FOCUS HOME INTERACTIVE

ANNUAL FINANCIAL REPORT

2019/20

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A MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

The 2019/20 financial year marked an important step on our road to achieving our 2022 targets. We showed our ability to reach a milestone by significantly increasing our revenue and profitability. This was possible thanks to our investment strategy aimed at improving the quality of our games and the continuous commitment of our teams. In the final part of the year, we also demonstrated our ability to adapt to a major health crisis by successfully implementing work-from-home measures while maintaining our release schedule. The past year clearly validated our Enhance – Evolve – Explore strategy. We "Enhanced" our investments in quality content, "Evolved" by increasing our control over intellectual property and "Explored" by developing our sales model and our content on new platforms.

The last financial year was a very energetic year filled with major releases. It began with some historic commercial successes. The worldwide distribution of World War Z achieved significant sales and highlighted our marketing and sales teams' unrivalled expertise, which also enabled us to break into the Asian market. The release of Greedfall and A Plague Tale: Innocence confirmed our strategy in focusing investments in the quality of our games. These two video games were fervently received by players and critics alike, especially A Plague Tale: Innocence, which earned Focus Home Interactive its first nomination from The Game Awards. We are proud to have established new powerful brands in a highly competitive market. The latter half of the year saw the release of The Surge 2; this eagerly awaited sequel garnered outstanding reviews from the press. The year 2019/20 also exhibited our capacity to develop a regular and recurrent income stream by leveraging the exceptional growth in our back catalogue.

Our major sales success provided us with a significant growth of 13% in our top line, reaching a record of €143 million. At the same time, we continued to improve our profitability, raising our operating margin two points to 13% from last year's 11%. All the while, we invested heavily in our future developments and successfully crossed a threshold in video game quality. The result has been an increase of 63% in our net income compared with the year before.

In relation to sales development, we are now working with 17 different studios, 11 of which entered into partnership with us only this year. We also expanded our business to new platforms and laid the foundations to launch our first mobile game: Mudrunner.

The end of the financial year saw countries lock down due to the COVID-19 pandemic, yet I am very proud of the responsiveness and exceptional efficiency shown by our teams. Focus Home Interactive established a work-from-home policy even before it became mandatory because the Group anticipated such restrictions and had prepared to ensure everyone would spend this time efficiently and in safety. While the coronavirus impacted retail sales, the digital strategy adopted by the Group enabled us to quickly reallocate resources to galvanise and maximise online sales and digital communications. Consequently, the Group saw significant boosts in its digital sales during the final quarter. Moreover, the development continued at a very efficient pace and the majority of release dates proved not to be severely affected by the lockdown.

In conclusion, 2019/20 was a very successful year and it allowed us to reaffirm our ambition for the coming years. It confirmed our choices in both partner studios and our publication line. Looking toward the future, this year has again bolstered our confidence in attaining our objectives for the next two years. Such confidence is based on our solid pipeline, the incredible commitment shown by our teams and the high quality produced by our game development partners. Next year, we will sustain our largest franchises by releasing sequels or new content to our community of dedicated gamers. There are also nine high-potential games to be launched. By 2022, we have every intention to have achieved our ambitious targets that are set down in our Enhance – Evolve – Explore strategy.

FOCUS HOME INTERACTIVE | Continuous, steady growth

Focus Home Interactive, a French video games publisher, is a leader in its industry. Its expertise lies in identifying, funding, marketing and selling video games.

The Group collaborates with French and international studios as well as over one hundred retailers and digital distribution platforms.

Focus games occupy various video game segments and genres, from adventure and simulation to FPS and RPGs, and are available on all game platforms (PC, consoles, mobiles, etc.).

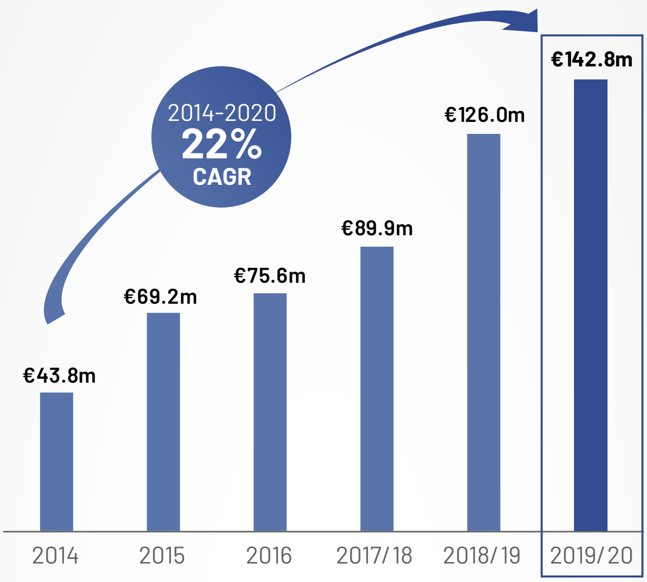
This role playing game from the French studio DontNod has captured the minds of the press and gamers around the world, selling over one million copies.

The 19th edition of this phenomenal franchise created by the Swiss studio GIANTS Software has sold over two million copies to date.

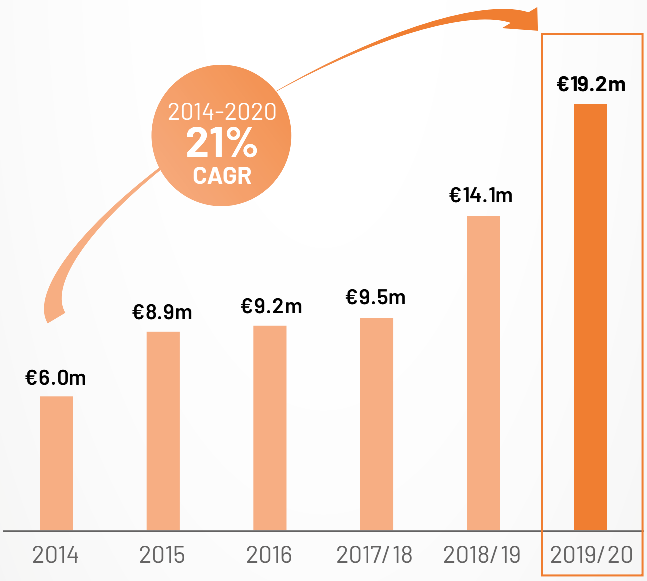
Saber's ambitious sequel to its best-selling series sold over one million copies in under a month.

The Group's first game after its IPO became a symbol of its catalogue's rise in quality. The game was developed by Deck13 and in 2020 became the first studio acquired by Focus.

REVENUE

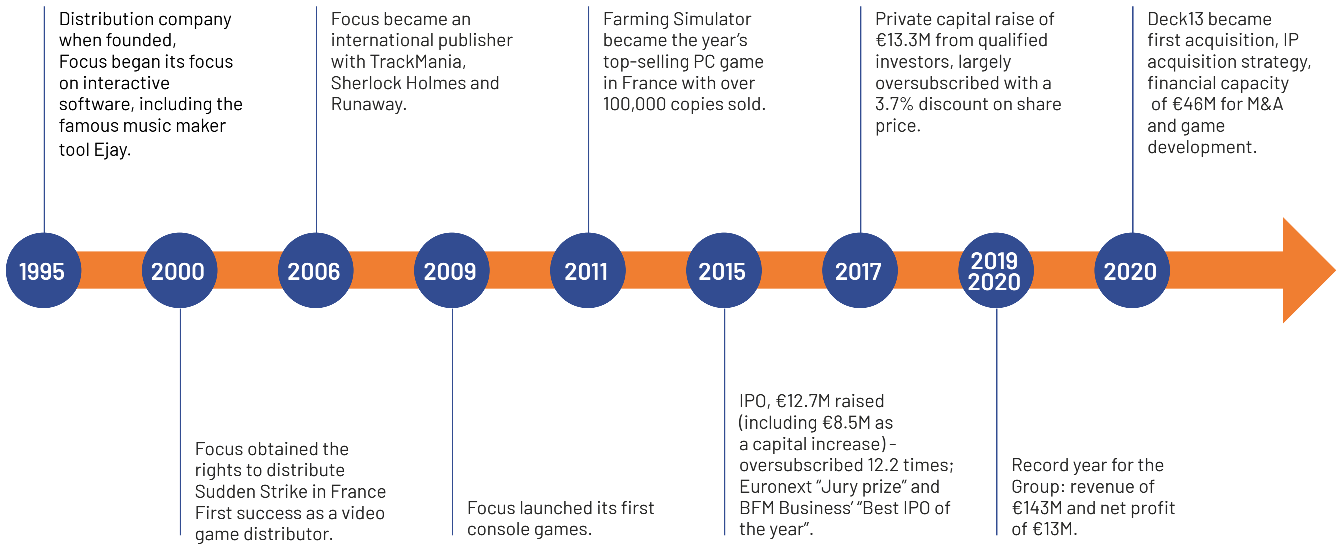


OPERATIONAL RESULT



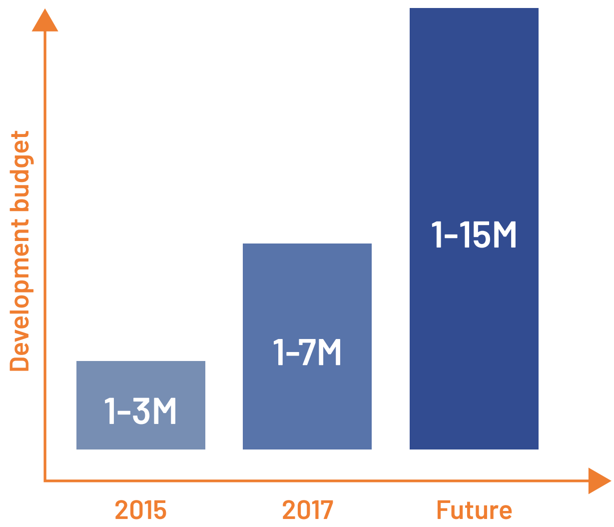
**Change of financial year close in 2018 from 31/12 to 31/03. 2017/18 comprised 15 months*

FOCUS HOME INTERACTIVE | A well-established games publisher

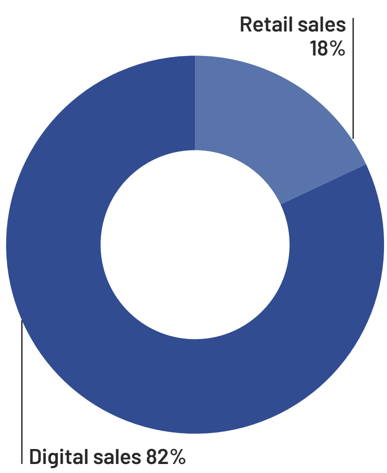


ENHANCE content quality

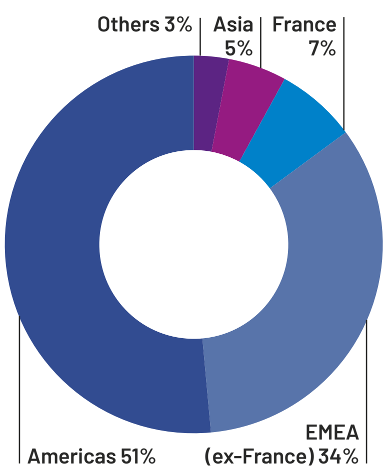
- Greater production quality to offer top-tier AA video games.
- Solid content is essential and generates revenue through all distribution channels and available platforms on the market.



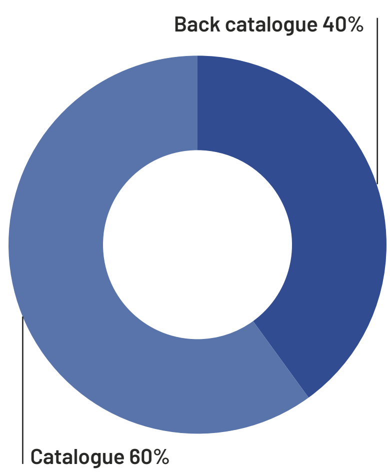
Breakdown of revenue by distribution channel



Breakdown of revenue by geography



Breakdown of revenue by catalogue



RETAIN gamers over the long term

PREMIUM GAMES → DLCs → EXTENSIONS → SEQUELS

EVOLVE: foster our connections with major studios

Criteria for our Potential Partners

High-quality partner with renowned expertise

Common vision

Synergies

M&A objectives

IP control

Margin expansion

Creation of new franchises

Additional revenue streams with greater brand exploitation

EXPLORE: mobile, licences, derivative products, platforms, technology, business models

New opportunities to generate extra revenue will be explored by the Group with respect to the values of Focus.

New platforms

Continued exploitation of Streaming

New methods for licensing

New distribution models

FOCUS HOME INTERACTIVE
Public limited company with Management Board and Supervisory Board
With share capital of €6,368,630.40
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 presents a fair review of the business performance, financial income and financial position of the company and all companies within the scope of consolidation as well as a description of the main risks and uncertainties of the companies.

Paris, 30 July 2020

Mr Jürgen Goeldner
Chairman of the Management Board

MANAGEMENT BOARD'S REPORT TO THE ANNUAL GENERAL MEETING OF 22 SEPTEMBER 2020

MANAGEMENT BOARD'S REPORT TO THE ANNUAL GENERAL MEETING OF 22 SEPTEMBER 2020

24 June 2020,

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 business of Focus Home Interactive (hereinafter, the "Company", and with its US subsidiary, together referred to as the "Group") for the year ended 31 March 2020, the results of the business and its outlook, as well as submit for your approval the Company's financial statements and the consolidated financial statements.

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. BUSINESS OF THE COMPANY AND SUBSIDIARY

1. 1. General presentation of Focus Home Interactive's business

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

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

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

1. 2. Key events over the year

1.2.1. Finances

For the year ended 31 March 2020, Focus Home Interactive recorded a 13% increase in its revenue, reaching €142.8M compared with the €126M over the previous twelve-month period.

This revenue for 2019/20 was largely supported by the success of "World War Z", "A Plague Tale", "Greedfall" as well as an excellent performance in back catalogue sales that represented 40% of the top line.

With regard to operational profitability, the gross profit came to €44M, a growth of 20% compared with the previous year's gross profit of €36.6M. The gross margin for the year was 31% compared with 29% the year before. The operating profit grew 36% to €19.2M. It had been €14.1M for the year ended 31 March 2019.

Taking into account a financial loss of €116k€, an extraordinary loss of €40k and a tax charge of €6M, the net income for the year was €13M compared with the previous year's profit of €8M.

Company assets rose from €71.2M on 31 March 2019 to €89.8M on 31 March 2020. Meanwhile, equity grew from €44.6M on 31 March 2019 to €54.7M on 31 March 2020.

Net intangible assets saw a decrease of €19k since the year ended 31 March 2019, while net property, plant & equipment increased €169k over the same period.

The Group held a net cash position of €18M on 31 March 2020.

Loan contract signed

As part of its development and acquisition strategy, Focus Home Interactive received a total of €46 million in financing from five bank institutes and BPIfrance Financement in early February 2020.

This financing comprises firstly several lines of credit (up to €23.5M) and a revolving credit line (up to €15M), which were formalised by loan agreements, and secondly two lines of credit (up to €7.5M) with BPIfrance Financement.

This financing has been entered into under attractive terms, and the lenders' commitment over several years (maturity in seven years) confirms the quality of the Group's credit rating. The loans are subject to maintaining a financial ratio that is described in the off-balance sheet commitments section of the notes to the financial statements.

1.2.2. Legal issues

The first quarter of 2019/20 was marked by the European Commission issuing a statement of objection as part of its investigation into the agreements entered into between Valve Corporation, owner of the video game distribution platform Steam, and five PC video game publishers including Focus (see 1.5.1. Risks associated with the coronavirus pandemic).

As a reminder, a statement of objection informs the recipient of a possible breach of EU rules and allows the recipient to comment on the observations. Such a statement of objections does not prejudge the outcome of the investigation. As described in paragraph 1.5.12. "Legal proceedings and arbitration", the Group has continued to cooperate with the Commission and maintained discussions open.

On 6 August 2019, the Group confirmed its securities were eligible for the French SME shares saving scheme (PEA-PME).

On 21 January 2020 when presenting the H1 results to investors and the market, the Group announced that Deborah Bellangé, vice-chair of the Management Board and CFO, would be leaving effective 1 February 2020.

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 12 March 2020 to implement a stock buyback programme based on Resolution Seven of the Ordinary and Extraordinary General Meeting of 24 September 2019. On the basis of the authorisation, the board entrusted the buyback of the Company's shares to an investment services provider.
This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 23 March 2021. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme. For sake of clarity, this decision does not affect the execution of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2020, Focus Home Interactive had bought back 151,759 of its shares under its buyback programmes (including 13,102 shares purchased under the 12 March 2020 programme). A year ago, the number of shares bought back was 138,657.

1.2.3. Operations

On 10-11 April 2019, Focus Home Interactive organised its annual What's Next event in the heart of Paris. Over 120 media outlets from around the world, 15 studios and 150 sales partners of Focus were welcomed over two days for the unveiling of some games from Focus' 2019 catalogue. Playable demos, exclusive presentations of games by developers and interviews were all on the programme.

Following the announcement of the Group's strategy, visitors were shown a new space displaying 12 partnerships for the coming years.

Other notable announcements by the Group were:

- the bolstering of its partnership with Games Workshop with the order of several new titles. Focus and Games Workshop will collaborate with the developers Saber Interactive, Gasket Games and Streum On Studio on games of various genres and based on recognised franchises.
- the renewal of its partnership with the studio DONTNOD Entertainment, a major figure in the video game world. Vampyr, the first fruit from this collaboration, had conquered the minds of the press and gamers from around the world.
- several new collaborations with the teams of Saber (the studio behind Halo The Master Chief Collection, NBA 2K Playgrounds Series, Quake Champions, etc.), which will develop new ambitious projects, as well as the porting of flagship licences of the Focus catalogue onto the Nintendo Switch and mobiles.
- a new partnership with the studio Sumo Digital, one of the largest independent development studios based in the United Kingdom. Sumo Digital has a long experience as a developer and has worked with some of the biggest names in the industry, such as Sony, Microsoft and Sega. The first result of this collaboration will offer an uncompromising multiplayer gaming experience set in a world as bleak as it is violent. It will be developed by Sumo

Newcastle, the team that brought us EVE: Valkyrie.

April 2019 witnessed the successful release of "World War Z" developed with the studio Saber and based on the Paramount film by the same name. From its launch, the game topped the best-seller lists throughout the world and by 21 May had sold over two million copies.

That May, the Group also had success with the launch of ***A Plague Tale: Innocence***, an exceptional game developed by Asobo Studio. It captivated players across the globe, receiving 97% favourable reviews from the users of Steam, the largest PC game download platform in the world.

A Plague Tale was also a huge commercial success, selling over one million copies. Critical recognition came with its cache of six awards at the Pegasus Video Game Awards in Paris, March 2020, including Best Game of the Year.

During September 2019, ***GreedFall*** from the studio Spiders garnered great commercial success, enthralling the trade press and players from all around the world.

New lease signed

The Group entered into a lease on 2 March 2020 for the extension of the premises located at 11 Rue de Cambrai, Parc Pont de Flandre,75019 Paris.

1. 3. Important events since the close of the financial year

COVID-19

The coronavirus outbreak in the first three months of 2020 led to a global health crisis and has exposed the Group to the risk of a slowdown in its businesses.

The Group immediately enacted the measures necessary to ensure the safety of its employees and commercial partners. During this extended period of uncertainty, the Group has sought to support employees and partners by rolling out technical and organisational solutions for working from home. Focus Home Interactive and its partner studios have taken all necessary measures to adapt to the circumstances and ensure the continuity of their activities.

Nevertheless, the restrictive measures for controlling the epidemic have had a negative effect on the physical distribution of the Group's products, which is a reason for caution. The digital strategy implemented by Focus Home Interactive has, however, enabled a speedy reallocation of resources to bolster sales.

Projects and development works are continuing with our partners. The launch schedules for certain games have been pushed back without affecting the business outlook for the year 2020-21.

Game releases

"Snowrunner", a game developed with Saber, was released in April 2020 in the midst of a deteriorating retail context caused by the coronavirus pandemic. Despite this, the game proved be a great success due to spectacular digital sales. By June 2020, it had sold one million units, a portent of greater success to its prequel "Mudrunner".

External growth

On 23 June 2020, the Group signed a share purchase agreement for 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck13"). Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition cost a total of €7.1 million (i.e. €6.5 million in cash from the new bank financing and €600k in the Company's treasury stock) coupled with a long-term incentive plan for the Deck13 directors through the allotment of free shares.

This acquisition forms part of the Group's EEE strategy and enables Focus Home Interactive to hold full control over the intellectual property of the games developed. Elsewhere, Focus Home Interactive acquired a publishing service for the development of independent games, which will assist the Group in exploring new opportunities.

1. 4. Research and development

Focus Home Interactive 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

The coronavirus outbreak in the first three months of 2020 led to a global health crisis and has exposed the Group to the risk of a slowdown in its businesses.

The Group immediately enacted the measures necessary to ensure the safety of its employees and commercial partners. During this extended period of uncertainty, the Group has sought to support employees and partners by rolling out technical and organisational solutions for working from home. Focus Home Interactive and its partner studios have taken all necessary measures to adapt to the circumstances and ensure the continuity of their activities.

Nevertheless, the restrictive measures for controlling the epidemic have had a negative effect on the physical distribution of the Company's products, which is a reason for caution. The digital strategy implemented by Focus Home Interactive has, however, enabled a speedy reallocation of resources to bolster sales.

Projects and development works are continuing with our partners. The launch dates for certain games have been postponed without any affect at the moment on the business outlook for 2020-21. However, the possibility of another lockdown could disrupt the normal operations of our businesses and lead to a further postponement in game releases.

1.5.2. Risks associated with our dependence on external development studios

As of 31 March 2020, Focus did not have any integrated development studio and held no stake in the equity of any studios. The acquisition of partner studios by competitors within the same industry, the deterioration of relations with one or more partner development studios or difficulties for the Company in building partnerships with new industry players could have significant negative impacts on revenue, future results, the financial position and development of the Group.
The financial failure of a studio could also be a risk for the Company.

1.5.3. Risks associated with finding and retaining talent

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

We believe that at least a portion of the tasks performed by these key employees could, if necessary, be carried out by other employees after a period of adaptation and/or training. However, the Group's success has been particularly linked to the past and present work of its key employees and we cannot guarantee that their departure or complete or partial unavailability would not have a significant adverse effect on our business, financial position, results and growth outlook.

Focus Home Interactive will need to recruit new top-level employees for the development of its businesses. We compete with other companies, both in France and abroad, in the recruitment and retention of highly qualified technical staff. Our inability to attract these key personnel could hinder Focus Home Interactive in the achievement of our objectives and, as a result, could have significantly unfavourable effects on our business, financial position, results and growth outlook.

1.5.4. Risks causing postponements on a flagship game release

In a highly competitive market, the postponement of an anticipated game, regardless of the reasons, could have a significant deleterious effect on Focus Home Interactive's revenue, future results, financial position and growth.

For this reason, the Company has set a double objective of releasing quality, innovative games while respecting cost and time targets. Furthermore, thanks to its diversified catalogue of repeatedly successful games and the increasing strength of its back catalogue, the Company is not dependent on the success of a given flagship game every year.

1.5.5. 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.
Although there is no technical restriction on games for the PC, Focus Home Interactive has imposed technical specifications similar to those required by console manufacturers so that PC games published by Focus Home Interactive are free, insofar as possible, from technical issues and offer the player a similar gaming experience regardless of the computer's configurations.

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 Company's results and the Group's financial position. For PC/Mac games, there is no such particular dependence.

Finally, Focus Home Interactive 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 Home Interactive.

1.5.6. Risks associated with a possible commercial dependence

As of this day, we do not believe in being commercially dependent on any one customer or type of customer. This explains by the diversity in our network of partner retail distributors located throughout the world and the diversification of our marketing channels for digital sales.

In relation to hardcopy distribution, Focus Home Interactive 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 us relative ease in changing distributor if any of them fail or experience a fall in performance.

As protection against the risks of non-payment for the sale of physical products, we took out a trade credit insurance policy with Euler Hermès to cover the majority of the consolidated retail revenue for 2019/20.

The ratio of trade receivables presenting a risk on collection was zero on both 31 March 2020 and 31 March 2019.

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 skewered by seasonality.

1.5.7. Risks associated with video game regulations

Like any other game publisher, the Company must comply with national and European laws that apply notably to the content of the video games 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 significant and adverse impact on the sales, results, financial position and growth outlook of the Group.

1.5.8. Risks associated with intellectual property rights and licences

Risks on the reconsideration of commercial rights within a territory

Where Focus Home Interactive 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 offer protection on the title and/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 Home Interactive 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 Home Interactive 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 Home Interactive 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 Home Interactive'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 multiplayer modes; and
- downloadable content with 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).

1.5.9. Currency risk

Focus Home Interactive'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, in which it receives its sales made in the United States. At the year ended 31 March 2020, the proportion of sales billed in US dollars was 61% of the consolidated revenue. The Group's operating profit along with its cash and cash equivalents are therefore subject to currency fluctuations.

However, our Company benefits from an automatic reduction of this risk given game sales in US dollars for physical copies sold in the United States can offset the costs incurred in dollars (i.e. manufacturing costs for hardcopy games destined for American consoles and PCs and borne by the American subsidiary). Nevertheless, the significant volume of sales in US dollars comes from digital sales for which no costs in US dollars can be directly offset. The Group is frequently in a US dollar surplus position, which creates exposure to medium- and long-term changes in the EUR/USD exchange rate.

To limit this currency risk exposure, the Group has entered into EUR/USD currency hedges with different maturity dates and based on anticipated USD surplus receivables. These hedges partially cover expected surpluses.

Focus Home Interactive is also exposed to currency risk on the pound sterling originating from its relations with a studio located in England and for which the Company receives invoices issued in GBP. The Company must therefore regularly purchase pounds to satisfy its contractual obligations with this studio.

Since the Company cannot rule out an large increase in its business placing it under greater currency exposure, the Company regularly reviews its expected cash flow hedges and tightens its hedging of these risks as currencies fluctuate. If Focus Home Interactive fails to take steps in the effective hedging of exchange rate fluctuations, its profitability could be altered.

1.5.10. Liquidity risk

The maturity dates of financial debt as of 31 March 2020 were as follows:

Consolidated (euros in thousands)	TOTAL	< 1 year	1-5 years	> 5 years
Bank loans and BPI loans	**1,661**	**1,261**	**401**	
Total loans and financial debt	**1,661**	**1,261**	**401**	**0**
Available cash	**19,639**	**19,639**		
Net cash / (Net debt)	**17,977**	**18,378**	**-401**	**0**

The Group regularly reviews its funding sources to maintain sufficient liquidity at all times considering its cash on hand (€19,639k as of 31 March 2020) as well as:

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

In February 2020, the Group entered into a loan contract with a pool of credit institutions for a total of €46M, which would enable it to carry out its development strategy (see 1.2. Key events over the year).

The Group also had confirmed lines of credit with another of its banks for €2M as well as a reimbursable bank loan from Bpifrance with an outstanding principal of €660k at the end of March 2020.

The total revolving credit or credit facility held was €17M.

1.5.11. Risk associated with financial covenants

As of 31 March 2020, the Group had drawn down €1M from its new €15M line of revolving credit (signed on 6 February 2020).

With regard to the loan agreement signed in February 2020 for a total of €38.5M, it contains a proviso on maintaining a financial ratio specified as consolidated net financial debt divided by consolidated EBIT. This ratio was measured for the first time on 31 March 2020 and will be calculated every year on the same date. It will determine the interest rate for the following year.

As of 31 March 2020, we were in compliance with these covenants.

1.5.12. Legal proceedings and arbitration

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

A statement of objections informs the recipient of a possible breach of EU rules and allows the recipient to comment on those objections. The issuance of a statement of objections does not prejudge the result of the investigation.

At the moment, the investigation is still under way and Focus Home Interactive is cooperating with the European Commission.

As a result, no provision had been recorded in the accounts as of 31 March 2020.

Besides this procedure, there was no other governmental, legal or arbitration proceeding, including any outstanding or threatened proceedings known to the Company, which would have had significant effects on the Group's financial position or profitability over the last 12 months.

1.5.13. Expected development and outlook

The financial year 2019/20 was an outstanding year for the entire Group, which again demonstrated its expertise and ability to offer its public the best games.

In following its Enhance-Evolve-Explore strategy, Focus Home Interactive not only entered into new projects but also secure the intellectual property rights over 9 titles since the launch of the strategy. The goal is to hold at least 50% of the intellectual property (IP) in order to secure a significant participation in the value of the game.

During this year, the market welcomed top games such as "A Plague Tale", "Greedfall", "The Surge 2", several ports onto the Nintendo Switch, as well as "World War Z" which surpassed all sales expectations.

Focus was also proud to continue its adventure with talented partners such as DONTNOD Entertainment ("Vampyr"), DECK13 ("The Surge" series), ASOBO ("A Plague Tale"), STREUM ON ("Space Hulk: Deathwing"), and PASSTECH Games ("Space Run"). To this list can be added industry stalwarts like SUMO DIGITAL, GASKET Games and our continued partnership with SABER INTERACTIVE. These partnerships will guarantee the Company's catalogue for the next three years.

Focus continued its diversification by entering new markets, most notably Asia, and by signing licensing contracts with partners working in the cinema and television sectors.

The Group also expanded its catalogue's presence to different distribution channels, mainly using new streaming technology and participating in subscription promotions on platforms operated by Sony and Microsoft. All this will enable the Group to generate extra revenue besides traditional game sales.

The Group will also release its first mobile title in the coming months.

Finally, the Group continues to enter partnerships for the releases of new games, which will be based on major licences.

II. CORPORATE OFFICERS

The Company, as of 31 March 2020, was a public limited company governed by a Management Board and Supervisory Board. Its corporate officers were:

- Jürgen Goeldner, Chairman of the Management Board (since 10 April 2018);
- John Bert, member of the Management Board (since 1 January 2016);
- Luc Heninger, member of the Management Board (since 1 January 2016);
- Thomas Barrau, member of the Management Board (since 29 June 2018);
- Denis Thébaud, Chairman and member of the Supervisory Board (since 6 January 2015);
- Claire Wanctin-Mesureux, member of the Supervisory Board (since 6 January 2015);
- Christian Tellier, member of the Supervisory Board (since 6 January 2015);
- Georges Fornay, member of the Supervisory Board (since 28 June 2016).

On 3 February 2020, the Supervisory Board acknowledged the resignation of Deborah Bellangé from her duties as member of the Management Board with effect from 31 January 2020.

III. EMPLOYEE SHAREHOLDINGS

As of 31 March 2020, employees held a **2.7%** stake in the Company's capital, of which **58.5%** of that stake (i.e. **1.6%** of the capital) was held by members of the Company's Management Board under an employment contract.

IV. SUBSIDIARIES AND INVESTMENTS

1. Business of the Company's subsidiaries

The business of Focus Home Interactive USA 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 2020, its annual revenue was **US$9.3M**. It recorded a net loss of **US$157k**.

2. Significant stakes in companies with a French registered office or takeovers of such companies

None

3. Existing branches

None

4. Disposal of shares to rectify cross holdings

None

5. Anti-trust practices

No anti-trust authority sanctioned the Group or Company during the year ended 31 March 2020.

6. Capital breakdown and treasury stock

To the best of the Company's knowledge, the shares and transferable securities held by members of the Management Board and Supervisory Board on 31 March 2020 are as follows:

31 MARCH 2020	Number of shares	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
Management Board members						
Thomas Barrau	15,750	SO 2017 - 500 shares AGA 2018 - 6,000 shares	6,500	22,250	0.3%	0.4%
John Bert	33,437	AGA 2018 - 6,000 shares	6,000	39,437	0.6%	0.7%
Luc Heninger	36,123	AGA 2018 - 6,000 shares	6,000	42,123	0.7%	0.8%
Supervisory Board members						
Denis Thébaud*	1,877,929			1,877,929	35.4%	34.9%
Claire Wanctin-Mesureux	70,839			70,839	1.3%	1.3%
Christian Tellier	8	5,000 BSA 2015	5,000	5,008	0.0%	0.1%

** NABUBOTO (THÉBAUD GROUP) AND INNELEC MULTIMÉDIA (THÉBAUD GROUP)*

As part of the liquidity contract, Company held, as of 31 March 2020, 8,295 of its own shares with a value of €148,978 and held a receivable of €112,903 allocated to the liquidity account.

Liquidity contract on 31/03/2020	Quantity	Price
Shares held on 31/03/2019	9,225	23,7804
Shares bought (average price)	144,472	22.5583
Shares sold (average price)	145,402	22.4725
Shares held on 31/03/2020	8,295	17.9600

Besides the liquidity contract, the Group held 151,759 shares, as of 31 March 2020, under its stock buyback programme (see paragraph 7 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 the capital and voting rights as of 31 March 2020:

Shareholders	Number of shares	% of capital	% of voting rights
Nabuboto (Thébaud Group)	1,713,294	32.3%	41.8%
Innelec Multimédia (Thébaud Group)	164,635	3.1%	4.6%
Other Supervisory Board members	70,847	1.3%	2.0%
Management Board & employees	145,861	2.7%	3.6%
Others	3,212,555	60.5%	47.9%
Total	5,307,192	100%	100%

The companies Nabuboto and Innelec Multimédia are controlled by Denis Thébaud, Chairman of the Supervisory Board.

7. Transactions on Company securities as part of a stock buyback programme

At its meeting on 12 March 2020, the Management Board decided to implement a stock buyback programme based on the authorisation granted by the Ordinary and Extraordinary General Meeting of 24 September 2019 (Resolution 7) in addition to signing the liquidity contract as described above.

- The Ordinary and Extraordinary General Meeting of 24 September 2019 set:
- the maximum funds available for the stock buyback programme at €4,000,000, net of funds already allocated to the liquidity contract;

- the maximum number of shares that may be acquired at 10% of the Company's share capital, net of shares already allocated for the liquidity contract;
- 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 €65 per share.

On 12 March 2020, the Management Board authorised the buyback of no more than 250,000 shares of the Company.

This stock buyback programme received prior authorisation from the Supervisory Board at its meeting held on 11 March 2020.

Below is a breakdown of the shares bought under the stock buyback programme according to their objectives as of 31 March 2020:

Purpose of buyback	Number of shares
Implementation of stock option plans, plans for the allotment of free shares, employee share-holding operations for members of company savings plans, in accordance with current laws, or allocation of shares to employees and/or executive directors of the Company and related companies	**0**
Delivery of shares for the exercise of rights attached to transferable securities giving future equity in the Company	**0**
Used as part of any hedging operation for Company obligations under financial instruments related to Company share price changes	**0**
Held for subsequent delivery as payment or exchange as part of any transactions involved for external growth, mergers, spin-offs or contributions	**151,759**
Full or partial cancellation through capital reduction (especially to optimise cash-flow management, equity return or earnings per share)	**0**
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	**8,295**
Implementation of any market practice authorised by the AMF and, in general, performance of any transactions in accordance with the applicable legal and regulatory provisions	**0**
Total	**160,054**

V. PRESENTATION OF ACCOUNTS AND ALLOCATION OF RESULTS

1. Examination of accounts and results

Company accounts as of 31 March 2020

Focus Home Interactive achieved revenue of €137.8M over the twelve-month period ended 31 March 2020. The top line for the previous year was €121M. The 2019/2020 figure was attained thanks to the success of top games such as "World War Z", "A Plague Tale" and "Greedfall".

Operating expenses were €118.4M for 2019/20 compared with €108.5M for 2018/19. The operating profit came in at €20.2M for the year ended 31 March 2020, while it was €14.9M for the year before.

Taking into account a financial loss of €1.2M, an extraordinary loss of €127k, a deduction of €943k for profits shared among employees and a tax charge of €5.8M, the net profit for the year ended 31 March 2020 was €12.1M.

Assets on the balance sheet grew from €74.9M on 31

March 2019 to €90.9M on 31 March 2020. Equity rose from €47.4M on 31 March 2019 to €56.8M on 31 March 2020.

Net intangible assets fell from €32k to €14k while property, plant & equipment increased to €661k.

The Company had a net cash position of €17.8M.

Consolidated accounts as of 31 March 2020

The consolidated accounts incorporate the business of our US subsidiary which was founded in September 2013 and launched "Farming Simulator" 2013 on the American market in November 2013. This subsidiary is 100% controlled and managed by the French parent company which bears the variable expenses of its subsidiary.

As of 31 March 2020, revenue for the trailing twelve months came to €142.8M, whereas for the year ended 31 March 2019 it had reached €126M.

The gross profit of the Group was €44M for 2019/20, an increase compared with the €36.6M achieved for 2018/19.

While download sales represented 66% of revenue in 2018/19, they represented 82% of 2019/20 revenue. This significant increase in the digital channel for revenue can be explained especially by the release of "World War Z", the digital commercial rights of which are held by Focus, as well as the back catalogue's larger and more digital-based contribution to sales compared with the previous year.

The net profit came to €13M whereas it was €8M for 2018/19.

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 consolidated balance sheet for the year ended was €89.8M.

Consolidated equity was €54.7M. The Group's net cash position was €19.6M and the balance sheet's structure was solid.

2. Debt situation of the Company and Group as of 31 March 2020

	31/03/2019	New borrow-ings	Reimbursements	31/03/2020
Bank loans (excl. overdraft)	1,183	1,000	(521)	1,661
- of which due under one year	542	1,000		1,261
- of which due between 1 and 5 years	641			401
Financial debt	**1,183**	**1,000**	**(521)**	**1,661**
Cash*	***20,001***			***19,639***
NET DEBT	**(18,819)**	**1,000**	**(521)**	**(17,977)**

(*) hors instruments de trésorerie

3. Proposed allocation of the profit

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

Net profit for the year (A)	**12,127,267.97**
Provision for legal reserve (B)	**-**
Previous retained earnings (C)	**15,209,821.03**
Distributable profit (D=A-B+C)	**27,337,089.00**
Dividend distribution (F)	**-**
Allocation of year's profit to retained earnings (G=A-B+F)	**12,127,267.97**

Focus Home Interactive's equity stood as follows on 31 March 2020:

Subscribed capital	6,368,630.40
Share premium	22,310,539.65
Legal reserves	779,184.80
Retained earnings	15,209,821.03
Capital before profit allocation	44,668,175.88
Profit allocated	12,127,267.97
Capital after profit allocation	56,795,443.85

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 year ended	Dividend per share	Dividends 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 2019	0.68	3,470,824.04	709,587.60	3,470,824.04	-
31 March 2018	0.57	2,982,878.97	49,368.15	2,982,878.97	-
31 December 2016	0.53	2,520,254.94	99,546.72	2,520,254.94	-

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 2020, the Company recorded no such non-tax-deductible expenses.

VI. FIVE-YEAR SUMMARY OF THE COMPANY

1. Summary table of results for the last five financial years

	2015	2016	2017/18 (15 months)	2018/19	2019/20
Financial position at year end (in euros)					
Share capital	5,343,875	5,697,108	6,272,942	6,300,464	6,368,630
No. of issued shares	4,453,229	4,747,590	5,227,452	5,250,387	5,307,192
No. of convertible bonds					
Overall income from operations for the year (euros in thousands)					
Revenue excl. tax	62,357	70,369	83,637	121,007	137,885
Profit before tax, D&A and provisions	8,832	9,013	9,147	10,921	18,335
Income tax	3,091	3,077	3,063	4,001	5,795
Profit after tax, D&A and provisions	5,108	5,908	6,342	7,587	12,127
Profit distributed	2,314	2,520	2,983	3,471	-
Operational earnings per share*					
Profit before tax, D&A and prov.	1.98	1.90	1.75	2.08	3.45
Profit after tax, D&A and prov.	1.15	1.24	1.21	1.45	2.29
Dividend	0.52	0.53	0.57	0.68	-
Staff					
No. of employees	57	79	97	113	127
Total payroll	3,491	4,128	5,748	5,286	6,328
Salary expenses	1,717	2,274	2,489	2,413	2,948

* The number of shares used to determine the earnings and dividend per share is the number at the year's close.
The profits for the year ended 31 March 2020 to be distributed has been calculated with regard to the proposed allocation of profits.

VII. 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

Management Board members	Shares sold	Shares bought
Jürgen Goeldner	0	0
Deborah Bellangé	0	3000
John Bert	0	3,575
Luc Heninger	0	3,625
Thomas Barrau	0	4,750

Supervisory Board members	Shares sold	Shares bought
Denis Thébaud (Nabuboto/Innelec)	0	4,407
Claire Wanctin-Mesureux	0	0
Christian Tellier	0	0
Georges Fornay	0	0

B. Exercise of options by directors during the year

On 8 December 2019, John Bert, member of the Management Board, reported the subscription of 575 shares at a unit price of €24.72 to the AMF. The transaction occurred on 12 November 2019 in the exercise of a scrip dividend.

On 10 December 2019, Luc Heninger, member of the Management Board, reported the subscription of 625 shares at a unit price of €24.72 to the AMF. The transaction occurred on 12 November 2019 in the exercise of a scrip dividend.

On 17 December 2019, the company Innelec Multimédia, controlled by the Supervisory Board's chairman, Denis Thébaud, reported the subscription of 4,407 shares at a unit price of €24.72 to the AMF. The transaction occurred on 12 November 2019 in the exercise of a scrip dividend.

VIII. SPECIAL REPORT ON STOCK OPTIONS

A. Stock options

1) Allocation of stock options during the year ended 31 March 2020

At its meeting held on 26 June 2019, the Supervisory Board, aware that the Ordinary and Extraordinary General Meeting of 27 September 2018 had delegated power to the Management Board, gave its assent to the allocation of 15,750 stock options on the Company's securities to certain employees. Each option gave a right to subscribe or purchase one share at a price equal to 80% of the volume weighted average price recorded over the twenty trading days preceding the meeting date of the Management Board at which the options were granted (this price being greater than 80% of the average prices paid by the Company for treasury stock), i.e. €18.53.

	SO 2019
Employees	**15,750**
Total	**15,750**

2) Stock option exercise during the year ended 31 March 2020

On 7 November 2019, the Company's Management Board recorded an increase in the share capital due to an employee's exercise of 500 stock options as part of Plan SO 2017-01 awarded by the Management Board on 6 October 2017 under the powers delegated by the General Meeting of 27 September. The Management Board recorded the creation of 500 shares with a par value of €1.20, which increased the share capital by €600.

During its 17 May 2019 meeting, the Management Board noted the expiration of:

- 200 free shares, allocated by the Management Board on 12 September 2017 and approved by the Supervisory Board on 6 October 2017, acting under the powers delegated by the Ordinary and Extraordinary General Meeting of 29 June 2017; and
- 500 stock options, allocated by the Management Board on 12 September 2017 and approved by the Supervisory Board on 6 October 2017, acting under the powers delegated by the Ordinary and Extraordinary General Meeting of 29 June 2017.

3) Warrants during the year ended 31 March 2020

None

B. Free shares

1) Allotment of free shares during the year ended 31 March 2020

On 26 June 2019, the Supervisory Board gave its assent to the implementation (decided by the Management Board at its meeting on 11 March 2019 and based on the powers delegated by the Ordinary and Extraordinary General Meeting of 27 September 2018) of four plans for the allotment of 2,400, 400, 2,400 and 400 free shares to beneficiaries as follows:

AGA 2019-01-1 plan

	Number of shares
Management Board members	0
Other employees	2,400
Total	2,400

AGA 02/01/2019 plan

	Number of shares
Management Board members	0
Other employees	400
Total	400

AGA 03/02/2019 plan

	Number of shares
Management Board members	0
Other employees	2,400
Total	2,400

AGA 04/02/2019 plan

	Number of shares
Management Board members	0
Other employees	400
Total	400

2) Definitive vesting of free shares during year ended 31 March 2020

In September 2017, the Company allocated 14,450 free shares to Company employees (AGA 2017-2). At its 11 October 2019 meeting, the Management Board decided to issue 13,500 shares following their definitive vesting on 7 October 2019 (950 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.

In October 2018, the Company allocated 48,600 free shares to Company employees (18,000: AGA 2018-1; 6,300: AGA 2018-2; 18,000: AGA 2018-3; and 6,300: AGA 2018-4). At its meeting of 11 October 2019, the Management Board decided to issue 14,100 shares following their definitive vesting. 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 on the date of this report

On the date of this report:

- 37,100 free shares have been allocated but have not yet definitively vested;
- 22,000 stock options have not yet been exercised; and
- 5,000 warrants (BSA) have not yet been exercised.

IX. SHARE CAPITAL

1. Transactions on the share capital

Year ended 31 March 2020

As of 31 March 2019, the share capital was composed of 5,250,387 shares with a par value of €1.20 each; on 31 March 2020, it was then made up of 5,307,192 shares with a par value of €1.20 each.

During 2019/20, the following transactions took place:

- Definitive vesting of AGA plan 2017, on 11 October 2019
- Definitive vesting of AGA plan 2018, on 11 October 2019
- Partial exercise of SO 2017 plan, on 7 November 2019
- Payment of scrip dividend, on 7 November 2019

On 11 October 2019, the Company's Management Board recorded two capital increases:

- a first capital increase from the definitive vesting of free shares allotted under the "AGA 2017-2" plan with the issue of 13,500 shares with a par value of €1.20 each, representing a capital increase of €16.200;
- a second capital increase from the definitive vesting of free shares allotted under the "AGA 2018-1" and "AGA 2018-3" plans with the corresponding issue of 6,000 shares with a par value of €1.20 each, representing a capital increase of €7,200 by each of the two plans, or a total capital increase of €14,400, as well as the issue of 2,100 shares with a par value of €1.20 each, representing a capital increase of €2,520, as part of the "AGA 2018-4" plan.

On 7 November 2019, the Company's Management Board recorded two capital increases:

- a first capital increase resulting from the exercise of the option given to shareholders, under Resolution

5 of the Ordinary and Extraordinary General Meeting of 24 September 2019, to be paid a dividend fully or partially in shares. The Management Board observed that 28,705 shares with a par value of €1.20 each, issued at a price of €24.72, were distributed as dividends, representing a capital increase of €34,446; and

- a second capital increase was recorded, resulting from the exercise of 500 stock options as part of the "SO 2017-01" plan, allocated by the Management Board on 12 September 2017 and approved by the Supervisory Board on 6 October 2017 in application of the power delegated by the General Meeting of 29 June 2017. The Management Board noted the issue of 500 shares at a par value of €1.20 each, increasing the share capital by €600.

Date	Operation type	Number of shares issued/cancelled	Capital	Share premium or contribution	Accumulated share capital	Accumulated number of shares	Par value
11 Oct. 19	Definitive vesting of AGA 2017	13,500	16,200	-	6,316,664.40	5,263,887	1.20
11 Oct. 19	Definitive vesting of AGA 2018	14.100	16.920	-	6,333,584.40	5,277,987	1.20
7 Nov. 19	Scrip dividend	28.705	34.446	-	6,368,030.40	5,306,692	1.20
7 Nov. 19	Exercise SO 2017 plan	500	600	-	6,368,630.40	5,307,192	1.20

Shareholding thresholds

On 1 July 2019, the Company acknowledged that the simplified joint-stock company Moneta Asset Management (36 Rue Marbeuf, 75008 Paris), acting on behalf of managed funds, had crossed a shareholding threshold. Moneta Asset Management reported that, on 28 June 2019, it held over 5% of the Company's share capital. On behalf of the funds managed by it, Moneta Asset Management then held 289,114 Focus Home Interactive shares which represented 5.51% of the capital and 4.13% of voting rights of the Company on the date of its declaration.

On 24 February 2020, the Company acknowledged that the company Amiral Gestion (103 Rue de Grenelle, 75007 Paris) had declared, on 20 February 2020, it held more than 5% of the voting rights in Focus Home Interactive.

As of 20 February 2020, Amiral Gestion held 391,304 shares giving it 5.46% of voting rights.

For the year ended 31 March 2020, the Company is not aware of any other crossing of shareholding thresholds pursuant to legal provisions or the articles of association.

After the close of the year, on 16 April 2020, the Company acknowledged that the company Keren Finance (178 Boulevard Haussmann, 75008 Paris) had crossed a threshold. Keren Finance's holdings had dropped, on 14 April 2020, below the 2% threshold of voting rights in the Company. On 16 April 2020, Keren Finance held 105,441 Focus Home Interactive shares (1.99% of capital) and 105,441 voting rights (1.49% of votes).

X. MISCELLANEOUS INFORMATION

1. Information on settlement periods for payables and receivables (excluding accrued expenses)

In thousands of euros		Due				
	Not due	1-30 days	31-60 days	61-90 days	>91 days	Total (>1 day)
A. Invoices in arrears						
PAYABLES' settlement periods						
Number of invoices concerned	116					170
Net total (incl. VAT) of invoices concerned	748	133	8	2	1,108	1,251
Percentage of year's purchases	1%	0%	0%	0%	1%	1%
RECEIVABLES' deadlines						
Number of invoices concerned	98					509
Net total (incl. VAT) of invoices concerned	4,393	254	9	8	56	326
Percentage of year's sales	3%	0%	0%	0%	0%	0%
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 2020, 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 Gatti Conseil represented by Bertrand Gatti
  68, Rue Albert Perdreaux 78140 Velizy-Villacoublay

Cabinet Gatti Conseil was appointed co-statutory auditor by the General Meeting of 9 June 2015 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 2021.

Alternate auditor:

- DABR Audit et Conseil
  4 Rue des Arts 91270 Vigneux sur Seine

DABR was appointed alternate auditor by the General Meeting of 9 June 2015 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 2021.

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

Paris 24 June 2020

On behalf of the Management Board

Jürgen Goeldner
Chairman of the Management Board

SUPERVISORY BOARD'S REPORT ON COMPANY GOVERNANCE

FOCUS HOME INTERACTIVE
Public limited company with Management Board and Supervisory Board
With share capital of €6,368,630.40
Parc de Flandre "Le Beauvaisis" - Bâtiment 28
11, Rue de Cambrai - 75019 Paris
RCS Paris B 399 856 277

SUPERVISORY BOARD'S REPORT ON COMPANY GOVERNANCE

Ladies and gentlemen. Dear shareholders,

In accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board has prepared a report on the governance of the company. This report comprises:

- 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, excluding agreements on current operations 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 Supervisory Board's observations on the management report prepared by the Management Board as well as the past year's financial statements.

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

The Company, as of 31 March 2020, was a public limited company governed by a Management Board and Supervisory Board.

Its corporate officers were:

Management 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
Jürgen Goeldner	Management Board chairman	Appointment date: 10 April 2018 End of term: 5 January 2023	Director Director	Hashplay, now Darvis Thoughtfish
John Bert	Management Board member and Chief Operations Officer	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
Luc Heninger	Management Board member	Appointment date: 1 January 2016 End of term: 31 December 2023	None	None
Thomas Barrau	Management Board member	Appointment date: 29 June 2018 End of term: 31 December 2023	None	None

Supervisory Board members

<table>
<tr><th rowspan="2">Member name</th><th rowspan="2">Position within the Company</th><th rowspan="2">Term of office in the Company</th><th colspan="2">Other offices currently held in other companies</th></tr>
<tr><th>Nature of office</th><th>Company</th></tr>
<tr><td>Denis Thébaud</td><td>Supervisory Board chairman</td><td>Appointment date:
06 January 2015
End of term:
AGM 2021 for annual accounts 2020/2021</td><td>CEO
Chairman
Chairman
Chairman
Chairman
CEO
Director
Director
Manager
Manager
Manager
Manager</td><td>Innelec Multimédia
Innelec Technology
Jeux Vidéo & Co
Numeric Pipe Line
Konix Interactive
Xandrie
AC6
IDM
Nabuboto
Innobat
Participation Financière de L'Erdre
MDA</td></tr>
<tr><td>Claire Wanctin-Mesureux</td><td>Supervisory Board member</td><td>Appointment date:
6 January 2015
End of term:
AGM 2021 for annual accounts 2020/2021</td><td>None</td><td>None</td></tr>
<tr><td>Christian Tellier</td><td>Supervisory Board member</td><td>Appointment date:
06 January 2015
End of term:
AGM 2021 for annual accounts 2020/2021</td><td>Director
Director</td><td>Innelec Multimédia
Xandrie</td></tr>
<tr><td>Georges Fornay</td><td>Supervisory Board member</td><td>Appointment date:
28 June 2016
End of term:
AGM 2022 for annual accounts 2021/2022</td><td>Director
Director
Manager
Manager
CEO
Director
Deputy Managing Director</td><td>Activitick
Keywords Studios
Fornay Invest
Fornay Entreprise Individuelle
Forgisa
SnowEmotion
Xandrie</td></tr>
</table>

The Group announced when presenting the H1 results to investors on 21 January 2020, and the market, the departure of Deborah Bellangé, vice-chair of the Management Board and chief financial officer, effective from 1 February 2020. On 24 June 2020, Jean-François Busnel was officially appointed CFO and a member of the Management Board, commencing 1 July 2020.

Other offices previously exercised outside the Group during the last five years:

Management Board members	Nature of office	Company
Jürgen Goeldner	Director Director Director Director	Freezetag Fuelpowered Studio 0I Lightbulb Crew
John Bert	None	None
Luc Heninger	None	None
Thomas Barrau	None	None

Supervisory Board members	Nature of office	Company
Denis Thébaud	Chairman	Innelec Services
Claire Wanctin-Mesureux	Co-Manager	CSA Consultants
Christian Tellier	None	None
Georges Fornay	None	None

II. RELATED-PARTY AGREEMENTS

Related-party agreements approved in previous years and still effective during the year ended 31 March 2020.

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

1. Agreement with Innelec Multimédia,
a shareholder of Focus Home Interactive and in which Denis Thébaud (Chairman of the Supervisory Board) is the majority shareholder. The latter is also the majority shareholder in Focus Home Interactive through the non-trading company Nabuboto in which he holds 99.99% of shares.

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 2019/2020:

- Publicity expenses as part of our commercial agreements: €0
- Sale of finished products: €373k

This contract was renewed because Focus Home Interactive continues to distribute games in France, a market in which Innelec Multimédia operates.

2. Agreement with Cédric Lagarrigue, former chairman of the Company's Management Board:

Signature date: 10/04/2018

Type: Settlement agreement

Conditions: The Company signed a settlement agreement with Cédric Lagarrigue.
The agreement, approved by the Supervisory Board on 10 April 2018, provides for, to the exclusion of any other financial obligation:

- the payment of a lump sum of €1,350,000, as a final settlement,
- the lifting of the presence condition applying to 9,000 free shares allotted to Mr Lagarrigue by the Company on 21 July 2017,
- the compliance with the non-compete clause in return for remuneration over 12 months as set out in his employment contract.

Amount recorded for the year ended 31 March 2020: €7k.

3. Related-party agreements entered into during the year ended 31 March 2020

Agreement with Deborah Bellangé, a member of the company's Management Board until 31 January 2020:

Signature date: 10/12/2019

Type: Addendum to Ms Bellangé's employment contract

Conditions: The Company and Ms Bellangé signed an addendum to her employment contract. The addendum, which the Supervisory Board authorised after the fact on 12 December 2019 due to an omission, extended the territorial remit of the non-compete clause in Ms Bellangé's employment contract. The addendum modified the financial compensation for this clause from 33% to 50% of her monthly average salary over the 12 months prior to any termination of the employment contract.

Agreement with Deborah Bellangé, Management Board member until 31 January 2020:

Signature date: 17 December 2019

Type: Agreement on employment termination

Conditions: The Company signed an agreement on the termination of Ms Bellangé's employment. This agreement, approved by the Supervisory Board on 12 December 2019, terminated the employment contract between Deborah Bellangé and the Company with effect from 31 January 2020 and provided for, to the exclusion of any other financial obligation:

- the payment of compensation for contractual termination,
- the lifting of the presence condition applying to 3,000 shares allocated to Ms Bellangé by the Company on 11 October 2018, and
- the compliance with the non-compete clause in return for remuneration over 12 months as set out in her employment contract.

Amount recorded for the year ended 31 March 2020: €176k.

4. Agreements signed after close of the year ended 31 March 2020.

No new related-party agreements have been signed since 31 March 2020.

III. SUMMARY OF THE CURRENT POWERS DELEGATED BY THE GENERAL MEETING OF SHAREHOLDERS IN RELATION TO CAPITAL INCREASES

The table below shows the different financial powers delegated to the Management Board by the Ordinary and Extraordinary General Meeting of 24 September 2019:

Resolution approved by the GM of 24 September 2019, Resolution 7	Duration of delegated power	Limit	Exercised as of 31 March 2020
Stock buyback programme	18 months	10% of capital per 24-month period €65/share	151,759 shares
Resolution approved by the GM of 24 September 2019, Resolution 8	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Issue of shares and/or transferable securities giving immediate or future equity, with retention of right of first refusal	26 months	650,000 shares or €14,000,000 in bonds	None
Resolution approved by the GM of 24 September 2019, Resolution 9	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Issue of shares and/or transferable securities giving immediate or future equity, with cancellation of right of first refusal	26 months	650,000 shares or €14,000,000 in bonds	None
Resolution approved by the GM of 24 September 2019, Resolution 10	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Issue of shares and/or transferable securities giving immediate or future equity, by private placement	26 months	20% of capital 650,000 shares or €14,000,000 in bonds	None
Resolution approved by the GM of 24 September 2019, Resolution 11	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Issue of shares and/or transferable securities giving immediate or future equity, with cancellation of right of first refusal, to certain categories of beneficiaries	18 months	650,000 shares or €14,000,000 in bonds	None
Resolution approved by the GM of 24 September 2019, Resolution 12	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Increase number of securities issued in event of exercising delegated powers under resolutions 9-12 to cover any over-allotments	30 days after issue	Up to the overall limit	None
Resolution approved by the GM of 24 September 2019, Resolution 13	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Free allotment of new or existing shares to employees and directors of the Company	26 months	150,000 shares	None
Resolution approved by the GM of 24 September 2019, Resolution 14	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
New or existing Company stock options to employees and directors of the Company	38 months	25,000 shares	None
Resolution approved by the GM of 24 September 2019, Resolution 16	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Establishment of overall limit of shares that may be issued in the exercise of resolutions 8-12 of the General Meeting of 24 September 2019		650,000 shares	None
Resolution approved by the GM of 24 September 2019, Resolution 17	**Duration of delegated power**	**Limit**	**Exercised as of 31 March 2020**
Capital reduction by cancellation of shares	18 months	10% of capital per 24-month period	None

IV. SUPERVISORY BOARD'S OBSERVATIONS ON THE MANAGEMENT REPORT PREPARED BY THE MANAGEMENT BOARD AND ON THE YEAR'S FINANCIAL STATEMENTS

Ladies and gentlemen,

Under Article L. 225-68 of the French Commercial Code, the Supervisory Board must present to the Annual General Meeting its observations on the annual accounts drawn up by the Management Board as well as its management report.

The Management Board submitted to the Supervisory Board the Company's financial statements, the consolidated financial statements and the Management Board's report within the time prescribed by legal and regulatory provisions.

We examined the accounts submitted and discussed them with the external auditor.

The Company's financial statements for the year ended 31 March 2020 present the following principal entries:

- Assets: €90.7M (vs €74.9M on 31/03/2019)
- Revenue: €138M (vs €121M on 31/03/2019)
- Profit for the year: €12.1M (vs €7.6M on 31/03/2019)

The consolidated financial statements for the year ended 31 March 2020 present the following principal entries:

- Assets: €89.9M (vs €71.2M on 31/03/2019)
- Revenue: €143M (vs €126M on 31/03/2019)
- Profit for the year: €13M (vs €8M on 31/03/2019)

Having checked and examined the Company's financial statements, the consolidated financial statements and the Management Board's report, we have no particular observation to make with regard to these documents.

Furthermore, the Supervisory Board is in compliance with the rules of good governance under its internal regulation dated 22 March 2016, which stipulates that one-third of the Board must be composed of independent members, within the meaning of Article 9-4 of the Corporate Governance for Listed Companies Code (AFEP-MEDEF Code, revised November 2015), and now Article 8.3 of the AFEP-MEDEF Code in its November 2016 version, excluding the criteria on the term of office.

The year ended 31 March 2020 showed an acceleration in strategy execution:

- Agreements with old and new studios of several highly promising games which have successfully passed our Greenlight process,
- Negotiations for IP (intellectual property) sharing on a certain number of games to strengthen our position in the long term,
- Signing of short- and medium-term lines of credit for a total of €46 million to fund possible acquisitions and growth opportunities,
- Bolstering of company talent and resources,
- Multiplication of international contacts to attract international investors.

The results obtained convey the relevance of our strategy and the quality of the work put in by all teams under the guidance of the Chairman of the Management Board, Jürgen Goeldner, and the other members of the Management Board, John Bert, Luc Heninger and Thomas Barrau.

We leave you now to allow you to consider how to vote on the resolutions that will be put to you.

Paris, 24 June 2020,

Supervisory Board
Denis Thébaud, Chairman of the Supervisory Board

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2020

To the Shareholders' Meeting of Focus Home Interactive

Opinion

In compliance with the engagement entrusted to us by the annual general meeting, we have audited the accompanying consolidated financial statements of Focus Home Interactive for the year ended March 31, 2020. These financial statements were approved by the Management Board on June 24, 2020 on the basis of the information available at that date in the evolving context of the COVID-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of March 31, 2020 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1, 2019 to the issue date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (Code de déontologie) for statutory auditors.

Justification of our assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you that, in our professional judgment, the most significant assessments performed by us focused on the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific verifications

As required by law and regulations, we have also verified, in accordance with professional standards applicable in France, the information pertaining to the Group presented in the Management Board's management report approved on June 24, 2020. With regard to the events which occurred and the facts known after the date of approval of the financial statements relating to the impact of the COVID-19 crisis, management indicated to us that they will be communicated to the Shareholders' Meeting called to adopt the financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory 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 modify the opinion expressed therein;
- 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.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory 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.

Vélizy-Villacoublay and Paris-La Défense, July 30, 2020

The Statutory Auditors

Gatti Conseil	**Deloitte & Associés**
Bertrand Gatti	Julien Razungles

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

[In thousands of euros]

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/03/2020			31/03/2019	Variation
		Gross	D&A	Net	Net	
Goodwill		51	(51)	0	0	0
Intangible assets	3.1	1,438	(1,424)	14	32	(19)
Property, plant & equipment	3.2	1,503	(842)	661	492	169
Financial assets	3.3	311	(1)	310	337	(27)
Total Non-Current Assets		**3,303**	**(2,318)**	**985**	**862**	**123**
Inventory and works in progress	3.4	960	(375)	585	1,041	(456)
Trade receivables	3.5	14,554	(20)	14,534	8,501	6,033
Other receivables, accruals and deferrals	3.6	54,083		54,083	40,822	13,261
Marketable securities	3.7	0		0	0	0
Cash and cash equivalents	3.7	19,639		19,639	20,001	(363)
Total Assets		**92,539**	**(2,713)**	**89,826**	**71,227**	**18,599**

	Note	31/03/2020	31/03/2019	Variation
Share capital		6,369	6,300	68
Share premium		22,311	21,625	685
Reserves		12,955	8,652	4,303
Profit(loss) for the year		13,040	7,974	5,067
Total Equity	**3.8**	**54,675**	**44,552**	**10,123**
Provisions	3.10	646	425	221
Borrowings and financial debt	3.11	1,661	1,183	479
Trade payables	3.12	21,595	14,568	7,027
Other payables, accruals and deferrals	3.13	11,248	10,499	749
Total Liabilities		**89,826**	**71,227**	**18,599**

II. CONSOLIDATED INCOME STATEMENT

	Note	31/03/2020		31/03/2019		Variation
Revenue	3.14	142,791	100%	125,982	100%	16,810
Cost of goods sold	3.15	(98,759)		(89,353)		(9,406)
Gross profit		**44,033**	**31%**	**36,629**	**29%**	**7,404**
Production costs	3.16	(5,427)		(4,590)		(837)
Sales and marketing expenses	3.17	(12,980)		(13,553)		573
General and administration expenses	3.18	(6,549)		(4,718)		(1,831)
Other operating income (expenses)		134		317		(183)
Income from operations		**19,211**	**13%**	**14,085**	**11%**	**5,126**
Financial result	**3.21**	**(116)**	**0%**	**(104)**	**-0%**	**(11)**
Recurring income of consolidated companies		**19,095**	**13%**	**13,981**	**11%**	**5,115**
Extraordinary result	**3.22**	**(40)**		**(2,035)**		**1,995**
Income tax	3.24	(6,015)		(3,972)		(2,043)
Net income before amortisation of goodwill		**13,040**	**9%**	**7,974**	**6%**	**5,067**
Consolidated net income		**13,040**	**9%**	**7,974**	**6%**	**5,067**
Net income (attributable to the group)		**13,040**	**9%**	**7,974**	**6%**	**5,067**
Earnings per share	3.23	2.46		1.54		
Diluted earnings per share	3.23	2.43		1.51		

III. STATEMENT OF CHANGES IN EQUITY

	Capital	Share premium	Consolidated reserves	Income	Equity attributable to group	Non-controlling interest	Equity
Equity as of 31/03/18	**6,273**	**21,568**	**8,892**	**6,451**	**43,184**	**0**	**43,185**
Allocation to reserves			6,451	(6,451)	0		0
Dividends distributed			(2,979)		(2,979)		(2,979)
Income for the year				7,974	7,974		7,974
Capital increase	28	57	(24)		61		61
Other transactions			(3,875)		(3,875)		(3,875)
FX translation reserve			186		186		186
Equity as of 31/03/2019	**6,300**	**21,625**	**8,652**	**7,974**	**44,552**	**0**	**44,552**
Equity as of 31/03/2019	**6,300**	**21,625**	**8,652**	**7,974**	**44,552**	**0**	**44,552**
Allocation to reserves			7,974	(7,974)	0		0
Dividends distributed			(3,471)		(3,471)		(3,471)
Profit(loss) for the year				13,040	13,040		13,040
Capital increase	68	685	(33)		720		720
Other transactions			(191)		(191)		(191)
FX translation reserve			24		24		24
Equity as of 31/03/2020	**6,369**	**22,311**	**12,955**	**13,040**	**54,675**	**0**	**54,675**

Capital increases included:

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

"Other transactions" related to the cancellation of treasury stock held as part of the liquidity contract and stock buyback programme, and the residual amount of dividends from the difference between the dividends voted on and those finally paid out.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31/03/2020	31/03/2019
Net income of integrated companies		**13,040**	**7,974**
- Net change in D&A and provisions (1)		426	210
- Change in deferred taxes	3.6	220	(28)
- Gains (losses) from disposals		0	16
Cash flow before working capital changes		**13,687**	**8,171**
- Change in working capital		(11,313)	9,699
Of which change in inventory	3.4	456	(322)
Of which change in receivables	3.5 / 3.6	(19,597)	1,030
Of which change in payables	3.12 / 3.13	7,827	8,992
Net cash provided by (used in) operating activities		**2,374**	**17,871**
Purchases of property, plant, equipment and intangible assets	3.1 / 3.2	(264)	(197)
Other purchases net of disposed financial assets	3.3	27	(36)
Net cash provided by (used in) investing activities		**(238)**	**(234)**
Dividends paid (2)		(2,762)	(2,979)
Capital increase	3. 8	11	57
Issuance of debt	3.11	1,000	0
Retirement of debt	3.11	(521)	(664)
Liquidity contracts		(191)	(3,871)
Net cash provided by (used in) financing activities		**(2,463)**	**(7,458)**
Effect of exchange rate changes		(37)	186
Increase (decrease) in cash and cash equivalents		**(363)**	**10,366**
Cash and cash equivalents at beginning of year (3)		20,001	9,636
Cash and cash equivalents at end of year (3)		19,639	20,001
Increase (decrease) in cash and cash equivalents		**(363)**	**10,366**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

A. PRESENTATION OF THE GROUP

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

The Group became a public limited company on 6 January 2015, converting from its previous form as a simplified joint-stock company. 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).

B. BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Focus Home Interactive Group have been prepared according to the regulations in force in France. The rules and methods applied are compliant with the provisions of Regulation 99-02 of the Accounting Regulation Committee (Comité de la réglementation comptable) and those of its successor, the Accounting Standards Authority (Authorité des normes comptables).

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. Material events of the year

For the year ended 31 March 2020, Focus Home Interactive recorded a 13% increase in its revenue, reaching €142.8M compared with the €126M over the previous twelve-month period.

This revenue for 2019/2020 was largely supported by the success of "World War Z", "A Plague Tale", "Greedfall" as well as an excellent performance in back catalogue sales that represented 40% of the top line.

With regard to operational profitability, the gross profit came to €44M, a growth of 20% compared with the previous year's gross profit of €36.6M. The gross margin for the year was 31% compared with 29% the year before. Income from operations rose approximately 36% to €19M. It had been €14.1M for the year ended 31 March 2019.

Taking into account a financial loss of €116k€, an extraordinary loss of €40k and a tax charge of €6M, the net income for the year was €13M compared with the previous year's profit of €8M.

Company assets rose from €71.2M on 31 March 2019 to €89.8M on 31 March 2020. Meanwhile, equity grew from €44.6M on 31 March 2019 to €54.7M on 31 March 2020.

Net intangible assets saw a decrease of €19k since the year ended 31 March 2019, while net property, plant & equipment increased €169k over the same period.

The Group held a net cash position of €18M on 31 March 2020.

Loan contract signed

As part of its development and acquisition strategy, Focus Home Interactive received a total of €46 million in financing from five bank institutes and BPIfrance Financement in early February 2020. This financing comprises firstly several lines of credit (up to €23.5M) and a revolving credit line (up to €15M), which were formalised by loan agreements, and secondly two lines of credit (up to €7.5M) with BPIfrance Financement.

This financing has been entered into under attractive terms, and the lenders' commitment over several years (maturity in seven years) confirms the quality of the Group's credit rating. The loans are subject to maintaining a financial ratio that is described in the off-balance-sheet commitments section of the notes to the financial statements.

Legal issues

In the first quarter of 2019/20, the European Commission issued a statement of objection as part of its investigation into the agreements entered into between Valve Corporation, owner of the video game distribution platform Steam, and five PC video game publishers including Focus.

As a reminder, a statement of objection informs the recipient of a possible breach of EU rules and allows the recipient to comment on the observations. Such a statement of objections does not prejudge the outcome of the investigation. As described in paragraph 1.5.12. "Legal proceedings and arbitration" of the Management Board's report, the Group has continued to cooperate with the Commission and maintained open discussion.

On 6 August 2019, the Group confirmed its securities were eligible for the French SME shares saving scheme (PEA-PME).

On 21 January 2020 when presenting the H1 results to investors and the market, the Group announced that Deborah Bellangé, vice-chair of the Management Board and CFO, would be leaving effective 1 February 2020.

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 12 March 2020 to implement a stock buyback programme based on Resolution Seven of the Ordinary and Extraordinary General Meeting of 24 September 2019. On the basis of the authorisation, the board entrusted the buyback of the Company's shares to an investment services provider. This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 23 March 2021. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme. For sake of clarity, this decision does not affect the execution of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2020, Focus Home Interactive had bought back 151,759 of its shares under its buyback programmes (including 13,102 shares purchased under the 12 March 2020 programme). A year ago, the number of shares bought back was 138,657.

Operations

On 10-11 April 2019, Focus Home Interactive organised its annual What's Next event in the heart of Paris. Over 120 media outlets from around the world, 15 studios and 150 sales partners of Focus were welcomed over two days for the unveiling of some games from Focus' 2019 catalogue. Playable demos, exclusive presentations of games by developers and interview were all on the programme.

Following the announcement of the Group's strategy, visitors were shown a new space displaying 12 partnerships for the coming years.

Other notable announcements by the Group were:

- the bolstering of its partnership with Games Workshop with the order of several new titles. Focus and Games Workshop will collaborate with the developers Saber Interactive, Gasket Games and Streum On Studio on games of various genres and based on recognised franchises.
- the renewal of its partnership with the studio DONTNOD Entertainment, a major figure in the video game world. Vampyr, the first fruit from this collaboration, had conquered the minds of the press and gamers from around the world.
- several new collaborations with the teams of Saber (the studio behind Halo The Master Chief Collection, NBA 2K Playgrounds Series, Quake Champions, etc.), which will develop new ambitious projects, as well as the porting of flagship licences of the Focus catalogue onto the Nintendo Switch and mobiles.
- a new partnership with the studio Sumo Digital, one of the largest independent development studios based in the United Kingdom. Sumo Digital has a long experience as a developer and has worked with some of the biggest names in the industry, such as Sony, Microsoft and Sega. The first result of this collaboration will offer an uncompromising multiplayer gaming experience set in a world as bleak as it is violent. It will be developed by Sumo Newcastle, the team that brought us EVE: Valkyrie.

April 2019 witnessed the successful release of "World War Z" developed with the studio Saber and based on the Paramount film by the same name. From its launch, the game topped the best-seller lists throughout the world and by 21 May had sold over two million copies.

That May, the Group also had success with the launch of ***A Plague Tale: Innocence***, an exceptional game developed by Asobo Studio. It captivated players across the globe, receiving 97% favourable reviews from the users of Steam, the largest PC game download platform in the world.

A Plague Tale was also a huge commercial success, selling over one million copies. Critical recognition came with its cache of six awards at the Pegasus Video Game Awards in Paris, March 2020, including Best Game of the Year.

During September 2019, ***GreedFall*** from the studio Spiders garnered great commercial success, enthralling the trade press and players from all around the world.

New lease signed

The Group entered into a lease on 2 March 2020 for the extension of the premises located at 11 Rue de Cambrai, Parc Pont de Flandre,75019 Paris.

1.2. Events after 31 March 2020

COVID-19

The coronavirus outbreak in the first three months of 2020 led to a global health crisis and exposed the Group to the risk of a slowdown in its businesses.

The Group immediately enacted the measures necessary to ensure the safety of its employees and commercial partners. During this extended period of uncertainty, the Group has sought to support employees and partners by rolling out technical and organisational solutions for working from home. Focus Home Interactive and its partner studios have taken all necessary measures to adapt to the circumstances and ensure the continuity of their activities.

Nevertheless, the restrictive measures for controlling the epidemic have had a negative effect on the physical distribution of the Group's products, which is a reason for caution. The digital strategy implemented by Focus Home Interactive has, however, enabled a speedy reallocation of resources to bolster sales.

Projects and development works are continuing with our partners. The launch schedules for certain games have been pushed back without affecting the business outlook for the year 2020-21.

Game releases

Snowrunner, a game developed with Saber, was released in April 2020 in the midst of a deteriorating retail context caused by the coronavirus pandemic. Despite this, the game proved be a great success due to spectacular digital sales. By June 2020, it had sold one million units, a portent of greater success to its prequel "Mudrunner".

External growth

On 23 June 2020, the Group signed a share purchase agreement for 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck13"). Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition cost a total of €7.1 million (i.e. €6.5 million in cash from the new bank financing and €600k in the Company's treasury stock) coupled with a long-term incentive plan for the Deck13 directors through the allotment of free shares.

This acquisition forms part of the Group's EEE strategy and enables Focus Home Interactive to hold full control over the intellectual property of the games developed. Elsewhere, Focus Home Interactive acquired a publishing service for the development of independent games, which will assist the Group in exploring new opportunities.

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 an impact on the disclosure 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. However, these could prove to differ from reality as time passes.

1.4. Non-current assets

Non-current assets are recorded at their purchase price, including any ancillary costs directly attributable to them.

Advances paid to games studios as part of the purchase of publication and distribution rights over the games and other investments in the games from which the

Group does not acquire the intellectual property, are not accounted for as non-current assets; they are instead recorded under "Other receivables" (see note 1.8 below). Only investments in games where, as an exception to the general rule, the intellectual property is vested in the Group are recorded as intangible assets.

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.

1.5. 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, at the close of the accounts, been invested in Company shares.

1.6. Inventory

Inventory is valued under the weighted average cost method.

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

A provision for depreciation is recorded, 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 Home Interactive and are recorded under inventory until sold by the distributor.

1.7. Trade receivables

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

1.8. Other receivables

Other receivables are composed mostly of advances paid to development studios as part of the contractual acquisition of publication and distribution rights. These contracts can include minimum royalty guarantees and/or advance payment of royalties depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

On the release of a game, the total guaranteed amount (pre-paid or otherwise) is spread out as an expense over the estimated lifespan of the game (between 12 and 24 months) or according to how quickly the actual generated royalties cover the guaranteed amount. This expense spreading can be amended to better take into account the first observable sales trends and the rate of consumption of the game's expected economic benefits.

Royalties consumed are then recorded in the income statement under "Cost of goods sold". Once the advance royalties have been fully amortised, a provision for accrued expenses is established.

1.9. Currency operations

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

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

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

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

As of 31 March 2020, the Group held outstanding hedge contracts for the purchase commitments of GBP 1.12M (no USD commitments). The guaranteed prices of the different contracts were from £0.9235 to £0.9250 sterling for €1.

1.10. Provision for liabilities

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 of liabilities is also established where it is probable there will be a loss on completion of a yet-to-be released game. This is assessed considering the sales forecasts and the costs related to the game.

1.11. 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).

The retirement commitments as of 31 March 2020 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 1.35%;
- 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 the Group.

1.12. Deferred income

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

1.13. 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 the net of discounts, rebates and commissions granted to the distributors.

1.14. Cost of goods sold

The cost of goods sold comprises the following external costs:

- royalties owed to game development studios for each video game, including:

- the amortisation of the advances contractually scheduled and paid to the studios before or after the games' releases. Refer to note 1.8 for information on the amortisation of these advances, and
- additional royalties representing a percentage of a game's profits, once advances and production costs are recouped.

- the production cost of goods sold, including manufacturing fees paid to console manufacturers,
- royalties to third parties with title to the licence and not the development studio,
- provisions on inventory,
- transportation costs,
- provisions on risks of returned merchandise from customers and losses on game completion (see. 1.10).

1.15. 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).

1.16. 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 and any provisions for doubtful receivables.

1.17. 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.

1.18. Other operating income and expenses

This entry includes in particular:

- income and expenses relating to promotional exchanges,
- costs relating to cancelled games: the Group may invest in the rough drafts or early production of games. If management believes 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.

1.19. Financial result

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

1.20. Extraordinary result

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

1.21. 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 Home Interactive has no subsidiary or significant stake in a company except for its US subsidiary that was created in September 2013.

Company	Registered office	Siret no.	Control	Stake	Method*
Focus Home Interactive USA LLC	1617 JFK Blvd Suite 555 Philadelphia, PA 19103 USA	N/A	100%	100%	FULL

**Full consolidation*

2.2. Method of consolidation

The American subsidiary is consolidated under the full consolidation method insofar as Focus Home Interactive France alone exercises control over this subsidiary. The consolidation is conducted directly by the parent company.

2.3. Entry into scope

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

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

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

There was no change in the scope of consolidation during the period in question.

2.4. Accounting standardisation

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

2.5. Intra-group transactions

All reciprocal transactions conducted between the companies incorporated within the Group are eliminated.
The internal results on the disposal of assets between Group companies are eliminated.

2.6. Translation of foreign companies' financial statements

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

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

2.7. Leases

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

2.8. Deferred taxes

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

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

2.9. Closing date of accounts

The parent company, like its American subsidiary, closes its annual accounts on 31 March.

2.10. Comparison of accounts

The two financial years each last 12 months.

3. Explanation of items recognised in the statement of financial position, income statement and their variations

3.1. Intangible assets

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

Concessions, patents, licences and software also consist of amounts paid to studios for games developed or currently in developed and for which the Group holds the intellectual property rights.

	31/03/2019	Acquisitions	Disposals	31/03/2020
Concessions, patents, licences, software	1,438	0	0	1,438
Other intangible assets	0	0		0
GROSS INTANGIBLE ASSETS	**1,438**	**0**	**0**	**1,438**
Amort. on patents, licences, trademarks, software	(1,405)	(19)	0	(1,424)
Amort. on other intangible assets	0			0
AMORT. ON INTANGIBLE ASSETS	**(1,405)**	**(19)**	**0**	**(1,424)**
NET INTANGIBLE ASSETS	**32**	**(19)**	**0**	**14**

3.2. Property, plant & equipment

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

	31/03/2019	Acquisitions	Disposals	31/03/2020
Buildings and improvements	189	1	0	190
Other property, plant & equipment	958	354	0	1,313
PROPERTY, PLANT & EQUIPMENT	**1,147**	**356**	**0**	**1,503**
Deprec. on buildings and improvements	(98)	(33)	0	(131)
Deprec. on other property, plant & equipment	(558)	(154)	0	(712)
DEPREC. ON PROPERTY, PLANT & EQUIPMENT	**(655)**	**(187)**	**0**	**(842)**
NET PROPERTY, PLANT & EQUIPMENT	**492**	**169**	**0**	**661**

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

3.3. Financial assets

	31/03/2019	Acquisitions	Disposals	31/03/2020
Securities of unconsolidated companies	1	0	0	1
Security deposits	233	4	(39)	198
Liquidity account - Gilbert Dupont	104	0	9	112
Other financial assets	0	0	0	0
GROSS VALUE OF FINANCIAL ASSETS	**338**	**4**	**(30)**	**311**
Impairment on unconsolidated securities	(1)	0	0	(1)
NET VALUE OF FINANCIAL ASSETS	**337**	**4**	**(30)**	**310**

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

3.4. Inventory

	31/03/2020			31/03/2019
	Gross	Provision	Net	Net
Merchandise	758	(332)	425	835
Finished products	203	(43)	159	206
INVENTORY TOTAL	**960**	**(375)**	**585**	**1,041**

At the close of the year, the Group writes back all depreciation recorded at the previous close and calculates a new depreciation entry. As of 31 March 2020, an addition of €375k and a write-back of €356k were recognised, resulting in a deduction of €19k on the income from operations.

3.5. Trade receivables

	31/03/2020			31/03/2019
	Gross	Provision	Net	Net
Trade receivables	14,554	(20)	14,534	8,501
TRADE RECEIVABLES	**14,554**	**(20)**	**14,534**	**8,501**

Trade receivables are payments owed within one year.

No provision for bad debts on trade receivables was recorded over the most recent year, whereas there was a provision of €25k for the previous year.

A write-back of €5k from this provision was recorded on 31 March 2020.

3.6. Other receivables, accruals and deferrals

	31/03/2020			31/03/2019
	Gross	Provision	Net	Net
Advances and prepayments made	48,200	-	48,200	35,197
Supplier debts	-	-	-	566
Tax and employee-related receivables	3,777	-	3,777	2,178
Deferred tax assets	74	-	74	406
Deferred expenses	2,021	-	2,021	2,369
Currency hedge instruments	0	-	0	84
FX translation asset	11	-	11	21
TOTAL OTHER RECEIVABLES	**54,083**	**0**	**54,083**	**40,822**

Advances and prepayments made

Advances and prepayments made are primarily advances paid to game development studios as part of the purchase of publication and distribution rights. The balance of such advances was €48M on 31 March 2020 and €35.2M on 31 March 2019.

These advances mature (are recognised on the income statement) as described below having due regard to the known release dates of the games at the close of the accounts.

Status of advances on games and impact on income	31/03/2020
Advances paid on games	48,024
Of which impact on income within one year	*24,883*
Of which impact on income from 1 to 5 years	*23,141*
Of which impact on income after 5 years	-

The amount of advances paid to development studios during 2019/20 was €35.3M and was €25.6M in 2018/19.

Deferred tax assets

Deferred taxes are broken down as follows:

	31/03/2019	Variation	31/03/2020
Temporary differences	295	(220)	74
Deferred taxes	**295**	**(220)**	**74**

Other receivables

Other receivables are due within one year.

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

Deferred expenses by type are broken down as follows:

	31/03/2020	31/03/2019
Subscriptions and rental	51	49
Contributions and other costs	139	55
Unreleased games	1,831	2,265
DEFERRED EXPENSES	**2,021**	**2,369**

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.

3.7. Cash and cash equivalents

	31/03/2020	31/03/2019
Transferable securities	0	0
Cash and cash equivalents	19,639	20,001
Gross cash	**19,639**	**20,001**
Bank overdraft	0	0
Net cash	19,639	20,001
Unrealised gains/losses on financial instruments	0	0
Cash including unrealised gains/losses on financial instruments	**19,639**	**20,001**

The Group did not hold any transferable securities as of 31 March 2020.

3.8. Consolidated equity

As of 31 March 2020, Focus Home Interactive Group's share capital comprised 5,307,192 fully paid-up ordinary shares at a par value of €1.20 each.

Breakdown of share capital

	Number	Par value
Start of year	5,250,387	1.20
Shares issued during year	56,805	1.20
End of year	5,307,192	1.20

Treasury stock

Treasury stock held on 31 March 2020 was worth €3.9M, of which €3.7M was under the stock buyback programme and €200k under the liquidity programme implemented by the Group.

3.9. Potential capital – Dilutive instruments

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

a) Allotment of free shares (AGA)

	Allotment of free shares		
Date authorised	06/10/2017	11/10/2018	26/06/2019
Date vested	06/10/2019	1/3 until 2022	Variable until 2023
End of holding period	06/10/2020	Until 2023	Until 2024
Number allocated	**14,450**	**48,600**	**5,600**
Number cancelled	950	3,000	-
Number still under vesting period on 31/03/2020	**-**	**31,500**	**5,600**
Number still under holding period on 31/03/2020	**13,500**	**14,100**	**-**

These were the only plans in force on 31 March 2020.

b) Stock options

	Stock options		
Date authorised	06/01/2015	06/10/2017	26/06/2019
Exercise deadline	**06/01/2020**	**06/10/2022**	**26/06/2024**
Exercise price	9.10	21.30	18.50
Number authorised	200,000	25,000	25,000
Number allocated	**198,750**	**7,450**	**15,750**
Number cancelled	5,000	500	
Number exercised	193,750	500	-
Outstanding number on 31/03/2020	**-**	**6,450**	**15,750**

These were the only plans in force on 31 March 2020.

c) Warrants (BSA)

In 2015, the Group issued 5,000 warrants as part of the BSA 2015 plan allocated on 06/01/2015 (open for a 10-year period at a price of €9.10).

This was the only plan in force on 31 March 2020.

3.10. Provisions for liabilities and charges

	31/03/2019	Additions	Reversals	31/03/2020
Provision for liabilities	207	382	(158)	432
Provision for retirement benefits	218	0	(3)	215
PROVISIONS FOR LIABILITIES AND CHARGES	**425**	**382**	**(161)**	**646**

The provision for liabilities essentially represents the provision for customer returns and the provision for charges relates to employee-related expenses on the allotment of free shares.

3.11. Borrowings and financial debt

	31/03/2019	New borrowings	Reimbursements	31/03/2020
Bank loans (excl. overdrafts)	1,183	1,000	(521)	1,661
- of which due under one year	542	1,000		1,261
- Of which due between 1 and 5 years	641			401
- Of which due after 5 years	0			0
Bank overdraft	0			0
Financial debt	**1,183**	**1,000**	**(521)**	**1,661**
Cash and cash equivalents*	20,001			19,639
NET DEBT	**(18,819)**	**1,000**	**(521)**	**(17,977)**

(*) excluding cash instruments

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

This is a fixed-rate loan issued in euros and its conditions are stated below:

Bank	Nominal amount	Nominal rate	Term and repayment conditions	Date of borrowing	Balance on 31/03/2019	Balance on 31/03/2020
OSEO 2 loan	€550k	2.37% fixed	7 years with 1st capital repayment deferred to 1 August 2014 (20 quarterly payments)	July 2012	83	-
Banque Palatine	€750k	2.5% fixed	5 years with 1st quarter repayment postponed to Nov. 2014 (then 20 quarterly payments)	August 2014	79	-
HSBC	€750k	2.04% fixed	5 years with 1st capital repayment deferred to 1 January 2015 (20 quarterly payments)	August 2014	117	-
BPI	€1.2M	2.39% fixed	5 years, 20 quarterly payment, no deferral	October 2017	900	660

As of 31 March 2020, the Group had drawn down €1M on the new €15M revolving line of credit (signed 6 February 2020).

3.12. Trade payables

Trade payables are broken down as follows:

	31/03/2020	31/03/2019
Trade payables	2,000	1,705
Accrued expenses	1,577	1,148
Accrued expenses - studios	18,019	11,716
TOTAL TRADE PAYABLES	**21,595**	**14,568**

As of 31 March 2020, accrued expenses from studios only concerned invoices still to be received for the additional royalties owed according to the sale reports sent to the studios in the 45 days following the closing of accounts.

3.13. Other payables

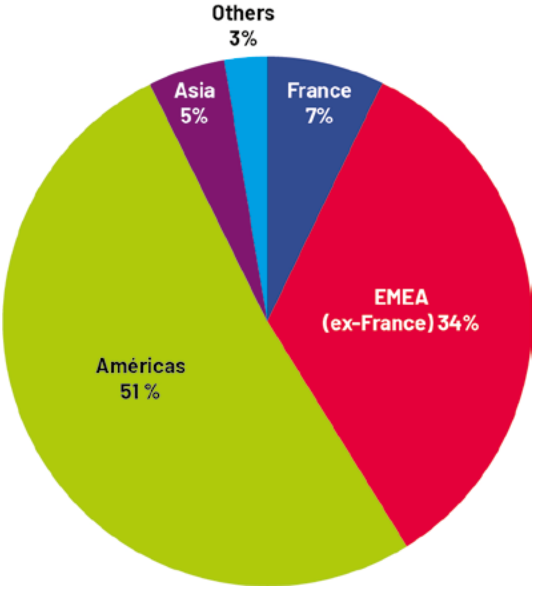
	31/03/2020	31/03/2019
Tax and employee-related payables	6,296	5,334
Deferred tax liabilities	0	111
Other payables (including advances and prepayments received)	4,365	3,230
Deferred income	429	1,703
FX translation liability	158	122
TOTAL OTHER PAYABLES	**11,248**	**10,499**
Of which due within one year	*11,248*	*10,499*

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

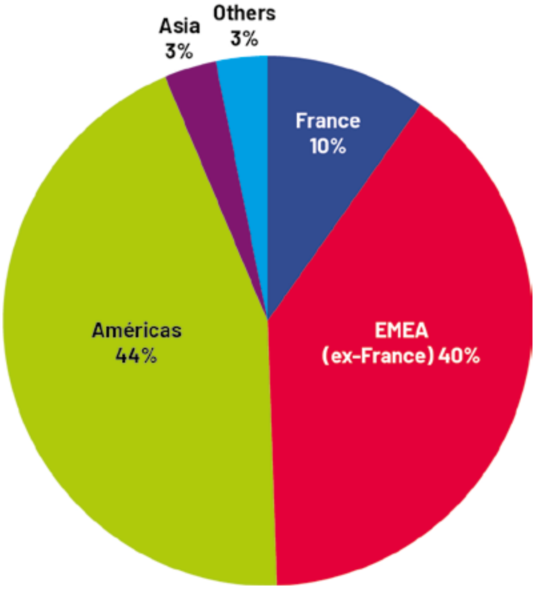
3.14. Breakdown of revenue

A. Sales by geographic regions

2019/20



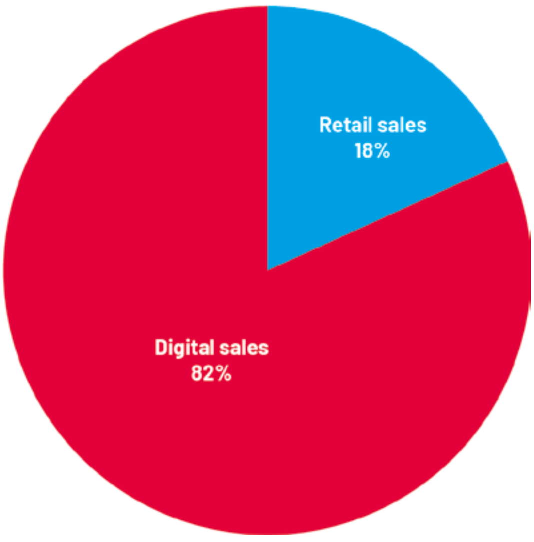
2018/19



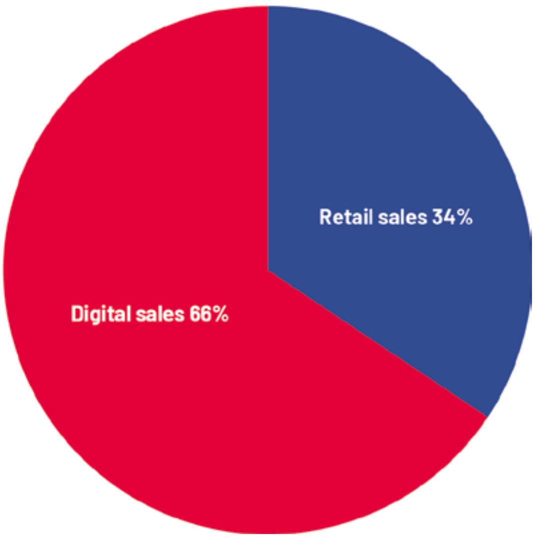
Geographical region	31/03/2020		31/03/2019		Variation	
	€k	%	€k	%	€k	%
France	10,229	7%	12,358	10%	-2,129	-17%
EMEA (ex-France)	48,560	34%	49,959	40%	-1,399	-3%
Americas	73,555	52%	55,681	44%	17,874	32%
Asia	6,723	5%	4,023	3%	2,701	67%
Others	3,724	3%	3,961	3%	-237	-6%
Total	**142,791**	**100%**	**125,982**	**100%**	**16,810**	**13%**

B. Sales by channel

2019/20



2018/19



Sales channel	31/03/2020		31/03/2019		Variation	
	€k	%	€k	%	€k	%
Retail sales	26,013	18%	43,317	34%	-17,304	-40%
Digital sales	116,778	82%	82,665	66%	34,113	41%

3.15. Cost of goods sold

	31/03/2020	31/03/2019	Variation
Manufacturing and ancillary costs	11,388	15,473	(4,085)
Studio royalties	87,370	73,880	13,490
TOTAL COST OF GOODS SOLD	**98,759**	**89,353**	**9,406**
of which amortisation of advances	*23,668*	*26,904*	

3.16. Production costs

	31/03/2020	31/03/2019	Variation
External production expenses	1,511	1,226	285
Internal production costs (salaries & allowances)	3,916	3,364	552
TOTAL PRODUCTION COSTS	**5,427**	**4,590**	**837**

3.17. Sales and marketing expenses

	31/03/2020	31/03/2019	Variation
External sales and marketing costs	8,543	9,500	(957)
Costs and expenses relating to receivables (1)	(57)	269	(326)
Internal sales and marketing costs (salaries & allowances)	4,494	3,783	711
TOTAL SALES AND MARKETING EXPENSES	**12,980**	**13,553**	**(573)**

(1) including €127k in gains on net change of trade receivables and payables

3.18. General and administration expenses

	31/03/2020	31/03/2019	Variation
Other staff expenses	227	57	170
Rent, rental expenses and additional costs	879	771	108
IT & telecommunication expenses	364	248	116
Banking services	354	147	207
Taxes excl. income tax	714	545	169
Intermediary remuneration and fees	1,898	1,085	813
Internal administrative costs (salary & allowances)	1,907	1,685	222
Depreciation and amortisation charge	206	179	26
TOTAL GENERAL AND ADMINISTRATION EXPENSES	**6,549**	**4,718**	**1,831**

3.19. Staff expenses

	31/03/2020	31/03/2019	Variation
Production costs	3,845	3,257	588
Sales and marketing expenses	4,380	3,637	743
General and administration expenses	1,732	1,453	280
TOTAL STAFF EXPENSES	**9,957**	**8,346**	**1,611**

3.20. Net change in depreciation, amortisation and provisions

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY TYPE	31/03/2020	31/03/2019	Variation
Addition to D&A:			
- on intangible assets	19	18	1
- property, plant & equipment	187	161	26
Total additions to D&A	**206**	**179**	**26**
Addition to provisions:			
- on inventory	375	356	19
- on current assets (ex-inventory)	0	25	(25)
- on liabilities and charges	371	1,119	(748)
- currency loss risk	11	21	(10)
- on liabilities and charges (ex-return of goods)	0	74	(74)
Total additions to provisions	**758**	**1,596**	**(838)**
Write-backs of provisions:			
- on inventory	356	278	79
- on current assets (ex-inventory)	5	0	5
- on liabilities and charges	137	1,119	(982)
- currency loss risk	21	3	18
- on liabilities and charges (ex-return of goods)	3	62	(58)
Total write-back of provisions	**523**	**1,461**	**(938)**
Total additions to provisions net of write-backs	**235**	**135**	**100**
Net change in depreciation, amortisation and provisions	**440**	**314**	**126**

NET CHANGE IN DEPRECIATION, AMORTISATION AND PROVISION BY PURPOSE	31/03/2020	31/03/2019	Variation
Addition to D&A:			
- on production costs	0	0	0
- on sales and marketing expenses	0	0	0
- on general and administration expenses	206	179	26
- on cost of goods sold	0	0	0
Total additions to D&A	**206**	**179**	**26**
Addition to provisions:			
- on production costs	22	41	(19)
- on sales and marketing expenses	34	63	(29)
- on general and administration expenses	16	25	(9)
- on cost of goods sold	686	1,430	(744)
- extraordinary items	0	36	(36)
Total additions to provisions	**758**	**1,596**	**(838)**
Write-backs of provisions:			
- on production costs	34	17	0
- on sales and marketing expenses	53	37	16
- on general and administration expenses	25	15	10
- on cost of goods sold	410	1,330	(919)
- extraordinary items	0	62	(62)
Total write-back of provisions	**523**	**1,461**	**(938)**
Total additions to provisions net of write-backs	**235**	**135**	**100**
Net change in depreciation, amortisation and provisions	**440**	**314**	**126**

3.21. Financial result

	31/03/2020	31/03/2019	Variation
Currency gains	482	714	(231)
Write-back of D&A and provisions	21	3	18
Other financial income	0	0	0
Financial income	**503**	**717**	**(213)**
Currency losses	579	754	(176)
Financial interest	28	43	(15)
Additions to D&A and provisions	11	21	(10)
Other financial expenses	1	3	(2)
Financial expenses	**619**	**821**	**(202)**
FINANCIAL RESULT	**(116)**	**(104)**	**(11)**

3.22. Extraordinary result

	31/03/2020	31/03/2019	Variation
Write-back of D&A and provisions	0	61	(61)
Income from disposals of non-current assets	0	0	0
Other extraordinary income	0	0	0
Extraordinary income	**0**	**61**	**(61)**
Additions to D&A and provisions	0	0	0
Other extraordinary expenses*	40	2,096	(2,056)
Extraordinary expenses	**40**	**2,096**	**(2,056)**
EXTRAORDINARY RESULT	**(40)**	**(2,035)**	**1,995**

** Other extraordinary expenses on 31 March 2019 mainly comprised the compensation, including employee-related expenses, paid to the former chair of the management board as per the terms of the settlement agreement.*

3.23. Earnings per share

	31/03/2020	31/03/2019
Share capital	6,369	6,300
Number of shares	5,307,192	5,250,387
Weighted number of shares excl. treasury stock	*5,291,983*	*5,183,888*
Number of dilutive shares	*69,300*	*80,500*
Number of diluted shares	5,361,283	5,264,388
Net income	**13,040**	**7,974**
Earnings per weighted share	**2.46**	**1.54**
Diluted earnings per share	**2.43**	**1.51**

3.24. Income tax

	31/03/2020	31/03/2019
Deferred tax assets	74	406
Deferred tax liabilities	0	(111)
Deferred taxes on balance sheet	**74**	**295**
Tax payable	5,795	4,001
Deferred taxes	220	(28)
Income tax charge	**6,015**	**3,972**

Recurring income before taxes	**19,056**
Current taxes	(5,795)
Deferred taxes	(220)
Total income tax charge	**(6,015)**
Effective tax rate	31.94%
Group standard rate	32.02%
Theoretical tax charge	**(6,102)**
Theoretical/actual difference	(86)
Items reconciling theoretical tax charge and actual tax charge:	
Permanent differences	**(87)**
Rate differential	(38)
Other add-backs/deductions	(48)
Identified reconciling items total	**(87)**

3.25. Workforce

	31/03/2020	31/03/2019
Production	61	55
Sales and marketing	49	43
Administration	18	15
Total average workforce	**127**	**113**

3.26. Off-balance-sheet commitments

1. Commitments given

a) Commitments given to studios and right holders

As of 31 March 2020, the Group 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:

	31/03/2020	31/03/2019
Commitments given to studios and right holders	78,410	38,812
Of which to studios	*77,054*	*38,162*
Of which to right holders	*1,356*	*650*

	31/03/2020
Commitments given to studios and right holders	78,410
Of which due under one year	*43,350*
Of which due between 1 and 5 years	*35,060*
Of which due after 5 years	-

Once paid, these amounts will be recognised under the balance sheet item of advances paid, 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 Group's registered office.

	31/03/2020
Commitments on property leases (rents and expenses)	6,416
Of which due under one year	*1,019*
Of which due between 1 and 5 years	*4,376*
Of which due after 5 years	*1,021*

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 but these are not of a significant nature.

e) Bank covenants

As of 31 March 2020, the Group was in compliance with the single covenant under the loan agreement signed in February 2020 and expressed as a ratio of consolidated financial debt over the consolidated income from operations.

f) Currency hedges

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

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

See note 1.9 for information on the currency hedging policy.

2. Commitments received

In July 2014, 79,712 of the Company's securities were pledged as security for two loans entered into in July and August 2014 by NABUBOTO (controlled by Denis Thébaud, major shareholder in the Company). On the date of this report, this pledge had been entirely released following the complete reimbursement of these loans.

The Group benefits from commitments on the part of its banks and financial partners in relation to revolving lines of credit and an overdraft facility of €17M.

3.27 Transactions with related parties

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

Remuneration in thousands of euros	31/03/2020	31/03/2019
Compensation for service (1)	36	36
Attendance-related fees (2)	45	45
TOTAL	**81**	**81**

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

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.

3.28 Fees to auditors

	31/03/2020		31/03/2019	
	€k	%	€k	%
Financial accounts' audit and certification				
- Issuer	89.6	100%	88.4	100%
Total statutory assignment of auditors	**89.6**	**100%**	**88.4**	**100%**
Other services provided by fully consolidated subsidiaries of auditor	0		0	
Total other services	**0**	**0%**	**0**	**0%**
Total	**89.6**	**100%**	**88.4**	**100%**

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
For the year ended March 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
For the year ended March 31, 2020

To the Shareholders' Meeting of Focus Home Interactive

Opinion

In compliance with the engagement entrusted to us by the annual general meeting, we have audited the accompanying financial statements of Focus Home Interactive for the year ended March 31, 2020.

These financial statements were approved by the Management Board on June 24, 2020 on the basis of the information available at that date in the evolving context of the COVID-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of March 30, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1, 2019 to the issue date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (Code de déontologie) for statutory auditors.

Justification of our assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you that, in our professional judgment, the most significant assessments performed by us focused on the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Board's management report approved on June 24, 2020 and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

With regard to the events which occurred and the facts known after the date of approval of the financial statements relating to the impact of the COVID-19 crisis, management indicated to us that they will be communicated to the Shareholders' Meeting called to adopt the financial statements.

We attest to the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D. 441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates 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.

Vélizy-Villacoublay and Paris-La Défense, July 30, 2020

The Statutory Auditors

Gatti Conseil	Deloitte & Associés
Bertrand Gatti	Julien Razungles

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

[In thousands of euros]

I. ASSETS

Company name: Focus Home Interactive	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

		In €k		Year N ended: 31/03/2020				31/03/2019
				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	1,475	AG	1,461	14	32
		Business assets (1)	AH		AI			
		Other intangible assets	AJ		AK			
		Advances and prepayments on intangible assets	AL		AM			
	PROPERTY, PLANT & EQUIPMENT	Land	AN		AO			
		Buildings	AP	190	AQ	131	60	91
		Plants, machinery and equipment	AR		AS			
		Other property, plant & equipment	AT	1,209	AU	712	497	399
		Assets under construction	AV	104	AW		104	2
		Advances and prepayments on property, plant & equipment	AX		AY			
	FINANCIAL ASSETS (2)	Equity interests under equity method	CS		CT			
		Other equity interests	CU	1	CV	1	0	0
		Receivables from equity interests	BB		BC			
		Other securities	BD		BE			
		Loans	BF		BG			
		Other financial assets*	BH	4,317	BI	1,550	2,767	3,893
		TOTAL (II)	**BJ**	**7,295**	**BK**	**3,853**	**3,442**	**4,417**
CURRENT ASSETS	INVENTORY*	Raw materials, supplies	BL		BM			
		Goods in progress	BN		BO			
		Services in progress	BP		BQ			
		Intermediate and finished products	BR	487	BS	155	332	510
		Merchandise	BT	203	BU	43	159	206
		Advances and prepayments paid on orders	BV	48,173	BW		48,173	35,552
	RECEIVABLES	Trade receivables* (3)	BX	14,248	BY	20	14,228	9,851
		Other receivables (3)	BZ	3,979	CA		3,979	2,286
		Subscribed capital, called, not paid up	CB		CC			
	OTHERS	Marketable securities (including treasury stock)	CD	0	CE		0	0
		Cash and cash equivalents	CF	18,832	CG		18,832	19,946
ACCRUALS AND DEFERRALS		Deferred expenses* (3)	CH	1,756	CI		1,756	2,068
		TOTAL (III)	**CJ**	**87,678**	**CK**	**219**	**87,459**	**70,420**
		Spread costs for loan issue **(IV)**	CL					
		Bond redemption premiums **(V)**	CM					
		FX translation asset* **(VI)**	CN	11			11	106
		OVERALL TOTAL (I-VI)	**CO**	**94,984**	**1A**	**4,072**	**90,912**	**74,943**

Ref.: (1) Incl. right to lease		*(2) Current portion of net financial assets*	CP		(3) Portion over one year	CR
Property retention clause:	**Non-current assets:**		**Inventory:**		**Receivables:**	

* Explanations on this section in notice no. 2032

II. EQUITY & LIABILITIES

Company name: Focus Home Interactive

			Year N	Year N-1
EQUITY	Share capital (1)* (including €6,369k paid up)	DA	6,369	6,300
	Share, merger, contribution premiums	DB	22,311	21,625
	Fair value increment (2)* (including equity method valuation diff. EK]	DC		
	Legal reserve (3)	DD	779	779
	Reserves under art. of assoc. or contracts	DE		
	Regulated reserves (3)* *(Incl. special provisions for commodity price fluctuations)* B1]	DF		
	Other reserves *(Incl. reserve for acquisition of original works by living artists)** EJ]	DG		
	Retained earnings	DH	15,210	11,126
	NET INCOME (profit/loss for year)	DI	12,127	7,587
	Investment subsidies	DJ		
	Regulated provisions*	DK		
	TOTAL (I)	DL	**56,795**	**47,419**
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	432	207
	Provisions for charges	DQ	215	218
	TOTAL (III)	DR	**646**	**425**
LIABILITIES (4)	Convertible bonds	DS		
	Other bonds	DT		
	Loans and borrowings from credit institutions (5)	DU	1,661	1,212
	Other loans and borrowings *(including participation loans)* EI]	DV		
	Advances and prepayments received on pending orders	DW	2,562	2,137
	Trade payables	DX	21,368	14,185
	Tax and employee-related payables	DY	6,419	5,410
	Liabilities on fixed assets and related accounts	DZ		
	Other liabilities	EA	1,272	2,330
Accruals & deferrals	Deferred income (4)	EB	29	1,703
	TOTAL (IV)	EC	**33,312**	**26,977**
	FX translation liability* **(V)**	ED	158	122
	OVERALL TOTAL (I-V)	EE	**90,912**	**74,943**

REF.:					
(1)	Fair value increment included in equity		1B		
(2)	Including	Special revaluation reserve (1959)	1C		
		Free revaluation reserve	1D		
		Revaluation reserve (1976)	1E		
(3)	Including long-term capital gains reserve		EF		
(4)	Liabilities and deferred income under one year		EG	30,349	24,198
(5)	Including bank overdrafts, short-term borrowings from banks and post office		EH		

III. INCOME STATEMENT BY TYPE

Company name: Focus Home Interactive

Section	Item		France		Exports and EU deliveries		Year N Total	Year N-1
OPERATING REVENUE	Merchandise sales*	FA	87	FB	162	FC	249	1,099
	Production sold { goods*	FD	4,218	FE	12,586	FF	16,804	27,530
	Production sold { services*	FG	1,460	FH	119,341	FI	120,801	92,379
	Net revenue*	FJ	5,765	FK	132,089	FL	137,855	121,007
	Inventoried production*					FM	(228)	1
	Capitalised production*					FN		
	Operating subsidy					FO	0	3
	Write-back of D&A and provisions, transfer of expenses*(9)					FP	404	2,292
	Other income (1)(11)					FQ	606	67
	Total operating income (2) (I)					FR	138,637	123,369
OPERATING EXPENSES	Merchandise purchased (including customs duties)*					FS	62	1,144
	Change in inventory (merchandise)*					FT	5	(117)
	Raw materials purchased and other supplies (including customs duties)*					FU	5,423	7,949
	Change in inventory (raw materials and supplies)*					FV		
	Other purchases and external expenses (3) (6A)*					FW	101,565	89,314
	Taxes and similar payments*					FX	846	673
	Wages and salaries*					FY	6,328	5,286
	Employee-related expenses (10)					FZ	2,948	2,413
	OPERATING PROVISIONS – On non-current assets: { - additions to D&A*					GA	206	179
	OPERATING PROVISIONS – On non-current assets: { - additions to provisions*					GB		
	OPERATING PROVISIONS – On current assets: additions to provisions					GC	199	232
	OPERATING PROVISIONS – For liabilities and charges: additions to provisions					GD	382	1,215
	Other expenses (12)					GE	467	202
	Total operating expenses (4) (II)					**GF**	**118,430**	**108,490**
	1 - INCOME FROM OPERATIONS (I - II)					**GG**	**20,207**	**14,878**
Joint operations	Profit attributed or loss transferred* (III)					GH		
	Loss borne or profit transferred* (IV)					GI		
FINANCIAL INCOME	Financial income from equity interests (5)					GJ	3	12
	Income from other transferable securities and receivables from non-current assets					GK		
	Other interest and income (5)					GL	103	26
	Write-back of provisions and transfer of expenses					GM		
	Currency gains					GN	482	714
	Net income from disposal of marketable securities					GO		
	Total financial income (V)					**GP**	**588**	**752**
FINANCIAL EXPENSES	Financial additions to D&A and provisions*					GQ	1,203	346
	Interest and similar expenses (6)					GR	30	49
	Currency losses					GS	579	754
	Net expense from disposal of marketable securities					GT		
	Total financial expenses (VI)					**GU**	**1,812**	**1,150**
	2 - FINANCIAL RESULT (V - VI)					**GV**	**(1,225)**	**(398)**
	3 - RECURRING INCOME BEFORE TAXES (I-II+III-IV +V - VI)					**GW**	**18,982**	**14,480**
EXTRAORDINARY INCOME	Extraordinary income on management operations					HA	0	0
	Extraordinary income on non-current asset disposal*					HB	89	147
	Write-back of provisions and transfer of expenses					HC	0	62
	Total extraordinary income (7) (VII)					**HD**	**89**	**209**
EXTRAORDINARY EXPENSES	Extraordinary expenses on management operations (6A)					HE	3	70
	Extraordinary expenses on non-current asset disposal*					HF	213	2,257
	Extraordinary additions to D&A and provisions					HG	0	0
	Total extraordinary expenses (7) (VIII)					**HH**	**215**	**2,326**
	4 - EXTRAORDINARY RESULT (VII - VIII)					**HI**	**(127)**	**(2,117)**
	Employee profit-sharing **(IX)**					HJ	934	775
	Income tax* **(X)**					HK	5,795	4,001
	TOTAL INCOME (I+III+V+VII)					**HL**	**139,314**	**124,329**
	TOTAL EXPENSE (II+IV+VI+VIII+IX+X)					**HM**	**127,186**	**116,742**
	5 - PROFIT OR LOSS (Total income - total expense)					**HN**	**12,127**	**7,587**

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2020

1. Accounting framework

The financial statements of Focus Home Interactive were prepared according to the accounting principles applicable in France (reference 99-03), with observance of the cautionary principle and under the basic assumptions of:

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

and in accordance with the general rules on the preparation and presentation of financial statements stated in ANC regulation no. 2014-03 as amended by additional regulations on the date these financial statements were prepared.

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

1.1. Material events of the year

Focus Home Interactive achieved revenue of €137.8M for the twelve months ended 31 March 2020, compared with the top line of €121M for the year ended 31 March 2019. The 2019/20 figure was largely thanks to the success of leading games such as "World War Z", "A Plague Tale" and "Greedfall".

Operating expenses amounted to €118.4M on 31 March 2020 and €108.5M on 31 March 2019. This year's income from operations came to €20.2M. It had been €14.9M for the year ended 31 March 2019.

Taking into account a financial loss of €1.2M, an extraordinary loss of €127k, the amount of €934k paid to employees for a share in profits and an income tax charge of €5.8M, our net income totalled €12.1M for the year ended 31 March 2020.

Our assets rose from €74.9M on 31 March 2019 to €90.9M on 31 March 2020. Meanwhile, equity grew from €47.4M on 31 March 2019 to €56.8M on 31 March 2020.

Net intangible assets decreased from €32k to €14k, while net property, plant & equipment increased to €661k.

The Company held a net cash position of €17.8M as of 31 March 2020.

Loan contract signed

As part of its development and acquisition strategy, Focus Home Interactive received a total of €46 million in financing from five bank institutes and BPIfrance Financement in early February 2020. This financing comprises firstly several lines of credit (up to €23.5M) and a revolving credit line (up to €15M), which were formalised by loan agreements, and secondly two lines of credit (up to €7.5M) with BPIfrance Financement.

This financing has been entered into under attractive terms, and the lenders' commitment over several years (maturity in seven years) confirms the quality of the Group's credit rating. The loans are subject to maintaining a financial ratio that is described in the off-balance sheet commitments section of the notes to the financial statements.

Legal issues

In the first quarter of 2019/20, the European Commission issued a statement of objection as part of its investigation into the agreements entered into between Valve Corporation, owner of the video game distribution platform Steam, and five PC video game publishers including Focus Home Interactive.

As a reminder, a statement of objection informs the recipient of a possible breach of EU rules and allows the recipient to comment on the observations. Such a statement of objections does not prejudge the outcome of the investigation. As described in paragraph 1.5.12. "Legal proceedings and arbitration" of the Management Board's report, the Group has continued to cooperate with the Commission and maintained discussions open.

On 6 August 2019, the Group confirmed its securities were eligible for the French SME shares saving scheme (PEA-PME).

On 21 January 2020 when presenting the H1 results to investors and the market, the Group announced that Deborah Bellangé, vice-chair of the Management Board and CFO, would be leaving effective 1 February 2020.

Having received the prior authorisation of the Supervisory Board, the Company's Management Board met on 12 March 2020 to implement a stock buyback programme based on Resolution Seven of the Ordinary and Extraordinary General Meeting of 24 September 2019. On the basis of the authorisation, the board entrusted the buyback of the Company's shares to an investment services provider. This investment services provider is permitted to buy a total number of 250,000 shares on any dates it deems appropriate and under the price conditions set out by said General Meeting. The programme will expire on 23 March 2021. Section IV.7 of this report contains further details on the transactions performed as part of this stock buyback programme. For sake of clarity, this decision does not affect the execution of the liquidity contract signed between the Group and Bourse Gilbert Dupont.

As of 31 March 2020, Focus Home Interactive had bought back 151,759 of its shares under its buyback programmes (including 13,102 shares purchased under the 12 March 2020 programme). A year ago, the number of shares bought back was 138,657.

Operations

On 10-11 April 2019, Focus Home Interactive organised its annual What's Next event in the heart of Paris. Over 120 media outlets from around the world, 15 studios and 150 sales partners of Focus were welcomed over two days for the unveiling of some games from Focus' 2019 catalogue. Playable demos, exclusive presentations of games by developers and interview were all on the programme.

Following the announcement of the Group's strategy, visitors were shown a new space displaying 12 partnerships for the coming years.

Other notable announcements by the Group were:

- the bolstering of its partnership with Games Workshop with the order of several new titles. Focus and Games Workshop will collaborate with the developers Saber Interactive, Gasket Games and Streum On Studio on games of various genres and based on recognised franchises.
- the renewal of its partnership with the studio DONTNOD Entertainment, a major figure in the video game world. Vampyr, the first fruit from this collaboration, had conquered the minds of the press and gamers from around the world.
- several new collaborations with the teams of Saber (the studio behind Halo The Master Chief Collection, NBA 2K Playgrounds Series, Quake Champions, etc.), which will develop new ambitious projects, as well as the porting of flagship licences of the Focus catalogue onto the Nintendo Switch and mobiles.
- a new partnership with the studio Sumo Digital, one of the largest independent development studios based in the United Kingdom. Sumo Digital has a long experience as a developer and has worked with some of the biggest names in the industry, such as Sony, Microsoft and Sega. The first result of this collaboration will offer an uncompromising multiplayer gaming experience set in a world as bleak as it is violent. It will be developed by Sumo Newcastle, the team that brought us EVE: Valkyrie.

April 2019 witnessed the successful release of "World War Z" developed with the studio Saber and based on the Paramount film by the same name. From its launch, the game topped the best-seller lists throughout the world and by 21 May had sold over two million copies.

That May, the Group also had success with the launch of A Plague Tale: Innocence, an exceptional game developed by Asobo Studio. It captivated players across the globe, receiving 97% favourable reviews from the users of Steam, the largest PC game download platform in the world.

A Plague Tale was also a huge commercial success, selling over one million copies. Critical recognition came with its cache of six awards at the Pegasus Video Game Awards in Paris, March 2020, including Best Game of the Year.

During September 2019, GreedFall from the studio Spiders garnered great commercial success, enthralling the trade press and players from all around the world.

New lease signed

The Group entered into a lease on 2 March 2020 for the extension of the premises located at 11 Rue de Cambrai, Parc Pont de Flandre,75019 Paris.

1.2. Events after 31 March 2020

COVID-19

The coronavirus outbreak in the first three months of 2020 led to a global health crisis and has exposed the Group to the risk of a slowdown in its businesses.

The Group immediately enacted the measures necessary to ensure the safety of its employees and commercial partners. During this extended period of uncertainty, the Group has sought to support employees and partners by rolling out technical and organisational solutions for working from home. Focus Home Interactive and its partner studios have taken all necessary measures to adapt to the circumstances and ensure the continuity of their activities.

Nevertheless, the restrictive measures for controlling the epidemic have had a negative effect on the physical distribution of the Group's products, which is a reason for caution. The digital strategy implemented by Focus Home Interactive has, however, enabled a speedy reallocation of resources to bolster sales.

Projects and development works are continuing with our partners. The launch schedules for certain games have been pushed back without affecting the business outlook for the year 2020-21.

Game releases

Snowrunner, a game developed with Saber, was released in April 2020 in the midst of a deteriorating retail context caused by the coronavirus pandemic. Despite this, the game proved be a great success due to spectacular digital sales. By June 2020, it had sold one million units, a portent of greater success to its prequel "Mudrunner".

External growth

On 23 June 2020, the Group signed a share purchase agreement for 100% of the share capital of the German company Deck13 Interactive GmbH ("Deck13"). Deck13 is a leading German game developer and a long-time partner of Focus Home Interactive with which it developed The Surge franchise. The acquisition cost a total of €7.1 million (i.e. €6.5 million in cash from the new bank financing and €600k in the Company's treasury stock) coupled with a long-term incentive plan for the Deck13 directors through the allotment of free shares.

This acquisition forms part of the Group's EEE strategy and enables Focus Home Interactive to hold full control over the intellectual property of the games developed. Elsewhere, Focus Home Interactive acquired a publishing service for the development of independent games, which will assist the Group in exploring new opportunities.

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 prepared. However, these could prove to differ from reality as time passes.

1.4. Non-current assets

Non-current assets are recorded at their purchase price, including any ancillary costs directly attributable to them.

Advances paid to games studios as part of the purchase of publication and distribution rights over the games and other investments in the games from which the Company does not acquire the intellectual property, are not accounted for as non-current assets; they are instead recorded under "Other receivables" (see note 1.8 below). Only investments in games where, as an exception to the general rule, the intellectual property is vested in the Company are recorded as intangible assets.

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

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 of the Company held as part of the stock buyback programme,

Where the book value is less than the gross value, a provision for depreciation is established equal to the difference between the gross value and the average price during the last month of the period.

1.6. Inventory

Inventory is valued under the weighted average cost method.

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

A provision for depreciation is recorded, 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 FHI and are recorded under inventory until sold by the distributor.

1.7. Trade receivables

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

1.8. Other receivables

Other receivables are composed mostly of advances paid to development studios as part of the contractual acquisition of publication and distribution rights. These contracts can include minimum royalty guarantees and/or advance payment of royalties depending on the predetermined schedule. The payments are conditional on the achievement of development stages called Milestones.

On the release of a game, the total guaranteed amount (pre-paid or otherwise) is spread out as an expense over the estimated lifespan of the game (between 12 and 24 months) or according to how quickly the actual generated royalties cover the guaranteed amount. This expense spreading can be amended to better take into account the first observable sales trends and the rate of consumption of the game's expected economic benefits.

Royalties consumed are then recorded in the income statement under "Cost of goods sold". Once the advance royalties have been fully amortised, a provision for accrued expenses is established.

1.9. Currency operations

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

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

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

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

As of 31 March 2020, the Company held outstanding hedge contracts for the purchase commitments of GBP 1.12M (no USD commitments). The guaranteed prices of the different contracts were from £0.9235 to £0.9250 sterling for €1.

1.10. Provision for liabilities

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 of liabilities is also established where it is probable there will be a loss on completion of a yet-to-be released game. This is assessed considering the sales forecasts and the costs related to the game.

1.11. Provision for charges

The provision for charges mainly 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 2020 were calculated according to the following assumptions:

- All employees under a permanent contract;
- Discount rate: 1.35%;
- 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 under sales at the time of marketing the game in the territory covered by the distribution contract under which the advance payments are made.

1.13. 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 downloadgames 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

In respect of the right to privacy, the Company does not disclose this information because it would lead to the publication of personal information.

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.

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.

	31/03/2019	Acquisitions	Disposals	Transfers	31/03/2020
Concessions, patents, licences, software	1,475	-	-	-	1,475
Intangible assets in progress	0	-	-	-	0
GROSS INTANGIBLE ASSETS	**1,475**	**-**	**-**	**-**	**1,475**
Amort. on patents, licences, trademarks, software	(1,442)	(19)			(1,461)
AMORT. ON INTANGIBLE ASSETS	**(1,442)**	**(19)**	**-**	**-**	**(1,461)**
NET INTANGIBLE ASSETS	**32**	**(19)**	**-**	**-**	**14**

Concessions, patents, licences and software also consist of amounts paid to studios for games developed or currently in developed and for which the Company holds the intellectual property rights.

2.2. Property, plant & equipment

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

	31/03/2019	Acquisitions	Transfers	Disposals	31/03/2020
Buildings and improvements	189	1			190
General equipment and fixtures	154				154
Other property, plant & equipment	802	252			1,054
Property, plant & equipment in progress	2	104	(2)		104
PROPERTY, PLANT & EQUIPMENT	**1,147**	**358**	**(2)**	**0**	**1,503**
Deprec. on buildings and improvements	(98)	(33)			(131)
Deprec. on general equipment and fixtures	(80)	(20)			(101)
Deprec. on other property, plant & equipment	(478)	(133)			(611)
DEPREC. ON PROPERTY, PLANT & EQUIPMENT	**(655)**	**(187)**	**0**	**0**	**(842)**
NET PROPERTY, PLANT & EQUIPMENT	**492**	**171**	**(2)**	**0**	**661**

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

	31/03/2019	Acquisitions	Disposals	31/03/2020
Equity securities	1			1
Security deposits	233	4	(39)	198
Other financial assets	0			0
Liquidity contract - non-current receivables	104	9		113
Liquidity contract - treasury stock	3,902	104		4,006
GROSS VALUE OF FINANCIAL ASSETS	**4,240**	**116**	**(39)**	**4,317**
Impairment on equity securities	(1)			(1)
Impairment on treasury stock	(346)	(1,203)		(1,550)
NET VALUE OF FINANCIAL ASSETS	**3,893**	**(1,087)**	**(39)**	**2,767**

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

List of subsidiaries and investments:

	Amount of equity interest	Percentage of capital held	Equity excl. net income	Net income of last year ended
A. DETAILLED INFO ON SUBSIDIARIES AND EQUITY INTERESTS				
1. Subsidiaries (>50% of capital held)				
FHI US (amounts in thousands of US dollars)	-	100%	224	(157)
2. Equity interests (10%-50% of capital held)				
B. SUMMARY INFO ON OTHER SUBSIDIARIES AND EQUITY INTERESTS				
None				

2.4. Inventory and works in progress

	31/03/2020			31/03/2019
	Gross	Provision	Net	Net
Merchandise	203	(43)	159	206
Finished products	487	(155)	332	510
INVENTORY TOTAL	**690**	**(199)**	**491**	**716**

At the 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 2020, an addition of €199k and a write-back of €207k were recognised, resulting in an increase of €8k on the income from operations.

2.5. Status of receivables, advances and liabilities

Advances and prepayments made

Advances and prepayments made are primarily advances paid to game development studios as part of the purchase of publication and distribution rights. The balance of such advances was €48M on 31 March 2020 and €35.2M on 31 March 2019.

These advances mature (are recognised on the income statement) as described below having due regard to the known release dates of the games at the close of the accounts:

Status of advances on games and impact on income	31/03/2020
Advances paid on games	48,024
Of which impact on income within one year	*24,883*
Of which impact on income from 1 to 5 years	*23,141*
Of which impact on income after 5 years	-

The amount of advances paid to development studios during 2019/20 was €35.3M and was €25.6M in 2018/19.

Trade receivables and other receivables

Status of receivables	Gross amount	Under one year	Over one year
Other financial assets (security deposits)	198	-	198
Doubtful or litigated trade receivables	20	20	
Other trade receivables	14,228	14,228	-
Staff and related receivables	70	70	-
State - Income tax	21	21	-
State - Value Added Tax	3,764	3,764	-
Miscellaneous debtors	124	124	-
Deferred expenses	1,756	1,756	-
TOTAL	**20,181**	**19,983**	**198**

On 31 March 2020, the provision for bad debts from trade receivables was €20k. A write-back of €5k on the provision was recorded for the year ended 31 March 2020. No write-back was recorded for the year ended 31 March 2019. No loss from irrecoverable receivables was recorded on 31 March 2020 or 31 March 2019.

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.

Liabilities

Status of liabilities	Gross amount	Under one year	Over one year
Miscellaneous borrowings and financial debt	1,661	1,261	401
Trade payables	21,368	21,368	
Staff and related payables	2,008	2,008	
Social security and other bodies	872	872	
Income tax	2,691	2,691	
Value Added Tax	58	58	
Other taxes and similar payments	790	790	
Other payables	1,272	1,272	
Deferred income	29	29	
TOTAL	**30,750**	**30,349**	**401**

2.6. Pending income

	Amount
Financial assets	
Other financial assets	
Receivables	
Trade receivables	9,924
Staff	
State	40
Other pending income	79
Investment securities	
Cash and cash equivalents	
Total	**10,043**

2.7. Equity

As of 31 March 2020, Focus Home Interactive's share capital comprised 5,307,192 fully paid-up ordinary shares at a par value of €1.20 each.

Item	31/03/2019	Profit/loss allocation	Capital transactions	Profit/loss	Others	Dividends distributed	31/03/2020
SHARE CAPITAL	**6,300**		**68**				**6,369**
Share, merger, contribution premiums	21,625		685				22,311
PREMIUMS & DIFFERENCES	**21,625**	**0**	**685**	**0**	**0**	**0**	**22,311**
Legal reserve	779						779
RESERVES	**779**	**0**	**0**	**0**	**0**	**0**	**779**
Differ. on securities under equity method	0						0
Shareholder subscribed capital	0						0
Retained earnings	11,126	7,587	(33)			(3,471)	15,210
Profit/loss	7,587	(7,587)		12,127			12,127
Investment subsidies	0						0
PROFIT/LOSS & RETAINED EARNINGS	**18,714**	**0**	**(33)**	**12,127**	**0**	**(3,471)**	**27,337**
EQUITY	**47,419**	**0**	**720**	**12,127**	**0**	**(3,471)**	**56,795**

"Capital transactions" include the exercise of stock options, the vesting of free shares and the capital increase relating to the payment of scrip dividends.

"Others" represent the remainder of dividends resulting from the difference of the dividends voted to be distributed and the dividends finally paid.

Breakdown of share capital:

	Number	Par value
Start of year	5,250,387	1.20
Shares issued during year	56,805	1.20
End of year	5,307,192	1.20

The 56,805 new shares issued during the year were a result of:

- 13,500 shares vesting as part of the free shares under the AGA 2017 plan on 07/10/19.
- 14,100 shares vesting as part of the free shares under the AGA 2018 plan on 07/10/19.
- 28,705 shares as part of the scrip dividend paid on 07/11/2019
- 500 shares following the exercise of stock options by their beneficiaries under the SO 2017 plan allocated on 06/10/2017.

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)

	Allotment of free shares		
Date authorised	10/06/2017	10/11/2018	26/06/2019
Date vested	10/06/2019	1/3 until 2022	Variable until 2023
End of holding period	10/06/2020	Until 2023	Until 2024
Number allocated	**14,450**	**48,600**	**5,600**
Number cancelled	950	3,000	-
Number still under vesting period on 31/03/2020	**-**	**31,500**	**5,600**
Number still under holding period on 31/03/2020	**13,500**	**14,100**	**-**

These were the only plans in force on 31 March 2020.

b) Stock options

	Stock options		
Date authorised	06/01/2015	06/10/2017	26/06/2019
Exercise deadline	**06/01/2020**	**06/10/2022**	**26/06/2024**
Exercise price	9.10	21.30	18.50
Number authorised	200,000	25,000	25,000
Number allocated	**198,750**	**7,450**	**15,750**
Number cancelled	5,000	500	
Number exercised	193,750	500	-
Outstanding number on 31/03/2020	**-**	**6,450**	**15,750**

These were the only plans in force on 31 March 2020.

c) Warrants (BSA)

In 2015, the Group issued 5,000 warrants as part of the BSA 2015 plan allocated on 06/01/2015 (open for a 10-year period at a price of €9.10).

This was the only plan in force on 31 March 2020.

2.9. Provisions on the balance sheet

	31/03/2019	Increases Additions	Decreases Write-backs	31/03/2020
Provisions for currency losses	21	11	(21)	11
Provision for retirement benefits	218		(3)	215
Other prov. for liabilities and charges	186	371	(137)	420
PROVISIONS FOR LIABILITIES AND CHARGES	**425**	**382**	**(161)**	**646**
Provision on equity securities	347	1,203		1,550
Provisions on inventory and works in progress	207	199	(207)	199
Provisions on trade receivables	25		(5)	20
PROVISIONS FOR IMPAIRMENTS	**579**	**1,402**	**(212)**	**1,769**
OVERALL TOTAL	**1,004**	**1,785**	**(373)**	**2,415**

Other provisions for liabilities and charges include notably the provision for employee-related expenses on AGA plans.

2.10. Borrowings and financial debt

	31/03/2019	New borrowings	Reimbursements	31/03/2020
Bank loans (excl. overdrafts)	1,183	1,000	(521)	1,661
- of which due under one year	541	1,000		259
- Of which due between 1 and 5 years	642			1,402
- Of which due after 5 years				
Borrowings and financial debt*	**1,183**	**1,000**	**(521)**	**1,661**

(*) excluding cash instruments

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

This is a fixed-rate loan issued in euros and its conditions are stated below:

Bank	Nominal amount	Nominal rate	Term and repayment conditions	Date of borrowing	Balance on 31/03/2019	Balance on 31/03/2020
OSEO 2 loan	€550k	2.37% fixed	7 years with 1st capital repayment deferred to 1 August 2014 (20 quarterly payments)	July 2012	83	-
Banque Palatine	€750k	2.5% fixed	5 years with 1st quarter repayment postponed to Nov. 2014 (then 20 quarterly payments)	August 2014	79	-
HSBC	€750k	2.04% fixed	5 years with 1st capital repayment deferred to 1 January 2015 (20 quarterly payments)	August 2014	117	-
BPI	€1.2M	2.39% fixed	5 years, 20 quarterly payment, no deferral	October 2017	900	660

As of 31 March 2020, the Company had drawn down €1M on the new €15M revolving line of credit (signed 6 February 2020).

2.11. Pending expenses

	Amount
Loans and borrowings from credit institutions	1
Trade payables	19,394
Tax and employee-related payables	3,272
Other payables	70
TOTAL	**22,738**

2.12. Items relating to several balance sheet entries

	Amount relating to companies in which the Company holds equity
Equity interest	1
Trade receivables	572
Accrued interest	0
Other receivables	72
Other payables	(1,191)

The items shown above exclusively concern the company FHI US with which transactions are conducted under normal market conditions.

2.13. Workforce

	31/03/2020	31/03/2019
Managers	42	19
Technicians and supervisors	18	12
Employees	67	82
Total average workforce	**127**	**113**

2.14. Financial result

	31/03/2020	31/03/2019
Currency gains	482	714
Other financial income	106	38
Financial income	588	752
Currency losses	579	754
Financial interest	28	46
Provision for impairment on treasury stock	1,203	346
Other financial expenses	2	3
Financial expenses	1,812	1,150
FINANCIAL RESULT	**(1,225)**	**(398)**

2.15. Extraordinary result

	31/03/2020	31/03/2019
Write-back of D&A and provisions		62
Income from disposals of non-current assets		
Profits from liquidity contract	89	147
Other extraordinary income		0
Extraordinary income	**89**	**209**
Additions to D&A and provisions		0
Fines and penalties	3	70
Net value of disposed assets		2
Losses from liquidity contract	176	267
Other extraordinary expenses*	37	1,988
Extraordinary expenses	**215**	**2,326**
EXTRAORDINARY RESULT	**(127)**	**(2,117)**

* The amount on 31 March 2019 mainly comprised the compensation, including employee-related expenses, paid to the former chair of the management board as per the terms of the settlement agreement.

2.16. Breakdown of tax applicable to companies

	31/03/2020
Income from operations excl. employee-related contrib. & equity interest	(6,559)
Gifts	(1)
Withholdings at source	21
Financial result	397
Extraordinary result	41
Equity interest	303
Employee-related contribution	-
Others	3
Tax on companies	**(5,795)**

Deferred tax position	
Prepaid taxes on:	
- temporarily non-deductibles (deducted next year):	1,259,236
Total relief	**1,259,236**
Total increases	**218,035**
Deferred tax position	**(1,041,201)**

2.17. Details of consolidating parent company

Company name: Focus Home Interactive.
Legal form: A public limited company (Société Anonyme) with share capital of €6,368,630.40 as of 31 March 2020.
Registered office address: 11, Rue de Cambrai, 75019 Paris.

The Company is the parent company of a group that consolidates its accounts.

2.18. Off-balance-sheet commitments

1. Commitments given

a) Commitments given to studios and right holders

As of 31 March 2020, 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:

	31/03/2020	31/03/2019
Commitments given to studios and right holders	78,410	38,812
Of which to studios	*77,054*	*38,162*
Of which to right holders	*1,356*	*650*

	31/03/2020
Commitments given to studios and right holders	78,410
Of which due under one year	*43,350*
Of which due between 1 and 5 years	*35,060*
Of which due after 5 years	-

Once paid, these amounts will be recognised under the balance sheet item of advances paid, 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's registered office.

	31/03/2020
Commitments on property leases (rents & expenses)	6,416
Of which due under one year	*1,019*
Of which due between 1 and 5 years	*4,376*
Of which due after 5 years	*1,021*

c) Other operating leases

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

d) Leases

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

e) Bank covenants

As of 31 March 2020, the Company was in compliance with the single covenant under the loan agreement signed in February 2020 and expressed as a ratio of consolidated financial debt over the consolidated income from operations.

f) Currency hedges

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

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

See note 1.9 for information on the currency hedging policy.

2. Commitments received

In July 2014, 79,712 of the Company's securities were pledged as security for two loans entered into in July and August 2014 by NABUBOTO (controlled by Denis Thébaud, major shareholder in the Company). On the date of this report, this pledge had been entirely released following the complete reimbursement of these loans.

The Company benefits from commitments on the part of its banks and financial partners in relation to revolving lines of credit and an overdraft facility of €17M.

2.19. Transactions with related parties

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

Remuneration in thousands of euros	31/03/2020	31/03/2019
Compensation for service (1)	36	36
Attendance-related fees (2)	45	45
TOTAL	**81**	**81**

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

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.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS
Annual General Meeting held to approve the financial statements for the year ended March 31, 2020

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS
Annual General Meeting held to approve the financial statements for the year ended March 31, 2020

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-58 of the French Commercial Code (Code de commerce) relating to the implementation during the past year of agreements previously approved by annual general meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorized during the year

Pursuant to Article R.225-86 of the French Commercial Code (Code de commerce), we have been informed that the following agreements were previously authorized by your Supervisory Board.

Employment contract termination agreement signed with Deborah Bellangé – Member of the Management Board until January 31, 2020

On December 17, 2019, an employment contract termination agreement authorized by the Supervisory Board on December 12, 2019, was signed between Deborah Bellangé and the Company. This agreement provides for:

- a severance payment,
- the lifting of the presence condition applicable to the 3,000 free shares granted to Mrs. Bellangé by the Company on October 11, 2018, and
- the application of the 12-month remunerate non-compete clause provided in the employment contract.
- An expense of €176 thousand (including social security contributions) was recognized in respect of this agreement in the year ended March 31, 2020.

Agreements not previously authorized

Pursuant to Articles L. 225-90 and L. 823-12 of the French Commercial Code (Code de commerce), we bring to your attention the following agreement which was not previously authorized by your Supervisory Board.
It is our responsibility to report to you the reasons for which the authorization procedure was not followed.

Amendment to the employment contract signed with Deborah Bellangé – Member of the Management Board until January 31, 2020

On December 10, 2019, an amendment to the employment contract was signed between Deborah Bellangé and the Company.
This amendment provides for:

- the extension of the territorial scope of the non-compete clause contained in Mrs. Deborah Bellangé's employment contract,
- the modification of the financial compensation for this clause increasing it from 33% to 50% of the average monthly salary during the previous 12 months from the termination of the employment contract.

During its meeting of December 12, 2019, your Supervisory Board decided to authorize this agreement ex post.
This agreement was not authorized in advance due to an omission.

AGREEMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETING

Previously approved agreements that remained in force during the year

Pursuant to article R. 225-57 of the French Commercial Code (Code de commerce), we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Agreement with Innelec Multimedia (Nabuboto common shareholder – Mr. Denis Thébaud, Chairman of the Supervisory Board and Chairman and Chief Executive Officer of Innelec Multimedia).

FHI invoiced €373 thousand in the year ended March 31, 2020 in respect of commercial relations between FHI and Innelec Multimédia under this agreement.

Settlement agreement with Cédric Lagarrigue - Chairman of the Management Board until April 6, 2018

On April 10, 2018, a settlement agreement was signed between Cédric Lagarrigue and the Company.
This agreement provides for:

- a settlement payment of €1,350 thousand,
- the lifting of the presence condition applicable to the 9,000 free shares granted previously to Cédric Lagarrigue, and
- a non-compete clause remunerated monthly during a period of 12 months.

An expense of €7 thousand (including social security contributions) was recognized in respect of this agreement in the year ended March 31, 2020.

Vélizy-Villacoublay and Paris-La Défense, July 30, 2020

The Statutory Auditors

Gatti Conseil	**Deloitte & Associés**
Bertrand Gatti	Julien Razungles

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