Financière Amuse TopCo

Statutory auditors' report on the consolidated financial statements

(For the year ended 31 December 2021)

Mazars
61, rue Henri Regnault
92400 Courbevoie

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Statutory auditors' report on the consolidated financial statements

(For the year ended 31 December 2021)

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 verification of the information concerning the Group presented in 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
.

Financière Amuse TopCo
18, rue Jacqueline Auriol
78280 Guyancourt, France

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your Articles of Association, we have audited the accompanying consolidated financial statements of Financière Amuse TopCo for the year ended 31 December 2021.

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 at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 these 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 requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from 1 January 2021 to the date of our report.

Justification of assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, 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 of the following assessments that, in our professional judgement, were the most significant in our audit of the consolidated financial statements of the current period.

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

Accounting estimates

Goodwill, which represented an amount of €744.3 million in the statement of financial position at 31 December 2021, was tested for impairment in accordance with the principles described in Notes 2.4.1 and 10 to the consolidated financial statements.

We reviewed the methods used to implement this test, checked the consistency of the assumptions used with the forecast data included in the strategic plans for each business, under management's supervision, and verified that Notes 2.3.4, 2.3.8, 2.4.1 and 10 to the consolidated financial statements provide appropriate disclosures.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by law and regulations of the Group's information given in the management report of the President.

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 International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the President.

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 of 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 taken by users on the basis of these consolidated 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 the management of the affairs of the Company.

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

- Identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response 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 the 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.

Courbevoie and Neuilly-sur-Seine, 20 May 2022

The statutory auditors
French original signed by

Mazars	PricewaterhouseCoopers Audit	
Marc Biasibetti	Edouard Cartier	Pierre-Olivier Etienne

Consolidated financial statements

31 December 2021

FINANCIÈRE AMUSE TOPCO

asmodee

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in millions of €)	Note	31-Dec-21	31-Dec-20
Net Sales	**3**	**1,020.6**	**712.4**
Cost of goods sold		(551.4)	(385.5)
Transport costs		(51.6)	(29.8)
Royalties and other sales costs		(43.2)	(32.2)
Gross margin		**374.4**	**264.9**
Personnel expenses	4	(126.6)	(91.9)
Marketing costs		(21.5)	(13.8)
Administrative, logistical and other costs		(52.8)	(42.3)
Operating profit/loss before depreciation and other income and expenses		**173.6**	**116.8**
Depreciation and amortization charges excluding acquisitions		(29.2)	(43.7)
Depreciation and amortization charges related to acquisitions		(24.5)	(0.5)
Other operating expenses	**5**	(2.6)	(2.1)
Operating profit/loss (EBIT)		**117.3**	**70.5**
Net financial income	**6**	(64.1)	(80.0)
Profit/loss before tax		**53.2**	**(9.5)**
Income taxes	**7**	(14.2)	(11.6)
Profit/loss for the period		**39.1**	**(21.1)**
Profit/Looss for the period		**39.1**	**(21.1)**
Of which attributable to:			
• Equity holders of the parent		39.1	(21.1)
• non-controlling interests		-	-

asmodee

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of €)	31-Dec-21	31-Dec-20
Profit/loss for the period	**39.1**	**(21.1)**
Change in fair value of financial instruments	1.1	(0.9)
Tax effect	(0.3)	-
Exchange differences on translation of foreign operations	51.9	(55.9)
Items reclassified in the statement of profit or loss	**52.7**	**(56.7)**
Remeasurement of defined benefit plans for employees	0.1	0.0
Tax effect	(0.0)	(0.0)
Other items	(0.8)	0.0
Items not reclassified in the statement of profit or loss	**(0.7)**	**0.0**
Total other comprehensive income (after tax)	**52.0**	**(56.7)**
CONSOLIDATED COMPREHENSIVE INCOME	**91.1**	**(77.8)**
Of which attributable to:		
• Equity holders of the parent	91.1	(77.8)
• non-controlling interests	-	-

asmodee

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of €)	Note	31-Dec-21	31-Dec-20
Goodwill	10	744.3	439.2
Intangible assets	10	883.2	797.6
Property, plant and equipment	11	10.2	10.0
Right-of-use assets	12	28.3	29.5
Other non-current operating assets	13	8.0	5.0
Deferred tax assets	7	43.7	25.7
Total non-current assets		**1,717.7**	**1,307.0**
Inventories	15	227.9	113.6
Trade receivables	16	208.4	136.9
Other current assets	17	83.5	52.9
Other current financial assets	22	0.1	0.0
Cash and cash equivalents	23	103.4	97.8
Total current assets		**623.1**	**401.2**
Total assets		**2,340.8**	**1,708.2**

Equity and liabilities

(in millions of €)	Note	31-Dec-21	31-Dec-20
Share Capital		324.0	324.0
Reserves		(82.1)	(94.1)
Profit/loss for the period		39.1	(21.1)
Total equity attributable to equity holders of the parent	**20**	**281.0**	**208.8**
Equity attributable to non-controlling interests	**20**	**19.6**	**-**
Total Equity	**20**	**300.6**	**208.8**
Non current provisions	19	2.4	1.2
Employee benefits	26	0.5	1.5
Liabilitites to credit institutions	24	1 403.2	1 034.1
Lease liabilities	24	23.6	25.2
Other non-current liabilities		2.8	1.8
Deferred tax liabilities	7	238.7	217.4
Total non-current liabilities		**1,671.2**	**1,281.2**
Current provisions	19	2.5	1.3
Liabilitites to credit institutions	24	3.0	1.1
Lease liabilities	24	8.1	7.0
Bank overdrafts	24	6.4	0.0
Trade payables	25	193.1	95.1
Other current liabilities	18	155.8	112.4
Other current financial liabilities	22	0.0	1.3
Total current liabilities		**369.0**	**218.2**
Total equity and liabilities		**2,340.8**	**1,708.2**

asmodee

CONSOLIDATED CASH FLOW STATEMENT

(in millions of €)	Note	31-Dec-21	31-Dec-20
Profit/loss for the period		**39.1**	**(21.1)**
Adjustment for:		**129.4**	**137.8**
Amortization and Depreciation		53.9	43.7
Provisions		1.0	1.4
Net gain/loss on disposal of fixed assets		0.0	(0.2)
Financial items		61.5	80.4
Corporate taxes		13.6	11.6
Other non-cash items		(0.7)	0.9
Cash flow before cost of financial debt (net) and tax		**168.5**	**116.7**
Movements in working capital		**(47.5)**	**7.6**
Change in inventories		(90.6)	(2.2)
Change in trade receivables		(35.5)	(13.5)
Change in trade payables		81.4	15.2
Change in other assets and liabilities		(2.7)	8.2
Corporate tax paid		**(36.2)**	**(9.2)**
Operating taxes paid		**(0.6)**	**(0.0)**
Cash flow from operating activities		**84.2**	**115.1**
Acquisitions of property, plant and equipment and intangible assets		**(20.3)**	**(21.5)**
Acquisitions of property, plant and equipment	**11**	(2.8)	(5.0)
Acquisitions of intangible assets	**10**	(17.5)	(16.5)
Receivables - Payables on fixed assets		(0.0)	0.1
Disposals of property, plant and equipment and intangible assets		(0.0)	1.0
Investments in subsidiaries(net of cash acquired)		(229.5)	(27.4)
Disposal of subsidiary		12.0	(3.0)
Other changes in investments and other financial assets		(2.6)	(1.4)
Cash flow from investing activities		**(240.4)**	**(52.1)**
Proceeds on issue of shares		0.0	5.0
Proceeds from loans and borrowings		272.5	79.5
Repayments of loans and borrowings		(83.0)	(82.8)
Repayment of lease liabilities		(10.2)	(9.3)
Interest paid		(23.6)	(30.6)
Other changes		(4.0)	(0.0)
Dividends paid		0.0	0.1
Discontinued operations		0.0	0.8
Cash flow from financing activities		**151.8**	**(37.2)**
Cash flow for the period		**(4.4)**	**25.8**
Cash and cash equivalents at the beginning of period		**97.8**	**74.8**
Foreign exchange gain/loss		3.5	(2.8)
Cash and cash equivalents at the end of period		**97.0**	**97.8**
CHANGE IN CASH AND CASH EQUIVALENTS		**(4.4)**	**25.8**

asmodee

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of €, excluding number of shares)	Number of shares outstanding	Capital	Reserves	Cash flow hedges	Translation reserve	Total shareholders' equity	Attributable to owners of the parent company	Attributable to non-controlling interests' share
At 31 December 2019	**319,027,511**	**319.0**	**(50.0)**	**(~~0.9~~ 0.)**	**12.8**	**281.7**	**281.7**	**-**
Other comprehensive income		-	0.0	(0.9)	(55.9)	(56.7)	(56.7)	-
Net profit/loss for the period		-	(21.3)	0.2	-	(21.1)	(21.1)	-
Total comprehensive income for the period		-	(21.3)	(0.7)	(55.9)	(77.8)	(77.8)	-
Change in interest and other		-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-
Capital increase	5,000,000	5.0	-	-	-	5.0	5.0	-
At 31 December 2020	**324,027,511**	**324.0**	**(71.3)**	**(0.9)**	**(43.1)**	**208.8**	**208.8**	**-**
Change of method IAS19 R		-	0.7	-	-	0.7	0.7	-
At 01 January 2021 restated	**324,027,511**	**324.0**	**(70.6)**	**(0.9)**	**(43.1)**	**209.5**	**209.5**	**-**
Other comprehensive income		-	(0.7)	0.8	51.9	52.0	32.4	19.6
Net profit/loss for the period		-	39.0	0.0	-	39.1	39.1	-
Total comprehensive income for the period		-	**38.3**	**0.8**	**51.9**	**91.1**	**71.5**	**19.6**
Change in interest and other		-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-
Capital increase		-	-	-	-	-	-	-
At 31 December 2021	**324,027,511**	**324.0**	**(32.3)**	**(0.0)**	**8.9**	**300.6**	**281.0**	**19.6**

Financière Amuse TopCo was incorporated on 18 September 2018 with a share capital of €20.000. The company closed its accounting year on 31 December 2021. It is 81.47% owned by PAI Partners. Its head office is located in Guyancourt (78289), 18 rue Jacqueline Auriol - France.

Financière Amuse TopCo took control via its subsidiaries Financière Amuse BidCo and Financière Amuse MidCo of the Asmodee Group on 23 October 2018. The group, which operates in Europe, North and South America and Asia, continued its international expansion during 2021, particularly in North America (United States and Canada), thanks to the acquisition of new companies with intellectual property rights, and to a lesser extent in Europe.

The financial statements are presented annually for the period from 1 January to 31 December for a period of 12 months.

A. SIGNIFICANT EVENTS AND CHANGES IN SCOPE

NOTE 1.SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in scope and highlights of 2021

Since 1 January 2021, the Group has completed five acquisitions, two mergers and two liquidations:

Acquisitions during the period

AD2G Studio - Board Game Arena

On 7 January 2021, the Group, through Asmodee Group, acquired the entire share capital of AD2G Studio, a company operating an internet platform for digital games based in Fontenay-aux-Roses (France).

Plan B Games Inc.

On 1 March, the Group, through 9432-1437 Québec Inc., acquired the entire share capital of Plan B Games Inc.(Rigaud, Quebec, Canada) and Plan B Games Europe GmbH (Stuttgart, Germany), companies that publish and market board games.
On 2 March 2021, a merger took place between Plan B Games Inc. and 9432-1437 Québec Inc., through the absorption of the latter.
The shares in Plan B Europe were subsequently transferred to Asmodee Holding GmbH on 20 August 2021.

On an unaudited pro forma basis, had these other business combinations taken place at the beginning of the year, their respective contributions to sales and operating income in the consolidated financial statements would have amounted to 3.0 and -6.2 million euros.

Miniature Market

On 22 September 2021, the Group, through Asmodee LLC, acquired the entire share capital of Miniature Market, an e-commerce game distribution company based in Saint Louis, Missouri (USA).

On an unaudited pro forma basis, had these other business combinations taken place at the beginning of the year, their respective contributions to sales and operating income in the consolidated financial statements would have amounted to 31.4 and 3.7 million euros.

Exploding Kittens

On 23 December 2021, the Group, through Asmodee Editions LLC, acquired 55% of the share capital of Exploding Kittens LLC, a US-based publisher of board games, which in turn holds 100% of the share capital and voting rights of Kittenworks LLC, a dormant company (see note 10.1 where preliminary goodwill is presented).

(in millions of €)	**Fair value at acquisition date**
Exploding Kittens net assets	43.6
Minority buyout debt (put)	124.7
Purchase price	172.1
Goodwill	**253.1**

B. GENERAL ACCOUNTING POLICIES AND USE OF ESTIMATES

NOTE 2.ACCOUNTING POLICIES

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of Financière Amuse TopCo for the year ended 31 December 2021 are presented in millions of euros, and have been prepared on a going concern basis:

- In accordance with the IFRS framework (standards and interpretations) published by the International Accounting Standards Board (IASB), as adopted by the European Union and mandatory as of 31 December 2021;

The complete set of standards adopted within the European Union can be consulted at the following address: http://www.efrag.org/Endorsement

Given the nature of its activities, the Group's exposure to the consequences of climate change is considered limited. No significant climate-related impact is reflected in the 2021 financial statements. Certain reclassifications relating to the presentation of comparative data have been made in order to conform to the presentation adopted for the current year or to IFRS.

2.2 New standards and interpretations mandatory as of 1 January 2021

The Group has applied the following amendments, adopted by the European Union and applicable to financial years beginning on or after 1 January 2021.The adoption of these amendments has no material impact.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments:Recognition and Measurement, IFRS 7 Financial Instruments:Disclosures, and IFRS 16 Leases - Reform of benchmark interest rates - Phase 2 (published on 27 August 2020 and adopted on 13 January 2021)
- Amendment to IFRS 16 Leases - Covid 19 Rent Relief (published on 31 March 2021 and adopted on 30 August 2021)

In addition, the Group has taken into account the clarifications included in the Agenda of Decisions published by the IFRS Interpretations Committee (IFRIC) in April 2021 relating to IAS 19 - Employee Benefits and concerning the allocation of employee benefits to periods of service. This decision clarifies the period over which employee benefits are granted for the purpose of allocating the IAS 19 charge. The impact at 31 December 2021 represents a reduction in the commitment, recognized in reserves (see note 26).

The Group is currently analyzing the impact of the clarifications included in the IFRIC Decision Agenda published in April 2021 concerning the accounting treatment of configuration and customization costs for software used in "SaaS" Software as a Service mode (clarification of the criteria for recognition as an intangible asset or an expense), but no material impact is expected.

No other new standards, interpretations or amendments apply to the Group since 1 January 2021.

2.3 Main accounting methods

2.3.1 Consolidation principles

Subsidiaries are entities over which the Group exercises exclusive control.
Control exists when the Group (i) has power over an entity, (ii) is exposed to or entitled to variable returns from its relationship with the entity, and (iii) has the ability to exercise its power over the entity so as to affect the amount of returns it obtains.

A subsidiary is consolidated in the Group's financial statements from the date on which the Group takes control, and ceases to be consolidated on the date on which the Group loses control of the entity.

Intra-group balances and transactions are eliminated.

2.3.2 Assets held for sale

Non-current assets held for sale are presented on a separate line of the balance sheet when (i) the Group has decided to sell the asset(s) concerned, and (ii) the sale is considered highly probable. These assets are measured at the lower of carrying amount and fair value less costs to sell. When the Group is engaged in a sale process involving the testing of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale, irrespective of whether the Group retains a residual interest in the entity sold after the sale.

2.3.3 Translation of financial statements into currencies other than the euro

The functional currency of a consolidated company is the currency of the economic environment in which the entity operates. In most cases, the functional currency is the local currency. However, a functional currency other than the local currency may be used for certain companies, provided that it represents the currency of the main transactions carried out by the entity, and that it provides a faithful representation of its economic environment.

Assets and liabilities of companies whose functional currency is not euro are converted into euros at the exchange rate prevailing at the end of each period, while statement of profit or loss and cash flow statement items are converted at the average rate for the period. Translation differences arising from the use of different exchange rates for the opening balance sheet position, transactions for the period and the closing balance sheet position are recognized directly in other comprehensive income.These translation differences are recognized in the statement of profit or loss on disposal of the company concerned.

Goodwill and fair value adjustments recognized on the acquisition of companies whose functional currency is not the euro are considered as assets and liabilities of these companies; they are therefore expressed in the company's own functional currency and translated at the closing rate for each period.

2.3.4 Business combinations

The purchase price, also known as the “consideration transferred” for the acquisition of a subsidiary, is the sum of the fair values of the assets transferred and liabilities assumed by the acquirer at the acquisition date, and the equity instruments issued by the acquirer. The purchase price includes any earnouts measured and recognized at fair value at the acquisition date.

At the time of each business combination, the Group may opt to recognize the portion of the interest not acquired:

- either at fair value at the acquisition date, with goodwill recognized on the portion not acquired (full goodwill method).
- or on the basis of its share of the acquiree’s identifiable net assets measured at fair value, with the result that only the goodwill attributable to owners of the parent is recognized (partial goodwill method).

Direct acquisition-related costs are expensed in the period in which they are incurred. Goodwill arising on a business combination is equal to the difference between:

- the fair value of the purchase price plus the amount of minority interests (non-controlling interests’ share) in the acquired company.
- the fair value of assets acquired and liabilities assumed at the acquisition date.

The initial assessment of the purchase price and the fair values of the assets acquired and liabilities assumed is finalized within twelve months of the acquisition date, and any adjustment providing information on the item at the date of acquisition of control is recognized as a retroactive adjustment to goodwill (and in the statement of profit or loss in the opposite case). Beyond this twelve-month period, any adjustments are recorded directly in the statement of profit or loss.

Earnouts are initially recognized at fair value, and subsequent changes in value occurring beyond the twelve-month period following acquisition are systematically recognized against the statement of profit or loss.

In the case of a takeover achieved through successive acquisitions, the Group’s previously held interest is revalued to its fair value at the date of takeover, and any resulting gain or loss is recognized in the statement of profit or loss.

2.3.5 Sales and costs generated by operating activities

Valuation of sales and cost of sales

As a general rule, the amount of sales resulting from a transaction is determined by the contractual agreements signed with the customer. Sales are net of all discounts, rebates and returns.

Cost of sales and cost of goods sold include direct costs (such as purchases of finished products, assembly and component costs, if any, and approach costs). Sales and administrative expenses are not included in production costs.

Accounting for sales and cost of sales

Sales of manufactured products are recognized in accordance with IFRS 15, i.e., mainly when the risks and rewards of ownership are transferred to the customer, which generally occurs upon delivery. Sales relating to short-term service contracts are recognized when the services are rendered. All production costs incurred or to be incurred in connection with the sale are recognized in cost of sales at the sales recognition date.

2.3.6 Property, plant and equipment

In accordance with IAS 16 - Property, Plant and Equipment, property, plant and equipment are recognized on the balance sheet at acquisition cost or production cost, less depreciation and any identified impairment losses.

Property, plant and equipment comprises fixtures and fittings for warehouses and offices, office and IT equipment, office furniture and transport equipment.

Certain assets are leased to the Group. These items therefore fall within the scope of IFRS 16 on leases (see note 2.3.7).

2.3.7 Rights of use

The standard is applicable to financial years commencing after 1 January 2019 and replaces the previous standards "IAS 17 - Leases" and "IFRIC 4".

In connection with the application of IFRS 16 "Leases" as of 1 January 2019, the Group:

- applies the simplified retrospective transition method, taking into account the cumulative effect of initial application of the standard at the date of first application, without restatement of comparative periods;
- uses the following simplification measures provided for by the standard in the transitional provisions:
    - has excluded from leases with terms ending within 12 months of the date of first application;
    - has accounted for each element of the lease as a separate lease, separately from the non-lease elements of the lease (services);
    - has applied the two exemptions from the standard on short-term leases and leases of low-value assets.

The Group determines whether a contract is a lease or contains a lease when it confers, at the inception of the contract, the right to control the use of an identified asset for a specified period in exchange for consideration.

Lease debt is initially calculated on the basis of the present value of future payments relating to the contracts. Discount rates are based on the Group's borrowing rate, to which a spread is added to take account of the economic environment specific to each country and the maturity of the contracts, and are estimated in each currency on the basis of available market data.

Lease payments may include fixed or variable payments that depend on a rate or index known at the start of the contract. The term used to calculate the lease liability corresponds to the non-cancellable term of the contract, unless it is reasonably certain that the Group will exercise a renewal option beyond this period.The probability of an option being exercised is determined contract by contract, taking into account management's intentions.This debt is then calculated at amortized cost using the effective interest rate method.

2.3.8 Impairment of goodwill, property, plant and equipment and intangible assets

Assets with an indefinite useful life - mainly goodwill and intangible assets arising from the allocation of the purchase price of companies (publishing or distribution rights such as Jungle Speed, Dobble, Pokemon, etc.) - are not amortized, but are subject to systematic annual impairment testing, and whenever there are indications of impairment. Other amortized intangible assets and property, plant and equipment are tested for impairment only if there are indications of impairment.

Impairment testing consists of comparing the recoverable amount of a fixed asset with its net book value. If the recoverable amount of an asset or a cash-generating unit (CGU) is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is immediately recognized in the statement of profit or loss. In the event of an impairment test on goodwill allocated to a group of CGUs, the impairment loss is charged first to the carrying amount of the goodwill, then to the other assets pro rata to their carrying amounts.

A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined by cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and value in use.Value in use is measured on the basis of the Group’s internal five-year business plan.Cash flows beyond this period are extrapolated by applying a long-term perpetual growth rate for subsequent years. Value in use is equal to the sum of discounted cash flows and discounted terminal residual value. Discount rates are determined using the weighted average cost of capital.

Impairment losses recognized on goodwill cannot be reversed. Impairment losses recognized on assets other than goodwill may be reversed in a subsequent period; such reversals are recognized immediately in the statement of profit or loss. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

2.3.9 Inventories

Inventories are valued using the weighted average cost method of purchase costs, including approach costs. Inventories consist mainly of goods (games). No fixed charges are included in inventories.

An analysis is carried out for each product, based on the observed rotation times and marketing possibilities. When their net realizable value is lower than their balance sheet value, an impairment loss is recognized.

2.3.10 Receivables

Receivables are valued at their face value, which corresponds to their fair value. When the inventory value of receivables is lower than their balance sheet value, an impairment loss is recognized.

Receivables from entities which have Euro as their functional currency expressed in foreign currencies mainly relate to sales made in USD by companies located in European economic area.

2.4 Use of estimates

In order to prepare consolidated financial statements in accordance with IFRS, Management is required to make certain estimates and assumptions that it considers realistic and reasonable.These estimates and assumptions may affect the reported amounts of assets and liabilities, shareholders' equity, net income, and contingent assets and liabilities at the balance sheet date. Management regularly reviews these estimates on the basis of available information. When events and circumstances develop differently than expected, actual results may differ from these estimates.

The main accounting policies whose application requires the use of estimates concern the following items:

2.4.1 Goodwill on acquisitions

In accordance with IFRS 3, goodwill is allocated to intangible assets with definite and indefinite useful lives, the valuation of which depends on a business plan drawn up by management. Where appropriate, this allocation is made within 12 months of the acquisition date.

2.4.2 Impairment testing

Estimates and assumptions used in asset impairment testing are described in note 10 "Goodwill and intangible assets".

2.4.3 Software and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is capitalized when the project's feasibility and profitability can reasonably be considered assured.

In accordance with IAS 38, development costs are capitalized as intangible assets when the Group can demonstrate:

- its intention to complete the asset and its ability to use or sell it;
- its financial and technical capacity to complete the development project;
- the availability of resources to complete the project;
- the probability that future economic benefits attributable to the development expenditure will flow to the Group;
- and that the cost of the asset can be measured reliably.

These intangible assets are amortized on a straight-line basis over periods corresponding to their estimated useful lives, namely:

- for software: 3 years;
- for development costs, based on the economic life of each specific development project.

Capitalized costs mainly relate to the development of physical or digital games, and impairment tests are carried out at each balance sheet date, based on budget forecasts drawn up by management.

2.4.4 Valuation of deferred tax assets

Determining the level of recognition of deferred tax assets requires Management's judgment. Future sources of taxable income and the effects of the Group's overall tax strategies are taken into account in this exercise. This assessment is based on a detailed review of deferred taxes by tax jurisdiction, taking into account past, present and future operating performance, together with the budget and 5-year business plan, the duration of the carry-back and the expiry date of tax losses that can be carried forward.

2.4.5 Provisions and contingent liabilities

Provisions for liabilities and charges are set aside to cover probable outflows of resources to third parties, without any consideration for the Group. They are estimated on the basis of best-estimate assumptions or using statistical methods, depending on the nature of the provisions. Provisions for liabilities and charges are classified as either non-current or current liabilities, depending on their nature.

Provisions relating to risks or disputes to be settled within twelve months of the balance sheet date, or to the normal operating cycle (i.e., product returns), are included in current liabilities. Other provisions for risks and charges are presented in non-current liabilities.

At the end of each financial year, the Group uses the following assumptions and estimates to determine provisions for employee retirement commitments:
- actuarial assumptions: probability of active employees remaining with the Group, probability of mortality, retirement age, salary trends, etc.
- discount rates used to determine the present value of obligations.

2.4.6 Financial instruments reported in the financial statements

The Group's main financial liabilities include borrowings and trade payables.

The Group's main financial assets include loans, trade receivables, current operating assets and cash and cash equivalents.

The Group is exposed to exchange rate and interest rate risks, credit risk and liquidity risk.

The main valuation methods used are as follows:

When not hedged, borrowings are measured at amortized cost using the effective interest method;

- the fair value of financial debt is determined on the basis of quoted prices for traded instruments on a market or on the basis of current rates offered to the Group for instruments with the same maturity;

- the fair value of cash and cash equivalents, trade receivables and related accounts and trade payables and related accounts is considered to be identical to their book value, due to their short maturity, or equal to their market value in the case of mutual funds.

C. SEGMENT REPORTING

NOTE 3.SEGMENT INFORMATION

Segment reporting to the Group's shareholders, the main operating decision-makers, presents key performance indicators at Group level. Strategic decisions and resource allocations are validated on the basis of this consolidated reporting. Segment reporting in the consolidated financial statements is based on the same method used for reporting to management and shareholders.

3.1 Sales by product category

(in millions of €)	31-Dec-21	31-Dec-20
Games published	371.3	337.1
Games distributed	172.7	142.4
Total games	**544.0**	**479.6**
Pokémon	257.2	111.3
Magic	99.4	74.3
Other Trading Card Games (*)	78.9	38.6
Total Trading Card Games	**435.5**	**224.3**
Other	77.1	47.0
Discounts & Rebates	(35.9)	(38.4)
Sales	**1,020.6**	**712.4**

(*) Examples:Yu-Gi-Oh, Digimon, Panini …

3.2 Information by geographic area

3.3.1 Sales by country

(in millions of €)	31-Dec-21	31-Dec-20
France	200.9	146.7
Germany	167.8	105.2
United Kingdom	158.0	102.4
Netherlands	48.8	26.7
Denmark	43.9	32.3
Belgium	37.2	19.5
Spain	25.1	20.7
Poland	24.8	15.2
Italy	18.4	13.7
Norway	15.3	10.5
Czech Republic	15.2	9.2
Finland	6.5	3.3
Romania	5.1	4.3
Sweden	3.1	2.3
EUROPE	**769.9**	**512.2**
United States	152.2	129.6
Canada	47.8	39.2
Brazil	11.0	10.3
Chile	7.0	3.5
AMERICAS	**218.0**	**182.6**
Hong Kong	17.2	10.8
South Korea	7.4	-
China	5.3	4.7
Taiwan	2.8	2.2
ASIA	**32.8**	**17.6**
Sales	**1,020.6**	**712.4**

3.3.2 Non-current assets by country of origin

Non-current assets by country of origin are defined as non-current assets as presented in the balance sheet, with the exception of those directly associated with financial debt, employee benefit commitments and deferred tax assets (see Section E.).

(in millions of €)	31-Dec-21	31-Dec-20
France	371.1	353.2
Belgium	30.7	32.2
Germany	29.1	27.3
Czech Republic	9.7	10.1
United Kingdom	6.4	6.2
Denmark	5.7	5.8
Romania	3.9	4.4
Netherlands	2.0	1.6
Poland	1.7	1.2
Spain	0.9	0.4
Italy	0.7	0.8
EUROPE	**461.9**	**443.2**
United States	1,149.0	817.0
Canada	44.6	4.2
Brazil	0.6	0.6
Chile	0.6	0.3
AMERICAS	**1,194.8**	**822.1**
Hong Kong	7.6	7.1
Taiwan	1.1	1.1
China	0.4	2.8
South Korea	0.1	-
ASIA	**9.3**	**11.0**
Non-current assets	**1,666.0**	**1,276.3**

3.3 Information on major customers

Amazon is the Group's only multi-country customer, accounting for over 10% of worldwide sales. During the 12 months of activity in 2021, Amazon accounts for 13% of the Group's total sales, worth 135.6 million euros.

D. OTHER STATEMENT OF PROFIT OR LOSS ITEMS

NOTE 4. PAYROLL COSTS

Salary costs correspond mainly to the cost of salaries for the period, net of the capitalization of salary costs. The capitalization of salaries corresponds to time spent by employees on the development of games created in-house, whether physical or digital, as well as the development of accounting software and the digital platform.

(in millions of €)	31-Dec-21	31-Dec-20
Salaries and payroll taxes	(134.7)	(99.7)
Capitalized internal expenses	8.0	7.8
Total wages and salaries	**(126.7)**	**(91.9)**

NOTE 5.OTHER INCOME AND EXPENSES

Income and expenses that are non-recurring, material, unusual, abnormal or infrequent are shown under "Other operating income and expenses".
Other operating income and expenses include costs relating to completed, in-progress or discontinued acquisitions, restructuring costs, significant asset impairments (exceptional customer write-downs due to bankruptcies), and costs relating to litigation outside the ordinary course of business.
Other income includes gains on disposal of investments or businesses, and gains on disposal of property, plant and equipment and intangible assets resulting from divested businesses or businesses subject to restructuring plans, all income relating to past disposals.
Other expenses include losses on disposal of investments or businesses, losses on disposal of property, plant and equipment and intangible assets resulting from divested businesses or businesses subject to restructuring plans, as well as any costs relating to past disposals, restructuring costs, rationalization costs, significant asset impairment, costs incurred in carrying out business combinations, and costs relating to litigation not in the ordinary course of business.

(in millions of €)	31-Dec-21	31-Dec-20
Provision for litigation	0.4	-
Miscellaneous	1.3	(0.0)
Total other operating income	**1.7**	**(0.0)**
Acquisition costs	(3.5)	(0.9)
Capital gains and losses on asset disposals	-	(0.2)
Provision for litigation	-	(0.2)
Compensation for breach of contract	-	(0.9)
Miscellaneous	(0.7)	0.1
Total other operating expenses	**(4.2)**	**(2.1)**
Total other operating income and expenses	**(2.5)**	**(2.1)**

Acquisition costs mainly relate to the costs incurred in the acquisitions of AD2G Studio -1 million euros, Exploding Kittens -0.8 million euros, Plan B -0.6 million euros and Miniature Market -0.6 million euros. The latter mainly comprise invoiced fees such as consulting fees and transfer duties.

NOTE 6 NET FINANCIAL INCOME

Financial income and expenses include the following items:

- financial income received in return for cash;
- interest expense on financial debt, i.e., bonds, other borrowings and lease liabilities;
- other expenses paid to financial institutions in respect of financing transactions;
- the cost (term points) of operational and financial currency hedges.

(in millions of €)	31-Dec-21	31-dec-20
SFA 2018	(24.3)	(27.4)
PAI VII Shareholder Loan	(42.6)	(39.1)
Other interest expense	(0.8)	(0.7)
Derivative instruments	0.2	0.0
Deferral of borrowing costs	(2.4)	(1.5)
Fair value of convertible bonds	0.2	0.3
Currency translation adjustment	8.0	(8.1)
Interest IFRS 16	(1.6)	(1.8)
Other (*)	(0.7)	(1.7)
Net financial income	**(64.1)**	**(80.0)**

(*) mainly bank loans taken out by the Blackfire Czech Republic subsidiary.

NOTE 7. INCOME TAXES

The Group calculates its income taxes in accordance with the tax laws in force in the countries in which the results are taxable.

The current tax expense is calculated on the basis of tax legislation enacted or substantially enacted at the balance sheet date in the countries where Group subsidiaries and associates operate and generate taxable income.Management periodically assesses the tax positions taken with regard to applicable tax regulations, where these are subject to interpretation, and determines any amounts it expects to pay to the tax authorities.

Temporary differences between the book value of assets and liabilities and their tax value, tax loss carryforwards and unused tax credits are identified in each taxable entity (or tax group, where applicable).The corresponding deferred taxes are calculated at the enacted or substantively enacted tax rate applicable to the year in which the asset will be realized or the liability settled.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and un-used tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, tax loss carryforwards and un-used tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Group has the legal right to offset current tax assets and liabilities.
- deferred tax assets and liabilities relate to taxes in the same tax jurisdiction.

Deferred tax is recognized in the statement of profit or loss, unless it relates to items recognized directly in other comprehensive income (or equity), in which case it is also recognized directly in other comprehensive income (or equity).

The Group has not identified any material impacts on its consolidated financial statements following the adoption of IFRIC 23.

Risks and uncertain tax positions are covered by appropriate liabilities, the amounts of which are reviewed by Group management in conjunction with its advisors, in accordance with the criteria set out in IAS 12 and IFRIC 23.

7.1 Analysis of the tax expense

The following table provides a breakdown of the tax expense:

(in millions of €)	31-Dec-21	31-Dec-20
Current tax expense	(35.9)	(14.5)
CVAE	(0.6)	(1.1)
Prior period adjustments	(0.7)	0.2
Provision for tax risk	(0.5)	-
Deferred tax income/(expense)	23.6	3.9
Income tax	**(14.2)**	**(11.6)**

The following table provides a reconciliation between the tax expense at the tax rate applicable in France, excluding exceptional contributions, and the actual tax expense:

(in millions of €)	31-Dec-21	31-Dec-20
Profit/loss before taxes	**53.2**	**(9.5)**
Statutory tax rate in France	28.41%	28.92%
Theoretical tax income (expense)	**-15.1**	**2.8**
Reconciliation:		
- the difference between the standard tax rate applicable in France and the standard tax rate applicable in foreign jurisdictions (1)	(0.2)	3.4
- change in unrecognized deferred tax assets (2)	0.4	(13.9)
- changes in tax rates	(0.1)	0.1
- other taxes (withholding tax, CVAE in France and IRAP in Italy) (3)	(0.6)	(1.1)
- permanent differences and other (4)	1.5	(2.9)
TAX EXPENSE	**(14.2)**	**(11.6)**
Effective tax rate	**26.6%**	**-121.7%**

(1) Group presence in jurisdictions where tax rates differ from those in France, mainly in the United States, the United Kingdom and Germany.

(2) Including capitalization of deferred tax assets on tax loss carryforwards in the amount of 10.9 million euros.

(3) Mainly the CVAE applicable to the 2021 financial year in France for -0.6 million euros.

(4) The effect of the utilization of tax loss carryforwards for +4.7 million euros, a tax adjustment from 2020 to 2021 for -1.6 million euros, and other differences including a provision for a tax dispute in Canada for -0.5 million euros.

7.2 Deferred tax assets and liabilities

(in millions of €)	31-Dec-21	31-Dec-20
Deferred tax assets	43.7	25.7
Deferred tax liabilities	(238.7)	(217.4)
Deferred taxes	**(195.0)**	**(191.7)**

The following table shows the sources of net deferred tax assets and liabilities:

(in millions of€)	31-Dec-21	31-Dec-20
Intangible assets recognized as part of purchase price allocation	(214.7)	(196.3)
Tax loss carryforwards and tax credits	10.9	-
Temporary differences	8.8	4.6
Deferred taxes	**(195.0)**	**(191.7)**

NOTE 8. ANALYSIS OF LEASES

The following table provides a breakdown of the impacts of IFRS 16 on the statement of profit or loss:

(in millions of €)	31-Dec-21	31-Dec-20
Cancellation of lease charges	9.7	9.7
Depreciation	(8.7)	(9.0)
Other income and expenses	0.0	-
Operating profit/loss (EBIT)	**1.0**	**0.6**
Net financial income	(1.6)	(1.8)
Profit/loss before taxes	**(0.7)**	**(1.2)**

NOTE 9. RESULTS FROM DISCONTINUED OPERATIONS

Discontinued operations discontinued, sold or to be sold, where they:

- represent a separate major line of business or geographical area for the Group,
- or form part of a single plan to dispose of a separate major line of business or geographical area for the Group,
- or a subsidiary acquired exclusively with a view to resale,

are presented on a separate line of the consolidated statement of profit or loss and consolidated cash flow statement at year-end.

Materiality is assessed by the Group according to various qualitative criteria.Assets associated with discontinued operations, if held for sale, are measured at the lower of carrying amount and fair value less costs to sell. Statement of profit or loss and cash flow statement items relating to these discontinued operations are presented on a separate line for all periods presented.

At 31 December 2021, the Group had no discontinued operations.At 31 December 2020, the Group also had no discontinued operations.

E. NON-CURRENT ASSETS

NOTE 10.GOODWILL AND INTANGIBLE ASSETS

The net book value of goodwill and unamortized intangible assets is reviewed at least once a year, and whenever events or circumstances indicate that an impairment loss may have occurred.Such events or circumstances are linked to significant unfavourable changes either in the economic environment, or in the assumptions or objectives used at the acquisition date.An impairment loss is recognized when the recoverable amount of the assets tested is lower than their carrying amount.
Within the Group, it is not possible to allocate goodwill on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units.Consequently, the lowest level at which goodwill is monitored internally may comprise several cash-generating units to which goodwill corresponds, but between which it cannot be allocated.

10.1 Goodwill

In accordance with IFRS3, the Group has recognized identifiable assets and liabilities acquired at their fair value at the acquisition date.The Group engaged an independent expert to determine the fair values of the assets acquired and liabilities assumed at the date of acquitistion.

Summary of goodwill

(in millions of €)	31-Dec-21	31-Dec-20
Amuse 2018	376.8	354.8
Exploding Kittens	252.8	0.0
Miniature Market	20.7	0.0
BGA	17.6	0.0
Blackfire	16.6	16.3
Plan B Games	13.6	0.0
Libellud	8.9	28.9
Repos	8.2	8.2
Captain Macaque	7.3	7.3
Lui-même	5.5	5.5
Bezzerwizzer	4.8	4.8
Philibert	4.1	4.0
Searainbow	3.0	5.2
Lion Rampant	2.4	2.2
Go Kids	1.1	1.0
Flat Prod	0.7	0.7
Skyship	0.2	0.2
Goodwill	**744.3**	**439.2**

Movements between 1 January 2021 and 31 December 2021 mainly result from the allocation of Libellud and Plan B goodwill, price adjustments, foreign exchange differences on goodwill denominated in foreign currencies, and the acquisition of new companies.Information on the acquisition of Exploding Kittens is provided in note 1.

The fair values used for the identifiable assets acquired and liabilities assumed from companies acquired during the year are determined on a provisional basis and may be revised at a later date, following a final valuation or additional analyses.

(in millions of €)	Allocation Libellud	Allocation Plan B
Goodwill	8.9	13.1
Publishing rights	26.8	29.6
Deferred tax liabilities	(6.8)	(8.1)
Consolidation goodwill	**28.9**	**34.5**

Differences resulting from the final valuation were not recognized as retrospective adjustments to goodwill, as they were considered immaterial from the Group's point of view.In addition, they were recognized within twelve months of the acquisition date.

(in millions of €)	BGP Edition	BGP Distribution	Digital	Entertainment	Consumer	Total
Net book value of goodwill	354.1	364.7	0.0	0.0	25.5	744.3
Net book value of non-amortizable intangible assets	549.7	50.5	0.0	0.0	0.0	600.1

Goodwill

Goodwill is allocated to the Group's five groups of cash-generating units (CGUs).

A CGU at Group level corresponds either to a studio (or game "publishing"), or to a physical game and TCG distribution entity, or to digital activities, or to each of the "Consumer" and "Entertainment" entities (being entities grouping together assets likely to generate sales largely independently of other groups of assets).

During the previous financial year, CGUs involved in the publishing and distribution of physical games and TCGs were grouped together within a single platform, called "Boarding Game Platform", with a unique strategic and commercial approach.

At the start of 2021, it was assessed more appropriate to distinguish, within this single platform, publishing activities from distribution activities, each with its own differentiated value-creation levers.Publishing activities are based on our expertise in game creation and the exploitation of publishing rights (notably Pillar Brands).Distribution activities rely on our international distribution network and our catalogue of distribution rights (with third-party publishers).

The Group also continued to launch new offerings ("Entertainment" and "Consumer").

Impairment testing of goodwill and identifiable intangible assets with indefinite useful lives

In accordance with IAS 36 Impairment of Assets, goodwill and identifiable intangible assets with indefinite useful lives are reviewed annually to determine whether their carrying amount is less than their recoverable amount, defined as the higher of fair value (less costs to sell) and value in use (sum of discounted expected future cash flows).If the recoverable amount is less than the net book value, an impairment loss is recognized for the difference between these two amounts.Impairment losses on property, plant and equipment and intangible assets may be reversed at a later date if the recoverable amount becomes higher than the net book value (within the limit of the impairment loss initially recognized).Impairment related to goodwill is not reversible. Any impairment charge is included in "Other income and expenses" within Operating profit/loss (EBIT). Impairment tests on assets with indefinite useful lives are performed annually.If events or circumstances, whether internal or external, reveal indications of impairment, the frequency of impairment tests is reviewed.

Goodwill impairment tests have therefore been carried out on the basis of the following sub-businesses (or “platforms”), which best reflect the management and monitoring of the business in 2021:

- The “Edition” platform, which includes physical games;
- The “Distribution” platform, which includes the distribution of physical games;
- The “Digital” platform, which involves the creation and marketing of digital games (including apps);
- The “Entertainment” platform, which includes the development of audiovisual content and licensing of intellectual property rights;
- The “Consumer” platform, which corresponds to the management of sales platforms and consumers.

The recoverable amount of each platform is determined using the discounted cash flow method based on the following principles:

- Cash flows (after tax) are derived from a medium-term business plan (five years) and an extrapolation that converges the forecast cash flow for the fifth year with a so-called “normative” cash flow (enabling a terminal value to be calculated);
- The discount rate is determined on the basis of the Weighted Average Cost of Capital (“WACC”) of the platform;
- Recoverable amount is calculated as the sum of annual cash flows and terminal value.

When the recoverable amount of goodwill or an asset is less than its carrying amount, an impairment loss is recognized in the statement of profit or loss.Any impairment loss relating to a group of cash-generating units is allocated first to goodwill.When the recoverable amount once again exceeds the carrying amount, the previously recognized impairment loss is reversed through the statement of profit or loss, with the exception of any impairment loss relating to goodwill, which is irreversible.

The goodwill impairment tests carried out at 31 December 2021 did not lead the Asmodee Group to recognize any impairment loss.

The following table sets out the amount of any goodwill impairment at 31 December 2021 resulting from:

- A 50 basis point increase in the after-tax discount rate.
- A 50 basis point reduction in the perpetual growth rate over the terms of multi-year plans.

Based on the above assumptions, no impairment of goodwill is needed at 31 December 2021.

Identifiable intangible assets with indefinite useful lives

Impairment tests on identifiable intangible assets with indefinite useful lives are carried out using the “excess earnings” method, which involves discounting operating margins net of tax and less a fair return on support assets.The discount rates applied reflect the specific risks of the intangible assets tested.They are mainly based on the Weighted Average Cost of Capital (“WACC”) of the platform to which they relate and an estimate of their own risks.

Impairment tests carried out on identifiable intangible assets at 31 December 2021 did not lead the Group to recognize any impairment.

The following table sets out the amount of any goodwill impairment at 31 December 2021 resulting from:

- A 50 basis point increase in the after-tax discount rate.
- A 50 basis point reduction in the perpetual growth rate over the terms of multi-year plans.

Based on the above assumptions, no impairment of publishing rights is needed at 31 December 2021.

10.2 Intangible assets

Intangible assets include acquired intangible assets (such as games and license agreements) and internally-generated intangible assets (mainly development costs for physical or digital games).

Acquired intangible assets

Acquired intangible assets are initially measured at cost and amortized on a straight-line basis over their estimated useful lives.The useful life of these assets may extend up to 20 years, given the long-term nature of the contracts and activities likely to use them.Depreciation and amortization expense is recorded under non-acquisition-related depreciation and amortization, or acquisition-related depreciation and amortization.

Internally-generated intangible assets

Development costs are recognized as assets only if the project to which they relate meets the following criteria:

- the project is clearly identifiable and its costs are separately identified and reliably measured.
- the technical feasibility of the project has been demonstrated.
- it is the Group’s intention to complete the project for use or sale.
- adequate technical and financial resources are available to complete the project.
- it is probable that the future economic benefits associated with the project will flow to the Group.

Capitalized development costs are those incurred that are directly attributable to the project, including the appropriate share of overheads.

Capitalized development costs are amortized on a straight-line basis over their estimated useful life.The amortization charge is booked under depreciation charges excluding acquisitions.

(in millions of €)	Goodwill	Patents, trademarks and similar rights	Capitalized development costs	Other intangible assets	Intangible assets in progress	TOTAL
Gross value at 31 December 2020	**439.7**	**812.0**	**17.0**	**25.9**	**6.9**	**1,301.4**
Acquisitions (*)	0.0	2.4	3.5	5.5	6.1	17.5
Disposals and retirements	-	-	(0.1)	(1.4)	(1.5)	(3.0)
Changes in scope	283.8	52.0	-	7.8	(0.0)	343.6
Reclassifications	0.1	(15.2)	(6.0)	32.2	(6.2)	5.0
Exchange rate effects	24.0	48.3	0.7	1.2	0.0	74.2
Gross value at 31 December 2021	**747.6**	**899.5**	**15.2**	**71.2**	**5.2**	**1,738.7**
Amortization at 31 December 2020	**(0.5)**	**(59.1)**	**(1.3)**	**(3.7)**	**(0.1)**	**(64.7)**
Depreciation, amortization and impairment	(2.6)	(21.7)	(4.1)	(11.9)	(1.3)	(41.6)
Disposals and retirements	-	0.1	0.1	1.4	1.3	2.8
Changes in scope (**)	-	4.9	-	(5.8)	-	(1.0)
Reclassifications	0.0	10.4	0.6	(14.5)	0.1	(3.4)
Exchange rate effects	(0.2)	(2.7)	(0.2)	(0.3)	-	(3.3)
Amortization at 31 December 2021	**(3.3)**	**(68.1)**	**(4.9)**	**(34.9)**	**-**	**(111.2)**
Net book value at 31 December 2020	**439.2**	**752.8**	**15.7**	**22.2**	**6.8**	**1,236.7**
Net book value at 31 December 2021	**744.3**	**831.4**	**10.2**	**36.4**	**5.2**	**1,627.5**

(*) includes the acquisition of all assets and intellectual property rights relating to the game "The Island" for 1.3 million euros, (**) mainly includes entries to allocate goodwill on first consolidation.

NOTE 11.PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.When an item of property, plant and equipment comprises components with different useful lives, the acquisition cost is allocated to the various components, which are depreciated separately.
Depreciation is calculated on a straight-line basis over the estimated useful life of each component.The following table shows the most commonly used useful lives:Estimated useful lives in years

Buildings	7-40
Equipment and tools	3-25
Small tools, furniture, fittings and other items	1-10

Estimated useful lives are reviewed on a regular basis, and any changes in estimates are accounted for prospectively.The amortization charge is recorded in the line item amortization excluding acquisitions.

(in millions of €)	Land and buildings	Machinery & equipment	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
Gross book value at 31 December 2020	**0.9**	**6.6**	**18.5**	**0.0**	**26.0**
Acquisitions	0.0	1.4	1.3	0.1	2.8
Disposals and retirements	(0.0)	(0.2)	(0.0)	(0.0)	(0.2)
Changes in scope	0.1	0.4	0.3	-	0.8
Reclassifications	(0.1)	0.3	0.2	0.1	0.5
Exchange rate effects	0.1	0.2	0.9	(0.0)	1.2
Gross book value at 31 December 2021	**1.0**	**8.8**	**21.1**	**0.2**	**31.0**
Amortization at 31 December 2020	**(0.5)**	**(4.0)**	**(11.4)**	**-**	**(16.0)**
Depreciation, amortization and impairment	(0.1)	(1.1)	(2.4)	-	(3.5)
Disposals and retirements	(0.0)	0.2	0.0	-	0.2
Changes in scope	(0.0)	(0.5)	(0.1)	-	(0.6)
Reclassifications	0.0	(0.2)	(0.1)	-	(0.3)
Exchange rate effects	(0.0)	(0.2)	(0.6)	-	(0.7)
Amortization at 31 December 2021	**(0.7)**	**(5.6)**	**(14.5)**	**-**	**(20.8)**
Net book value at 31 December 2020	**0.3**	**2.6**	**7.1**	**0.0**	**10.0**
Net book value at 31 December 2021	**0.3**	**3.1**	**6.6**	**0.2**	**10.2**

NOTE 12.RIGHT-OF-USE ASSETS

In accordance with IFRS 16, which is applicable from 1 July 2019, rights-of-use under leases are recognized as property, plant and equipment in the categories corresponding to the underlying assets, in return for recognition of a lease liability.

These are mainly offices occupied by the Group and presented in the Buildings category.The value of rights-of-use is determined on the basis of the amount of the lease liability, adjusted for the amount of prepaid rent, initial direct costs, benefits received from lessors and, where applicable, refurbishment costs. Leasehold rights-of-use are amortized over the term of the lease.The accounting principles used to determine the lease liability are described in Note 24 - Financial liabilities.

Assets held under leases are depreciated over their estimated useful lives in the same manner as assets held in-house or over the term of the lease, if this is shorter.Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases .Lease payments are charged to the statement of profit or loss on a straight-line basis over the term of the corresponding lease.Benefits received and receivable from a lessor at the inception of an operating lease are apportioned on a straight-line basis over the lease term.

Estimated useful lives are reviewed on a regular basis, and any changes in estimates are accounted for prospectively.The amortization charge is recorded in the line item amortization excluding acquisitions.

(in millions of €)	Buildings	Vehicles	Equipment	TOTAL
Gross book value at 31 December 2020	**41.2**	**1.7**	**0.7**	**43.6**
Additions to right-of-use-assets	4.9	0.5	0.2	5.6
Derecognition of right-of-use assets	(2.5)	(0.3)	(0.1)	(2.9)
Changes in scope	0.7	-	-	0.7
Reclassifications	(0.0)	(0.0)	(0.1)	(0.1)
Exchange rate effects	1.5	0.0	0.0	1.5
Gross book value at 31 December 2021	**45.7**	**1.8**	**0.8**	**48.4**
Amortization at 31 December 2020	**(13.1)**	**(0.8)**	**(0.3)**	**(14.2)**
Depreciation, amortization and impairment	(8.0)	(0.7)	(0.2)	(8.9)
Derecognition of right-of-use assets	2.5	0.3	0.1	2.9
Changes in scope	0.0	-	-	0.0
Reclassifications	0.5	0.0	0.0	0.6
Exchange rate effects	(0.5)	(0.0)	(0.0)	(0.5)
Amortization at 31 December 2021	**(18.6)**	**(1.0)**	**(0.5)**	**(20.1)**
Net book value at 31 December 2020	**28.1**	**0.9**	**0.4**	**29.5**
Net book value at 31 December 2021	**27.2**	**0.8**	**0.3**	**28.3**

NOTE 13.OTHER NON-CURRENT ASSETS AND LIABILITIES

Loans are initially recognized at fair value plus directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method.Deposits are recorded under “Other non-current assets” when their initial maturity is more than three months; they are presented under cash and cash equivalents when they are deposits or when their initial maturity is less than three months.
If there is any indication that these assets may be impaired, they are tested for impairment.Any difference between the carrying amount and the net realizable value is recognized as a financial expense.Impairment may subsequently be reversed.In this case, the reversal of the impairment loss is recognized as financial income.

(in millions of €)	31-Dec-21	31-Dec-20
Financial assets (*)	7.8	4.9
Other receivables	0.2	0.2
Other non-current assets	**8.0**	**5.0**

(*) Mainly guarantee deposits in Brazil and France

Other non-current liabilities are defined by international standards as any commitments that will not be settled in the course of a normal operating cycle and within twelve months.

(in millions of €)	31-Dec-21	31-Dec-20
Deferred income (*)	2.2	1.0
Deferred payments	0.4	-
Other non-current liabilities	0.2	0.8
Other non-current liabilities	**2.8**	**1.8**

(*) Mainly related to loyalty points for 1.3 million euros (Philibert & Miniature Market) and the deferral of rent at Asmodee North America for 0.9 million euros.

F. WORKING CAPITAL REQUIREMENT

NOTE 14.ANALYSIS OF WORKING CAPITAL REQUIREMENTS

(in millions of €)	31-Dec-21	31-Dec-20
Inventories	227.9	113.6
Accounts receivable	208.4	136.9
Other current receivables/payables	(72.3)	(59.3)
Other receivables/payables - non-current	(2.6)	-
Trade payables	(193.1)	(95.1)
Working capital requirement	**168.3**	**96.1**

NOTE 15.INVENTORIES AND WORK-IN-PROGRESS

Inventories of raw materials and supplies, work-in-progress and finished goods are valued at the lower of cost (using the weighted average cost method) and net realizable value.
The cost of inventories includes the direct cost of materials and, where applicable, the direct cost of labour, as well as the costs incurred in bringing them to their present location and condition.

(in millions of €)	31-Dec-21	31-Dec-20
Raw materials	1.0	0.6
Work in progress	3.5	3.6
Finished goods and goods for resale	1.3	0.6
Stocks in transit	11.3	4.2
Merchandise inventories	230.1	122.4
Gross values	**247.3**	**131.5**
Impairment of merchandise inventories	**(19.4)**	**(17.9)**
Net book value	**227.9**	**113.6**

Given the high level of activity over the last few years, it was decided not to take any risks concerning the possible shortage of games, hence the significant increase in inventories from one year to the next.

NOTE 16.CUSTOMERS AND RELATED ACCOUNTS

Receivables are initially recognized at fair value, which generally corresponds to their book value.If these assets subsequently appear to have lost value, they are tested for impairment.Any difference between their book value and their net realizable value is recognized as an operating expense.Impairment may be reversed if the recoverable amount increases.In this case, the reversal of the impairment loss is recognized in Operating profit/loss (EBIT).
Provisions for impairment are assessed on a case-by-case basis, taking into consideration the risk of non-recovery.

			Receivables due at balance closing date		
(in millions of €)	Total	Receivables not yet due at balance closing date	Less than 90 days	Between 90 and 180 days	More than 180 days
At 31 December 2021	**208.4**	**146.9**	**46.8**	**11.1**	**3.6**
Of which gross book values	214.9	147.7	48.4	12.2	6.6
Of which impairment losses	(6.5)	(0.8)	(1.6)	(1.1)	(3.0)

			Receivables due at balance closing date		
(in millions of €)	Total	Receivables not yet due at balance sheet date	Less than 90 days	Between 90 and 180 days	More than 180 days
At 31 December 2020	**136.9**	**88.5**	**35.1**	**4.1**	**9.1**
Of which gross book values	143.9	91.0	35.2	4.3	13.3
Of which impairment losses	(7.0)	(2.5)	(0.1)	(0.2)	(4.2)

NOTE 17.OTHER CURRENT ASSETS

(in millions of €)	31-Dec-21	31-Dec-20
Supplier advances	12.5	4.3
Miscellaneous tax receivables	65.9	43.5
Prepaid expenses	4.4	5.2
Other current assets	0.6	(0.1)
Other current assets	**83.5**	**52.9**

NOTE 18.OTHER CURRENT LIABILITIES

(in millions of €)	31-Dec-21	31-Dec-20
Contract liabilities	7.4	2.3
Personnel liabilities	23.9	18.1
Corporate income tax	15.6	11.2
Other taxes	57.6	44.0
Other liabilities	51.3	36.8
Other current liabilities	**155.8**	**112.4**

Liabilities relating to acquisitions are recorded in the balance sheet under “Other liabilities” for a total of 51 million euros at 31 December 2021, including 14.5 million euros in earnouts.At 31 December 2020, these debts amounted to 30.2 million euros.

NOTE 19.PROVISIONS

Provisions for liabilities and charges are set aside to cover probable outflows of resources without any corresponding benefit to third parties.These provisions are estimated on the basis of the most realistic assumptions at the balance closing date.

(in millions of €)	Restructuring	Litigation	Provision for returned goods	Other	Total
At 31 December 2020	**0.6**	**0.4**	**-**	**1.3**	**2.3**
Provisions	0.1	0.5	0.9	0.9	2.5
Reversals	(0.4)	(0.2)	(0.4)	(0.5)	(1.5)
Reclassifications	-	0.8	1.0	(0.2)	1.6
Exchange rate effects	-	0.0	0.0	0.0	0.1
At December 31.2021	**0.3**	**1.6**	**1.6**	**1.3**	**4.9**
Non-current	0.2	1.4	-	0.7	2.4
Current	0.1	0.2	1.6	0.6	2.5

The Group does not provide details of these provisions, considering that disclosure of the amount of the provision per dispute would be likely to cause serious damage to the Group.However, no litigation is of such a nature as to individually have a material impact on the Group’s financial position or profitability.

G. SHAREHOLDERS' EQUITY AND DIVIDENDS

NOTE 20. EQUITY

With regard to capital management, the Group's objective is to safeguard its ability to continue as a going concern.

On 31 December 2021, Financière Amuse TopCo's share capital amounted to €324,027,511, comprising 324,027,511 fully paid preference shares with a par value of €1.

Group shareholders' equity at 31 December 2021 totalled 300.6 million euros (including minority interests).

Cumulative translation adjustment - Group share

Translation reserves at 31 December 2021 amount to 7.7 million euros.

Translation adjustments of 50.8 million euros presented in the consolidated statement of comprehensive income mainly reflect changes in the US dollar.

NOTE 21. DIVIDEND DISTRIBUTION

The Group has not distributed any dividends in 2021.

H. FINANCING AND FINANCIAL RISK MANAGEMENT

NOTE 22. OTHER CURRENT FINANCIAL ASSETS AND LIABILITIES

At 31 December 2021, other current financial assets and liabilities include the market value of foreign exchange derivatives intended to hedge the Group's loans, deposits, foreign currency purchases and centralized cash positions.

(in millions of €)	**31-Dec-21**	**31-Dec-20**
Assets - Derivative instruments	0.1	0.0
Liabilities - Derivative instruments	(0.0)	(1.3)
Derivative instruments	**0.0**	**(1.3)**

NOTE 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and highly liquid investments that are readily convertible to known amounts of cash within three months or less, and which are subject to an insignificant risk of changes in value, in accordance with the criteria set out in IAS 7.
Cash and cash equivalents include all bank balances, term deposits, negotiable debt instruments and money-market mutual funds.
Bank overdrafts are shown as borrowings in current liabilities on the balance sheet.

(in millions of €)	31-Dec-21	31-Dec-20
Cash	101.1	95.5
Cash equivalents	2.3	2.3
Cash & cash equivalents	**103.4**	**97.8**

NOTE 24. FINANCIAL DEBT

Bonds and other interest-bearing borrowings are initially recognized at fair value less directly attributable transaction costs.These financial liabilities are subsequently measured at amortized cost, using the effective interest rate method.

(in millions of €)	31-Dec-20	Opening balance adjustment	Increase	Decrease	Change in scope	Other	Currency translation adjustments	31-Dec-21
SHL MidCo loan	475.5	-	42.8	-	-	-	-	518.3
Deferral of borrowing costs	(31.6)	-	3.4	(2.1)	-	-	-	(30.3)
Facility B - EUR Loan	293.0	-	190.0	-	-	-	-	483.0
Facility B - GBP Loan	127.9	-	-	-	-	-	8.9	136.9
2nd Lien Facility	80.0	-	-	-	-	-	-	80.0
Revolving Facility	50.5	-	60.9	(64.2)	-	-	1.9	49.1
MultiFacility Agreement 2018	551.4	-	250.9	(64.2)	-	-	10.9	749.0
BPI France loan	38.5	-	15.0	(12.0)	-	0.1	-	41.6
Put on minority interests	-	-	-	-	124.7	-	(0.2)	124.5
Miscellaneous	1.4	-	32.3	(30.4)	-	-	0.0	3.2
Bank overdrafts	0.0	-	6.3	-	-	-	0.0	6.4
Other liabilities	39.8	0.0	53.5	(42.4)	124.7	0.1	(0.1)	175.6
Total financial debt	**1,035.2**	**0.0**	**350.7**	**(108.7)**	**124.7**	**0.1**	**10.7**	**1,412.6**
Lease liabilities (IFRS 16)	32.2	0.5	7.4	(10.2)	0.7	-	1.2	31.8
Total financial debt (including IFRS 16)	**1,067.4**	**0.5**	**358.0**	**(118.9)**	**125.3**	**0.1**	**11.9**	**1,444.4**

As part of the takeover of Exploding Kittens on 23 December 2021, the Group granted the sellers a “Put option on Minority Interests” enabling them to transfer to the Group, by 2025, the portion of shares not yet acquired (i.e., 45%).The fair value of this put option was estimated on the basis of an EBITDA multiple set in line with the minority nature of the block of shares thus valued.

The analysis of external financial debt by currency is as follows:

(in millions of €)	31-Dec-21	31-dec-20
EUR	1,246.6	900.8
GBP	136.9	127.9
USD	29.1	6.5
Nominal value of financial debt	**1,412.6**	**1,035.2**

NOTE 25.FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

25.1.Financial instruments reported in the financial statements

Year ending 31 December 2021

(in millions of €)	Book value listed in the Balance sheet	Breakdown of book value by category of financial instrument			Fair value of items classified as financial instruments		
		Amortized cost	Financial instruments	TOTAL	Internal model based on observable market data	Internal model not based on observable market data	TOTAL
Other current assets	83.5	83.5	-	83.5	-	83.5	83.5
Trade receivables	208.4	208.4	-	208.4	208.4	-	208.4
Derivative financial assets	0.1	-	0.1	0.1	0.1	-	0.1
Cash and cash equivalents	103.4	103.4	-	103.4	103.4	-	103.4
Assets	**395.3**	**395.2**	**0.1**	**395.3**	**311.8**	**83.5**	**395.3**
Borrowings and financial debts - non-current	1,278.7	1,278.7	-	1,278.7	1,278.7	-	1,278.7
Non-current lease liabilities	23.6	23.6	-	23.6	23.6	-	23.6
Borrowings and financial debts - current	3.0	3.0	-	3.0	3.0	-	3.0
Bank loans	6.4	6.4	-	6.4	6.4		6.4
Trade payables	193.1	193.1	-	193.1	193.1	-	193.1
Current liabilities on leases	8.1	8.1	-	8.1	8.1	-	8.1
Other current liabilities	155.8	155.8	-	155.8	155.8	-	155.8
Derivative financial liabilities	0.0	-	0.0	0.0	0.0	-	0.0
Liabilities	**1,668.8**	**1,668.8**	**-**	**1,668.8**	**1,668.8**	**-**	**1,668.8**

Year ended 31 December 2020

(in millions of €)	Book value listed in the Balance sheet	Breakdown of book value by category of financial instrument			Fair value of items classified as financial instruments		
		Amortized cost	Financial instruments	TOTAL	Internal model based on observable market data	Internal model not based on observable market data	TOTAL
Other current assets	52.9	52.9	-	52.9	-	52.9	52.9
Trade receivables	136.9	136.9	-	136.9	136.9	-	136.9
Financial instruments	0.0	-	-	-	0.0	-	0.0
Cash and cash equivalents	97.8	97.8	-	97.8	97.8	-	97.8
Assets	**287.6**	**287.6**	**-**	**287.6**	**234.7**	**52.9**	**287.6**
Non-current borrowings	1,034.1	1,034.1	-	1,034.1	1,034.1	-	1,034.1
Non-current lease liabilities	25.2	25.2	-	25.2	25.2	-	25.2
Borrowings and financial debts - current	1.1	1.1	-	1.1	1.1	-	1.1
Bank loans	0.0	0.0	-	0.0	0.0	-	0.0
Trade payables	95.1	95.1	-	95.1	95.1	-	95.1
Current liabilities on leases	7.0	7.0	-	7.0	7.0	-	7.0
Other current liabilities	112.4	112.4	-	112.4	112.4	-	112.4
Derivative financial liabilities	1.3	-	1.3	1.3	1.3	-	1.3
Liabilities	**1,276.2**	**1,274.9**	**1.3**	**1,276.2**	**1,276.2**	**-**	**1,276.2**

25.2.Currency risk management

Transactions denominated in foreign currencies are initially recognized by applying the daily exchange rate between the entity's functional currency and the foreign currency to the foreign currency amount at the transaction date.Foreign currencies held and assets and liabilities to be received or paid in connection with these transactions are revalued at the exchange rates prevailing at the end of each period.Foreign exchange gains or losses realized at the settlement date and unrealized gains or losses arising from revaluations are recognized in the statement of profit or loss.

To mitigate the risk of foreign currency fluctuations, the Group makes significant use of hedging contracts.These derivatives are recognized in the balance sheet at fair value at the balance sheet date.

Derivative instruments are recognized and revalued at fair value.

Impact (USD and GBP variation of +/-10%) over 12 months of activity:

	31-dec-21			
	Impact USD		Impact GBP	
(in millions of €)	10%	-10%	10%	-10%
Net sales	(13.8)	16.9	(14.4)	17.6
EBITDA	(4.3)	5.3	(2.8)	3.5

Derivatives related to financial transactions

Whenever possible, the Group acts as an internal bank on behalf of its subsidiaries, through cash pooling or loan/deposit agreements.Inter-company positions generated in this way are hedged using currency swaps, the cost of which is included in net foreign exchange costs.

At 31 December 2021, the fair value of hedging instruments represented a net asset of -35.5 thousand euros and mainly comprised forward sales of Canadian dollars and Polish zloty.

(in thousands of €)	Derivatives	
Currencies	**Nominal**	**Fair value**
EUR/PLN	13 MPLN	(2.0)
EUR/CAD	2.5 MCAD	(33.5)
Net derivative instruments related to financing activities		**(35.5)**

Derivative instruments related to operating activities

In the normal course of business, the Group is exposed to currency risks on product purchases.The main currency to which the Group was significantly exposed during the year ending 31 December 2021 is the US dollar.

At 31 December 2021, the fair value of hedging instruments represented a net liability of 67.8 thousand euros.It breaks down as follows:

(in thousands of €)	Derivatives	
Currencies	**Nominal**	**Fair value**
EUR/USD	4 MUSD	67.8
Net derivative instruments related to operating activities		**67.8**

25.3.Interest rate risk management

The Group may enter into hedging transactions to protect itself against the risk of interest rate fluctuations.Derivative instruments are recognized in the balance sheet at fair value at the balance sheet date.
In the case of fair value hedges, the revaluation of fixed-rate borrowings is offset in the statement of profit or loss by the change in fair value of the derivative instrument, except where the hedge is ineffective.In the case of cash flow hedges, the change in fair value of the derivative instrument is recognized directly in other comprehensive income.When the expected transaction subsequently results in the recognition of a monetary item, the amounts previously recognized directly in other comprehensive income are reclassified to the statement of profit or loss.

Most of the Group's financing sources are variable-rate debt.As a result, the financial result may be sensitive to changes in interest rates. However, the Group considers that this risk would not have a material impact on its financial position in the short term, and has not set up any instruments to hedge the risk of changes in interest rates.

Borrowings from BPI France are at a fixed rate.

At 31 December 2021, the impact of a reasonable change in interest rates would have been as follows:

(in millions of €)	31-Dec-21		31-dec-20	
Change in interest rates	**-10 bps**	**+10 bps**	**-10 bps**	**+10 bps**
Multi Facility Agreement 2018	(0.166)	0.166	(0.066)	0.134

25.4.Credit risk management

Credit risk is the risk of financial loss resulting from a third party's failure to honour a debt.The Group is exposed to credit risk through its operating activities (mainly through trade receivables) and through its financial activities via deposits, currency hedging contracts and other financial instruments contracted with banks and financial institutions.

Trade receivables risk

The Group considers that the risk of counterparty default, which could have a significant impact on its financial position and results, is limited.In the event of bankruptcy, provisions are booked in full.

25.5.Liquidity risk management

Financial criteria

In addition to its available cash and cash equivalents, which stood at 96.8 million euros at 31 December 2021, the Group has a revolving credit facility for 90.5 million euros, available until April 2025.

Future cash flows

The Group's objective is to maintain a high level of liquidity, in line with the change in working capital required for its operations.

The following tables show principal and interest payments on all financial instruments held at 31 December 2021.

Forecast data representative of future assets or liabilities are not shown.Amounts denominated in foreign currencies are converted at the closing rate.Variable-rate interest payments are calculated using the latest interest rates available at the balance sheet date.Assets and liabilities that can be settled at any time are always allocated to the earliest maturity.

Cash flows from instruments included in net cash/(debt) at 31 December 2021

		2022		2023		2024-2026		2027 and beyond	
(in millions of €)	**Book value**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**
Other non-current operating assets	8.0	-	-	-	-	-	-	-	-
Other current financial assets	0.1	-	-	-	-	-	-	-	-
Cash and cash equivalents	103.4	-	-	-	-	-	-	-	-
Assets	**111.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-current liabilities to credit institutions	(1,278.7)	(30.3)	(34.1)	(29.5)	(12.5)	(50.0)	(743.9)	(1.3)	(488.2)
Non-current lease liabilities	(23.6)	-	-	-	(5.6)	-	(5.6)	-	(6.0)
–Current liabilities to credit institutions	(3.0)	-	(3.0)	-	-	-	-	-	-
Current lease liabilities	(8.1)	-	(8.1)	-	-	-	-	-	-
Liabilities	**(1,305.4)**	**(30.3)**	(37.1)	**(29.5)**	**(18.1)**	**(50.0)**	**(749.5)**	**(1.3)**	**(494.2)**
Net cash (debt)	**(1,193.9)**	**(30.3)**	**(37.1)**	**(29.5)**	**(18.1)**	**(50.0)**	**(749.5)**	**(1.3)**	**(494.2)**

NOTE 26.PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

In measuring employee benefit obligations, the Group has taken into account the impact of the IFRIC agenda decision of April 2021.This concerns the recognition of vesting stages and their ceilings in the recognition of commitments.The impact at 31 December 2021 represents a reduction in the commitment, amounting to 1.0 million euros.

Pension commitments recognized in the balance sheet mainly concern France, through the PIDR.

Assumptions (weighted average rates)

An actuarial valuation of the commitments has been carried out for the year ending 31 December 2021. This valuation is based on:

- assumptions concerning staff turnover, mortality and salary trends;
- retirement assumptions ranging from 62 to 65 years depending on the country and applicable legislation;
- discount rates used to determine the present value of obligations.

The actuarial assumptions used are determined by country and by plan.

(in %)	31-Dec-21	31-Dec-20
Discount rate	1.20	0.75
Rate of salary increase	1.50	1.50

Discount rate

In accordance with the requirements of IAS 19, discount rates are determined each year by reference to yields on high-quality corporate bonds in the relevant currency zones.In certain countries, where there is no active market for such bonds, discount rates are determined by reference to government bond rates.The required information is provided by the Group’s external actuaries and various market indices and quotations.

Rate of salary increase

Salary increase rates are determined locally, then reviewed at Group level.

Sensitivity analysis

Sensitivity analysis shows that a change of 100bp in the discount rate leads to a variation of -30.0 thousand euros, and a change of 100bp in the mortality table leads to a variation of 1.1 thousand euros.

Balance sheet provision

At 31 December 2021, the balance sheet provision is valued at 0.5 million euros.

Load analysis

At 31 December 2021, the cost of pension and other post-employment benefit obligations for the Group as a whole breaks down as follows:

(in millions of €)	**Commitments pensions**
At 31 December 2020	**1.5**
Cost of services rendered	0.1
Net interest on net liabilities (assets)	0.0
Actuarial gains and losses	(1.2)
Overall result	*(0.1)*
Change of method (IAS 19R)	*(1.0)*
Opening balance adjustments	*(0.1)*
At 31 December 2021	**0.5**

NOTE 27. WORKFORCE

In the table below, headcount figures are expressed as average full-time equivalent employees:

Full-time equivalent	31-Dec-21	31-Dec-20
France	545	475
Germany	196	154
United Kingdom	164	163
Poland	104	74
Spain	61	58
Denmark	57	52
Belgium	49	41
Netherlands	42	37
Italy	42	38
Czech Republic	34	23
Romania	25	26
Norway	3	3
EUROPE	**1,321**	**1,145**
United States	435	308
Canada	94	74
Brazil	69	46
Chile	41	24
AMERICAS	**639**	**452**
China	136	129
Taiwan	16	13
South Korea	12	-
Hong Kong	5	4
ASIA	**169**	**145**
Group workforce	**2,129**	**1,742**

I. CONTINGENT LIABILITIES AND LITIGATION

Commitments arising from operations controlled by the Group

In the normal course of its business, the Group is bound by contractual obligations towards its customers (including performance and warranty obligations).The Group may also be required to enter into lease commitments, as well as to comply with tax and customs regulations and environmental, health and safety requirements.These obligations may or may not be covered by guarantees issued by banks or insurance companies.

NOTE 28.OFF-BALANCE SHEET COMMITMENTS

(in millions of €)	31-Dec-21	Less than one year	1 to 5 years	Over 5 years	31-Dec-20
Bonds and guarantees	0.1	-	0.1	-	0.1
Performance commitments given	0.5	0.3	0.2	-	0.6
Pledging of bank accounts	48.4	-	-	48.4	51.3
Pledges of equity interests	1,225.6	-	-	1,225.6	1,758.2
Contractual commitments to sell/acquire property, plant and equipment and intangible assets*	6.5	3.2	3.2	0.1	0.0
Contractual commitments to sell/acquire financial assets	0.0	-	-	-	0.0
Firm and irrevocable purchase commitments*	18.2	-	5.4	12.8	17.6
Other commitments given	3.4	0.8	2.6		0.0
Commitments given	**1,302.6**	**4.3**	**11.5**	**1,286.9**	**1,827.8**

(*) Mainly relating to the future Esdevium premises (Unit 84), which are still not eligible for IFRS 16 (premises under construction and unsigned lease), are recorded under off-balance sheet commitments.

(in millions of €)	31-Dec-21	Less than one year	1 to 5 years	Over 5 years	31-Dec-20
Performance commitments received	1.0	0.4	0.6	-	0.0
Undrawn bank credit lines	2.9	2.9	-	-	0.0
Commitments received	**3.9**	**3.3**	**0.6**	**-**	**0.0**

(in millions of €)	31-Dec-21	Less than one year	1 to 5 years	Over 5 years	31-Dec-20
Long-term loans	1,071.6	-	-	1,071.6	792.2
Current accounts	0.0	-	-	-	8.8
Intra-group commitments	**1,071.6**	**-**	**-**	**1,071.6**	**801.0**

Following the application of IFRS 16, non-cancellable future commitments corresponding to fixed lease payments under operating leases are now recognized in the balance sheet.

The amount of lease commitments not restated (practical expedients provided for under IFRS 16: leases of less than 1 year and leases of low-value assets) is not material.

Significant commitments given at 31 December 2021 concern:

- commitments given by the UK subsidiaries Esdevium and Asmodee Entertainment UK, mainly to two suppliers (EMEA and Ubisoft) for 0.5 million euros,
- Esdevium's firm commitments to purchase, sell and acquire fixed assets for future premises (Unit 84 -leasing).
- a guarantee underwritten by Asmodee Group for the benefit of the lessor of the premises leased to Esdevium.
- commitments given by Miniature Market relating to the new Hazelwood warehouse contract for around 3 million euros.Currently under construction, it will be operational from the second half of 2022.

Significant commitments received at 31 December 2021 relate to:

- unused credit lines received by ASM Canada (2 million euros) and Lion Rampant (0.8 million euros) amounting to 2.9 million euros.
- commitments received by Entertainment UK, mainly from customers (Blok Party, RB Media Cross Cult, Dovetail Games & Editis) for around 1 million euros.

Under the Senior Facilities Agreement, a series of securities were pledged in 2018, supplemented by additional securities over the following three years as a result of the Material subsidiaries joining the SFA in accordance with the provisions set out in the documentation.The resulting off-balance sheet commitments can be summarized as follows:

Pledging of equity securities:

- By Financière Amuse MidCo, pledge of its shares in Financière Amuse BidCo
- By Financière Amuse BidCo, pledge of its shares in the Asmodee group
- By Asmodee Group, pledge of its shares in Asmodee Editions LLC, Asmodee France, Asmodee Holding GmbH, Asmodee Holding UK and Asmodee Nordics
- By Asmodee Holding UK, pledge of its shares in Esdevium Games
- By Asmodee Editions LLC, pledge of its shares in Asmodee North America
- By Asmodee Holding GmbH, pledge of its shares in Asmodee GmbH and ADC Blackfire Entertainment GmbH
- By Asmodee North America, pledge of its shares in Days of Wonder

Pledging of bank accounts:

- By Financière Amuse BidCo, pledge of all its bank accounts
- By Asmodee Group, pledge of all its bank accounts
- By Asmodee France, pledge of all its bank accounts
- By Asmodee Editions LLC, pledge of all its bank accounts
- By Asmodee North America, pledge of all its bank accounts

- By Days of Wonder, pledge of all its bank accounts
- By Asmodee UK Holding, pledge of all its bank accounts
- By Esdevium Games, pledge of all its bank accounts
- By Asmodee Nordics, pledge of all its bank accounts
- By Asmodee Holding GmbH, pledge of all its bank accounts
- By Asmodee GmbH, pledge of all its bank accounts
- By ADC Blackfire Entertainment GmbH, pledge of all its bank accounts

Pledge of all potential and existing intra-group loans and/or financial receivables implemented between these legal entities acting as guarantors for the purposes of the senior credit agreement.

- First guarantors:Financière Amuse BidCo and Asmodee Group
- Additional guarantors:Asmodee Editions LLC, Asmodee North America, Days of Wonder, Asmodee France, Asmodee Holding UK, Asmodee Holding GmbH, Asmodee GmbH, ADC Blackfire Entertainment GmbH and Asmodee Nordics.

NOTE 29.LITIGATION

No significant disputes arose or were pursued during the year.

J. OTHER INFORMATION

NOTE 30.AUDITORS' FEES

Fees paid to the Auditors for the year were as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
(in thousands of €)	*Amount*	*%*	*Amount*	*%*
Mazars	493.2	51%	401.0	49%
Exelmans	44.9	5%	-	0%
PricewaterhouseCoopers	290.4	30%	264.6	32%
Other firms	136.4	14%	150.0	18%
Statutory audit, certification, review of individual and consolidated financial statements	**964.9**	**100%**	**815.6**	**100%**

NOTE 31.RELATED PARTIES

The Group has identified the following related parties:

- joint ventures and associates;
- key executives.

Information on joint ventures and associates

Transactions with related parties concern operations with companies over which Financière Amuse TopCo exercises significant influence, or joint ventures over which Financière Amuse TopCo exercises joint control.The Group has no such transactions.

As part of the acquisition of the Asmodee group, the Group took out a loan with Financière Amuse MidCo for 369 million euros.This loan generated 36.9 million euros of interest in 2020, as well as 40.1 million euros of interest over 2021.

Numerical information on key executives is omitted as it could help identify individual compensation packages.

NOTE 32.SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In fiscal year 2021, Embracer, a Swedish group specializing in the development and publishing of PC, console and mobile games, submitted an offer to acquire the shares of Financière Amuse TopCo, the parent company of the Asmodee group, which holds all the shares in Financière Amuse Bidco.An acquisition agreement including a series of conditions precedent was signed in 2021.All these conditions were lifted on 25 February 2022.On this date, Embracer Group Lager 12 AB, a subsidiary of the Swedish group, became the direct owner of 75.48% of the share capital of Financière Amuse TopCo, on 8 March 2022.All securities, bank accounts and intra-group loan receivables granted by Asmodee Group entities that had signed the senior financing agreement on 23 October 2018 were released.

Following the sale of the company, there was no longer any need to retain preference shares, and all APO, AP1 and AP2 preference shares were converted into ordinary shares.The 285,976,519 APO preference shares were converted into 264,965,036 ordinary shares, the 5,050,113 AP1 preference shares were converted into 50,590,671 ordinary shares and the 33,000,439 AP2 preference shares were converted into 8,471,364 ordinary shares.

Fiscal year 2022 will also be marked by the outbreak of war in Ukraine, although the Asmodee Group's exposure to risks linked to the conflict appears relatively low.The impact on Asmodee Group's sales and revenue is estimated at less than 2 million euros.

Finally, as part of the financing of the acquisition of Plan B, Games Inc, and, in particular, the payment of the deferred purchase price to the seller, the capital of Plan B Games Inc, was increased by 11 million Canadian dollars, through the issue of 11 million new shares subscribed in full by Asmodee Group.

NOTE 33. SCOPGROUP COMPANIES

Parent company	Country	% holding	Consolidation method
Financière Amuse TopCo SAS	France	100	Holding company
Holding companies	**Countries**	**% holding**	**Consolidation method**
EUROPE			
Financière Amuse MidCo SAS	France	100	Full consolidation
Financière Amuse BidCo SAS	France	100	Full consolidation
Asmodee Holding (2)	France	0	Full consolidation
Asmodee Holding Gmbh	Germany	100	Full consolidation
Asmodee Holding Ltd	England	100	Full consolidation
NORTH AMERICA			
Asmodée Editions LLC	United States of America	100	Full consolidation
Operating companies	**Countries**	**% holding**	**Consolidation method**
EUROPE			
Asmodee Gmbh	Germany	100	Full consolidation
Lookout GmbH	Germany	100	Full consolidation
ADC Blackfire Entertainment GmbH	Germany	100	Full consolidation
Gamegenic	Germany	100	Full consolidation
Plan B Games Europe GmbH (1)	Germany	100	Full consolidation
Esdevium Games Ltd	England	100	Full consolidation
Coiledspring Games Ltd	England	100	Full consolidation
Green Board Games	England	100	Full consolidation
Asmodee Gift Company Limited (3)	England	100	Full consolidation
Asmodee Entertainment Ltd	England	100	Full consolidation
Asmodee Belgium	Belgium	100	Full consolidation
Pearl Games	Belgium	100	Full consolidation
Repos Production SPRL	Belgium	100	Full consolidation
Cojones Prod SPRL	Belgium	100	Full consolidation
Enigma Danmark A/S	Denmark	100	Full consolidation
Bezzerwizzer Nordics ApS	Denmark	100	Full consolidation
Asmodée Iberica S.L.	Spain	100	Full consolidation
Enigma Finland OY	Finland	100	Full consolidation
Enigma Benelux BV	Holland	100	Full consolidation
European Player Network BV (1)	Holland	100	Full consolidation
Asmodee Group	France	100	Full consolidation
Asmodee France	France	100	Full consolidation
Asmodee Digital	France	100	Full consolidation
JD Editions (2)	France	0	Full consolidation
Days of Wonder SARL	France	100	Full consolidation
UBIK SAS (2)	France	0	Full consolidation
FLAT PROD	France	100	Full consolidation
Philibert SAS	France	100	Full consolidation
Libellud SAS (2)	France	0	Full consolidation
Fondation Libellud	France	100	Not consolidated
Asmodee Vente A Domicile SAS	France	100	Full consolidation
Play Direct	France	100	Full consolidation
AD2G Studio (1)	France	100	Full consolidation
Asmodee Italia Srl	Italy	100	Full consolidation
Enigma Norge AS	Norway	100	Full consolidation
Rebel Sp.Z.o.o.	Poland	100	Full consolidation
ADC Blackfire Entertainment s.r.o	Czech Republic	100	Full consolidation
ADC Blackfire Entertainment SRL	Romania	100	Full consolidation
Enigma Sverige AB	Sweden	100	Full consolidation

Operating companies	Countries	% holding	Consolidation method
NORTH AMERICA			
Asmodee Canada Inc.	Canada	100	Full consolidation
Lion Rampant	Canada	100	Full consolidation
Québec Inc.	Canada	100	Full consolidation
Plan B Games Inc (1)(1)	Canada	100	Full consolidation
Asmodee North America, Inc.	United States of America	100	Full consolidation
Miniature Market LLC (1)	United States of America	100	Full consolidation
Exploding Kittens Inc.(1)	United States of America	55	Full consolidation
Kitten works LLC (1)	United States of America	55	Full consolidation
SOUTH AMERICA			
Ilhas Galapagos Comercio de Brinquedos e serviços Ltda.- EPP	Brazil	100	Full consolidation
Importadora y Comercializadora Skyship Ltda	Chile	100	Full consolidation
ASIA			
Asmodee Trading (Shanghai)Co. Ltd	China	100	Full consolidation
Asmodee Asia Ltd (Hong-Kong)	China	100	Full consolidation
Foreverbright PRC	China	100	Full consolidation
Wide West PRC (4)	China	0	Full consolidation
Asmodee Korea Ltd	Korea	100	Full consolidation
Go Kids	Taiwan	100	Full consolidation

(1) Entities included in the scope of consolidation.

(2) Universal asset transfers and mergers.

(3) Liquidation in progress.

(4) Liquidated entities.