation of other intangible assets	(133)	-	-	-	-	(133)
AMORT. ON INTANGIBLE ASSETS	(26,472)	(4,776)	-	(4,413)	(29,389)	(65,049)
NET INTANGIBLE ASSETS	67,659	7,057	36,995	(1,186)	(29,389)	81,136

The year's acquisitions essentially relate to the games under development.

3.3. Property, plant & equipment

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

	31/03/2021	Entry into scope	Acquisitions	Disposals	31/03/2022
Buildings and improvements	220	-	-	-	220
Other property, plant & equipment	1,906	287	379	(4)	2,567
Property, plant & equipment in progress	-	-	-	-	-
Down payments and payments on account for property, plant & equipment	-	-	4	-	4
PROPERTY, PLANT & EQUIPMENT	2,127	286	383	(4)	2,792
Deprec. on buildings and improvements	(154)	-	(22)	-	(176)
Deprec. on other property, plant & equipment	(1,257)	(212)	(322)	4	(1,787)
DEPREC. ON PROPERTY, PLANT & EQUIPMENT	(1,411)	(212)	(344)	4	(1,963)
NET PROPERTY, PLANT & EQUIPMENT	716	74	39	(0)	829

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

3.4. Financial assets

	31/03/2021	Entry into scope	Acquisitions	Disposals	31/03/2022
Securities of unconsolidated companies	1	-	-	-	1
Security deposit	579	47	535	(1)	1,162
Liquidity account - Gilbert Dupont	320	-	-	(266)	55
Buyback contract of treasury stock	534	-	-	(534)	0
GROSS VALUE OF FINANCIAL ASSETS	1,434	47	535	(800)	1,218
Impairment on unconsolidated securities	(1)	-	-	-	(1)
NET VALUE OF FINANCIAL ASSETS	1,433	47	535	(800)	1,217

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

	31/03/2022			31/03/2021
	Gross	Provision	Net	Net
Finished products	237	(165)	73	579
Merchandise	789	(6)	783	947
INVENTORY TOTAL	1,026	(170)	855	1,526

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 2022, an addition of €168K and a write-back of €246K were recognised, resulting in an increase of €79K in income from operations.

3.6. Trade receivables

	31/03/2022			31/03/2021
	Gross	Provision	Net	Net
Trade receivables	13,446	(79)	13,367	15,381
TRADE RECEIVABLES	13,446	(79)	13,367	15,381

Trade receivables are payments owed within one year.

3.7. Other receivables, accruals and deferrals

	31/03/2022			31/03/2021
	Gross	Provision	Net	Net
Advances and prepayments made	2,243	-	2,243	316
Tax and employee-related receivables	13,488	-	13,488	2,464
Deferred tax assets	1,022	-	1,022	606
Deferred expenses	3,623	-	3,623	3,130
Currency hedge instruments	-	-	-	66
FX translation asset	13	-	13	153
Charges to be allocated	1,966	-	1,966	0
TOTAL OTHER RECEIVABLES	22,354	0	22,354	6,736
Of which:				
- Due under one year	18,978	-	18,978	6,736
- Due between 1 and 5 years	3,144	-	3,144	-
- Due over 5 years	232	-	232	-

Deferred taxes

Deferred taxes are broken down as follows:

	31/03/2021	Entry into scope	Variation	31/03/2022
Temporary differences	606	658	(288)	977
Deferred tax assets	606	658	(243)	1,022
Deferred tax liabilities	-	-	45	45
Deferred taxes	606	658	(288)	977

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:

	31/03/2022	31/03/2021
Subscriptions and rental	376	278
Contributions and other costs	446	233
Unreleased games	2,801	2,619
DEFERRED EXPENSES	3,623	3,130

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

	31/03/2022	31/03/2021
Marketable securities - Cash equivalents	600	-
Cash and cash equivalents	61,995	19,497
Gross cash	62,595	19,497
Bank overdraft	(27)	-
Net cash	62,567	19,497
Unrealised gains/losses on financial instruments	-	-
Cash including unrealised gains/losses on financial instruments	62,567	19,497

Marketable securities are term accounts. No amortisation/depreciation was recorded. The Group did not have any hedges in place at 31 March 2022.

3.9. Consolidated equity

As of 31 March 2022, FOCUS ENTERTAINMENT's share capital comprised 6,482,276 fully paid-up ordinary shares at a par value of €1.20 each.

Breakdown of share capital

	Number	Par value
Start of year	5,329,942	1.2
Shares issued during year	1,152,334	1.2
End of year	6,482,276	1.2

Treasury stock

Treasury stock held at 31 March 2022 totalled 299,365 shares, of which 292,901 shares were part of the stock buyback programme and 6,464 shares were part of 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)

At its meeting on 30 March 2022, the Executive Board adopted a free share allotment plan (AGA 2022-1), under the powers delegated by the Ordinary and Extraordinary General Meeting of 23 September 2021 and as authorised by the Supervisory Board at its meeting of 29 March 2022. This 2022-1 free share allotment plan allows the allotment of 6,000 free shares to Luc Heninger, Thomas Barrau and John Bert.

Allotment of free shares					
Date authorised	11/10/2018	26/06/2019	17/12/2020	26/01/2021	30/03/2022
Date vested	1/3 until 2022	Variable until 2023	December 2024	December 2024	March 2023
End of holding period	Until 2023	Until 2024	Until 2026	Until 2026	30/03/2024
Number allocated	48,600	5,600	70,000	75,375	6,000
Number cancelled	4,050	800	-	14,500	-
Number still under vesting period on 31/03/2022	1,750	1,600	70,000	60,875	6,000
Number still under holding period on 31/03/2022	14,000	1,400	-	-	-

The table shows the plans in effect at 31 March 2022.

b) Stock options

During this year 1,700 stock options were exercised:

Stock options	
Date authorised	06/10/2017 26/06/2019
Exercise deadline	06/10/2022 26/06/2024
Exercise price	21.3 18.5
Number authorised	25,000 25,000
Number allocated	7,450 15,750
Number cancelled	500
Number exercised	1,700 1750
Outstanding number on 31/03/2022	5,250 14,000

At its meeting on 24 September 2021, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

At its meeting on 24 November 2021, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

At its meeting on 12 January 2022, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

On 12 January 2022, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 200 stock options as part of SO 2017-01 plan allotted by the Executive Board on 6 October 2017, under the powers delegated by the General Meeting of 27 September 2017.

During the meeting held on 30 March 2022, the Executive Board noted an increase in the share capital following the exercise by an employee of 500 stock options as part of the "SO 2019" plan awarded by the Board on 11 March 2019 under the delegation granted by the General Meeting of 27 September 2018 and an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2017-01 plan allotted by the Executive Board on 6 October 2017 under the delegation granted by the General Meeting of 27 September 2017.

These were the only plans in force on 31 March 2022.

c) Warrants (BSA)

There are no warrant plans in force at 31 March 2022.

3.11. Provisions for liabilities and charges

	31/03/2021	Entry into scope	Additions	Write-back used	Write-backs not used	31/03/2022
Provision for liabilities	1,384	-	199	(402)	(655)	525
Provisions for guarantees	2	-	-	-	(2)	-
Provision for retirement benefits	318	94	179	-	(177)	415
PROVISIONS FOR LIABILITIES AND CHARGES	1,704	94	378	(402)	(834)	940

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 financial debt

	31/03/2021	New borrowings	Reimbursements	Change in scope of consolidation	31/03/2022
Bank loans (excl. overdrafts)	11,246	61,710	(8,295)	786	65,447
- of which due under one year	1,076				2,092
- of which due between 1 and 5 years	6,933				17,704
- of which due after 5 years	3,237				45,651
Other borrowings and debt	-	-	-	38	38
Revolving	1,250		(1,250)		-
Interest accrued (on other loans and similar payables)	10	580	(3)	-	585
Insufficient funds and other short-term debts	10	14	-	4	27
Financial debt	12,516	62,303	(9,549)	828	66,097
Earn out ^(*)	-				10,500
Cash and cash equivalents	19,497			1,336	62,595
NET DEBT	(6,981)	62,303	(9,549)	(508)	14,002

^(*) See Paragraph 3.14

Gross financial debt, excluding bank overdrafts, mainly includes a senior loan and four BPI loans.

The BPI loans are in euros and fixed rate.

The senior loan is in euros with variable margins linked to the leverage ratios of FOCUS ENTERTAINMENT and index-linked to the Euribor. This loan carries financial covenants.

During the year, the Group repaid the revolving line with BPI, the rate of which is index-linked to the Euribor 3 months rate, for the amount of €1.25M. Net debt includes cash, financial debt and debt linked with earn out to be paid, as estimated at year end under the scope of Group corporate acquisitions.

3.13. Trade payables

Trade payables are broken down as follows:

	31/03/2022	31/03/2021
Trade payables	4,229	3,058
Accrued expenses	7,670	2,221
Accrued expenses - studios	7,096	18,137
TOTAL TRADE PAYABLES	18,995	23,416

As of 31 March 2022, 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

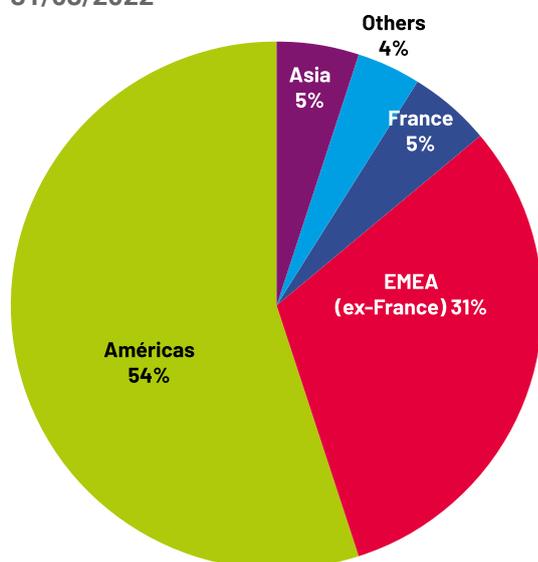
	31/03/2022	31/03/2021
Payables on non-current assets	2,430	727
Tax and employee-related payables	5,816	6,152
Deferred tax liabilities	45	-
Other payables (including advances and prepayments received)	12,040	5,610
Current accounts - liabilities	2	-
Deferred income	9,170	66
FX translation liability	215	427
TOTAL OTHER PAYABLES	29,719	12,981
<i>Of which due under one year</i>	<i>29,719</i>	<i>12,981</i>

"Other payables (including advances and prepayments received)" are essentially composed of earn out linked to Group acquisitions and accrued debts to customers resulting from contractual conditions.

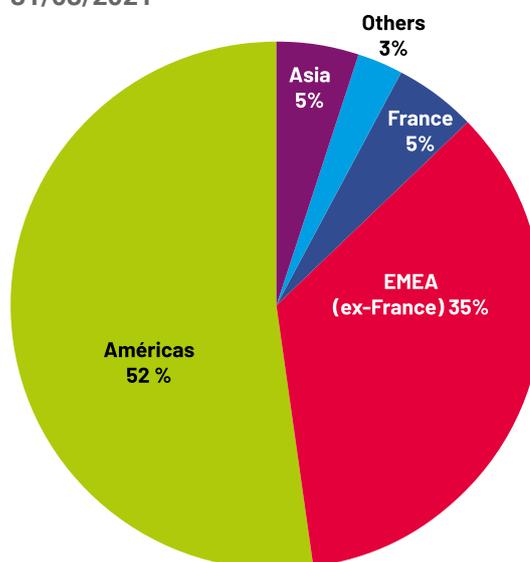
3.15. Breakdown of revenue

A. Sales by geographic regions

31/03/2022



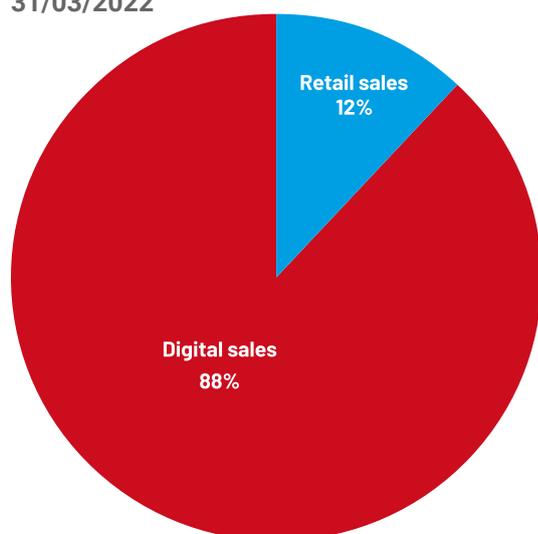
31/03/2021



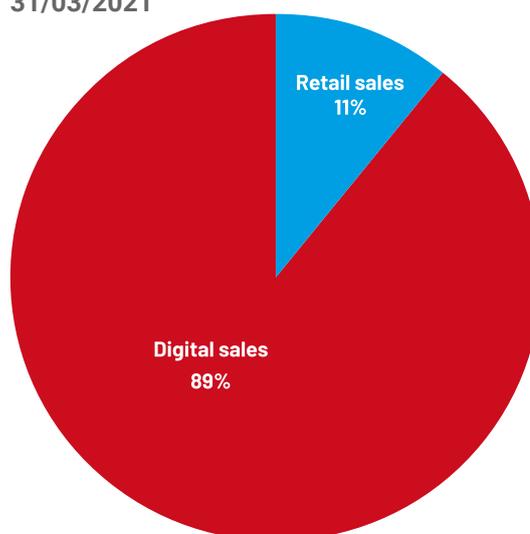
Geographical region	31/03/2022		31/03/2021		Variation	
	€k	%	€k	%	€k	%
France	7,640	5%	8,894	5%	(1,254)	-14%
EMEA (ex-France)	44,822	31%	60,452	35%	(15,630)	-26%
Americas	77,111	54%	88,302	52%	(11,191)	-13%
Asia	7,576	5%	7,792	5%	(216)	-3%
Others	5,410	4%	5,556	3%	(146)	-3%
Total	142,559	100%	170,996	100%	(28,437)	-17%

B. Sales by channel

31/03/2022



31/03/2021



Sales channel	31/03/2022		31/03/2021		Variation	
	€k	%	€k	%	€k	%
Retail sales	17,640	12%	18,580	18%	-941	-5%
Digital sales	124,918	88%	152,415	82%	-27,497	-18%
Total	142,558	100%	170,996	100%	-28,437	-17%

3.16. Cost of goods sold and game development costs

	31/03/2022	31/03/2021	Variation
Manufacturing and ancillary costs	6,100	6,697	(597)
Studio royalties	65,586	89,574	(23,987)
Game development costs	29,524	24,374	5,150
TOTAL COST OF SALES & DEVELOPMENT EXPENSES	101,210	120,644	(19,434)

See note 1.18 for a description of these items.

3.17. Production costs

	31/03/2022	31/03/2021	Variation
External production expenses	2,623	2,630	(8)
Internal production costs (salaries & allowances)	5,055	4,795	260
TOTAL PRODUCTION COSTS	7,677	7,425	252

The cancellation of phantom shares during the year generated a write-back of provisions in the amount of €147K, impacting internal production costs.

3.18. Sales and marketing expenses

	31/03/2022	31/03/2021	Variation
External sales and marketing costs	7,387	4,978	2,409
Costs and expenses relating to receivables (1)	-	105	(105)
Internal sales and marketing costs (salaries & allowances)	5,756	5,233	523
TOTAL SALES AND MARKETING EXPENSES	13,143	10,316	2,827

The cancellation of phantom shares during the year generated a write-back of provisions in the amount of €304K, impacting internal production costs.

3.19. General and administration expenses

Trade payables are broken down as follows:

	31/03/2022	31/03/2021	Variation
Other staff expenses	0	127	(127)
Rent, rental expenses and additional costs	1,401	1,506	(105)
IT & telecommunication expenses	789	596	193
Banking services	86	170	(84)
Taxes excl. income tax	548	773	(225)
Intermediary remuneration and fees	2,477	2,669	(192)
Internal administrative costs (salary & allowances)	2,667	2,474	193
Depreciation and amortisation charge	416	291	125
TOTAL GENERAL AND ADMINISTRATION EXPENSES	8,385	8,607	(222)

3.20. Staff expenses

	31/03/2022	31/03/2021	Variation
Production costs	9,398	6,989	2,409
Sales and marketing expenses	5,775	5,018	757
General and administration expenses	2,539	2,401	138
Employee expenses before activation	17,711	14,408	3,303
Activation link to game development	(5,007)	(2,820)	(2,188)
TOTAL NET STAFF EXPENSES	12,704	11,589	1,116

3.21. Net change in depreciation, amortisation and provisions

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY TYPE	31/03/2022	31/03/2021	Variation
Net addition to depreciation and amortisation:			
- on intangible assets	29,382	24,630	4,752
- property, plant & equipment	304	250	54
Total additions to D&A	29,686	24,880	4,806
Addition to operating provisions:			
- on inventory	168	261	(93)
- on current assets (ex-inventory)	65	11	54
- on liabilities and charges	186	1,180	(993)
- on liabilities and charges (ex-return of goods)	155	104	51
Addition to financial provisions:			
- currency loss risk	-	153	(153)
- on the amortisation of borrowing costs	231	-	231
Addition to extraordinary provisions			
- liabilities and charges	-	2,888	(2,888)
Total additions to provisions	805	4,597	(3,792)
Write-back of operating provisions:			
- on inventory	246	391	(144)
- on current assets (ex-inventory)	4	-	4
- on liabilities and charges	855	371	484
- for guarantees	2	122	(120)
- on liabilities and charges (ex-return of goods)	177	-	177
Write-back of financial provisions:			
- currency loss risk	153	11	142
Write-back of extraordinary provisions:			
- on liabilities and charges	49	2,888	(2,839)
Total write-back of provisions	1,486	3,783	(2,297)
Total addition to provisions net of write-backs	(681)	814	(1,495)
Net change in depreciation, amortisation and provisions	29,005	25,694	3,311

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY PURPOSE	31/03/2022	31/03/2021	Variation
Net addition to depreciation and amortisation:			
- on production costs	29,270	24,589	-
- on general and administration expenses	416	291	126
Total additions to D&A	29,686	24,880	4,806
Addition to provisions:			
- cost of goods sold and game development costs	431	507	(76)
- on production costs	52	595	(595)
- on sales and marketing expenses	61	513	(513)
- on general and administration expenses	28	94	(94)
- financial	231	-	231
- extraordinary items	2	2,888	(2,886)
Total additions to provisions	805	4,597	(3,791)
Write-backs of provisions:			
- cost of goods sold and game development costs	627	823	-
- on production costs	219	23	196
- on sales and marketing expenses	396	35	361
- on general and administration expenses	42	15	27
- financial	153	-	153
- extraordinary items	49	2,888	(2,839)
Total write-back of provisions	1,486	3,783	(2,296)
Total addition to provisions net of write-backs	(682)	814	(1,496)
Net change in depreciation, amortisation and provisions	29,005	25,694	3,310

3.22. Financial result

	31/03/2022	31/03/2021	Variation
Currency gains	382	267	115
Write-back of D&A and provisions	153	11	142
Other financial income	18	-	18
Financial income	553	278	275
Currency losses	35	1,671	(1,636)
Financial interest	1,782	129	1,653
Costs for loan issue	231	-	231
Additions to D&A and provisions	-	153	(153)
Other financial expenses	228	2	226
Financial expenses	2,277	1,956	321
FINANCIAL RESULT	(1,724)	(1,677)	(46)

3.23. Extraordinary result

	31/03/2022	31/03/2021	Variation
Write-back of D&A and provisions	49	2,888	(2,839)
Other extraordinary income	241	15	226
Extraordinary income	290	2,903	(2,613)
Additions to D&A and provisions	-	2,888	(2,888)
Net value of disposed assets	-	25	(25)
Other extraordinary expenses	1,607	3,039	(1,431)
Extraordinary expenses	1,608	5,952	(4,344)
EXTRAORDINARY RESULT	(1,317)	(3,049)	1,732

At 31 March 2022, other extraordinary expenses consist of the costs of due diligence in connection with the acquisition projects that were aborted and restructuring costs in the year.

At 31 March 2021, the provisions and write-back of provisions, as well as other extraordinary expenses mainly concern the amount of the fine connected with the European Commission investigation.

3.24. Earnings per share

	31/03/2022	31/03/2021
Share capital	7,779	6,396
Number of shares	6,482,276	5,329,942
Number of diluted shares	6,342,386	5,582,776
Net income	2,980	13,278
Earnings per weighted share	0.48	2.50
Diluted earnings per share	0.47	2.38

3.25. Income tax

	31/03/2022	31/03/2021
Deferred tax assets	1,022	606
Deferred tax liabilities	(45)	-
Deferred taxes on balance sheet	977	606
Tax payable	2,739	7,273
Deferred tax	288	(452)
Income tax charge	3,027	6,821

Explicative table on the effective tax rate

Recurring income before taxes	6,094
Current taxes	(2,739)
Deferred taxes	(288)
Total income tax charge	(3,027)
Effective tax rate	49.68%
Group standard rate	27.38%
Theoretical tax charge	(1,668)
Theoretical/actual difference	1,359
Items reconciling theoretical tax charge and actual tax charge:	
Amortisation of goodwill	(1,090)
Elimination of treasury stock	(72)
Rate differences	125
Video game tax credit	42
Other permanent differences	(364)
Identified reconciling items total	(1,358)

3.26. Workforce

	31/03/2022	31/03/2021
Production	201	134
Sales and marketing	54	51
Administration	52	22
Total average workforce	308	207

3.27. Off-balance-sheet commitments

1. Commitments given

a) Commitments given to external studios and right holders

As of 31 March 2022, 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:

	31/03/2022 ^(*)	31/03/2021
Commitments given to studios and right holders	120,786	39,290
Of which to studios	120,132	35,998
Of which to right holders	654	3,293
	31/03/2022 ^(*)	31/03/2021
Commitments given to studios and right holders	120,786	39,290
Of which due under one year	59,183	38,804
Of which due between 1 and 5 years	61,603	487

() contracts under negotiation at 31 March 2022 and that were finalised post closing are included in the commitments presented at 31 March 2022*

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 Interactive in Frankfurt-am-Main and the one signed on 15 March 2022 on behalf of Dotemu.

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

c) Other operating leases

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

d) Leases

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

e) Bank covenants

Under the scope of its new loan, the company needs to calculate a leverage ratio at 31 March of each year, which must not exceed the threshold specified in the contract, signed on 20 July 2021. This ratio consists of the ratio between consolidated net debt and consolidated EBITDA. The ratio is respected at 31 March 2022.

f) Currency hedges

The company had not subscribed any foreign exchange hedges at 31 March 2022.

g) Buyback commitments on minority shareholdings

The minority shareholders of Dotemu and the company FOCUS ENTERTAINMENT have mutually agreed unilateral purchase and/or sale options relative to the remaining shares held by the minorities. 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 unilateral purchase and/or sale promises relative, partly, to the remaining shares held by the minorities. 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 unilateral purchase and/or sale options relative, partly, to the remaining shares held by the minorities. 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 a unilateral option of sale relative, partly, to the remaining shares held by a minority. The strike price and conditions of this option are defined by contract.

2. Commitments received

Under the scope of the new loan signed during the year, the company has revolving lines or cash facilities available from its banks and financial partners, for an amount of €80.5M.

3.28. Transactions with related parties

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

Remuneration in thousands of euros	31/03/2022	31/03/2021
Compensation for service ⁽¹⁾	-	12
Services ⁽²⁾	517	
Attendance-related fees ⁽²⁾	75	45
TOTAL	592	57

⁽¹⁾ Compensation for service to chairman of the Supervisory Board.

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

Service providing contract between the Company and FLCP & Associés

On 10 December 2020, a service 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;
- An annual fixed remuneration of €250,000 tax excl., as well as remuneration in the form of success fees that can range from 0.3% to 0.5% tax excl. of the "portion of the company value at 100% of the acquired company";
- The term of the agreement starts at the time of the signature of the contract and lasts until 31 March 2022 and it will renew automatically each year, for a period of one year from 1st April to 31 March, unless terminated by one of the parties.

At the Ordinary and Extraordinary General Shareholders' Meeting held on 16 April 2021, the Supervisory Board explained this agreement as follows: FLCP & Associés will act as technical consultants for the Company in the areas linked to the provisions of M&A services, with a view to assisting the Company in determining its external growth strategy and implementation through aiding the Company with the entire acquisition process. These items of remuneration are estimated by the Supervisory Board as a base in respect of the retainers and success fees proposed by business banks under the scope of the search for targets and the purchase mandate.

The amounts relative to this service contract over the period from 1 April 2021 to 31 March 2022 come to €517K.

As of 31 March 2022, 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.

3.29. Auditors' fees

Remuneration in thousands of euros	Deloitte	Finexsi Audit	Others	31/03/2022 K€	%
Financial accounts' audit and certification					
- Issuer	92	49		140	73%
- Fully consolidated subsidiaries		16	12	27	14%
Other reviews and services directly linked to the statutory auditors' engagement					
- Issuer	25			25	13%
Total statutory assignment of auditors				193	100%

FOCUS ENTERTAINMENT

Public limited company with share capital of €7,778,731.20.

Parc de Flandre "Le Beauvaisis" - Bâtiment 28

11, Rue de Cambrai - 75019 Paris

RCS Paris B 399 856 277

AUDITOR'S REPORT ON THE ANNUAL PARENT COMPANY'S FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

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

Auditing company
registered with the Regional Company of Paris

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

Auditing company
registered with the Regional Company of Versailles and the Centre

For the attention of the General Meeting of FOCUS ENTERTAINMENT

Opinion

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we have audited the accompanying annual financial statements of FOCUS ENTERTAINMENT for the year ended 31 March 2022.

In our opinion, the 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 results 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 "Auditor's responsibilities for the audit of financial statements" section of this report.

Independence

We have performed our audit mission in compliance with the rules governing independent auditors specified by the French Commercial Code and by the code of ethics of the profession of statutory auditors, over the period from 1 April 2021 to the date of issue of our report.

Justification of assessments

The global crisis brought on by the COVID-19 pandemic created special conditions for the preparation and review of the financial statements for this financial period. The crisis and the extraordinary measures taken as part of the emergency health situation have provoked many consequences for businesses, especially for their activities, financing and the heightened uncertainties surrounding their future outlook. The exceptional measures implemented during the health emergency, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and on the arrangements for performing our work.

It is amidst this complex, evolving context that, 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 would point out 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 form part of the audit of the financial statements as a whole and contribute to the formation of our opinion stated above. We do not express any opinion on specific items taken in isolation from these financial statements.

Equity securities

Equity securities, the net amount of which is shown on the financial statements at 31 March 2022, came to €79,289 thousand; they are measured at the cost of acquisition plus any earn out in the manner described in note "1.5 Financial fixed assets" of the item "Accounting standards and methods" of the notes to the annual financial statements and 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 are based, in determining any earn out to be booked at closure and the value in use of the investment securities. We have also checked that note "1.5 Financial fixed assets" of the item "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 financial statements addressed to shareholders

We make no comment on the accuracy of the disclosures in the Board of Directors' report and in the other documents on the financial position and financial statements addressed to shareholders, nor on their consistency with the annual financial statements.

We certify the accuracy and consistency of the disclosures on the settlement periods required under Article D. 441-6 of the French Commercial Code with the financial statements.

Information on corporate governance given in the management report

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

Other information

In application of the law, we made sure that the various information items relating to investments and control and the identity of holders of capital and voting rights have been provided to you in the management report of the Board of Directors.

Responsibilities of management and those charged with governance for 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 control 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 these 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 auditor's responsibilities for the audit of the financial statements

It is our responsibility to prepare a report on the financial statements. Our objective has been to obtain reasonable assurance that the 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 financial statements contain material misstatements, whether due to fraud or error, designs and performs 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 because fraud can involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- the auditor obtains an understanding of internal control 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 control;
- he assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements; he assesses 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 inadequate, to place a qualification on their opinion or refuse to sign off on the statements; the auditor assesses the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris and Paris-La Défense, 8 July 2022

Auditors

Finexsi Audit

Deloitte & Associés

PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

[in thousands of euros]

I. ASSETS

Company name: FOCUS ENTERTAINMENT		Length of financial year in number of months:		12					
Company address: 11, Rue de Cambrai, 75019 PARIS		Length of previous year:		12					
SIRET no.: 39985627700021		APE code: 58.21 Z							
		Year N ended: 31/03/2022			31/03/2021				
		Gross		D&A, provisions		Net		Net	
Subscribed capital not called (I)		AA							
NON-CURRENT ASSETS	INTANGIBLE ASSETS	Establishment costs	AB	-	AC	-	-	-	-
		Research & development costs	AD	-	AE	-	-	-	-
		Concessions, patents and other rights	AF	97,002	AG	(90,395)	6,607	6,074	6,074
		Goodwill	AH	-	AI	-	-	-	-
		Other intangible assets	AJ	66,271	AK	-	66,271	61,482	61,482
	Advances and prepayments on intangible assets	AL	-	AM	-	-	-	-	
	PROPERTY, PLANT & EQUIPMENT	Land	AN	-	AO	-	-	-	-
		Buildings	AP	220	AQ	(176)	44	66	66
		Plants, machinery and equipment	AR	-	AS	-	-	-	-
		Other property, plant & equipment	AT	1,851	AU	(1,186)	665	583	583
Assets under construction		AV	-	AW	-	-	-	1	
Advances and prepayments on property, plant & equipment	AX	4	AY	-	4	-	-		
FINANCIAL ASSETS	Equity interests under equity method	CS	-	CT	-	-	-	-	
	Other equity interests	CU	79,289	CV	-	79,289	7,420	7,420	
	Receivables from equity interests	BB	-	BC	-	-	-	-	
	Other securities	BD	-	BE	-	-	-	-	
	Loans	BF	-	BG	-	-	-	-	
	Other financial assets	BH	12,242	BI	(7)	12,235	5,196	5,196	
TOTAL (II)		BJ	256,880	BK	(91,765)	165,115	80,823	80,823	
CURRENT ASSETS	INVENTORY	Raw materials, supplies	BL	57	BM	-	57	-	
		Goods in progress	BN	-	BO	-	-	-	
		Services in progress	BP	-	BQ	-	-	-	
		Intermediate and finished products	BR	553	BS	(85)	469	360	
		Merchandise	BT	19	BU	(6)	13	678	
	Advances and prepayments paid on orders	BV	460	BW	-	460	210		
	RECEIVABLES	Trade receivables	BX	10,869	BY	(79)	10,791	16,194	
		Other receivables	BZ	16,934	CA	-	16,934	2,373	
		Subscribed capital, called, not paid up	CB	-	CC	-	-	-	
	OTHERS	Marketable securities (including treasury stock)	CD	-	CE	-	-	-	
Cash and cash equivalents		CF	57,576	CG	-	57,576	18,278		
ACCRUALS AND DEFERRALS	Deferred expenses	CH	2,334	CI	-	2,334	2,819		
	TOTAL (III)	CJ	88,803	CK	(169)	88,634	40,912		
	Spread costs for loan issue (IV)	CL	1,966		-	1,966	-		
	Bond redemption premiums (V)	CM	-		-	-	-		
	FX translation asset (VI)	CN	13		-	13	219		
OVERALL TOTAL (I-VI)		CO	347,662	1A	(91,934)	255,728	121,955		
				CP			CR		
Property retention clause:		Non-current assets:		Inventory:		Receivables:			

II. LIABILITIES before distribution

Company name: FOCUS ENTERTAINMENT					
		Year N		Year N-1	
EQUITY	Share or individual capital (including €6,396k paid)	DA	7,779	6,396	
	Share, merger, contribution premiums	DB	90,192	22,369	
	Fair value increment (including equity method valuation diff.)	EK]	-	-	
	Legal reserve	DD	779	779	
	Reserves under art. of assoc. or contracts	DE	-	-	
	Regulated reserves <i>(Incl. special provisions for commodity price fluctuations)</i>	B1]	-	-	
	Other reserves <i>(Incl. reserve for acquisition of original works by living artists)</i>	EJ]	-	-	
	Retained earnings	DH	41,924	27,317	
	NET INCOME (profit/loss for year)	DI	6,018	14,717	
	Investment subsidies	DJ	-	-	
	Regulated provisions	DK	294	43	
		TOTAL (I)	DL	146,985	71,621
Other equity	Income from issue of profit-participation securities	DM	-	-	
	Conditional advances	DN	-	-	
		TOTAL (II)	DO		
Provisions for liabilities and charges	Provisions for liabilities	DP	522	1,382	
	Provisions for charges	DQ	303	318	
		TOTAL (III)	DR	825	1,701
LIABILITIES	Convertible bonds	DS	-	-	
	Other bonds	DT	-	-	
	Loans and borrowings from credit institutions	DU	65,261	12,506	
	Other loans and borrowings <i>(including participation loans)</i>	EI]	-	-	
	Advances and prepayments received on pending orders	DW	1,059	1,766	
	Trade payables	DX	16,543	23,886	
	Tax and employee-related payables	DY	3,728	5,879	
	Liabilities on fixed assets and related accounts	DZ	12,800	-	
	Other payables	EA	197	4,098	
Accruals & deferrals	Deferred income	EB	8,114	71	
		TOTAL (IV)	EC	107,702	48,207
	FX translation liability	(V)	ED	215	427
		OVERALL TOTAL (I-V)	EE	255,728	121,955

III. INCOME STATEMENT (list)

Company name: FOCUS ENTERTAINMENT										
			Year N					Year N-1		
			France		Exports and deliveries		Total			
OPERATING REVENUE	Merchandise sales		FA	8	FB	23	FC	31	10	
	Products sold	goods	FD	2,327	FE	7,855	FF	10,182	11,110	
		services	FG	631	FH	121,816	FI	122,447	155,386	
	Net revenue		FJ	2,966	FK	129,694	FL	132,660	166,506	
	Inventoried production					FM	(2,821)	(24)		
	Capitalised production					FN	0	0		
	Operating subsidy					FO	7	0		
	Write-back of D&A and provisions, transfer of expenses					FP	4,712	634		
	Other income					FQ	2,188	878		
Total operating income (I)							FR	136,747	167,994	
OPERATING EXPENSES	Merchandise purchased (including customs duties)						FS	0	(150)	
	Change in inventory (merchandise)						FT	(2,267)	(498)	
	Raw materials purchased and other supplies (including customs duties)						FU	2,992	4,487	
	Change in inventory (raw materials and supplies)						FV	(53)	0	
	Other purchases and external expenses						FW	80,125	100,205	
	Taxes and similar payments						FX	696	967	
	Wages and salaries						FY	8,174	7,633	
	Employee-related expenses						FZ	3,668	3,341	
	OPERATING PROVISIONS	On non-current assets: {	- additions to D&A					GA	24,167	24,847
			- additions to provisions					GB	5,348	0
		On current assets: additions to provisions						GC	143	152
		For liabilities and charges: additions to provisions						GD	358	1,437
Other expenses						GE	2,092	161		
Total operating expenses (II)							GF	125,443	142,581	
1 - INCOME FROM OPERATIONS (I - II)							GG	11,303	25,413	
Joint operations	Profit attributed or loss transferred (III)						GH	0	0	
	Loss borne or profit transferred (IV)						GI	0	0	
FINANCIAL INCOME	Financial income from equity interests						GJ	7	0	
	Income from other transferable securities and receivables from non-current assets						GK	0	0	
	Other interest and income						GL	25	24	
	Write-back of provisions and transfer of expenses						GM	18	1,550	
	Currency gains						GN	284	267	
	Net income from disposal of marketable securities						GO	0	0	
Total financial income (V)							GP	333	1,841	
FINANCIAL EXPENSES	Financial additions to D&A and provisions						GQ	256	0	
	Interest and similar expenses						GR	1,770	130	
	Currency losses						GS	6	1,666	
	Net expense from disposal of marketable securities						GT	0	0	
Total financial expenses (VI)							GU	2,032	1,797	
2 - FINANCIAL RESULT (V - VI)							GV	(1,699)	44	
3 - RECURRING INCOME BEFORE TAXES (I-II+III-IV +V - VI)							GW	9,604	25,457	
EXTRAORDINARY INCOME	Extraordinary income on management operations						HA	5	15	
	Extraordinary income on disposals of non-current assets						HB	531	577	
	Write-back of provisions and transfer of expenses						HC	49	2,888	
Total extraordinary income (VII)							HD	585	3,480	
EXTRAORDINARY EXPENSES	Extraordinary expenses on management operations						HE	(0)	3,038	
	Extraordinary expenses on disposals of non-current assets						HF	1,539	159	
	Extraordinary additions to D&A and provisions						HG	251	2,931	
Total extraordinary expenses (VIII)							HH	1,790	6,127	
4 - EXTRAORDINARY RESULT (VII - VIII)							HI	(1,206)	(2,648)	
Employee profit-sharing							(IX)	HJ	0	840
Income tax							(X)	HK	2,380	7,253
TOTAL INCOME (I+III+V+VII)							HL	137,665	173,314	
TOTAL EXPENSE (II+IV+VI+VIII+IX+X)							HM	131,647	158,598	
5 - PROFIT OR LOSS (Total income - total expense)							HN	6,018	14,717	

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2022

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 the financial statements envisaged by regulation no. 2018-07 of 10 December 2018, amending regulation ANC no. 2014-03 of 5 June 2014, in respect of the principle of prudence, in compliance with 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.

1.1. MATERIAL EVENTS OF THE PERIOD

€70.4M capital increase

By decision of the Chairman of the Executive Board of the Company, using the sub-delegation granted to him by the Executive Board at its meeting of 18 May 2021, pursuant to and within the limits of (i) the authorisation granted to the Executive Board by the Supervisory Board and (ii) the delegation of authority granted by the tenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021, the Company issued 1,050,000 new ordinary shares, with a par value of €1.20 each, to categories of beneficiaries, in accordance with Article L. 225-138 of the French Commercial Code and the tenth resolution adopted by the Company's Ordinary and Extraordinary Shareholders' Meeting of 16 April 2021.

This capital increase was carried out with elimination of the preferential subscription right for shareholders of the Company for a category of shareholders for an amount of €70.4M in an accelerated book-building process.

External growth

Acquisition of Streum On Studio

On 20 April 2021, FOCUS ENTERTAINMENT acquired 60% of the share capital of the company Streum On Studio.

Acquisition of Dotemu

On 30 September 2021, FOCUS ENTERTAINMENT acquired 77.5% of the capital of Dotemu.

Acquisition of Douze Dixièmes

On 12 October 2021, FOCUS ENTERTAINMENT acquired 50.01% of the company Douze Dixièmes.

Acquisition of Leikir Studio

On 4 February 2022, FOCUS ENTERTAINMENT acquired 70% of the company Leikir Studio.

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 ENTERTAINMENT.

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 announced² that it was able to estimate the amount of the fine that would be imposed by the European Commission. This amount, corresponding to a maximum risk estimated at €3M, was entered in the financial statements at 30 September 2020 as a provision for liabilities.

On 20 January 2021, the Company was informed by the European Commission that it would be fined €2.9M. This fine was paid on 12 July 2021.

COVID-19 pandemic

Since March 2020, when the world COVID-19 pandemic began, the whole of the video gaming industry found itself forced to adapt to new ways of working.

Since then and throughout FY 2021/22, FOCUS ENTERTAINMENT has maintained the measures implemented, allowing it to:

- protect the health and safety of its workers by rigorously applying the recommendations of local authorities (partial halts to business, generalised remote working, making available of protective equipment, etc.),
- ensure business continuity, notably the monitoring of games in production and the marketing of the games released.

Even if lesser circulation of the COVID-19 virus is seen, since the first quarter of 2022, FOCUS ENTERTAINMENT has maintained a high level of vigilance and continued to apply the measures recommended by the local authorities.

Despite these precautions, a worsening of the circulation of the COVID-19 virus could impact the launch calendars of certain games. These shifts could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

War in Ukraine

The war in Ukraine, which started on 24 February 2022, has to date only had a very limited impact on FOCUS ENTERTAINMENT. At present, the turnover from the sales made to gamers in Ukraine or Russia account for less than 2.4% of the Group's revenues in 2021/22.

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 action taken by its partner, delays should occur, these could result in development costs not initially budgeted for, a change in the expected revenue time, an impact on the development of the budget and the achievement of commercial targets.

1.2. EVENTS AFTER 31 MARCH 2022

Change in company name

The General Shareholders' Meeting, held on 1 April 2022, resolved to change the Company's name FOCUS HOME INTERACTIVE to FOCUS ENTERTAINMENT, in a bid to ensure consistency, clarifying the Company's pillars and values.

End of tax audit

On 22 June 2021, FOCUS ENTERTAINMENT was notified of a tax audit starting 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.

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 developed very well, coming in at number 1 on world Steam in the minutes following its release. At the time of this report, the game's Metacritic score was 84, suggesting it will perform very well.

Joint Arrangements

Negotiations in progress at 31 March 2022 were finalised post-closing. The elements resulting from these negotiations are included in the off-balance sheet items (see note 3.27.1a).

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 at the date the accounts were which can be different from the reality in the future.

The main estimates and hypotheses 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. NON-CURRENT ASSETS

Intangible 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 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 ENTERTAINMENT pays supplementary royalties which are recorded in the income statement.

Intangible assets also include game developments by the German subsidiary Deck13 Interactive, Stream 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: | 8-10 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.

1.5. FINANCIAL ASSETS

Financial 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
- the equity investments entered on the financial statements for their acquisition price or subscription value and earn out when highly likely. Indeed, when an acquisition contract contains earn out clause, the latter are estimated by the Management at the date of acquisition 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 considered in the cost of purchase. The initial estimates of the variable components of the purchase price, prepared at the date of acquisition, are revised at each year end by the Management or whenever they become reliably able to be measured for the first time after that date. The purchase cost is then corrected accordingly. The company has also opted for the fixing of acquisition costs on securities. They are amortised on a straight-line basis over 5 years, booked in regulated provisions. The value in use of the equity investments is appreciated at each year according to profitability prospects.

When the value in use is less than the net carrying amount, 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 social and tax receivables and current accounts within the Group.

1.9. CURRENCY OPERATIONS

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

The currency operations are recorded at the monthly average rate of the month prior to that 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.

At 31 March 2022, the Company has not stipulated any hedges nor does it have any hedges in place.

1.10. PROVISION FOR LIABILITIES

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 CHARGES

The provision for charges only concerns pension benefits.

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

- receipt of a retirement payment from the Company 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 (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 at the close of the year, 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 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 employees (entitlement to compensation on the current date with discounted end-of-career salaries).

The retirement commitments as of 31 March 2022 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 1.83%;
- Salary increase rate 3%;
- 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 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 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 download games are recorded at the time of downloaded by the end customer through the Company's websites or the download platforms of third parties (digital distributors). This amount is net of discounts, rebates and commissions granted to the distributors.

1.14. REMUNERATION OF DIRECTORS

The remuneration of the Chairman of the Board until 31 March 2022 and the CEO after 1 April 2022 is shown in the Board report on corporate governance.

1.15. 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.

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

1.16. EXTRAORDINARY RESULT

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

1.17. CLOSING DATE OF ACCOUNTS

The company closes its annual accounts on 31 March.

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

2.1. INTANGIBLE 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 and for which the Company holds or does not hold the intellectual property rights.

	31/03/2021	Acquisitions	Disposals	Transfers	31/03/2022
Concessions, patents, licences, software	64,000	7,852	(448)	25,597	97,001
Intangible assets in progress	61,482	27,673	-	(22,884)	66,271
GROSS INTANGIBLE ASSETS	125,482	35,525	(448)	2,713	163,272
Amort. on patents, licences, trademarks, software	(57,926)	(28,056)	-	(4,412)	(90,394)
AMORT. ON INTANGIBLE ASSETS	(57,926)	(28,056)	-	(4,412)	(90,394)
NET INTANGIBLE ASSETS	67,556	7,469	(448)	(1,699)	72,879

2.2. PROPERTY, PLANT & EQUIPMENT

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

	31/03/2021	Acquisitions	Transfers	Disposals	31/03/2022
Buildings and improvements	220				220
General equipment and fixtures	249				249
Other property, plant & equipment	1,254	358		(10)	1,602
Property, plant & equipment in progress					-
PROPERTY, PLANT & EQUIPMENT	1,724	358	-	(10)	2,072
Deprec. on buildings and improvements	(154)	(22)			(176)
Deprec. on general equipment and fixtures	(130)	(33)			(164)
Deprec. on other property, plant & equipment	(790)	(237)		4	(1,023)
DEPREC. ON PROPERTY, PLANT & EQUIPMENT	(1,075)	(292)	-	4	(1,363)
NET PROPERTY, PLANT & EQUIPMENT	649	66	-	(6)	709

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 ASSETS

	31/03/2021	Acquisitions/Additions	Sales/Reversals	31/03/2022
Equity securities	7,421	71,868		79,289
Security deposits	578	533	-	1,112
Other financial assets	-			-
Liquidity contract - non-current receivables	320		(266)	55
Liquidity contract - treasury stock	150	5,392	(5,256)	286
Buyback contract - treasury stock	3,613	7,600	(424)	10,789
Receivable on treasury stock buyback contract	534	-	(534)	-
GROSS VALUE OF FINANCIAL ASSETS	12,617	85,394	(6,479)	91,532
Impairment on equity securities	(1)			(1)
Impairment on treasury stock	-	18	(25)	(7)
NET VALUE OF FINANCIAL ASSETS	12,616	85,412	(6,504)	91,524

The financial fixed assets consist of equity investments following external growth during the year (see paragraph 1.1 on the key events over the year), the available cash account at the company Gilbert Dupont (under the scope of the liquidity contract), which has not, at the closing date, been invested in treasury stock and the bank security deposits linked to the loans subscribed.

The purchase cost takes into account the purchase costs and earn out conditional on multi-criteria indicators, estimated as highly likely and reliably by the Management in preparing the financial statements. To this end, the earn out relative to the acquisition of Dotemu, Stream On Studio, Douze Dixièmes and Leikir Studio were analysed at closing.

List of subsidiaries and investments:

Registered office	Capital	Equity excl. net income	Percentage of capital held	Carrying amount of securities held		Loans and prepayments granted not repaid	Amount of surety and endorsements given	Turnover of the last year closed	Net income of last year ended	Dividends collected	Comment
				Gross	Net						
A. DETAILED INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS											
1. Subsidiaries (>50% of capital held)											
FOCUS HOME INTERACTIVE USA LLC 1617 JFK Blvd. Suite 555 Philadelphia, PA 19103 USA	-	544	100%	-	-	1,247	-	6,531	940	-	
FOCUS ENTERTAINMENT Development 11, Rue de Cambrai 75019 Paris	1	1	100%	1	1	-	-	-	-	-	
Deck13 Interactive GmbH Gervinusstr. 18-22 - 60322 Frankfurt am Main	25	907	100%	7,420	7,420	551	-	-	107	-	
Dotemu 79 Rue du Faubourg Poissonnière 75009 Paris	33	4,663	78%	65,555	65,555	1,509	-	12,211	1,219	-	15-month financial year
Stream On Studio 1 avenue de Lattre de Tassigny 94130 Nogent-sur-Marne	62	-491	60%	2,375	2,375	1,727	-	1	245	-	
Leikir Studio 30 Rue Westermeyer 94200 Ivry-sur-Seine	1	493	70%	3,214	3,214	-	-	31	57	-	8-month financial year
Douze Dixièmes 79 Cité Jouffroy Renault 92110 Clichy	36	645	50%	723	723	-	-	-	94	-	15-month financial year
2. Equity interests (10%-50% of capital held)											

B. SUMMARY INFORMATION ON OTHER SUBSIDIARIES AND EQUITY INVESTMENTS

None

Treasury stock:

As part of the liquidity contract, Company held, as of 31 March 2022, 6,464 of its own shares and held a receivable of €54k allocated to the liquidity account.

Liquidity contract - treasury stock	Quantity
Shares held on 31/03/2021	2,318
Shares purchased	106,602
Shares sold	102,456
Shares held on 31/03/2022	6,464

Besides the liquidity contract, the Group held 292,901 shares, as of 31 March 2022, under its stock buyback programme. FOCUS ENTERTAINMENT thus holds 299,365 treasury shares at closing.

2.4. INVENTORY AND WORKS IN PROGRESS

	31/03/2022			31/03/2021
	Gross	Provision	Net	Net
Merchandise	19	(6)	13	678
Raw materials	57	-	57	
Finished products	553	(84)	469	360
INVENTORY TOTAL	629	(90)	539	1,038

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 2022, an addition of €90K and a write-back of €126K were recognised, resulting in an increase of €36K in income from operations.

2.5. STATEMENT OF RECEIVABLES AND PAYABLES

Status of receivables	Gross	One year or more	Over one year
Doubtful or litigated trade receivables	79	79	
Other trade receivables	10,791	10,791	-
Staff and related payables	3	3	-
State - Value Added Tax	5,254	5,254	-
Statement - other receivables	5,195	5,195	-
Miscellaneous debtors	6,482	6,482	-
Deferred expenses	2,334	2,334	
TOTAL	30,138	30,138	-

Trade receivables are payments owed within one year.

On 31 March 2022, the provision for bad debts from trade receivables was €79k compared with €30k in N-1. No loss from irrecoverable receivables was recorded on 31 March 2022 or 31 March 2021.

Sundry debtors mainly include current accounts in the Group.

Deferred expenses only relate to operating expenses.

Expenses on 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.

Status of liabilities	Gross amount	1 year or more	Of which due between 1 and 5 years	Of which due after 5 years
Miscellaneous borrowings and financial debt	65,261	3,422	28,089	33,750
Trade payables	16,543	16,272	260	10
Staff and related payables	1,523	1,523		
Social security and other bodies	1,149	1,149		
Income tax		-		
Value Added Tax	31	31		
Other taxes and similar payments	1,026	1,026		
Liabilities on fixed assets and related accounts	12,800	12,800		
Other payables	197	197		
Deferred income	8,114	8,114		
Overall total	106,643	44,534	28,349	33,760

2.6. PENDING INCOME

	Amount
Financial assets	
Other financial assets	
Receivables	
Trade receivables	7558
Staff	
State	4217
Other pending income	
Other receivables	
Investment securities	
Cash and cash equivalents	
Total	11,775

2.7. EQUITY

As of 31 March 2022, FOCUS ENTERTAINMENT's share capital comprised 6,482,276 fully paid-up ordinary shares at a par value of €1.20 each.

Item	31/03/2021	Alloc. Prof- it/loss	Capital transactions	Profit/ loss	Others	Dividends distributed	Alloc.	31/03/2022
SHARE CAPITAL	6,396		1,383					7,779
Share, merger, contribution premiums	22,369		67,822					90,191
PREMIUMS & DIFFERENCES	22,369	-	67,822	-	-	-	-	90,191
Legal reserve	779							779
RESERVES	779	-	-	-	-	-	-	779
Retained earnings	27,317	14,717	(110)					41,924
Profit/loss	14,717	(14,717)		6,018				6,018
PROFIT/LOSS & RETAINED EARNINGS	42,034	-	(110)	6,018	-	-	-	47,942
Depreciation allowances	43				251			294
Regulated provisions	43				251			294
EQUITY	71,621	-	69,095	6,018	251	-	-	146,985

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	5,329,942	1.2
Shares issued during year	1,152,334	1.2
End of year	6,482,276	1.2

As of 31 March 2021, the share capital was composed of 5,329,942 shares with a par value of €1.20 each, on 31 March 2022, it was composed of 6,482,276 shares with a par value of €1.20 each.

During the 2021/2022 financial period, the 1,152,334 new shares issued during the period result from the following transactions:

- Capital increase by means of the issue of 1,050,000 shares, on 21 May 2021
- Definitive vesting of 36,493 shares of the AGA 2020-01 and AGA 2020-2 plan, on 23 June 2021
- Definitive vesting of 600 shares of the AGA 2019-01-1 plan, on 23 June 2021
- Definitive vesting of 1,750 shares of the AGA 2018-4 plan, on 24 September 2021
- Definitive vesting of 600 shares of the AGA 2019-01-1 plan, on 24 September 2021
- Definitive vesting of 200 shares of the AGA 2019-01-2 plan, on 24 September 2021
- Definitive vesting of 3,000 shares of the AGA 2019-01-5 plan, on 24 September 2021
- Definitive vesting of 4,500 shares of the AGA 2018-3 plan, on 24 September 2021
- Exercise of 250 options of the SO 2019 plan, on 24 September 2021
- Definitive vesting of 1,750 shares of the AGA 2018-2 plan, on 11 October 2021
- Definitive vesting of 6,000 shares of the AGA 2018-1 plan, on 11 October 2021
- Exercise of 250 options of the SO 2019 plan, on 24 November 2021
- Exercise of 250 options of the SO 2019 plan, on 12 January 2022
- Exercise of 200 options of the SO 2017 plan, on 12 January 2022
- Capital increase by means of the issue of 9,248 shares, on 19 January 2022
- Definitive vesting of 27,099 shares of the AGA 2020-01 and AGA 2020-1 plan, on 28 February 2022
- Definitive vesting of 9,394 shares of the AGA 2020-02 and AGA 2020-1 plan, on 28 February 2022
- Exercise of 250 options of the SO 2017 plan, on 30 March 2022
- Exercise of 500 options of the SO 2019 plan, on 30 March 2022

The cancellation of phantom shares during the year generated a write-back of provisions in the amount of €451K, booked under operating profit.

2.8. POTENTIAL CAPITAL – DILUTIVE INSTRUMENTS

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 is presented below, along with summary tables of the plans.

a) Allotment of free shares (AGA)

At its meeting on 30 March 2022, the Executive Board adopted a free share allotment plan (AGA 2022-1), under the powers delegated by the Ordinary and Extraordinary General Meeting of 23 September 2021 and as authorised by the Supervisory Board at its meeting of 29 March 2022. This 2022-1 free share allotment plan allows the allotment of 6,000 free shares to Luc Heninger, Thomas Barrau and John Bert.

Allotment of free shares					
Date authorised	11/10/2018	26/06/2019	17/12/2020	26/01/2021	30/03/2022
Date vested	1/3 until 2022	Variable until 2023	December 2024	December 2024	March 2023
End of holding period	Until 2023	Until 2024	Until 2026	Until 2026	30/03/2024
Number allocated	48,600	5,600	70,000	75,375	6,000
Number cancelled	4,050	800	-	14,500	-
Number still under vesting period on 31/03/2022	1,750	1,600	70,000	60,875	6,000
Number still under holding period on 31/03/2022	14,000	1,400	-	-	-

b) Stock options

Stock options	
Date authorised	06/10/2017 26/06/2019
Exercise deadline	06/10/2022 26/06/2024
Exercise price	21.3 18.5
Number authorised	25,000 25,000
Number allocated	7,450 15,750
Number cancelled	500
Number exercised	1,700 1750
Outstanding number on 31/03/2022	5,250 14,000

At its meeting on 24 September 2021, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

At its meeting on 24 November 2021, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

At its meeting on 12 January 2022, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2019 plan allotted by the Executive Board on 11 March 2019, under the powers delegated by the General Meeting of 27 September 2018.

On 12 January 2022, the Company's Executive Board recorded an increase in the share capital due to an employee's exercise of 200 stock options as part of SO 2017-01 plan allotted by the Executive Board on 6 October 2017, under the powers delegated by the General Meeting of 27 September 2017.

During the meeting held on 30 March 2022, the Company's Board noted an increase in the share capital following the exercise by an employee of 500 stock options as part of the "SO 2019" plan awarded by the Board on 11 March 2019 under the delegation granted by the General Meeting of 27 September 2018 and an increase in the share capital due to an employee's exercise of 250 stock options as part of SO 2017-01 plan allotted by the Executive Board on 6 October 2017 under the delegation granted by the General Meeting of 27 September 2017.

These were the only two plans in force on 31 March 2022.

2.9. PROVISIONS ON THE BALANCE SHEET

	31/03/2021	Increases Additions	Decreases Write-backs	31/03/2022
Provisions for currency losses	153	13	(153)	13
Provision for retirement benefits	318	78	(93)	303
Other prov. for liabilities and charges	1,229	268	(987)	510
PROVISIONS FOR LIABILITIES AND CHARGES	1,701	358	(1,234)	825
Provision on equity securities	-			-
Provisions on inventory and works in progress	126		(37)	89
Provisions on trade receivables	30	52	(3)	79
PROVISIONS FOR IMPAIRMENTS	157	52	(40)	169
OVERALL TOTAL	1,857	410	(1,274)	994

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

2.10. BORROWINGS AND FINANCIAL DEBT

	31/03/2021	New borrowings	Reimbursements	31/03/2022
Bank loans (excl. overdrafts)	11,256	62,281	(8,276)	65,261
- of which due under one year	1,086			3,422
- of which due between 1 and 5 years	6,933			28,089
- of which due after 5 years	3,237			33,750

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

Bank	Amount rate	Nominal rate	Term and repayment conditions	Date of borrowing	Balance on 31/03/2022	Balance on 31/03/2021
Credit Pooling T1	€6,500k	1.10%	7 years, 8 different dates with varying reimbursement amounts	June-20	-	5,826
BPI	€5,000k	0.80%	7 years quarterly	May-20	5,000	5,000
BPI	€1,200k	2.39%	5 years quarterly	Oct-17	180	420
BPI	€5,000k	0.86%	7 years quarterly	Sep-21	5,000	-
BPI	€5,000k	0.86%	7 years quarterly	Sep-21	5,000	-
SENIOR TA LOAN	€10,500k	Euribor + Margin	6 years half-yearly	Jul-21	10,500	-
SENIOR TB LOAN	€9,000k	Euribor + Margin	6.5 years half-yearly	Jul-21	9,000	-
SENIOR TC LOAN	€30,000k	Euribor + Margin	7 years half-yearly	Jul-21	30,000	-

2.11. PENDING EXPENSES

	Amount
Loans and borrowings from credit institutions	581
Trade payables	14,717
Tax and employee-related payables	2,683
Liabilities on fixed assets and related accounts	12,760
Other payables	187
TOTAL	30,929

2.12. ITEMS RELATING TO SEVERAL BALANCE SHEET ENTRIES

	Amount relating to companies in which the Company holds equity
Equity interest	79,289
Trade receivables	0
Accrued interest	34
Trade payables	0
Other receivables	5,000
TOTAL	84,322

2.13. AVERAGE WORKFORCE

	31/03/2022	31/03/2021
Managers	58	49
Technicians and supervisors	27	23
Employees	82	75
TOTAL	167	146

2.14. FINANCIAL RESULT

	31/03/2022	31/03/2021	Variation
Currency gains	284	267	17
Other financial income	31	24	7
Write-back of provision for impairment	18	1,550	(1,532)
Financial income	333	1,841	(1,508)
Currency losses	6	1,666	(1,660)
Financial interest	1,770	128	1,641
Provision for impairment on treasury stock	25	0	25
Other financial expenses	232	2	230
Financial expenses	2,032	1,797	235
FINANCIAL RESULT	(1,699)	44	(1,743)

The financial expenses at 31 March 2022 mainly consist of new interest on loans (see §1.1 Key period events).

2.15. EXTRAORDINARY RESULT

	31/03/2022	31/03/2021	Variation
Profits from liquidity contract	531	577	(46)
Reversal of provisions	49	2,888	(2,839)
Other extraordinary income	5	14	(10)
Extraordinary income	585	3,480	(2,895)
Additions to D&A and provisions	251	2,931	(2,680)
Net value of disposed assets	6	0	6
Losses from liquidity contract	253	159	94
Other extraordinary expenses	1,281	3,038	(1,757)
Extraordinary expenses	1,790	6,128	(4,337)
EXTRAORDINARY RESULT	(1,206)	(2,648)	1,443

At 31 March 2022, other extraordinary expenses consist of the costs of due diligence in connection with the acquisition projects that were aborted and restructuring costs of the period.

At 31 March 2021, the provisions made and uses thereof, as well as other extraordinary expenses mainly concern the amount of the fine connected with the European Commission investigation.

2.16. BREAKDOWN OF TAX APPLICABLE TO COMPANIES

	31/03/2022	31/03/2021
Income from operations excl. employee-related contrib. & equity interest	3,161	8,417
Gifts	(2)	5
Withholdings at source		(10)
Financial result	(475)	14
Extraordinary result	(337)	(875)
Equity interest	(0)	(300)
Additional contribution	34	0
Others		
Tax on companies	2,380	7,253
Deferred tax position	31/03/2022	31/03/2021
Prepaid taxes on:		
- expenses temporarily non-deductible (deducted next following year):	41	741
Total relief	41	741
Total increases	-	-
Deferred tax position	(41)	(741)

2.17. DETAILS OF CONSOLIDATING PARENT COMPANY

The company Neology Holding is globally integrated into the FLCP & Associés group whose simplified joint-stock company FLCP & Associés (SIREN 843754417, situated at 17 avenue George V 75008 Paris) is the parent.

The company FLCP & Associés and its subsidiaries are themselves globally integrated into the consolidated FLCP group whose simplified joint-stock company FLCP (SIREN 840421176, situated at 17 avenue George V 75008 Paris) is the parent.

2.18. OFF-BALANCE-SHEET COMMITMENTS

1. Commitments given

a) Commitments given to studios and right holders

As of 31 March 2022, the Company had signed contracts with studios for the acquisition of publication and distribution rights as well as for 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:

	31/03/2022 ^(*)	31/03/2021
Commitments given to studios and right holders	124,223	39,290
Of which to studios	124,073	35,998
Of which to right holders	150	3,293

	31/03/2022 ^(*)	31/03/2021
Commitments given to studios and right holders	124,223	39,290
Of which due under one year	63,086	38,804
Of which due between 1 and 5 years	61,137	487

^(*) contracts under negotiation at 31 March 2022 and that were finalised post closing are included in the commitments presented at 31 March 2022

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 1.8.

b) Operating lease commitments

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

	31/03/2022	31/03/2021
Commitments on property leases (rents & expenses)	4,584	5,397
Of which due under one year	1,200	1,094
Of which due between 1 and 5 years	3,385	4,303
Of which due after 5 years	-	-

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

c) Leases

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

d) Bank covenants

The company needs to calculate a leverage ratio at 31 March of each year, which must not exceed the threshold specified in the contract, signed on 20 July 2021. This ratio consists of the ratio between consolidated net debt and consolidated EBITDA. The ratio is respected at 31 March 2022.

e) Currency hedges

The company had not subscribed any foreign exchange hedges at 31 March 2022.

2. Buyback commitments on minority shareholdings

The minority shareholders of Dotemu and the company FOCUS ENTERTAINMENT have mutually agreed unilateral purchase and/or sale options relative to the remaining shares held by the minorities. 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 unilateral purchase and/or sale promises relative, partly, to the remaining shares held by the minorities. 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 unilateral purchase and/or sale options relative, partly, to the remaining shares held by the minorities. 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 a unilateral option of sale relative, partly, to the remaining shares held by a minority. The strike price and conditions of this option are defined by contract.

3. Commitments received

The Group benefits from commitments on the part of its banks and financial partners regarding lines of credit for €80,500k.

- Credit Pooling Tranche A: €24,500k
- Credit Pooling Tranche B: €21,000k
- Credit Pooling Tranche C: €20,000k
- Credit Revolving: €15,000k.

2.19. TRANSACTIONS WITH RELATED PARTIES

At 31 March 2022, the Company remunerates its corporate officers, including the Supervisory Board members and the Board members. Governance was changed to a Board of Directors on 1 April 2022.

Remuneration in thousands of euros	31/03/2022	31/03/2021
Compensation for service (1)	-	12
Services (2)	517	
Attendance-related fees (2)	75	45
TOTAL	592	57

(1) Compensation for service to chairman of the Supervisory Board.

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

Service providing 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;
- An annual fixed remuneration of €250.000 tax excl., as well as remuneration in the form of success fees, that can range from 0.3% to 0.5% tax excl. of the "portion of the company value at 100% of the acquired company";
- The term of the agreement starts at the time of the signature of the contract and lasts until 31 March 2022 and it will renew automatically each year, for a period of one year from 1st April to 31 March, unless terminated by one of the parties.

At the Ordinary and Extraordinary General Shareholders' Meeting held on 16 April 2021, the Supervisory Board explained this agreement as follows: FLCP & Associés will act as technical consultants for the Company in the areas linked to the provisions of M&A services, with a view to assisting the Company in determining its external growth strategy and implementation through aiding the Company with the entire acquisition process. These items of remuneration are estimated by the Supervisory Board as a base in respect of the retainers and success fees proposed by business banks under the scope of the search for targets and the purchase mandate.

The amounts relative to this service contract over the period from 1 April 2021 to 31 March 2022 come to €517K.

The Company 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.

FOCUS ENTERTAINMENT

Public limited company with share capital of €7,778,731.20.

Parc de Flandre "Le Beauvaisis" - Bâtiment 28

11, Rue de Cambrai - 75019 Paris

RCS Paris B 399 856 277

AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

General Shareholders' Meeting called to approve the financial statements
for the financial year ended 31 March 2022

Finexsi Audit
14 rue de Bassano
75116 Paris
S.A. share capital €57,803 412 029 357 RCS Paris
Auditing company
registered with the Regional Company of Paris

Deloitte & Associés
6 place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. share capital €2,188,160 572 028 041 RCS Nanterre
Auditing company
registered with the Regional Company of Versailles and the Centre

For the attention of the General Meeting of FOCUS ENTERTAINMENT

As the auditors of your company, we have prepared this report on related-party agreements.

Based on the information provided, it is our responsibility to inform you of the features and essential conditions of the agreements disclosed to us or discovered by us during 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 to decide on their approval.

Furthermore, it is incumbent on us, where applicable, to disclose to you the information set out in Article R. 225-58 of the French Commercial Code on the execution during the past year of the agreements already approved by the 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. Such diligence included the verification of the information given against the documents on which the agreements are based.

RELATED-PARTY AGREEMENTS SUBJECT TO APPROVAL BY THE GENERAL MEETING

Agreements authorised and entered into during the past year

We inform you that we have not been provided with any information on any agreement authorised and entered into during the past financial year subject to the approval of the General Meeting in application of the provisions of Article L. 225-86 of the French Commercial Code.

RELATED-PARTY AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved in previous years and still performed during the past year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the execution of the following agreements, previously approved by the General Meeting in previous years, continued during the past year.

- **Agreement with Innelec Multimédia**, of which Denis Thébaud (member of the Supervisory Board) is a majority shareholder, as he is an indirect shareholder of FOCUS ENTERTAINMENT through his minority investment in Neology Holding.

Type of agreement: commercial agreement

Conditions during 2021/2022:

- Publicity expenses as part of our commercial agreements: None
- Sale of finished products: €69,797

This contract was renewed because FOCUS ENTERTAINMENT continues to distribute games in France, a market in which Innelec Multimédia operates.

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

Signature date: 10 December 2020 Nature: contract for services

Methods: agreement for M&A services, to take part in the growth of the Company through possible acquisitions.

Amounts recorded for the year ended 31 March 2022: €517,023

Authorised agreements stipulated after closure

- **Non-competition agreement between the Company and Christophe Nobileau, the Company's CEO**

Signature date: 1 April 2022

Nature of the agreement: Non-competition agreement

Conditions: Taking into account the duties that Christophe Nobileau has in the Company and, in particular, the relations he entertains with its business partners, his access to sensitive and confidential information and his knowledge of the Group's organisation and the technical and financial means implemented, as well as in order to assure the lawful protection of the Company's interests, Christophe Nobileau has undertaken, for the period for which he shall perform his operative duties within the company and thereafter for a period of eighteen (18) months from when he ceases the office of Company CEO, not to become involved in any way, directly or indirectly, particularly as employee, corporate representative, advisor, consultant or other, whether or not such positions may be remunerated, in any company, enterprise or group that goes about a business in competition with that of the Company or which markets products or services that are in competition, in the territory of one or more of the following countries: France (including the overseas departments), England and the United States.

In exchange for this commitment, Christophe Nobileau will receive a monthly gross amount for the entire duration of such commitment, namely eighteen (18) months, equal to 70% of the average total gross monthly remuneration paid to him during the twelve (12) months prior to the cessation of office. In addition, on its part, the Company has undertaken to maintain the social security contract of Christophe Nobileau for the entire duration of this period. This commitment will only affect the financial statements in the event of leaving the office of CEO in the company.

Paris La Défense, 8 July 2022

Auditors

Finexsi Audit



Deloitte & Associés



CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

2021-2022



MESSAGE FROM THE CEO

Social and environmental challenges are becoming increasingly important in companies. I believe that respecting the environment, taking care of employees and offering quality and fun in a safe environment are just as important as a company's economic targets.

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 this work throughout FY 2021/22, mobilising all layers of the company:

- During the change in corporate governance, the Board of Directors of FOCUS ENTERTAINMENT set up a CSR committee directed by Irit Hillel.
- The Executive Board is regularly consulted on the decisions and is an important part of FOCUS ENTERTAINMENT's commitment.
- The employees also embody this strategy by driving actions and being an integral part of the FOCUS ENTERTAINMENT CSR strategy.

This collective engagement has allowed us to both keep all the initiatives that had been launched last year and strengthen some, like:

- increasing the employee training budget
- implementing a whistleblowing system
- fighting discrimination (training and reference persons)

Our main aim for the coming year is to extend all these initiatives to all Group subsidiaries and raise awareness in all employees of CSR challenges.

Christophe Nobileau CEO 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, our players and their satisfaction are our main preoccupation. With many partnerships with independent studios, we want to provide our players with a responsible game experience that is original and entertaining. Through our CSR strategy, we would like to bring concrete answers to the various environmental, social, and societal issues of the video game industry, and respond to the expectations of our stakeholders.

The way towards our commitment and long-term vision was paved by means of our first report in 2021. The 2022 report seeks to present the continuation of the work that began a year ago.

THE CHALLENGES IN OUR SECTOR

The video game industry is constantly changing, which creates many challenges and new issues for sustainable development:

- The acceleration of the shift in sales in physical stores to digital sales was increased by the COVID-19 public health crisis since 2020.
- The environmental impact of digital technology is growing: the digital sector is responsible for 3 to 4% of greenhouse gas emissions throughout the world⁽¹⁾ and represents 2.5% of France’s carbon footprint⁽²⁾; it therefore plays a major role 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 creating loyalty in a very 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 DEFINE OUR CSR STRATEGY

Our CSR issues and our contribution to the UN Sustainable Development Goals

During the 2020-2021 financial period FOCUS ENTERTAINMENT identified the main non-financial challenges in its business sector and with respect to its size. We have thus 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, that we have presented 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.

A part of this analysis, FOCUS ENTERTAINMENT also identified among the 17 United Nations Sustainable Development Goals (SDG) the ones that are part of the scope in which FOCUS ENTERTAINMENT had the most impact:



¹ <https://www.ademe.fr/sites/default/files/assets/documents/guide-pratique-face-cachee-numerique.pdf>

² https://www.arcep.fr/fileadmin/cru-1651234245/user_upload/04-22-version-francaise.pdf

To engage our stakeholders through a first dialogue in 2020-2021

In 2020-2021, FOCUS ENTERTAINMENT conducted a mapping of 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:

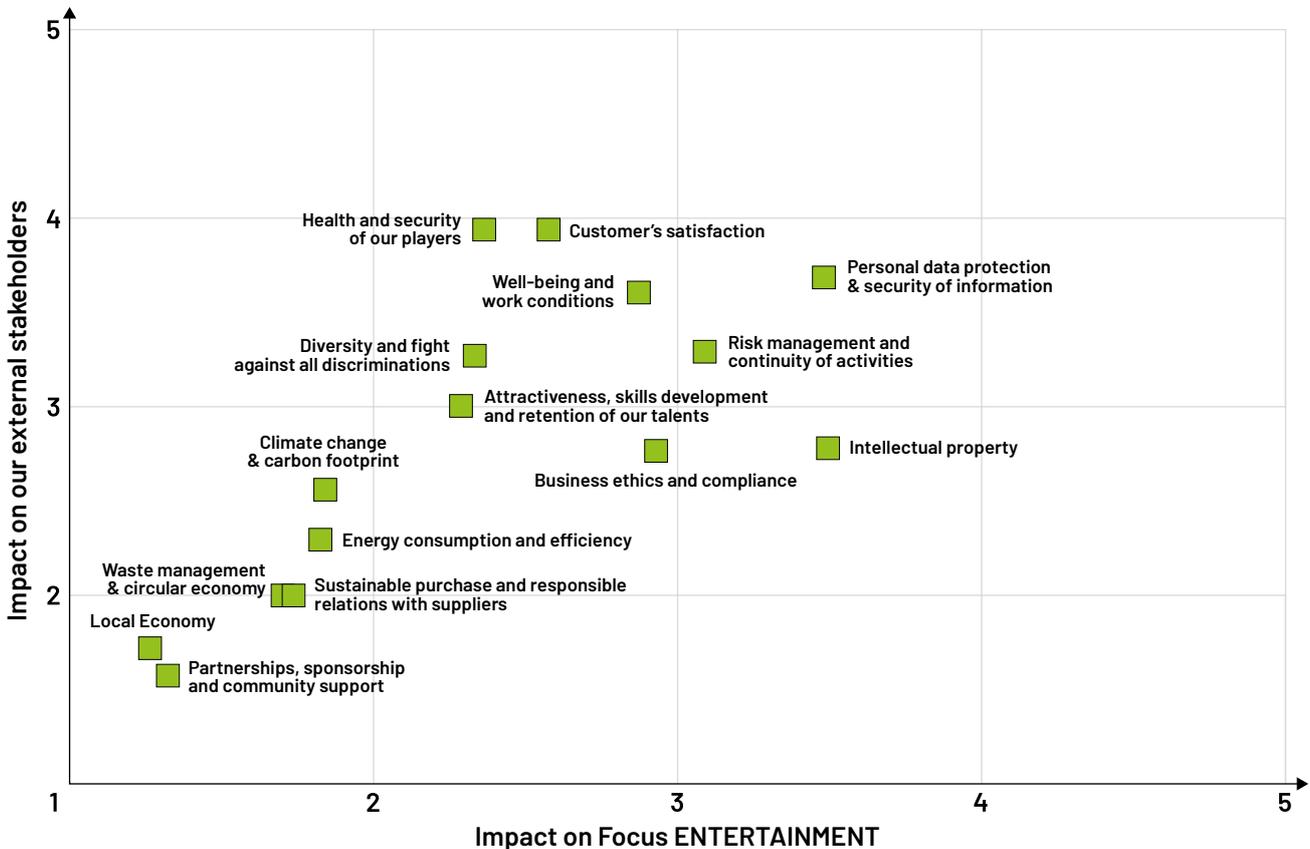
- The importance of the impacts of FOCUS ENTERTAINMENT on the stakeholder and the influence of that stakeholder on FOCUS ENTERTAINMENT
- The level of relations between FOCUS ENTERTAINMENT and the stakeholder

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 most impact for it 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 safety.
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 what action we have taken since 2021.

CSR governance at FOCUS ENTERTAINMENT

Each level of the Company is involved in the CSR strategy. Our CSR strategy is overseen 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 the FOCUS ENTERTAINMENT Group's CSR strategy.

At the General Shareholders' Meeting held on 1 April 2022, the shareholders voted to change the method of direction and management of FOCUS ENTERTAINMENT, which resulted in the change from a public limited company (*société anonyme*) with a 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 works in a given area, but rather to itself assure the specific tasks of such committees by constituting, in plenary form, as applicable, in the form of the Audit Committee, in the form of the Appointments and Remuneration Committee and in the form of the CSR Committee.

Irit Hillel has been appointed to oversee the meetings of the Board of Directors when discussing CSR matters.

Our main key performance indicators (KPI)

Since 2020-21, FOCUS ENTERTAINMENT defined its strategy for each of its material issues in order to define a roadmap for the upcoming 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 working life/working atmosphere/recommendations.
2. Gender equality index.
3. M/F 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
Satisfaction with quality of life at work satisfaction (%)	94	N/A ³
Satisfaction with the working environment (%)	91	N/A ³
FHI recommendation (%)	89	N/A ³
Gender equality index (out of 100)	84	94
Turnover rate (%)	22.7 ⁴	28.5
Carbon intensity per employee (t CO2 eq / employee)	20.39	N/A ³
Carbon intensity per revenue (kg CO2 eq / €k)	19.42	N/A ³

³ We update this data resulting from our 2020 "social barometer" and the Bilan carbone® once every 2 years.

⁴The rate published (11.5%) in the 2020/21 report corresponded to the turnover rate; we have adjusted this figure.

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 Gaia ratings and Vigéo Eiris indexes⁵ to stay up to date on the progress of its commitments.

Years	2019	2020	2021
Gaia score (out of 100)	29	31 ⁶	62
Vigéo score (out of 100)	13	13	not available*

*The Vigéo score is calculated once every 2 years.

PILLAR 1: BE A PUBLISHER OF ENTERTAINING VIDEO GAMES THAT ARE SAFE AND RESPECTFUL OF OUR PLAYERS

The video game sector is undergoing many changes, such as the growth in digital games, the increase in online communities and even 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

FOCUS ENTERTAINMENT's editorial line has been renowned for many years already, due to its innovative concepts, alternative gameplay and original worlds that have met with acclaim from critics and players. With 20 years of experience, the teams use their passion and know-how to further their creativity, with special attention paid to quality.

Our games released in 2021/22 continued along the launch of previous years: bold, innovative and diversified. **Hood: Outlaws & Legends** provided a rediscovery of the legend of the prince of thieves and his band of outlaws in a cooperative game with hints of dark fantasy. **Warhammer Age of Sigmar: Storm Ground** and **Necromunda: Hired Gun** have been added to the list of Warhammer games published by FOCUS ENTERTAINMENT in collaboration with Games Workshop to explore the rich worlds created by their iconic licences even further. **Aliens: Fireteam Elite** offered a nervous cooperative shooter exploiting the well-known cinema licence of Alien. **World War Z: Aftermath**, the latest version of the game **World War Z**, which was released in 2019 and had seduced more than 15 million players, has pushed the dynamic of the post-apocalyptic cooperative game yet further in a style that differs once again from the worlds proposed by Hood and Aliens or Warhammer.

Finally, we should mention the mechanic-spacial world of **Hardspace: Shipbreaker**, which has continued to attract numerous players since its development and operation in Early Access all this year, with a final release "1.0" at the start of tax year 2022/23.

Furthermore, **Metacritic**, an industry standard in game ratings, ranked FOCUS ENTERTAINMENT 17th out of 33 in its **Annual Game Publisher Rankings** for 2021 releases⁷.

Recognition of our games

Hardspace Shipbreaker, already rewarded at the **Canadian Game Awards** last year, was chosen at the SIGGRAPH 2021 festival for its intro cinematic. **A Plague Tale: Requiem** was selected at the **Tribeca Games Festival**.



Number of prizes and awards received in 2021

In addition, multiple games announced over tax year 2022/23 have already gained recognition by industry experts:

- Evil West has been elected as Best of PAX East by TechRaptor
- Dordogne was elected for the Team Choice Award by Sidequesting.com at the PAX 2022

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.

For better understanding with our players, we did a remake of our website that was released in September 2021.

⁵ Next renewal expected for 2022.

⁶ We published a score of 32 in the 2020/2021 report with the score having been adjusted by the Gaia rating to 31.

⁷ <https://www.metacritic.com/pictures/2022-game-publisher-rankings/15>

A gaming environment that is respectful of the 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 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 the 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 multi-player mode and content generated by other users, and blocking access to voice and/or text chatting, etc.
- Ensuring healthy behaviour among players: we put tools in place 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 on voice chat. In some online games, like *Insurgency Sandstorm*, servers can be blocked if an offensive description is visible in the server name.
- Moderation of game activities: a reporting system, required by the manufacturers, allows players to report toxic behaviour of certain players based on certain criteria. In addition, community managers and developers can take appropriate action, ranging from a warning to temporary banishment 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 French: "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 parents⁸.

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

FOCUS ENTERTAINMENT considers the confidentiality of the information of our players and the protection of their personal data as extremely important. The coming into force of the General Data Protection Regulation (GDPR) was an opportunity to strengthen our commitments and our processes.

It is crucial for FOCUS ENTERTAINMENT that our players have a full understanding of how their data is used. To this end, FOCUS ENTERTAINMENT makes its General Personal Data Protection Policy⁹ available on its website, updating it regularly. This policy allows each of our players to be informed of the rights available to them, as well as on how to exercise them with FOCUS ENTERTAINMENT, thanks to a dedicated email address.

In terms of governance, this subject is monitored and supervised by our Data Protection Officer (DPO), designated with the French National Commission on Informatics and Liberty (CNIL - Commission Nationale de l'Informatique et des Libertés). This subject is supported by all members of the Executive Committee and the managers of our human resources, marketing and production departments, who have been trained on data protection challenges. In addition, the legal team has been strengthened with the arrival of a personal data and compliance jurist who seeks to assist the DPO on such matters, for both FOCUS ENTERTAINMENT and its subsidiaries.

The team work dedicated to data protection has made it possible to implement new internal procedures to more effectively respond to requests made by players wishing to exercise their rights.

Awareness-raising and training sessions are organised on a regular basis, enabling FOCUS ENTERTAINMENT to make sure that its employees keep their knowledge up-to-date and process personal data in compliance with the applicable legal framework. These training actions can be measured using key performance indicators (% of employees sensitised/trained), thus allowing FOCUS ENTERTAINMENT to monitor the evolution of its practices.

Finally, FOCUS ENTERTAINMENT is committed to the deployment of its conformity programme in its subsidiaries and envisages various different actions that will be detailed in the next CSR report.

⁸ <https://pegi.info/what-do-the-labels-mean>

⁹ <https://www.focus-entmt.com/en/privacy-policy>

1.3. BE COMMITTED TO ACCESSIBILITY AND INCREASE DIVERSITY IN OUR GAMES

FOCUS ENTERTAINMENT would also like to share a multicultural vision of our society through the universes and characters in its games. In this way, FOCUS ENTERTAINMENT aims to fight against stereotypes and transmit positive images about communities or minorities. In the games we have released recently, FOCUS ENTERTAINMENT was already determined to portray diverse characters (for example non-stereotypical female characters in the games **Shady Part of Me** and **Othercide** in 2020, or the success of the 2019 release **A Plague Tale: Innocence**). However, FOCUS ENTERTAINMENT is aware that there is still much work to be done in the fight against stereotypes and thus strives to 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 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 objective is to make our games as accessible as possible with the fewest hindrances so that each person can have the best possible gaming experience. Our teams have created a standard tool used in the development phase of our future games, enabling us to categorise the accessibility criteria that we can include in our games. Our most ambitious games to be released in tax year 2022/23 will offer subtitling options, customisation of gaming controls and the possibility of changing settings to allow access by the colour-blind. In addition, we help our teams and studios right from the game design stage, to make the game intrinsically accessible, even without a specific option dedicated to this public.

We actively measure the progress we have made on the subjects of accessibility and diversity. However, 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 that will allow us to go further in future releases.



In **Curse of the Dead Gods**¹⁰, the options can be customised (infinite endurance, fewer damages inflicted, invincible mode), making it possible to adjust the difficulty of the game and thus make it more suitable and accessible to gamers with motor, cognitive, sight or hearing difficulties.

In **Alien: Fireteam Elite**, adjustments have been included to make the game more inclusive for our sight-challenged players. Indeed, the size of the subtitles can be adjusted and a background has been added for improved readability. As regards the colours that impact the gaming experience significantly (differentiation of allied/enemy units, object tracking, etc.), multiple colours and filters have been added to adjust the colours depending on the type of colour-blindness. The panel of game colours is affixed directly on the right of the screen, thereby allowing for easy setting.



In **Insurgency: Sandstorm**, which was this year released in a console version, customisation is possible to include context reminders. In concrete terms, this makes it possible to post options during a match, thus allowing for the specification of which actions are possible and how they can be executed. The HUD option can also be activated, to post a game interface. These adjustable options facilitate access to information for players with memory difficulties (information, joystick buttons). In a demanding game like **Insurgency: Sandstorm**, this allows for accessibility to be opened up to other categories of people, without distorting the balance of the game experience of each. The colours can be changed, as can the buttons. This makes the game more accessible to occasional gamers but more globally to people with sign, cognitive or motor difficulties.

In the game **Hood Outlaws & Legends**, the main accessibility challenges relate to the control modularity. The joystick controls and buttons are interchangeable with the joystick gyroscope able to be used to aim, without using the sticks (and, therefore, without needing to use thumbs). Equally, the options to facilitate movement and for fighting/shooting interaction allow the choice to be made as to whether or not the buttons should be kept. All these options allow for a different way of handling joysticks and therefore extend accessibility to those with motor or cognitive difficulties.



PILLAR 2: BE AN ATTRACTIVE AND RESPONSIBLE EMPLOYER

Aware of the rapid changes and the attractiveness of our sector, FOCUS ENTERTAINMENT hopes to attract its employees and earn their loyalty while guaranteeing a flexible, balanced and safe working environment. This also involves taking action against discrimination and ensuring diversity and inclusion within the Company. Working conditions and well-being at work; the appeal, retention and development of employees and diversity and the fight against discrimination are priorities for the company and this is why FOCUS ENTERTAINMENT makes the following commitments:

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, inclusiveness and equal opportunity.

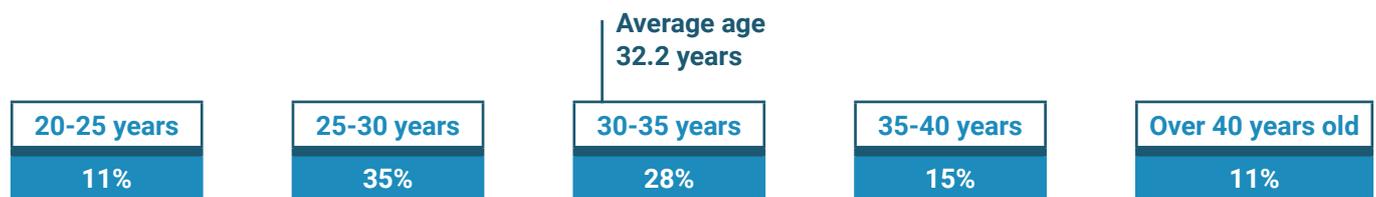
¹⁰ Curse of the dead gods came out the previous tax year but had not detailed any of the inclusive aspects of the game.

2.1. AN ATTRACTIVE EMPLOYER WITH STRONG GROWTH¹¹

FOCUS ENTERTAINMENT pursued its recruitment policy during the year. The average workforce for FY 2021/22 was 167 employees, up 14% on the previous year.



The video game industry is relatively young, which explains the average age of our teams. This increases slightly on the previous year, 32.2 years old (as compared with 31.5 years old in 20/21) with 74% of our employees aged under 35 years old.



In 2020, FOCUS ENTERTAINMENT began a key period in its development, which had led to the recruitment of 50 new collaborators. This tax year has led to the pursuit of this development and the increased density of teams with 55 new collaborators, of whom 33% are women. With 40 departures and an average workforce of 167 employees, the turnover rate is 24% over the period.

Of these 55 recruitments, 29 are on fixed-term contracts and 26 instead have permanent positions.

At 31 March 2022, 82% of the workforce were hired on permanent contracts, 15% on fixed-term contracts and 2% had been assigned to apprenticeship/professional training contracts. This allocation has been progressing with, at 31 March 2021, 74% of employees being on permanent contracts and 22% on fixed-term, thereby increasing employee loyalty and limiting turnover.

	Men	Women
Number of hires	37	18
Number of departures	29	11

2.2. ENABLE OUR EMPLOYEES TO GROW AND RECEIVE REGULAR TRAINING

2.2.1. Developing our employees' skills, a key factor of our success

It is important for each employee to grow and blossom at FOCUS ENTERTAINMENT. This is why we implemented a training policy, which we plan to accentuate over the years. The training plan deployed these latter years has been enhanced so that the most possible employees can benefit from it throughout the year. This year, 61 employees (compared with 28 last year) received training (that is 37% of eligible employees vs 27% last year), for a total of 135 hours of training¹². This corresponds to an average of just over two hours of training per employee trained.

2.2.2. Monitoring our employees' career progress and their loyalty

FOCUS ENTERTAINMENT considers it very important to ensure that its employees have all the tools that allow them to be the best equipped and the most independent in their work. This is why 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.

During the year, the annual evaluation was improved and automated through our HR tool, to facilitate monitoring. To date, 72% of our employees have had an annual interview. This figure is down on last year (87%) partly due to the fact that FOCUS ENTERTAINMENT welcomed numerous recruits in the three months prior to the annual interview campaign. Now only employees with seniority of more than 3 months are involved by these interviews.

Average seniority is kept at the same level as last year (3.7 years). This figure is notably explained by the numerous recruitments made by the company in the last two years.

In terms of remuneration, FOCUS ENTERTAINMENT hopes to accelerate the ability to retain employees over the long-term. FOCUS ENTERTAINMENT gave its managers access to a share purchasing programme in 2020.

Late 2021, FOCUS ENTERTAINMENT organised an opening up of its shares to all its employees, allowing them to buy shares at a preferential price by contributing significantly so as to include the loyalty of the teams, allowing them to become shareholders in the Group. An investment policy linked to Company earnings is also in place.

3.7 years
AVERAGE
SENIORITY

¹¹ The reporting period for the employee data covers the 2021-2022 financial year, from April to March

¹² This period does not include awareness-raising like that against harassment and sexist actions that we mention further on.

2.3. PROVIDING WORKING CONDITIONS THAT ENCOURAGE WORK-LIFE BALANCE

2.3.1. Improve quality of life and promote flexibility in working conditions

As an employer, FOCUS ENTERTAINMENT pays great care to ensure that each employee feels at home with the Company. This is why flexibility in the starting and ending times of each workday has been implemented and documented in the internal regulations so that each employee can adapt their work time with their personal constraints (transportation, schedules, family).

As with all other companies, the COVID-19 health crisis 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 optimal solution for everyone. In fact, the importance of maintaining the social ties between employees and teams, which is key at FOCUS ENTERTAINMENT, has revealed itself to be essential. FOCUS ENTERTAINMENT's flexibility allowed us to maintain a balance between teleworking and presence in the office, while guaranteeing the safety of the teams.

It is with this aim of striking a perfect private/working life balance that a charter governing working from home has been drawn up by agreement of the Social and Economic Committee. This charter grants employees the right to have 18 days working from home per quarter, to be used as they see fit, upon manager validation. Thus this formula helps maintain a balance between personal comfort and social ties.

In connection with the Social and Economic Committee, various activities are proposed throughout the year (time slot rental of sports centres, participation in inter-company e-sports). These essential actions allow teams to get together and/or become acquainted with each other and thereby improve the quality of the working life. The Social and Economic Committee regularly offers fruit baskets, summer ice cream, and chocolate fountains. FOCUS ENTERTAINMENT also hosts the FOCUS ENTERTAINMENT Christmas party every year, which is a high point of the year for our employees, with a raffle that is greatly appreciated by all.

Our first internal employee survey¹³ highlighted several positive aspects of the quality of working life at FOCUS ENTERTAINMENT. Employees were interviewed anonymously at the end of 2020 by an external firm, to assess the level of satisfaction on a number of matters related to FOCUS ENTERTAINMENT's operations: communication, company strategy and vision, skills, and career path and finally general satisfaction and employee engagement.

The results of this survey showed that 94% of the teams consider the quality of working life at FOCUS ENTERTAINMENT satisfactory or very satisfactory¹⁴.

91% of the teams consider that there is a good working atmosphere at FOCUS ENTERTAINMENT and 98% consider that this is the case within their team.

Finally, 89% of employees would recommend working at FOCUS ENTERTAINMENT.

These figures reflect the working environment that we try to create for our teams. Not all the results were positive, but they provide a working base to help maintain the positive aspects and bring awareness of areas for improvement, in particular, the strengthening of internal communication and training actions. A new survey will be run late 2022.

2.3.2. Preserve the health and safety of our employees

Guarantee a peaceful working environment is to fight against all forms of harmful behaviour in the workplace (harassment, burn-out, etc.). Concerning the fight against sexual harassment and sexist acts, a standard was put in place in 2020 in the Social and Economic Committee to allow anonymous reporting of any inappropriate behaviour or comment. To strengthen the matter, 7 volunteer employees from different departments were trained for one day to extend the number of reference persons to 8.

In a parallel fashion, with a view to fostering and improving working conditions for women in the company, FOCUS ENTERTAINMENT has organised an awareness-raising workshop also operating in the fight against sexism at work. This half-day event involved all employees and was very appreciated by the teams. The members of the steering committee were all present, as further evidence of just how important this subject is in the company.

At the end of March 2022, we note that no occupational accident had occurred. The rate of absenteeism for illness or occupational accident reached 3%. Just like last year, the fairly low figure is a result of safe working conditions. Also, use of working from home solutions during confinement periods helped limit the spread of COVID-19 and, therefore, the illness among our teams. More generally, the measures taken helped protect our employees on site from COVID-19.

Absenteeism, illnesses and occupational accidents	2020/21	2021/22
Rate of absenteeism for illness and occupational accidents	2%	3%
Number of occupational accidents	0	0
Number of occupational illnesses	0	0
Frequency rate of occupational accidents with a medical leave of absence	0%	0%
Severity rate of occupational accidents with a medical leave of absence	0%	0%

Management of the COVID-19 situation

FOCUS ENTERTAINMENT followed the recommendations and obligations of the government in terms of working from home, and afterwards, for persons who could not continue to work from home, or who wished to return to the office, measures were taken to make office life as peaceful as possible. Daily disinfection by our cleaning team, distribution of masks, availability of hand sanitiser and the distribution of self-tests to quickly limit infection allowed our teams to return to work in the best possible conditions

2.3.3. Employee dialogue within FOCUS ENTERTAINMENT

Good collaboration between the teams and discussion with management is a key to promoting interconnectedness at work. We conducted our first internal survey with in mind. The results highlighted the need for better communication between the teams. This led to the creation of a position dedicated to internal communication. 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.

¹³ 85% of our employees responded to this anonymous internal survey.

¹⁴ Score higher than 6/10.

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.

2.4. BE COMMITTED TO A DIVERSITY OF PROFILES, INCLUSIVENESS AND EQUAL OPPORTUNITY

2.4.1. Promoting equality between men and women at work

The issue of the feminisation of video games is one of the pillars on FOCUS ENTERTAINMENT has been working on for several years. 33% of FOCUS ENTERTAINMENT's employees are women. This is an encouraging figure and we hope to improve on it, in particular for positions linked to production. Concerning management positions, we count 27% female managers in this period¹⁶.

The gender equality index, which FOCUS ENTERTAINMENT is required to publish, stands at 94/100. In our case, 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 parity among the 10 highest salaries¹⁷.

2.4.2. Promote all other forms of diversity

FOCUS ENTERTAINMENT is a company with a quality of life in which each difference is seen as a force that strengthens the personalities of our teams. We are doing everything we can to ensure that each person feels at ease in the working environment, regardless of their age, culture or orientations.

There is however a point on which FOCUS ENTERTAINMENT is not exemplary, and that is in welcoming individuals with disabilities. Starting from financial year 2022/23, we would like to investigate this subject and improve on it so that our words are equal to our ambitions. Today, our action towards persons with disabilities consists in working with subcontractors from the French Support and Work Assistance Establishment (ESAT) or Adapted Enterprises (EA)¹⁸.

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 OVER OUR VALUE CHAIN

As a publisher, FOCUS ENTERTAINMENT's activity is based on contractual partnerships with many studios in order to support game development. These partnerships are based on trust and FOCUS ENTERTAINMENT strives to treat its partners in a fair and respectful manner.

FOCUS ENTERTAINMENT, in line with the standards of the International Labour Organization (ILO) and the 10 principles of the United Nations Global Compact, adheres to the principles of human rights, condemns child labour and forced labour and respects the liberty of association and the right to collective bargaining. We make sure that our partners, in particular the 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.

FOCUS ENTERTAINMENT does not, to date, have a specific responsible purchasing policy, though we are working on several actions. 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 for the collection of bulky waste and Waste Electronic and Electrical Equipment (WEEE) with a third party ESAT.

More specifically, in the Insertion by Economic Activity (IAE) segment, we sometimes appeal to two insertion enterprises (IEs) to collect bulky waste and place stickers and an intermediate association (IA).

In total for this financial year, we made €15,567 in purchases from its associations and companies in the SSE, which breaks down into three ESATs, two IEs and one IA.

¹⁵ Survey, the results of which have been explained in part 2.3.1. Improve quality of life and promote flexibility in working conditions.

¹⁶ Management positions concern employees managing at least one other employee.

¹⁷ The difference in the breakdown of promotions is only accounted for in companies that have more than 250 employees.

¹⁸ See 4.1. Increasing vigilance and sustainable relations over our value chain.

3.2. PROMOTING BUSINESS ETHICS AND DATA SECURITY IN OUR ACTIVITIES

3.2.1. Respect for 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

We had envisaged the implementation of a Code of Ethics for early 2022. Launched a little late, the project should now materialise during tax year 2022/23.

An Ethics Charter, intended for all our stakeholders, will aim to ensure commitments to action intending to prevent corruption and breaches of property (money laundering, tax evasion, fraud, etc.) but also the fight at all levels of the procurement chain and supply of our products against 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 take action against any insider crimes.

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.

3.2.3. Allowing our employees to be trained and alert

FOCUS ENTERTAINMENT has implemented an alert system to collect all reports regarding unethical or unlawful behaviour or events within the company.

This device is hinged on a digital platform that collects alerts while guaranteeing the safety and confidentiality of exchanges, as well as the anonymity of the whistleblower when he makes an anonymous report.

The device is also hinged on the designation of an alert reference person within FOCUS ENTERTAINMENT, who has been specifically trained to manage and process of the reports received. The device allows for classic channels to be used to convey information, such as the hierarchical and managerial lines, or staff representatives.

As we roll out the code of ethics and the alert system, we hope to train our employees so that they fully understand these issues and may properly use these tools. These training courses should cover business ethics and the protection of personal data and may be measured using key performance indicators (% employees sensitised/trained).

3.3. FIGHT AGAINST CLIMATE CHANGE AND CONTRIBUTION TO CARBON NEUTRALITY

The digital sector is responsible for 3 to 4% of greenhouse gas emissions¹⁹ worldwide and therefore plays a major role in the fight against climate change. FOCUS ENTERTAINMENT is committed to reducing its impact on the environment in regard to its waste and its energy consumption while internally raising the awareness of its employees. Climate change and carbon footprint are priority issues for the Company.

3.3.1. FOCUS ENTERTAINMENT's carbon footprint

FOCUS ENTERTAINMENT carried out its first assessment of the carbon footprint in 2020, using the Bilan Carbone® methodology. This study of greenhouse gas (GHG) emissions linked to FOCUS ENTERTAINMENT's activity in 2019 has 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 resources of the structure using fossil fuels.
- **Scope 2:** indirect emissions linked to the purchase or production of electricity, heat and steam.
- **Scope 3,** other than products²⁰: this is a more complete report that includes all other indirect emissions, including those upstream and downstream of the activity itself (transport of video games throughout the world, professional travel and home working, purchases of goods and services, waste treatment, etc.).

Breakdown of CO2 emissions by scope (in t CO2 eq) – Products portion excluded

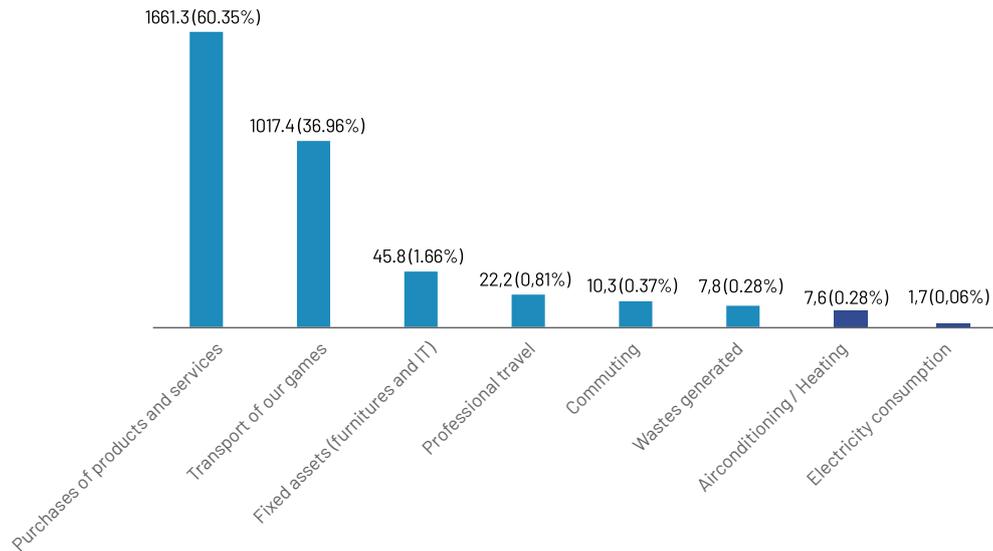


¹⁹ Source: Environmental footprint of the digital world, Green IT, September 2019.

²⁰ We have calculated all of our emissions, but we have excluded data relating to the manufacturing of games and their use by our players. We provide the details here: 5.2 Reporting scope.

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.

Breakdown of CO2 emissions per position, in tonnes of CO2 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® at the end of 2022, based on 2021 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 in buildings

FOCUS ENTERTAINMENT’s headquarters are established into 2 multi-tenant buildings. One of the two buildings has been restored in accordance with the High Quality Environmental standard (HQE). 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, however, all of the electricity we have consumed came from renewable sources, for which we have guaranteed origin certificates. One of our electricity suppliers is moreover a player in the Social and Solidarity Economy (Planète Oui).

2021 presents more important results than previous years, for two main reasons. The first is linked to leverage and the progressive reduction of the restrictions linked to COVID-19, which has enabled a more significant presence of our teams on site than in 2020. Thereafter, the new ambiances in which we installed our teams in 2020 have a different heating and cooling system than the buildings we previously occupied. This system in fact only works by means of the electricity network. Our desire to reduce our consumption is supported by the collective effort initiated by our lessor, Icade, to which we subscribe.

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 ⁽²¹⁾	2019	2020	2021
Energy consumption (kWh)	147,268	184,044 ²²	210576
Energy consumption per worker	1,156	1,248	1263
Share of renewable energy consumed	79%	100%	100%
Heat consumption (kWh)	46,423	25,985	N/A ²³
Water consumption (m3)	618	411	409

²¹ The data concerning energy (water, electricity and waste) lack precision. The data provided by our lessor concern all of the multi-tenant buildings in which we are located. The data are therefore prorated according to the service area that we occupy.

²² We note an increase in the electricity consumption that is explained by several weeks of overlap between the old and new offices when we took new spaces during the year 2020.

²³ A data collection problem via Icade has prevented us from collecting data on our heat consumption.

²⁴ Except for cases of strike, delayed departure, specific cases, etc.

²⁵ This data is updated upon release of the carbon footprint and have therefore not been updated for last year.

Business travel: indicators, policy and actions

FOCUS ENTERTAINMENT works with partner studios throughout the world, and travel is obligatory. In the wake of the COVID-19 pandemic, FOCUS ENTERTAINMENT adopted a video conferencing system that facilitates communication regardless of our inability to meet with our partners far away.

A travel policy is being deployed to privilege, wherever possible, the train for travel in France and bordering countries. However, for trips to visit our French, British or German partners, travel by train has now been the preferred choice for several years²⁴. This policy will come into force in FY 2022/2023.

	In km	2019 ²⁵
Distance travelled by air for business travel		72,730
Distance travelled by rail for business travel		40,300

Commuting

In March 2022, most of our employees used public transport as their main means to reach the workplace (87%). Around 6% used a motor vehicle (2% car and 4% motorcycle) for the journey. The remainder of employees commuted on foot (5%) or by bicycle (2%). 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 have also requested parking for electric bicycles and are currently studying the potential implementation of changing rooms/showers for employees who wish to use these modes of transportation.

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. FOCUS ENTERTAINMENT has a sorting system in place in its offices, in a joint initiative with our lessor Icade, who is in charge of waste collection through its service provider.

Office waste

To make sorting more efficient for our teams, FOCUS ENTERTAINMENT 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 lessor. The collection of cans/bottles as well as batteries are directly managed by our service provider Le Petit Plus.

During the year, we stipulated a contract with Upcycle to collect our coffee grounds. This new form of sorting has been adopted very quickly by our teams, drastically reducing the weight of our waste bins. From the start of our contract to 1st July, 435kg of coffee grounds have been 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 70kg). This process is very popular with our employees.

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. Next, we have it collected by companies that specialise in collection, recycling and upcycling. In 2021-22, we worked with the company Tricycle environnement, a Reintegration Enterprise that is a player in the Social and Solidarity Economy.
- For WEEE, everything that cannot be reused and for computing equipment at end-of-life is removed by a service provider that specialises in the collection and reconditioning of equipment. Everything that contains data is destroyed for security reasons. Before being removed, when electrical equipment such as coffee machines or microwaves is still functional, it is offered to nearby associations or hospitals.

In 2021-22, we worked with the company Ecodair, a Reintegration Enterprise and player in the Social and Solidarity Economy.

3.3.3. Our employee awareness actions

For several years already, the subject of environmental responsibility has been an issue of importance within FOCUS ENTERTAINMENT. 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.

For the 2022/23 financial year, in addition to the work conducted by Focus Green, awareness on environmental protection will be assured among employees.

3.4. SUPPORTING INITIATIVES FOR DIVERSITY, INCLUSION AND LOCAL COMMUNITIES

The Company is also involved in social and societal initiatives that benefit local communities and associations, mainly in the form of gifts. Each winter, during the holiday season, the operation "défis du cœur" (challenges of the heart) collects funds and food gifts from employees that FOCUS ENTERTAINMENT matches in a monetary gift.

For the second year in a row, FOCUS ENTERTAINMENT has supported the Jeu Vidéo scholarship, a project created by Loisirs Numériques, which provides financial and material assistance to students and give them access to the best video game schools. The students who are selected can also receive help from video game professionals in their course of studies.

METHODOLOGICAL NOTE/ABOUT THIS REPORT

From 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 FOCUS ENTERTAINMENT 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 reporting scope concerns the entity FOCUS ENTERTAINMENT. FOCUS ENTERTAINMENT is based on a site in France. None of the studios that have joined the FOCUS ENTERTAINMENT Group are involved in data consolidation. The studios Deck 13, Dotemu, Douze Dixièmes, Stream On Studio and Leikir Studio are part of the FOCUS ENTERTAINMENT Group and will be part of data collection starting FY 2022/23.

4.3. REPORTING PERIOD

Nearly all of the data from our reporting were generated over the financial period from 1 April 2021 to 31 March 2022. Only the social barometer (2020) and Bilan Carbone® (2020 on 2019 data) were prepared on the calendar years.

A new social barometer and a new Bilan Carbone® will be prepared for tax year 2022/23.

4.4. REPORTING PROCESS

The data collection was centralised by Focus' CSR manager in cooperation with the departments concerned.

Among the tools used for the data collection, we are using data extracted from our Human Resources Information System tool. 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 31/03/2022. The data collection was centralised by Focus' 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® will be renewed in 2022. 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 headquarters 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 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 turnover rate is used to understand the rate linked to 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 working life/working atmosphere/recommendations

The survey questions give a choice between five different responses: "totally disagree", "somewhat disagree", and "somewhat agree", "totally agree", and "no opinion". The sum of responses "somewhat agree" and "totally agree" is considered a positive opinion and the sum of responses "totally disagree" and "somewhat disagree" is considered a negative opinion.

Percentage of female managers

Management positions concern employees who manage at least one other employee.



FOCUS ENTERTAINMENT

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