

2022-23 HALF-YEAR RESULTS UP

- 77.5 M€ SALES (+6.2%)
- 11.1 M€ CURRENT OPERATING PROFIT (+31.4%)
- 8.4 M€ NET RESULT (+123.5%)

2022-23 YEAR-END RESULTS EXPECTED TO GROW

- THRIVING PUBLISHING ACTIVITY IN HY2 2022-23

NACON (ISIN FR0013482791) today releases its audited consolidated results for 1st Half Year 2022-23 (from April 1, 2022 to September 30, 2022) as approved by its Board of directors on 28 November 2022.

Consolidated in M€ - IFRS	09/2022	09/2021	Change
Sales	77.5	73.0	+6.2%
Gross margin ⁽¹⁾	47.6	38.0	+25.1%
<i>In % of Sales</i>	61.4%	52.1%	
EBITDA ⁽²⁾	25.6	21.4	+19.8%
<i>In % of Sales</i>	33.1%	29.3%	
Current operating income			
EBITA	11.1	8.4	+31.4%
<i>In % of Sales</i>	14.3%	11.6%	
Non recurrent items	(1.3)	(4.0)	
Operating income	9.8	4.5	+119.2%
<i>In % of Sales</i>	12.7%	6.1%	
Financial result	1.3	0.0	
Earnings before tax	11.1	4.5	+145.2%
<i>In % of Sales</i>	14.3%	6.2%	
Tax	(2.6)	(0.7)	
Net result for the period	8.4	3.8	+123.5%
<i>In % of Sales</i>	10.9%	5.2%	

Business and earnings growth driven by the Games business

In the first half of 2022-23, Nacon posted revenues of 77.5 M€, up 6.2%, reflecting the growth of its games business. Over the period, this business generated revenues of 47.0 M€ (+72.3%). With the launch in HY1 of several iconic games such as *Vampire: The Masquerade®- Swansong*, *Steelrising™* and *Session Skate Sim™*, current catalogue sales more than doubled to 25.4 M€. Back catalogue sales (games released in previous years) also increased by 33.3% to 21.6 M€.

Over the first half of the year, Accessories sales amounted to 28.5 M€, down 34.7%. This activity remains marked by a very high base effect, particularly in the USA, and by a sharp decline in the global market for headsets.

Gross margin was 47.6 M€, or 61.4% of sales (52.1% in previous year). The product mix, with a lower relative weighting of Accessories (37% of total sales versus 60% in previous year) explains this increase in the gross margin rate.

Current operating income for the first half of the year rose by 31.4% to 11.1 M€, or 14.3% of sales. Net income amounted to 8.4 M€ (10.9% of sales in HY1 2022-23), more than double the net income generated last year (3.8 M€ in HY1 2021-22).

Strong financial structure and continued investment for growth

As of September 30, 2022, shareholders' equity amounted to 241.5 M€, up 13.1 M€ compared to the end of March 2022. Cash and cash equivalents amounted to 38.1 M€ compared to 82.1 M€ at the end of March 2022, in line with the Group's determination to reinvest its cash flows in the development of its activities.

To date, 50 games are under development, representing CAPEX of more than 30 M€ over the first half of 2022-23. In addition, investments related to external growth transactions (acquisition of Daedalic in April 2022) amount to 34.1 M€ over the same period.

Cash-flow for the first half of the year amounted to 27.5 M€, up 31% compared with the first half of 2021-22.

With the acquisition of Daedalic and the increase in inventories due to the electrical components crisis, net debt stood at 63.6 M€ at September 30, 2022, compared to 10.4 M€ at March 31, 2022.

Confidence reaffirmed in medium-term prospects

Sustained publishing activity in the second half of 2022-23

Released on November 3, *WRC Generations* recorded a slight increase in sales over the first three weeks compared with *WRC10*, which was released in the previous fiscal year.

Many games in the catalogue, some of which were initially scheduled for release in the third quarter, will finally be released in the fourth quarter:

- *Blood Bowl®3*, a game similar to American soccer, set in a fantasy world, a new installment in the successful Blood Bowl franchise.
- *Chef Life*, in partnership with the Michelin Guide.
- *Clash*, in the very dynamic fighting game segment.
- *Transport Fever 2 Console Edition*, on PlayStation®4, PlayStation®5, Xbox®One and Xbox®Series.

NACON now anticipates sales and current operating income for 2022-23 to be slightly up on the previous fiscal year with the delayed release of several major games, a decline in the Accessories business and tensions in the supply of new consoles.

Strong growth expected in 2023-24, driven by current investments

In FY 2023-24, NACON will continue to pursue a sustained and varied publishing activity. The 2022-23 releases will feed the 2023-24 back catalogue and will mechanically accelerate growth.

The highly anticipated release of *The Lord of the Rings Gollum™*, an emblematic character from the world of J.R.R. Tolkien from the novel *The Lord of the Rings*, is now scheduled for HY1 2023-24.

Next event:

Q2 2022-2023 sales, 23 January 2023,

Press release after close of the Euronext Paris stock exchange

ABOUT NACON

2021-22 ANNUAL SALES

155.9 M€

HEADCOUNT

Over 900 employees

INTERNATIONAL

23 subsidiaries and a distribution network across 100 countries

<https://corporate.nacongaming.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 16 development studios, the publishing of AA video games, the design and distribution of premium gaming devices, NACON focuses 30 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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LEXICON

BACK CATALOGUE: games released in previous years

GROSS MARGIN: Sales - Cost of goods sold; other operating revenues posted between Gross Margin and EBITDA

EBITDA: Current operating income before depreciation and amortization of tangible and intangible assets

COI RATE: Operating income before non-recurring items as a percentage of sales

CAPEX: Intangible assets excluding rights of use / rental rights capitalized in accordance with IFRS 16