

2021-22 ANNUAL SALES IN LINE WITH EXPECTATIONS

- 155.9 M€ SALES
- 19.0 M€ CURRENT OPERATING INCOME

STRONG GROWTH MOMENTUM EXPECTED IN 2022-23:

- SALES OVER 250 M€
- CURRENT OPERATING MARGIN EXCEEDING 50 M€

NACON (ISIN FR0013482791) today releases its audited consolidated results for FY 2021/22 (from April 1, 2021 to March 31, 2022) as approved by its Board of directors on 30 May 2022.

Consolidated in M€ IFRS	2021-2022	2020-2021	Change
Sales	155.9	177.8	-12.3%
Gross Margin <i>In % of sales</i>	77.8 49.9%	93.5 52.6%	-16.7%
EBITDA <i>In % of sales</i>	44.6 28.6%	60.3 33.9%	-26.0%
Current Operating Income <i>In % of sales</i>	19.0 12.2%	32.5 18.3%	-41.6%
Non recurrent items	(5.7)	(5.1)	
Operating Income <i>In % of sales</i>	13.3 8.6%	27.5 15.4%	-51.4%
Financial Result	0.1	(1.5)	
Earnings before tax <i>In % of sales</i>	13.4 8.6%	26.0 14.6%	-48.4%
Income tax	(3.4)	(7.7)	
Net result for the period <i>In % of sales</i>	10.0 6.4%	18.2 10.3%	-45.3%

2021-22, a transition year

For FY 2021-22, Nacon recorded 155.9 M€ sales. The Games business segment, due to the decision to postpone the release of several games to FY 2022-23, came in at 54.4 M€ (-21.1%). The Accessories business segment held up well against a backdrop of console shortages, ending the year at 96.6 M€ (-6.3%). Other activities accounted for 4.9 M€.

The gross margin was 77.8 M€, or 49.9% of sales (52.6% in previous year). This change is due to a different product mix to last year, with a higher proportion of Accessories (62% of total sales compared to 58% in previous year). The increase in sales prices made it possible to offset the rise in shipping and raw material costs and thus to maintain the margin rate of the accessories activity.

Thanks to stable overheads, current operating profit for the year came to 19.0 M€ and represented 12.2% of sales.

Net profit came to 10.0 M€ or 6.4% of sales.

A balance sheet reflecting the significant investments made by Nacon to accelerate its growth

At the end of March 2022, shareholders' equity amounted to 228.4 M€, up 17.9 M€ compared to the end of March 2021. Cash and cash equivalents amounted to 82.1 M€ compared to 96.7M€ in the previous year.

During the period, Nacon took out new bank loans for 52.5 M€ (5 year maturity – interest rate below 1%). Net debt remains at a low level of 10.4 M€.

The increase in inventories undertaken to secure supplies, had an unfavourable impact on working capital requirements which increased by 8.7 M€.

Operating cash flow for the year was 32.4 M€. Intangible CAPEX for the period amounted to 57.4 M€.

Over the last two years, Nacon will have invested more than 100 M€ in game developments and acquired 9 studios. To date, 46 games are in development, compared to 33 games at 31 March 2021. The first returns on investment are expected in the current financial year with the release of numerous games.

In accordance with its policy of reinvesting its cash flows in the development of its activities, the Board of Directors decided at its meeting on 30 May 2022 not to propose a dividend distribution for the 2021-22 financial year at the next General Meeting.

2022-23: Strong acceleration in business and earnings growth

After a year of transition marked by an unprecedented global economic context, Nacon will benefit in FY 2022-23 from the significant investments made in recent years.

Due to the strong publishing activity expected throughout the year (*Vampire: The Masquerade®- Swansong*, *The Lord of the Rings Gollum*, *Steelrising*, *Session Skate Sim*, etc.), sales will be up sharply with a significant increase in the first quarter.

Nacon has decided to postpone *Test Drive Unlimited Solar Crown* to the next fiscal year in order to perfect the quality while aiming for a release only on *PC*, *PlayStation®5* and *Xbox® Series X|S* formats. This delay does not affect the annual targets and should ensure continued growth in FY 2023-24.

The Accessories business is still affected by the worldwide component shortage but will see the release of several new products in Q3 2022-23.

In this context, Nacon expects to achieve sales in excess of €250 million in FY 2022-23 with a current operating margin in excess of 50 M€.

Following the acquisitions of Midgar Studio and Daedalic Entertainment, Nacon will continue to pursue its external growth strategy in order to strengthen its ability to develop new quality games internally.

Upcoming events :

Annual General Meeting: Friday 22 July 2022

Q1 2022-23 sales: Monday 25 July 2022, Press release after close of the Euronext Paris stock exchange

ABOUT NACON

2021-22 ANNUAL SALES
156.08 M€

HEADCOUNT
Over 700 employees

INTERNATIONAL
20 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 14 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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GLOSSARY

Back catalogue = Games released in previous financial years

Gross margin = Sales – Cost of goods sold; other operating revenues are posted between Gross Margin and EBITDA.

EBITDA = Current operating income before depreciation and amortisation of tangible and intangible assets

COI rate = Current Operating Income as a percentage of sales = COM (Current Operating Margin)

CAPEX = intangible capital expenditure excluding entitlements posted as fixed assets pursuant to IFRS 16