

HY 1 2021/22 IMPACTED BY AN UNFAVOURABLE BASIS COMPARISON:

- SALES: 73.0 M€ (-15.7%)
- CURRENT OPERATING INCOME: 8.4 M€ (-46.3%), I.E. 11,6% OF SALES
- NET PROFIT: 3.8 M€ (-60.4%)

ADJUSTMENT OF 2021/22 TARGETS:

- SALES BETWEEN 150 AND 180 M€
- CURRENT OPERATING INCOME CLOSE TO 20 M€

UPWARD REVISION OF 2022/23 TARGETS:

- SALES BETWEEN 250 AND 300 M€ WITH A COI RATE* > 20%

NACON (ISIN FR0013482791) today releases its audited consolidated results for the first half of fiscal year 2021/22 (from April 1 to September 30) as approved by its Board of directors on 29 November 2021.

Consolidated in M€ - IFRS	09/2021	09/2020	Change
Sales	73,0	86,6	-15,7%
Gross margin ⁽¹⁾	38,0	45,3	-16,0%
<i>In % of Sales</i>	<i>52,1%</i>	<i>52,3%</i>	
EBITDA ⁽²⁾	21,4	30,4	-29,7%
<i>In % of Sales</i>	<i>29,3%</i>	<i>35,1%</i>	
Current operating income			
EBITA	8,4	15,7	-46,3%
<i>In % of Sales</i>	<i>11,6%</i>	<i>18,2%</i>	
Non recurrent items <i>(including Bonus Shares)</i>	(4,0)	(1,8)	
Operating result	4,5	13,9	-67,8%
<i>In % of Sales</i>	<i>6,1%</i>	<i>16,1%</i>	
Financial result <i>Including currency gain (loss)</i>	0,0	(0,8)	
Earnings before tax	4,5	13,1	-65,6%
<i>In % of Sales</i>	<i>6,2%</i>	<i>15,2%</i>	
Tax	(0,7)	(3,6)	
Net result for the period	3,8	9,6	-60,4%
<i>In % of Sales</i>	<i>5,2%</i>	<i>11,0%</i>	

(1) Gross Margin = Sales - Cost of goods sold; other operating revenues posted between Gross Margin and EBITDA

(2) EBITDA = Current Operating Income before depreciation and amortization of tangible and intangible assets

Sales evolution penalised by a high H1 2020/21 comparison basis

Nacon posted 73.0 M€ sales in H1 2021/22, down 15.7% on the same period last year. The H1 2020/21 business had benefited from the exceptional momentum of the video game and accessories market during the early lockdowns.

Video Game sales for H1 2021/22 amounted to 27.3 M€, down 16.9%, due to a lower editorial activity. The back catalogue showed its resilience with sales of 16.2 M€ sales, representing almost 60% of Games revenue.

Accessories sales for H1 2021/22 were 43.7 M€, down 15.1% due to the high comparison basis and logistical difficulties in delivering goods to US customers.

Gross Margin for H1 2021/22 was 38.0 M€ or 52.1% of sales. Despite the sharp rise in transport costs and raw materials over the period, the margin rate remained at a near-equivalent level compared to H1 2020/21.

A weak editorial business and receding Accessory sales during the half-year resulted in a drop in Current Operating Income to 8.4 M€ or 11.6% of sales.

After deducting 4.0 M€ in expenses related to bonus share plans and 0.7 M€ in income tax, Net Profit for the period reached 3.8 M€ or 5.2% of sales.

A solid balance sheet and a strong increase in investments

At the end of September 2021, shareholders' equity amounted to 219.0 M€, up 8.5 M€ compared to the end of March 2021. Cash and cash equivalents amounted to 62.6 M€, compared with 96.7 M€ at the end of March 2021, following the acquisition of several studios and the development of the games catalogue.

The anticipation of orders in order to secure seasonal sales generated an increase in inventories, which had an unfavourable impact on the change in Working Capital Requirements, which reached (2.5 M€). Operating cash-flow for the period was 17.7 M€. Cash-flow from investments amounted to 45.6 M€, a significant increase compared to previous periods.

Outlook: adjustments to 2021/22 and 2022/23 targets

In order to optimise future revenues, Nacon has decided to postpone the release of *Vampire: The Masquerade®- Swansong*, *Blood Bowl 3®*, *Train Life* and *Hotel Life* to FY 2022/23. This additional development time will allow the quality of the games to be improved and thus their commercial performance. Nacon therefore no longer anticipates the expected improvement in its business in the 2nd half of FY 2021/22.

The second half of the year will benefit from the release of *Cricket 2022* (1.5 billion followers worldwide) and *Roguebook* for consoles (PlayStation™ et Xbox®). It will also be marked by the launch of the *Revolution X Pro controller* for Xbox®.

Given the postponement of the release of the 4 above mentioned games, NACON is adjusting its targets:

- downward revision of the FY 2021/22 targets with sales between 150 and 180 M€ and a Current Operating Profit around 20 M€;
- upward revision of the FY 2022/23 targets with sales between 250 and 300 M€ and a Current Operating Profit rate over 20%. This new financial year will benefit from a very strong editorial activity including more than 15 video game releases, including, *Vampire: The Masquerade®- Swansong*, *Steelrising™*, *The Lord of the Rings™: Gollum™*, *Session™*, *Blood Bowl 3®* and *Test Drive Unlimited Solar Crown*. FY 2023-24 will also benefit from this momentum again with over 15 games expected as well as a strong growth of the back catalogue.

Completion of the acquisition of the Ishtar Games studio

Following the fulfillment of conditions precedent, NACON announces that it has signed the share purchase agreement for the acquisition of 100% of the capital of Ishtar Games on 25 November 2021.

* COI rate = Current Operating Income as a percentage of sales

Next publication:

Q3 2021/22 sales: 24 January 2022
after closure of Paris stock exchange

ABOUT NACON

2020-21 ANNUAL SALES
177.8 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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