

STRONG GROWTH OF PROFITABILITY IN 2019/20:

- **CURRENT OPERATING PROFIT: 22,6 M€ (+80,3%)**
- **NET RESULT: 15,3 M€ (+41,8%)**

OUTLOOK 2020/21 :

- **SALES BETWEEN 140 AND 150 M€**
- **CURRENT OPERATING PROFIT RATE: 18%**

NACON (ISIN FR0013482791) today releases its audited consolidated results for the financial year closing on 31 March 2020 as approved by its Board of directors on 25 May 2020.

Consolidated in M€ IFRS	03/2020 ⁽⁴⁾	03/2019 ⁽³⁾	Var.
Sales	129.4	113.1	+14.4%
Gross margin ⁽¹⁾ <i>In % of Sales</i>	79.1 61.1%	62.4 55.2%	+26.7%
EBITDA ⁽²⁾ <i>In % of Sales</i>	48.4 37.4%	33.4 29.5%	+45.0%
Result from current operations <i>In % of Sales</i>	22.6 17.5%	12.5 11.1%	+80.3%
Non recurrent items <i>(including Bonus Shares)</i>	(2.0)	0.8	
Operating result <i>In % of Sales</i>	20.6 15.9%	13.4 11.8%	+53.8%
Financial result <i>Including currency gain (loss)</i>	(0.6)	(0.4)	
Earnings before tax <i>In % of Sales</i>	20.0 15.4%	13.0 11.5%	+53.6%
Tax	(4.7)	(2.2)	
Net result for the period <i>In % of Sales</i>	15.3 11.8%	10.8 9.5%	+41.8%

(1) *Gross margin = Sales – Cost of goods sold.*

(2) *EBITDA = Current operating income before depreciation and amortization of tangible and intangible assets.*

(3) *The partial asset contribution of the Gaming business to Nacon by Bigben Interactive was carried out with an accounting effect as of October 1, 2019. Assets and liabilities contributed were recognized at their carrying amount. In order to ensure the comparability of financial statements, comparative data is taken from the "combined financial statements", which take into account financial flows as well as income statement and balance sheet items related to the Gaming business prepared from the accounting books of Bigben Interactive and its Gaming subsidiaries. These financial flows include acquisitions of studios from the date of acquisition.*

(4) *Following the creation of Nacon in July 2019 and the start of its operations in October 2019, Nacon's consolidated financial statements as of March 31, 2020 comprise six months of combined financial statements for the Gaming business prepared on the basis of the accounting records of Bigben Interactive and its Gaming subsidiaries for the period April to September 2019, to which the financial flows and items of the new entity for the October 2019 to March 2020 period have been added.*

Strong rise in profitability

Nacon recorded 129.4 M€ sales for its 2019/20 financial year (ending 31 March 2020), up 14.4% on the previous financial year.

Gross margin (+26.7%) benefited from the increase in digital sales to 48.9 M€ which represented 69% of the Games business sales.

Thanks to a controlled increase in operating expenses, EBITDA reached 48.4 M€, up 45.0%, and represented 37.4% of sales.

After accounting for 25.7 M€ in depreciation and amortization (up 23.6%, following additional investments related to the development of new games), Current Operating Income increased by 80.3% to 22.6 million M€. It represented 17.5% of sales, an achievement that is higher than the 16% announced at the time of the company's IPO.

After taking into account expenses related to bonus share plans for 2.0 M€ posted as non-recurrent items, a financial income of (0.6) M€ and a corporate income tax of (4.7) M€, Net Profit reached 15.3 million M€, or 0.18 € per share ⁽⁵⁾, up 41.8% compared to the previous financial year.

Strengthened balance sheet

At March 31, 2020, Nacon's shareholders' funds stood at 187.6 M€ compared with 67.5 M€ at March 31, 2019. They take into account the capital increase carried out following the company's IPO on March 4, 2020, which increased shareholders' funds (capital and share premium) by 103 M€ after deducting the costs of the IPO.

Thanks to the funds raised during the IPO, Nacon had cash of €110.9 M€ at 31 March 2020. After deducting financial debt of €68.1 M€ and excluding rental liabilities linked to IFRS 16, net debt is negative at €42.8 M€.

Outlook: continuation of the NACON 2023 plan

Nacon notes that the Covid-19 crisis no longer has an impact on accessory sales and continues to boost digital sales of games.

The company therefore anticipates sales of between 140 M€ and 150 M€ for the 2020/21 financial year and targets a Current Operating Margin⁽⁶⁾ of around 18%.

The Group is actively working on the deployment of its "NACON 2023" plan in order to accelerate its change of size in its two markets, Games and Accessories.

To this end, investments in new games will be stepped up in order to optimize their quality and make them key references in the target genres, enabling Nacon to become one of the world's leading publishers of AA⁽⁷⁾ games. Nacon intends to pursue its strategy of acquiring studios in order to accelerate the upmarket move for its games.

With the announced arrival of 5G which will enable the advent of cloud gaming, and the deployment of the GaaS (Game as a Service) business model which will increase the operating life of games and generate recurrent revenues, Nacon will also benefit from significant growth levers to boost its sales over the next few years.

For accessories, the emphasis will be placed on developing premium products that can be used by all types of players, the recent acquisition of RIG[™] headsets being an illustration of this strategy.

Banking on this momentum, the Group reiterates its financial targets for FY 2022/23 with sales between 180 M€ and 200 M€ and a Current Operating Margin ⁽⁶⁾ in excess of 20%.

Annual dividend

In accordance with its commitment to reinvest its cash flows in the development of its activities, the Board of Directors decided, at its meeting of May 25, 2020, not to submit to the vote of the next Shareholders' Meeting the distribution of a dividend in respect of the 2019/2020 financial year.

(1) Based on the number of shares as of March 31, 2020.

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

(3) Nacon definition: All games selling between 200,000 and 3 million units and with budgets of 1 to 20 M€.

Upcoming publication:

Sales for 1st quarter of FY 2020/2021: Monday 27 July 2020, after close of business on Euronext Paris stock market

ABOUT NACON

2019-20 ANNUAL SALES
129.4 M€

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.

HEADCOUNT
Over 510 employees

INTERNATIONAL
16 subsidiaries and a distribution network
across 100 countries
<https://corporate.naongaming.com/>

Company listed on Euronext Paris, compartment B
ISIN : FR0013482791 ; Reuters : NACON.PA ; Bloomberg : NACON:FP

PRESS CONTACT
Cap Value – Gilles Broquelet gbroquelet@capvalue.fr - +33 1 80 81 50 01
