

2019/20 ANNUAL SALES UP 14.4% TO 129.4 M€ IN LINE WITH TARGETS

CURRENT OPERATING MARGIN ⁽²⁾ RATE TARGET RAISED IN EXCESS OF 16%

100 M€ CASH AVAILABLE THANKS TO THE SUCCESSFUL IPO

IFRS – M€ Sales	2019/20	2018/19	Change
1 st Half ⁽³⁾⁽⁴⁾	63.7	48.6	+31.3%
3 rd Quarter ⁽¹⁾	40.5	34.7	+16.4%
4 th Quarter ⁽¹⁾	25.2	29.8	-15.5%
Of which Games	15.7	10.4	+51.4%
Of which Accessories	8.5	17.7	-52.2%
Of which Others ⁽⁴⁾	1.0	1.7	-41.6%
2019/2020 (12 months)	129.4	113.1	+14.4%
Of which Games	70.7	50.3	+40.6%
Of which Accessories	52.6	55.2	-4.8%
Of which Others ⁽⁴⁾	6.1	7.6	-20.1%

(1) Non audited data

(2) Current Operating Margin = Current Operating Income rate = Current Operating Income as a percentage of sales.

(3) Sales flows for the Gaming business prepared on the basis of Bigben Interactive's accounting records. These flows integrate development studio acquisitions as from their actual acquisition date.

(4) The "Other" sales come from the Mobile and Audio turnover remaining with the Nacon subsidiaries which were not carved off during the partial asset contribution from Bigben Interactive to Nacon. These are included in the "Mobile" and "Audio" categories of Bigben's sales.

Business slowdown in the 4th quarter

In the 4th quarter of the 2019/20 fiscal year (from January 1 to March 31, 2020), business declined by 15.5% adversely impacted by a product base effect on Accessories and to a lesser extent to the exceptional consequences from the Covid-19 health crisis with the closing of points of sale.

GAMES

Turnover was up sharply at €15.7 million (compared with €10.4 million for the 4th quarter 2018/19) thanks to the boom in digital sales, benefiting in particular from the "lockdown" effect, which "boosted" games sales. The latter were multiplied 2.7 fold over the period and represented 11.0 M€ in sales over the quarter compared to 4.1 M€ sales in the same quarter of the previous financial year. This growth in digital sales relies on a strong back catalogue growing over the years. Regarding physical retail sales, the launches of *AO Tennis 2*, *Rugby 20*, *Overpass* and *TT Isle of Man 2* were in line with expectations.

ACCESSORIES

Accessories fell sharply (8.5 M€ vs. 17.7 M€ a year earlier) due to a product base effect (release in Q4 2018/19 of the two controllers *REVOLUTION Unlimited Pro Controller* and *Asymmetric Wireless for PS4™*). In addition, the mandatory closing of numerous stores linked to the Covid-19 health crisis also impacted sales of Accessories in the second half of March.

A 2019/20 year of growth driven by the momentum of new games and digital sales

With 129.4 M€ sales and despite the drop in Q4 2019/20, Nacon reached the sales guidance set on its Initial Public Offering (between 127 and 133 M€).

GAMES

Games generated 70.7 M€ sales, representing a 40.6% growth. This development was driven by the success of numerous new games, including *Warhammer®: Chaosbane* and *WRC8*, which achieved a Metacritic score of 79%. Digital sales continued to grow strongly, reaching 48.9 M€ compared to 20.3 M€ for the previous year. They thus represented 69% of Games sales, compared to 41% a year earlier. This growth is in line with market evolution and reached a peak at the end of March linked to the effects of population lockdown.

ACCESSORIES

Accessories posted sales of 52.6 M€, down 4.8% due to the absence of any major new accessory releases during the financial year, with the exception of the *REVOLUTION Pro Controller 3 for PS4™*.

2019/20 Current Operating Income target raised

The health crisis impacted Accessory sales at the end of the financial year but improved digital sales of games, the slight decline in global sales being offset by a margin improvement due to the growth in digital sales. Therefore Nacon should exceed its target of a current operating margin ⁽²⁾ of 16% for the full 2019/20 financial year.

(2) Current Operating Margin = Current Operating Income rate = Current Operating Income as a percentage of sales.

Outlook: a 1st quarter 2020/21 approached with confidence

The Covid-19 crisis has a double impact: negative in the short term on the Accessories but positive on the digital sales of games, the cumulative effect being slightly negative in terms of turnover but positive in terms of operating profit given the higher digital margins.

From an operations point of view, support services and development teams have been largely asked to telework. It has only been resorted to short-time working for employees whose work has been suspended or deemed unsuitable for teleworking.

Procurement of accessories from Group suppliers has returned to normal. Nacon can rely on the momentum of its digital sales and has invested in the optimisation of its e-commerce sites dedicated to its main product ranges.

No major delay is anticipated in the release schedule of new games. The launch of *TT Isle of Man 2* on *SWITCH™*, *Tour de France*, *Pro Cycling Manager* and *Hunting Simulator 2* in the first quarter and *WRC9* in the second quarter should boost sales for the 1st half of FY 2020/21 (from April 1 to September 30).

Further to the agreement reached with "Poly" (Plantronics Inc.) in the last quarter of 2019/20 relating to the purchase of its gaming headsets and the *RIG™* premium brand, Nacon will deploy *RIG™* headsets in the USA and in Australia.

Nacon does not anticipate any cash-flow difficulties in the coming months, as it has significant cash resources related to its recent Initial Public Offering which enabled it to raise 109 M€ in March 2020.

Finally, Nacon is maintaining the targets linked to its "NACON 2023" plan, with sales of between €180 and €200 million and a Current Operating Margin ⁽²⁾ in excess of 20% for the 2022/23 financial year.

The company will disclose its targets for FY 2020/2021 while releasing its FY 2019/2020 year-end results on May 25, 2020.

(2) Current Operating Margin = Current Operating Income rate = Current Operating Income as a percentage of sales.

Next publication:

Annual results 2019/20: 25 May 2020

Press release after close of the Paris Stock Exchange

ABOUT NACON

2019-20 ANNUAL SALES

129.4 M€

HEADCOUNT

Close to 450 employees

INTERNATIONAL

16 subsidiaries and a distribution network
across 100 countries

<https://corporate.naongaming.com/>

NACON is a company of the BIGBEN Group founded in 2019 to optimize its know-how through strong synergies in the video game market. By bringing together its 8 development studios, the publishing of AA video games, the design and distribution of premium gaming devices, NACON focuses 20 years of expertise at the service of players. This new unified business unit strengthens NACON's position in the market, enables it to innovate by creating new unique competitive advantages.

Company listed on Euronext Paris, compartment B

ISIN : FR0013482791 ; Reuters : NACON.PA ; Bloomberg : NACON:FP

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