



**INTERIM FINANCIAL REPORT  
FIRST HALF 2022/23**

**SIX MONTHS ENDED 30 SEPTEMBER 2022**

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## 1. STATEMENT BY THE PERSON RESPONSIBLE



I hereby declare that, to the best of my knowledge, the condensed financial statements for the first half of 2022/23 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and all the companies included in the scope of consolidation, and that the interim business report below provides an accurate description of the significant events during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and contingencies for the remaining six months of the financial year.

Lesquin, 5 December 2022,

The Chief Executive Officer  
Alain Falc

## 2. BUSINESS REPORT

### 2.1 KEY EVENTS IN THE FIRST HALF OF 2022/23

#### 2.1.1 Operating activities

In the first half of 2022/23, NACON's revenue amounted to €77.5 million, up 6.2% year-on-year. Revenue in the first half of 2022/23 was boosted by a more intensive release schedule than in the year-earlier period.

in thousands of euros		6-month total		Contribution	
		First half 2022	First half 2021	First half 2022	First half 2021
<b>Revenue</b>		<b>77,509</b>	<b>73,012</b>	<b>100%</b>	<b>100%</b>
<i>of which</i>	<i>Gaming accessories</i>	28,547	43,745	37%	60%
	<i>Catalogue <sup>(1)</sup></i>	25,396	11,046	33%	15%
	<i>Back catalogue <sup>(2)</sup></i>	21,577	16,223	28%	22%
	<i>Other</i>	1,988	1,998	3%	3%

<sup>(1)</sup> Revenue from games released since the start of the financial year

<sup>(2)</sup> Revenue from games released in previous financial years

Sales of accessories in the first half of 2022/23 totalled €28.5 million, down 34.7%. The decline was due to the very high base for comparison, particularly in the USA, and by sharp contraction in the global headsets market.

Video game revenue amounted to €47.0 million in the first half of 2022/23, up 72.3%, because of a strong new release schedule and good performance from the back catalogue.

IFRS financial statements, in millions of euros		Six months ended 30 September		Change	
		2022	2021	€ m	%
<b>Revenue</b>		<b>77.5</b>	<b>73.0</b>	<b>4.5</b>	<b>+6.2%</b>
<i>of which</i>	<i>Gaming accessories</i>	28.5	43.7	-15.2	-34.7%
	<i>Catalogue <sup>(1)</sup></i>	25.4	11.0	14.4	+129.9%
	<i>Back catalogue <sup>(2)</sup></i>	21.6	16.2	5.4	+33.0%
	<i>Other</i>	2.0	2.0	0.0	-0.5%
Purchases consumed		(29.9)	(35.0)	5.1	-14.4%
<b>Gross profit</b>		<b>47.6</b>	<b>38.0</b>	<b>9.5</b>	<b>+25.1%</b>
Operating expenses		(22.0)	(16.6)	-5.3	+31.9%
<b>EBITDA</b>		<b>25.6</b>	<b>21.4</b>	<b>4.2</b>	<b>+19.8%</b>
Depreciation and amortisation of non-current assets		(14.5)	(13.0)	-1.6	+12.2%
<b>Recurring operating income</b>		<b>11.1</b>	<b>8.4</b>	<b>2.7</b>	<b>+31.4%</b>
Other operating income and expense		(1.3)	(4.0)		
<b>Operating income</b>		<b>9.8</b>	<b>4.5</b>	<b>5.3</b>	<b>+119.2%</b>
Net financial income/expense		1.3	0.0	1.2	
<b>Pre-tax income</b>		<b>11.1</b>	<b>4.5</b>	<b>6.6</b>	
Tax		(2.6)	(0.7)	-1.9	
<b>Net income</b>		<b>8.4</b>	<b>3.8</b>	<b>4.7</b>	<b>+123.5%</b>

<sup>(1)</sup> Revenue from games released since the start of the financial year

<sup>(2)</sup> Revenue from games released in previous financial years

Gross profit totalled €47.6 million in the first half of 2022/23, equal to 61.4% of revenue as opposed to 52.1% in the first half of 2021/22. Since the Video Games business generates a wider gross margin than the Accessories business, the higher proportion of revenue coming from Video Games had a positive impact on overall gross margin in the first half of 2022/23.

The increase in revenue during the period resulted in Recurring Operating Income rising 31.4% relative to the year-earlier period to €11.1 million, equal to 14.3% of revenue.

EBITDA amounted to €25.6 million or 33.1% of revenue.

Net financial income/expense included a foreign exchange gain of €1.8 million in the first half of 2022/23 driven by movements in the US dollar, as well as the €0.6 million cost of bank debt.

NACON's net income amounted to €8.4 million versus €3.8 million in the first half of 2021/22, representing an increase of 123.5%.

## 2.1.2 Other key events

### ◆ Ownership structure

#### ⇒ **Capital increase following the vesting of bonus shares**

On 8 September 2021, the Board of Directors awarded 333,840 bonus shares to employees and corporate officers of Group entities. The vesting of those shares after a 1-year period was subject to an ongoing presence condition and a condition related to achieving a predetermined level of recurring operating income. Since the Group's targets were not achieved, only 6,600 shares under the 2021 bonus shares plan vested in September 2022, with 15 beneficiaries.

181,163 bonus shares awarded in 2021/22 in relation to the acquisition of certain development studios also vested.

As a result, a total of 187,763 new shares were issued through the capitalisation of reserves during the period.

#### ⇒ **2022 bonus share award**

In its meetings on 24 April 2022 and 15 September 2022, the Board of Directors awarded 1,646,113 bonus shares to employees and corporate officers of Group entities, i.e. 893 beneficiaries. If the conditions are met:

- 545,541 shares will vest at the end of one year, and
- 1,100,572 shares will vest at the end of three years.

Based on the number of bonus shares vested, an issue of new shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 1,646,113 shares awarded, i.e. €1,646,113, was set up at the time of the award.

The IFRS 2 consolidated expense relating to these new plans with respect to the first half of 2022/23 was €418 thousand, with a balancing entry under reserves.

#### ⇒ **Capital increase following the second earn-out payment to the vendors of Big Ant Holding Pty Ltd**

A second earn-out payment was paid to the vendors of Big Ant Studios Pty Ltd on 15 September 2022. In accordance with the acquisition agreement, 50% of the earn-out payment was paid in NACON SA shares, via a €1,944 thousand capital increase.

As a result, a capital increase with preferential subscription rights withheld took place on 15 September 2022, involving the issue of 400,234 shares with a value of €4.858 per share, corresponding to NACON's average closing share price on Euronext Paris in the 20 trading sessions preceding the transaction. As a result, NACON SA's share capital increased from €86,479,173 to €86,879,407.

### ◆ Change in scope:

#### ⇒ **Acquisition of 100% of Daedalic Entertainment GmbH**

On 1 April 2022, NACON acquired all of the capital and voting rights of Daedalic Entertainment GmbH, a video game development studio based in Hamburg, Germany.

This is the largest acquisition made by the Group to date, with a total maximum price of €53 million: In addition to the €32 million purchase price paid in cash, earn-out payments – also 100% in cash – may be made depending on the studio's performance in the next few years, up to a maximum amount of €21 million.

Daedalic Entertainment GmbH has been consolidated in the Group's financial statements from the date of its acquisition.

- ◆ Other events

## ↻ Changes in debt

NACON took out two new medium-term loans in the first half of 2022/23: one €10 million loan with a 5-year term and one €7.5 million loan with a 5-year term and a 2-year deferral period from BPI France. These loans, in a total amount of €17.5 million, are amortising loans.

### 2.1.3 Post-balance sheet events

None.

## 2.2 INFORMATION ABOUT THE GROUP'S SHARES

### 2.2.1 Share capital

At 30 September 2022, NACON SA's share capital consisted of 86,879,407 shares, representing 86,291,410 voting rights on a gross basis.

The Company's shares are listed on Eurolist by Euronext Paris, compartment B. Their ISIN is FR0013482791. The shares are not listed on any other exchange.

Based on the closing price of €4.09 on 30 September 2022, the Company's market capitalisation at that date was €352.93 million.

### 2.2.2 Crossing of ownership disclosure thresholds

Bigben Interactive SA announced that on 29 July 2022 its stake in NACON fell below two thirds of NACON's capital and that it held 56,616,003 NACON shares representing 106,120,132 voting rights, i.e. 65.59% of NACON's capital and 75.15% of its voting rights. The crossing of that disclosure threshold resulted from Bigben Interactive distributing NACON shares in kind.

The Company's ownership structure at 30 September 2022 was as follows:

Shareholders	% of capital	% of voting rights <sup>(1)</sup>
Bigben Interactive SA	<b>65.17%</b>	<b>74.86%</b>
Shares lent to BNP Arbitrage <sup>(2)</sup>		<b>2.51%</b>
Bpifrance Investissement <sup>(3)</sup>	<b>2.09%</b>	<b>2.57%</b>
CDC Croissance <sup>(3)</sup>	<b>2.62%</b>	<b>1.60%</b>
Free float	<b>30.05%</b>	<b>18.46%</b>
Liquidity agreement	<b>0.07%</b>	<b>0.00%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(1) Gross voting rights.

(2) Including 3,555,937 shares lent to BNP Paribas for coverage purposes in relation to the Bigben Interactive bond issue.

(3) Bpifrance Participations SA is controlled by Bpifrance SA (formerly Bpifrance Financement), which is itself controlled jointly by CDC and EPIC Bpifrance, which both hold 49.2% stakes. CNP Assurances is 78.94%-owned by Banque Postale, which is itself wholly owned by La Poste, which is in turn 66%-owned by CDC.

## 2.3 RISKS AND OPPORTUNITIES IN THE SECOND HALF OF THE FINANCIAL YEAR

After the first-half releases of *Vampire: The Masquerade*– Swansong, *Session Skate Sim*<sup>TM</sup> and *Steelrising*<sup>TM</sup>, the release schedule in the second half of 2022/23 will be intensive.

The third quarter will bring the release of *WRC Generations*, two months later than initially scheduled. *WRC* is recognised as the best rally driving game in the market, and this new release will bring together for the first time all generations of cars (from 1973 to 2022).

In addition, several games scheduled for the third quarter will finally be released in the fourth quarter. As a result, the fourth quarter will see the release of:

- *Blood Bowl*®3, a game inspired by American football set in a fantasy universe, a new offshoot of the successful *Blood Bowl* franchise.
- *Chef Life*, in partnership with the Michelin Guide.
- *Clash*, in the rapidly developing combat games segment.
- *Transport Fever 2 Console Edition* for PlayStation®4, PlayStation®5, Xbox®One and Xbox®Series.

As regards Accessories, despite the success of the RIG 300, 500 and 800 PRO Series headsets, business trends in the second half of the financial year are likely to remain similar to those seen in the first half.

### ➔ 2022/23 guidance

Catalogue sales will be lower than expected because of the late release of several major games, Accessories sales have fallen year-on-year and new consoles are being affected by supply-chain issues. As a result, NACON will be unable to hit its targets for 2022/23, i.e. revenue of over €250 million and recurring operating income of over €50 million.

However, revenue and recurring operating income will both increase year-on-year due to the combined effect of increased catalogue sales and good momentum in the back catalogue.

### 3. CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

#### 3.1 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

##### 3.1.1 Statement of financial position

<i>in thousands of euros</i>	Notes	30 September 2022	31 March 2022
Goodwill	1	146,085	96,742
Right-of-use assets	2	8,257	8,275
Other intangible assets	2	162,001	129,136
Property, plant and equipment	3	3,264	2,528
Shares in associates	4	0	0
Other financial assets		2,167	1,735
Deferred tax assets	5	4,333	3,054
<b>Non-current assets</b>		<b>326,107</b>	<b>241,470</b>
Inventories	6	47,473	32,850
Trade receivables	7	43,136	37,918
Other receivables	8	14,383	11,691
Current tax assets		5,907	6,174
Cash and cash equivalents	9	38,054	82,148
<b>Current assets</b>		<b>148,953</b>	<b>170,782</b>
<b>TOTAL ASSETS</b>		<b>475,061</b>	<b>412,252</b>
Share capital	14	86,879	86,291
Share premiums		76,549	75,005
Consolidated reserves		65,646	54,523
Net income for the period		8,444	9,962
Exchange differences		3,941	2,626
<b>Equity attributable to equity holders of the parent</b>		<b>241,459</b>	<b>228,407</b>
Equity attributable to non-controlling interests		0	0
<b>Total equity</b>	15	<b>241,459</b>	<b>228,407</b>
Long-term provisions	10	805	886
Long-term financial liabilities	11	69,759	65,734
Long-term lease liabilities	12	5,501	6,072
Long-term earn-out liabilities		53,287	37,832
Deferred tax liabilities		3,176	731
<b>Non-current liabilities</b>		<b>132,528</b>	<b>111,255</b>
Short-term provisions	10	1,230	1,029
Short-term financial liabilities	11	31,924	26,774
Short-term lease liabilities	12	2,692	2,120
Short-term earn-out liabilities		6,300	6,500
Trade payables		32,788	17,745
Other payables	13	21,312	16,085
Current tax liabilities		4,827	2,338
<b>Current liabilities</b>		<b>101,073</b>	<b>72,590</b>
<b>Total equity and liabilities</b>		<b>475,061</b>	<b>412,252</b>



3.1.2 Statement of profit or loss and other comprehensive income

(in thousands of euros)	Notes	First half 2022	First half 2021
<b>Revenue</b>	15	<b>77,509</b>	<b>73,012</b>
Purchases consumed	16	(29,920)	(34,971)
<b>Gross profit</b>		<b>47,589</b>	<b>38,041</b>
<b>Gross margin (% of revenue)</b>		<b>61.4%</b>	<b>52.1%</b>
Other operating revenue		518	515
Other purchases and external expenses	17	(13,109)	(9,664)
Taxes other than income tax		(313)	(325)
Personnel costs		(8,608)	(6,726)
Other operating expenses		(438)	(435)
Gains or losses on disposals of non-current assets		(2)	(6)
<b>EBITDA *</b>		<b>25,638</b>	<b>21,401</b>
<b>EBITDA margin (% of revenue)</b>		<b>33.1%</b>	<b>29.3%</b>
Depreciation and amortisation of non-current assets		(14,534)	(12,952)
<b>Recurring operating income</b>		<b>11,103</b>	<b>8,449</b>
<b>Recurring operating margin (% of revenue)</b>		<b>14.3%</b>	<b>11.6%</b>
Bonus share and stock-option plans	18	(1,258)	(3,970)
Other non-recurring operating items		(25)	
Income from associates		0	0
<b>Operating income</b>		<b>9,820</b>	<b>4,479</b>
<b>Net financial income/expense</b>	19	<b>1,261</b>	<b>40</b>
<b>Pre-tax income</b>		<b>11,081</b>	<b>4,519</b>
Income tax		(2,637)	(741)
<b>Net income for the period</b>		<b>8,444</b>	<b>3,778</b>
Exchange differences		1,315	27
Actuarial gains and losses		125	7
<b>Comprehensive income for the period</b>		<b>9,884</b>	<b>3,812</b>
Net income for the period		<b>8,444</b>	<b>3,778</b>
Attributable to non-controlling interests		0	11
<b>Net income attributable to equity holders of the parent</b>		<b>8,444</b>	<b>3,767</b>

**Earnings per share**

<b>Basic earnings per share (in euros)</b>	20	€0.10	€0.04
Weighted average number of shares before capital increase		86,269,258	84,930,815
Net income attributable to equity holders of the parent		8,444,230	3,766,909
<b>Diluted earnings per share (in euros)</b>	20	€0.10	€0.04
Average number of shares after dilution		88,618,096	87,296,139
Net income attributable to equity holders of the parent		8,444,230	3,766,909

### 3.1.3 Statement of changes in consolidated equity

in thousands of euros	Number of shares	Share capital	Share premiums	Combined reserves		Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
				Reserves and retained earnings	Exchange differences			
<b>Consolidated equity at 31 March 2021</b>	<b>84,908,919</b>	<b>84,909</b>	<b>73,680</b>	<b>52,340</b>	<b>(205)</b>	<b>210,724</b>	<b>(257)</b>	<b>210,467</b>
Income in the first half of 2021/22				3,767		3,767	11	3,778
Other comprehensive income				7	27	34		34
<b>Comprehensive income</b>				<b>3,774</b>	<b>27</b>	<b>3,800</b>	<b>0</b>	<b>3,800</b>
Capital increase	337,208	337	1,325			1,662		1,662
Capital increase – Bonus shares	1,045,283	1,045		(1,045)		0		0
Bonus share plans				3,109		3,109		3,109
Liquidity agreement				(84)		(84)		(84)
<b>Consolidated equity at 30 September 2021</b>	<b>86,291,410</b>	<b>86,291</b>	<b>75,005</b>	<b>58,094</b>	<b>(178)</b>	<b>219,212</b>	<b>(246)</b>	<b>218,966</b>

in thousands of euros	Number of shares	Share capital	Share premiums	Consolidated reserves		Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
				Reserves and retained earnings	Exchange differences			
<b>Consolidated equity at 31 March 2022</b>	<b>86,291,410</b>	<b>86,291</b>	<b>75,005</b>	<b>64,485</b>	<b>2,626</b>	<b>228,407</b>	<b>0</b>	<b>228,407</b>
Income in the first half of 2022/23				8,444		8,444	0	8,444
Other comprehensive income				125	1,315	1,440		1,440
<b>Comprehensive income</b>				<b>8,569</b>	<b>1,315</b>	<b>9,884</b>	<b>0</b>	<b>9,884</b>
Capital increase	400,234	400	1,544			1,944		1,944
Capital increase – Bonus shares	187,763	188		(188)		0		0
Bonus share plans				1,258		1,258		1,258
Liquidity agreement				(34)		(34)		(34)
Equity attributable to non-controlling interests				0		0	0	0
<b>Consolidated equity at 30 September 2022</b>	<b>86,879,407</b>	<b>86,879</b>	<b>76,549</b>	<b>74,090</b>	<b>3,941</b>	<b>241,459</b>	<b>0</b>	<b>241,459</b>

### 3.1.4 Consolidated cash flow statement

in thousands of euros

	Notes	First half 2022/23	First half 2021/22
<b>Net cash flow from operating activities</b>			
<b>Net income for the period</b>		<b>8,444</b>	<b>3,767</b>
<i>Elimination of income and expenses that have no cash impact or are unrelated to operating activities</i>			
• Income from associates		0	
• Attributable to non-controlling interests		0	11
• Additions to depreciation, amortisation and impairment		14,534	12,952
• Change in provisions		55	(73)
• Net financial income/expense		549	378
• Net gain or loss on disposals		2	6
• Other non-cash income and expense items		1,258	3,118
• Income tax expense		2,637	741
<b>Funds from operations</b>		<b>27,480</b>	<b>20,900</b>
Inventories		(13,598)	(10,120)
Trade receivables	7 - 8	(4,533)	5,303
Trade payables	14	9,555	2,339
<b>Change in WCR</b>		<b>(8,577)</b>	<b>(2,478)</b>
<b>Cash from operating activities</b>		<b>18,903</b>	<b>18,423</b>
Income tax paid		(2,506)	(694)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>16,398</b>	<b>17,728</b>
<b>Cash flow from investing activities</b>			
Purchases of intangible assets	2	(32,748)	(27,356)
Purchases of property, plant and equipment	3	(1,074)	(558)
Disposals of property, plant and equipment and intangible assets		0	6
Purchases of non-current financial assets		(398)	(114)
Disposals of non-current financial assets		8	8
Disbursements relating to acquisitions of subsidiaries net of net cash acquired		(34,068)	(17,544)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(68,279)</b>	<b>(45,558)</b>
<b>Cash flow from financing activities</b>			
Sales / purchases of own shares		13	(94)
Dividends paid to the parent company's shareholders		0	0
Interest paid		(522)	(370)
Decrease in lease liabilities		(925)	(974)
Cash inflows from borrowings	11	21,262	0
Repayments of borrowings and debts		(12,277)	(8,090)
Other		0	(1)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>7,551</b>	<b>(9,530)</b>
<b>Impact of changes in exchange rates</b>		<b>598</b>	<b>(216)</b>
<b>Net change in cash and cash equivalents</b>		<b>(43,732)</b>	<b>(37,575)</b>
Cash and cash equivalents at start of period		81,784	94,906
Cash and cash equivalents at end of period	9	38,052	57,332

## 3.2 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3.2.1 Information about the company

The condensed interim financial statements cover NACON SA – domiciled in France – and its subsidiaries (the NACON group) for the 6 months ended 30 September 2022. NACON SA is listed on compartment B of Eurolist by Euronext Paris (ISIN: FR0013482791; Reuters: NACON.PA; Bloomberg: NACON:FP).

NACON is part of the Bigben group and was formed in 2019 to optimise its areas of expertise and generate synergies between them in the video game market. Combining its 16 development studios, AA video game publishing and the design and distribution of premium gaming peripherals, NACON has 30 years of expertise in serving gamers. This new unified business gives NACON a stronger position in its market and enables it to innovate by creating new and unique competitive advantages.

### 3.2.2 Basis of preparation

#### ➔ Statement of compliance

The condensed consolidated interim financial statements for the six-month period ended 30 September 2022 were prepared in accordance with **IAS 34 “Interim financial reporting”**, which forms part of IFRSs as endorsed by the European Union.

They do not contain all information required in the full annual financial statements, and must be read in conjunction with the Group’s financial statements for the year ended 31 March 2022 (available on request from the Company’s registered office at 396/466 rue de la Voyette, CRT2, 59273 Fretin or from the Corporate section of the NACON website [www.nacongaming.com](http://www.nacongaming.com)).

The same accounting policies were applied for the six months ended 30 September 2022 as those applied to the year ended 31 March 2022.

The Group’s condensed consolidated interim financial statements for the six months ended 30 September 2022 and the related notes were finalised by the Board of Directors in its meeting on 28 November 2022.

#### ➔ Use of estimates

The preparation of financial statements according to IFRSs requires management to use estimates and assumptions that affect the amounts in the presented Group financial statements and information provided in the notes thereto.

Those estimates and assumptions are based on information and estimates known on the accounts closing date and may prove substantially different from actual figures.

In particular, in the six months ended 30 September 2022, Management re-examined its estimates regarding:

- indications of impairment losses (Note 1)
- tax assets relating to unused tax loss carryforwards (Note 5)
- provisions (Note 10)
- the useful lives of game development costs (see below)

#### Application of the development cost amortisation method

Development activities imply the existence of a plan or a model to make products and new or substantially improved processes. The Group’s development expenditure is capitalised if and only if costs can be measured reliably and the Group can show the technical and commercial viability of the product or process, the existence of probable future economic benefits and its intention and sufficient resources to complete the development and use or sell the asset.

Recognised development costs mainly relate to the cost of developing games on the market or currently being developed and with the prospect of being launched in the market. Capitalised development costs, less any related tax credits, are recognised at cost less accumulated amortisation and impairment losses. At the end of each financial year or wherever indications of a loss of value appear, management estimates forecast cash flows for each game. Where those cash flows are lower than the net carrying amount of the games, impairment is applied.

Game development costs are amortised over the games’ expected lifetimes using the diminishing balance method based on the associated expected sales, whether the game is sold physically or digitally, from its commercial release date. Under IAS 38, game amortisation periods vary according to market trends and sales prospects. To take into account the digitalisation of the video game market, the increasing proportion of sales taking place on platforms and the related extension of games’ lifespans, the development costs of new games released in the market since 1 April 2020 by NACON are currently amortised using the diminishing balance method over a period of four years. The distribution of costs over the four years was re-estimated at 1 April 2022, taking into account market developments.

## ➤ Consolidation principles and policies

The accounting policies applied by the Group in its interim financial statements are the same as those used in the consolidated financial statements for the year ended 31 March 2022, except for standards that have come into force since 1 April 2022, which are set out below.

The financial statements are presented in thousands of euros unless otherwise stated.

## ➤ Standards

### ➤ Standards and interpretations newly applicable from 1 April 2022

New IFRS texts	EU adoption date (periods starting on or after)
Amendments to IFRS 3 – Reference to the conceptual framework	01/01/22
Amendments to IAS 37 – Onerous contracts – Cost of fulfilling a contract	01/01/22
Amendments to IAS 16 – Property, plant and equipment – Proceeds before intended use	01/01/22

### ➤ New texts adopted early in accounting periods starting on or after 1 April 2022

New IFRS texts	EU adoption date (periods starting on or after)
IFRS 17 – Insurance contracts incorporating amendments published on 25 June 2020	01/01/23
Amendment to IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative information	01/01/23
Amendments to IAS 1 and Practice Statement 2 – Disclosure of accounting policies	01/01/23
Amendments to IAS 8 – Definition of accounting estimates	01/01/23
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	01/01/23

The Group has not opted for early adoption of other standards and amendments that may be adopted early or that will be mandatory in 2023/24.

The Group does not expect their adoption to have a material impact on the financial statements.

## ➤ Use of the non-accounting financial indicator EBITDA

The NACON group defines EBITDA (earnings before interest, taxes, depreciation and amortisation) as recurring operating income before impairment, depreciation of property, plant and equipment and amortisation of intangible assets, but before additions to provisions on inventories and trade receivables.

The Group regards EBITDA as a non-IFRS performance indicator.

EBITDA is one of the main indicators monitored by the Group when managing and assessing its operational performance, taking investment decisions, allocating resources and assessing the performance of senior managers.

The Group believes that this indicator is useful for people reading its financial statements because it gives them a measurement of its operating income/loss that excludes non-cash items such as impairment, depreciation and amortisation, increasing the projected value of its consolidated financial statements and providing information about the earnings of the Group's recurring commercial activities and cash flows, allowing investors to identify more effectively trends in its financial performance.

EBITDA is not an indicator defined by IFRSs and does not have a standard definition. As a result, the method that the NACON group uses to calculate EBITDA may not be comparable to that used by other groups to calculate other measures with a similar name.

### ➔ Use of the financial indicator “gross profit”

The Group calculates gross profit as the difference between total revenue and purchases consumed in relation to retail sales (retail video games and gaming accessories).

Please refer also to Note 16 “Purchases consumed”.

## 3.2.3 Scope of consolidation

### ➔ List of consolidated companies

Company	Country	% owned	Method of consolidation
NACON SA	France	Parent company	
Bigben Belgium SA	Belgium	100.00%	Full consolidation
BIGBEN NEDERLAND BV	Netherlands	100.00%	Full consolidation
NACON HK Ltd	Hong Kong	100.00%	Full consolidation
Bigben Interactive GmbH	Germany	100.00%	Full consolidation
NACON GAMING ESPAÑA SL	Spain	100.00%	Full consolidation
BIGBEN ITALIA SRL	Italy	100.00%	Full consolidation
GAMES.FR SAS	France	100.00%	Full consolidation
KYLOTONN SAS	France	100.00%	Full consolidation
CYANIDE SAS	France	100.00%	Full consolidation
CYANIDE AMUSEMENT INC	Canada	100.00%	Full consolidation
EKO SOFTWARE SAS	France	100.00%	Full consolidation
SPIDERS SAS	France	100.00%	Full consolidation
LUNAR GREAT WALL STUDIOS Srl	Italy	100.00%	Full consolidation
NACON GAMING INC	United States	100.00%	Full consolidation
NACON PTY Ltd	Australia	100.00%	Full consolidation
NEOPICA SRL	Belgium	100.00%	Full consolidation
PASSTECH GAMES SAS	France	100.00%	Full consolidation
BIG ANT HOLDING PTY Ltd	Australia	100.00%	Full consolidation
CREA-TURE INC.	Canada	100.00%	Full consolidation
ISHTAR GAMES SAS	France	100.00%	Full consolidation
MIDGAR STUDIO SAS	France	100.00%	Full consolidation
DAEDALIC ENTERTAINMENT GmbH	Germany	100.00%	Full consolidation

### ➔ Change in scope

One company joined the scope of consolidation during the period:

- Daedalic Entertainment GmbH from its acquisition date of 1 April 2022.

## 3.2.4 Segment reporting

NACON sells a wide range of video games and gaming accessories that meet demand in its market.

As part of the Group's reorganisation and the spin-off of the Gaming business to form NACON on 1 October 2019, the Gaming businesses of Bigben Interactive SA, Bigben Interactive Hong Kong Ltd and Bigben Interactive España were carved out and placed into entities specially created for that purpose. The Group's other subsidiaries were placed within the Gaming division and their shares were transferred to NACON SA.

Given the highly integrated new organisation of the Gaming segment, a large proportion of costs are shared between the Video Games and Gaming Accessories businesses. The Video Games and Gaming Accessories businesses share most of their customers. As a result, the Group only calculates recurring operating income at the Group level.

Games developed by acquired studios are marketed by all Group entities and therefore contribute to NACON's overall cash flow.

NACON has its own sales, marketing and finance functions.

Sales of games in digital form are invoiced mainly from France.

The Group's distribution subsidiaries based outside France handle physical sales of all gaming products. The subsidiary based in Hong Kong mainly handles the development and procurement of accessories from manufacturing partners.

As a result, each NACON group subsidiary has a specific role in the Group's value chain.

Accordingly, the NACON Group considers that it operates within a single operational business segment, "NACON - Gaming", which includes the development, publishing and distribution of video games along with the design and distribution of accessories for games consoles and PCs. The Video Games and Gaming Accessories businesses address the same market and have the same economic characteristics.

The information presented below is that now used by the NACON group's chief operating decision maker for internal reporting purposes. The NACON group's chief operating decision maker within the meaning of IFRS 8 is a two-person team consisting of the NACON group's Chairman/CEO and COO.

### ➔ Seasonal nature of the business

Seasonal variations in the Gaming Accessories business are fairly pronounced, with business levels traditionally higher in the second half. Variations in Video Games business levels, meanwhile, depend mainly on game release dates.

### ➔ Revenue by product category

in thousands of euros		6-month total		Contribution	
		First half 2022	First half 2021	First half 2022	First half 2021
<b>Revenue</b>		<b>77,509</b>	<b>73,012</b>	<b>100%</b>	<b>100%</b>
<i>of which</i>	<i>Gaming accessories</i>	28,547	43,745	37%	60%
	<i>Catalogue <sup>(1)</sup></i>	25,396	11,046	33%	15%
	<i>Back catalogue <sup>(2)</sup></i>	21,577	16,223	28%	22%
	<i>Other</i>	1,988	1,998	3%	3%

<sup>(1)</sup> Revenue from games released since the start of the financial year

<sup>(2)</sup> Revenue from games released in previous financial years

## Revenue by geographical zone

in thousands of euros	6-month total		Contribution	
	First half 2022	First half 2021	First half 2022	First half 2021
<b>Revenue</b>	<b>77,509</b>	<b>73,012</b>	<b>100.0%</b>	<b>100.0%</b>
<i>of which</i>				
<i>France</i>	8,303	10,484	11%	14%
<i>Export</i>	69,206	62,528	89%	86%
<b>Export revenue by geographical zone</b>	<b>69,206</b>	<b>62,528</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Europe</i>	29,345	32,077	42.4%	51.3%
<i>North America</i>	32,138	23,994	46.4%	38.4%
<i>Asia</i>	7,630	6,340	11.0%	10.1%
<i>Africa</i>	93	116	0.1%	0.2%

The geographical breakdown is based on the location of invoiced customers.

## 3.2.5 Additional notes

### Additional notes to the balance sheet

#### Note 1 Goodwill

Acquired entities in thousands of euros	BBI Belgium	Cyanide SA	Eko	Kylotonn	Spiders	Neopica	RaceWard	Passtech	Big Ant	Crea-ture	Ishtar	Midgar	Daedalic	TOTAL
<b>Goodwill arising from transactions in the financial year ended 31 March 2022</b>	1,088	12,539	6,058	3,770	5,273	2,077	345	2,700	29,835	10,570	10,631	11,856		96,742
Impairment loss														0
Exchange differences									-489	390				-98
Business combinations													49,441	49,441
<b>Goodwill arising from transactions in six-month period ended 30 September 2022</b>	1,088	12,539	6,058	3,770	5,273	2,077	345	2,700	29,346	10,961	10,631	11,856	49,441	146,085

Given the high level of integration shown by its business, the Group has only one CGU.

### Transactions that took place in 2021/22 that may affect the current period

#### - Acquisition of 100% of Passtech Games SAS

On 1 April 2021, NACON acquired all of the capital and voting rights of Lyon-based development studio Passtech Games SAS, which specialises in making rogue-like action games.

In addition to the initial cash payment, two earn-out payments may be made in the three years following the acquisition, based on qualitative criteria and on the revenue generated by two video game projects. €2.0 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group's best estimates regarding the fulfilment of the conditions for making those earn-out payments, and mainly take into account historical



sales figures and the Metacritic score for Passtech’s most recent game Curse of the Dead Gods, on the assumption that the next game developed by the company will have the same success.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 “Business combinations”, to the recognition of a financial liability in the Group’s financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Intangible assets	54
Property, plant and equipment	13
Financial assets	5
Deferred tax assets	23
Trade receivables	281
Cash and cash equivalents	107
Prepaid expenses	7
Provisions for contingencies	-3
Debt	-54
Trade payables	-132
<b>Total identifiable net assets acquired</b>	<b>300</b>
Goodwill	2,700
Fair value of the consideration transferred	3,000

This goodwill determination was definitive at 30 September 2022.

#### - Acquisition of 100% of Big Ant Holding Pty Ltd

On 3 May 2021, NACON acquired all of the capital and voting rights of development studio Big Ant Holding Pty Ltd, a development studio based in Melbourne, Australia and well known for its rugby, tennis, cricket and Australian Football League (AFL) sports franchises.

The purchase price was €18 million. In addition, eight earn-out payments may be made, depending on the situation, based on Big Ant’s net revenue, on revenue generated by its back catalogue and cricket game until 2024, and on qualitative criteria relating to its tennis and rugby games. Each earn-out payment would be made 50% in cash and 50% in NACON shares. €14.0 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group’s best estimates regarding the fulfilment of the conditions for making those earn-out payments, and mainly take into account Big Ant’s historical sales figures as at the acquisition date.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 “Business combinations”, to the recognition of a financial liability in the Group’s financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Intangible assets	1,897
Property, plant and equipment	79
Financial assets	48
Trade receivables	423
Cash and cash equivalents	4,571
Debt	-903
Deferred tax liabilities	-293
Trade payables	-2,210
<b>Total identifiable net assets acquired</b>	<b>3,612</b>
Goodwill	28,707
Fair value of the consideration transferred	32,319

This goodwill determination was definitive at 30 September 2022.

#### - Acquisition of 100% of Crea-ture Studios Inc

On 30 July 2021, NACON acquired all of the capital and voting rights of Montreal-based development studio Crea-ture Studios Inc, which specialises in the development of skateboarding games.

In addition to the initial cash payment, two earn-out payments may be made in September 2023 and September 2024, based on qualitative criteria and on the revenue generated by the Session video game currently being developed by the studio. A third earn-out payment may also be paid based on qualitative criteria relating to a video game project that is not yet in the development phase. €9.5 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group's best estimates regarding the fulfilment of the conditions for making those earn-out payments.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 "Business combinations", to the recognition of a financial liability in the Group's financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Intangible assets	919
Property, plant and equipment	9
Receivables	187
Cash and cash equivalents and miscellaneous	110
Provision for deferred taxes	-239
Miscellaneous liabilities	-63
<b>Total identifiable net assets acquired</b>	<b>923</b>
Goodwill	9,927
Fair value of the consideration transferred	10,850

This goodwill determination was definitive at 30 September 2022.

## - Acquisition of 100% of Ishtar Games SAS

On 7 October 2021, NACON acquired all of the capital and voting rights of Ishtar Games, which specialises in making and marketing “independent” games.

In addition to the initial cash payment, earn-out payments may be made between 1 April 2022 and 30 April 2025, based on the revenue generated by the video game The Last Spell, and based on qualitative and revenue criteria relating to a future project to be developed by the studio. €9.15 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group’s best estimates regarding the fulfilment of the conditions for making those earn-out payments.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 “Business combinations”, to the recognition of a financial liability in the Group’s financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Intangible assets	863
Property, plant and equipment	15
Financial assets	8
Deferred tax assets	7
Trade receivables	287
Cash and cash equivalents	259
Prepaid expenses	21
Provisions for contingencies	-6
Debt	-608
Trade payables	-268
Prepaid income	-209
<b>Total identifiable net assets acquired</b>	<b>369</b>
Goodwill	10,631
Fair value of the consideration transferred	11,000

## - Acquisition of 100% of Midgar Studios SAS

On 7 February 2022, NACON acquired all of the capital and voting rights of Midgar Studios SAS, a development studio specialising in JRPG-type games.

In addition to the initial cash payment, earn-out payments may be made in September 2023 and 2027, based on the revenue generated by video games in the Edge series developed by the studio. €10.0 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group’s best estimates regarding the fulfilment of the conditions for making those earn-out payments.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 “Business combinations”, to the recognition of a financial liability in the Group’s financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Other intangible assets	699
Property, plant and equipment	11
Financial assets	6
Deferred tax assets	90
Trade receivables	360
Cash and cash equivalents	96
Prepaid expenses	9
Provisions for contingencies	-9
Debt	-381
Deferred tax liabilities	-21
Trade payables	-215
<b>Total identifiable net assets acquired</b>	<b>644</b>
Goodwill	11,856
Fair value of the consideration transferred	12,500

### **Description of transactions in the first half of 2022/23**

#### **- Acquisition of 100% of Daedalic Entertainment GmbH**

On 1 April 2022, NACON acquired all of the capital and voting rights of Daedalic Entertainment GmbH, a video game development studio based in Hamburg, Germany.

In addition to the €32 million purchase price paid in cash, earn-out payments – also 100% in cash – may be made depending on the studio's performance in the next few years, up to a maximum amount of €21 million.

These earn-out payments may be made in July 2023, July 2024 and July 2025 depending on the EBIT generated by the studio. An earn-out payment may also be paid based on the sales of a video game project that is not yet in the development phase. €21.0 million of earn-out payments are included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date is based on the NACON group's best estimates regarding the fulfilment of the conditions for making those earn-out payments.

Since the earn-out payments that may be made by the NACON group may involve a variable amount of cash, the inclusion of these earn-out payments in the purchase price measured at fair value at the acquisition date gave rise, in accordance with IFRS 3 "Business combinations", to the recognition of a financial liability in the Group's financial statements. That financial liability will be measured at fair value at each closing date and any change to that fair value will be taken to income until it is settled.

In accordance with IFRS 3, the Group has a maximum of 12 months from the date of acquisition to finalise the accounting of business combinations. The measurement of assets acquired and liabilities assumed is as follows:

	<i>In thousands of euros</i>
Intangible assets	13,036
Property, plant and equipment	98
Financial assets	40
Trade receivables	2,355
Inventories	41
Cash and cash equivalents	1,726
Prepaid expenses	18
Debt	-227
Trade payables	-3,160
Deferred taxes	-1,054
Prepaid income	-9,314
<b>Total identifiable net assets acquired</b>	<b>3,559</b>
Provisional goodwill	49,441
Fair value of the consideration transferred	53,000

**Goodwill impairment tests**

At 30 September 2022, no evidence of a loss of value was identified and so no impairment test was carried out at that date.

**Note 2 Intangible assets**

in thousands of euros	30 September 2022	31 March 2022
<b>Gross value</b>	<b>294,372</b>	<b>242,365</b>
Amortisation	(124,114)	(104,954)
Impairment		
<b>Net value</b>	<b>170,258</b>	<b>137,411</b>

The main intangible assets are as follows:

- The “Game development costs” item, which represents expenses incurred in developing NACON games on the market or currently being developed and with the prospect of being launched in the market. The video game tax credits (CIJV) received by the Group’s development studios are recognised as a deduction from development costs. At 30 September 2022, game development costs had a gross value of €266,492 thousand and amortisation totalled €116,536 thousand, giving a net value of €149,955 thousand. The increase in development costs is due to growth in the Publishing business.
- At 30 September 2022, the “Trademarks” item mainly consisted of trademarks owned by the development studio Cyanide and the RIGTM trademark belonging to the NACON group, following the acquisition of Cyanide in the year ended 31 March 2019 and the acquisition of RIGTM assets from Poly in the year ended 31 March 2020. At 30 September 2022, the net carrying amount of trademarks was €10,714 thousand.
- The “Right-of-use assets” item relates to leases, arising from the application of IFRS 16 from the 2019/20 financial year onwards, with a net carrying amount of €8,257 thousand at 30 September 2022.

**Note 3 Property, plant and equipment**

in thousands of euros	30 September 2022	31 March 2022
<b>Gross value</b>	<b>7,951</b>	<b>6,417</b>
Depreciation	(4,687)	(3,889)
Impairment		
<b>Net value</b>	<b>3,264</b>	<b>2,528</b>

Property, plant and equipment mainly consists of IT hardware and moveable fittings.

**Note 4 Shares in associates**

There are no companies accounted for under the equity method.

**Note 5 Deferred tax assets/(liabilities)**

in thousands of euros	30 September 2022	31 March 2022
Deferred tax assets relating to tax loss carryforwards	115	1,155
Other deferred taxes	1,042	1,168
<b>NET DEFERRED TAX</b>	<b>1,157</b>	<b>2,323</b>

in thousands of euros	1 April 2022	Company entering the scope of consolidation	Recognised	Used	30 September 2022
NACON SA	574			(574)	0
Cyanide SAS	507			(403)	104
Lunar Great Wall Studios Srl	51			(41)	10
Midgar SAS	0				0
Passtech SAS	0				0
Neopica Srl	0				0
Ishtar SAS	23			(21)	2
<b>TOTAL TAX LOSS CARRYFORWARDS</b>	<b>1,155</b>	<b>0</b>	<b>0</b>	<b>(1,039)</b>	<b>115</b>

These tax loss carryforwards were recognised on the basis of the entities' short-term taxable earnings prospects.

### Note 6 Inventories

in thousands of euros	Gaming accessories	Video Games	Other	30 September 2022	31 March 2022
<b>Gross value</b>	<b>48,161</b>	<b>10,940</b>	<b>869</b>	<b>59,970</b>	<b>45,066</b>
<b>of which physical inventories</b>	<b>43,393</b>	<b>10,940</b>	<b>869</b>	<b>55,202</b>	<b>40,114</b>
<b>of which goods in transit</b>	<b>4,768</b>			<b>4,768</b>	<b>4,952</b>
Impairment loss	(5,873)	(6,620)	(4)	(12,497)	(12,216)
<b>Net value</b>	<b>42,288</b>	<b>4,320</b>	<b>865</b>	<b>47,473</b>	<b>32,850</b>

The Group's revenue is generally subject to a degree of seasonal variation, with business levels in the second half higher than in the first half, due to higher sales of accessories during the end-of-year holiday season. As a result, inventories at the end of the first half are traditionally higher than at 31 March.

Goods held in inventory are made by third-party factories according to strict specifications provided by NACON. Factories undergo quality audits before production begins. Purchases of raw materials are mainly handled by those factories, except for certain critical components such as, for the NACON group, Sony ICs (security chips) used in controllers and the environmentally friendly packaging that NACON buys from its partner manufacturers in order to ensure consistent quality.

### Note 7 Trade receivables

Trade receivables and other receivables are due in less than one year.

in thousands of euros	30 September 2022	31 March 2022
Trade receivables and notes	43,903	38,686
Impairment losses	(768)	(769)
<b>TOTAL TRADE RECEIVABLES</b>	<b>43,136</b>	<b>37,918</b>

The NACON group uses factoring for certain clients. The factoring agreement does not result in receivables being deconsolidated, and trade receivables factored but not settled by clients at 30 September 2022 were included in the "Trade receivables and notes" item. They amounted to €1.9 million (versus €1.1 million at 31 March 2022). Receivables are kept on the balance sheet in accordance with IFRS 9, because risks such as those relating to failure to pay and interest rates are not transferred to the factor.

Breakdown of receivables due / not due

in thousands of euros	30 September 2022		31 March 2022	
<b>Trade receivables not due</b>	<b>40,119</b>	<b>91%</b>	<b>29,410</b>	<b>76%</b>
<b>Trade receivables due</b>	<b>3,785</b>	<b>9%</b>	<b>9,276</b>	<b>24%</b>
in less than 30 days	1,684	44%	6,325	68%
in 30-60 days	1,108	29%	298	3%
in 60-90 days	85	2%	1,108	12%
in 90-120 days	249	7%	356	4%
in more than 120 days	102	3%	633	7%
doubtful receivables	556	15%	556	6%
<b>Trade receivables and notes</b>	<b>43,903</b>		<b>38,686</b>	

NACON's customers are mainly international platforms and large distribution groups, which settle invoices rapidly. As a result, the Group analysed its customer portfolio by type, and saw that the risk of future losses was very limited.

**Note 8 Other receivables**

in thousands of euros	30 September 2022	31 March 2022
Central and local government (excluding income tax)	3,462	3,400
Personnel	125	132
Credits receivable from suppliers	0	84
Prepaid expenses	3,173	3,348
Advances and downpayments on orders	6,286	3,134
Receivables relating to shareholder loans	778	937
Miscellaneous receivables	560	657
<b>TOTAL</b>	<b>14,383</b>	<b>11,691</b>

Receivables relating to shareholder loans concern loans made by NACON group companies to Bigben SA and Bigben España SL.

**Note 9 Cash and cash equivalents**

in thousands of euros	30 September 2022	31 March 2022
Bank facilities	(3)	(364)
Marketable securities	600	600
Cash and cash equivalents	37,454	81,548
<b>Net cash and cash equivalents</b>	<b>38,052</b>	<b>81,784</b>

**Note 10 Provisions**

<i>in thousands of euros</i>	01/04/2022	Change in scope	Additions	Reversals		Exchange differences	Other	30/09/2022
				used	unused			
<b>Non-current</b>	<b>886</b>				<b>(81)</b>			<b>805</b>
Provisions for contingencies								
- <i>workforce-related</i>								
- <i>tax-related</i>								
Provisions for losses - other								
Provisions for pension liabilities	<b>886</b>				<b>(81)</b>			<b>805</b>
<b>Current</b>	<b>1,030</b>	<b>200</b>						<b>1,230</b>
Provisions for contingencies	<b>1,030</b>	200						<b>1,230</b>
- <i>commercial</i>	<b>500</b>	200						<b>700</b>
- <i>workforce-related</i>								
- <i>other</i>	<b>530</b>							<b>530</b>
Provisions for losses - other								
<b>TOTAL</b>	<b>1,916</b>	<b>200</b>			<b>(81)</b>			<b>2,035</b>

**Industrial property dispute**

Several infringement proceedings are underway before courts in Germany and France. They concern patents in particular, along with products that are no longer sold by NACON. At this stage in the proceedings, which are very long, the probability and potential amount of any outflow of resources cannot be estimated.

Given the status of existing proceedings and the Group's defence, management remains confident that it will be able to resolve this dispute without any financial loss.

However, in 2015, a French court ordered NACON to pay €530 thousand on the ground of unfair competition. Accordingly, a provision in that amount was set aside on 31 March 2015.

Daedalic had also set aside a €200 thousand provision in its financial statements in previous years with respect to a dispute regarding royalty payments to a developer. This provision was taken into account when integrating Daedalic into the NACON group.

No additional provisions were set aside in the Group's financial statements on 30 September 2022. This position is similar to the one adopted at 31 March 2022.

**Other proceedings**

The Company is also a party in other proceedings involving certain of its suppliers and competitors:

- There is a dispute between a Canadian publisher and one of NACON SA's studios regarding a purported breach of a video game development contract. The case was brought before the Superior Court of Quebec in December 2017. NACON SA, in its defence filed in April 2018, argued that the publisher's claim was manifestly ill-founded and asked the Court to find that the publisher's claim is improper and require it to pay damages in the form of its lawyers' fees and other costs.
- There is a dispute between NACON and a licensor, relating to the licensor's unjustified opposition to the release of a video game. NACON has commenced legal action to obtain a ruling that the licensor's opposition is wrongful and groundless and a judgment ordering the licensor to pay damages to compensate for the harm suffered by NACON SA and its studio.



- Finally, there is a dispute between NACON SA as publisher and a foreign development studio, regarding purported breaches of contract and in particular intellectual property claims that NACON SA regards as questionable.

A €500 thousand provision for contingencies was set aside in the Group's financial statements at 31 March 2022. No additional provisions were set aside in the Group's financial statements on 30 September 2022.

### Note 11 Long-term and short-term financial liabilities

in thousands of euros	TOTAL	Maturity date within 1 year	Maturity date from 1 to 5 years	Maturity date over 5 years
<b>Total financial liabilities at 30 Sep. 2022</b>	<b>101,682</b>	<b>31,924</b>	<b>64,456</b>	<b>5,303</b>
Borrowings that were long-term at inception	95,278	25,569	64,406	5,303
Bank facilities	3	3		
Accrued interest not matured	65	65		
Other financing <sup>(1)</sup>	6,337	6,288	50	
<b>Total financial liabilities at 31 March 2022</b>	<b>92,508</b>	<b>26,774</b>	<b>62,391</b>	<b>3,343</b>
Borrowings that were long-term at inception	92,106	26,373	62,391	3,343
Bank facilities	364	364		
Accrued interest not matured	37	37		
Other financing	0			

<sup>(1)</sup> Other financing consists of short-term borrowings in the form of commercial paper.

#### ► Bank borrowings

Between 1 April 2018 and 31 March 2019, Bigben Interactive took out eight new medium-term bank loans totalling €29.0 million to fund the acquisition of three development studios (Cyanide SA, Eko Software SAS and Kylotonn SAS) as well as video game development costs.

Borrowings taken out by Bigben Interactive and relating to its Gaming business were transferred to NACON as part of the spin-off.

Between 1 April 2019 and 31 March 2020, NACON took out new medium-term bank borrowings totalling €35.0 million to fund developments in its Gaming business, the acquisition of development studio Spiders SAS, the purchase of an equity stake in RaceWard and the acquisition of assets from Plantronics Inc. ("Poly") along with the RIGTM trademark.

For some of the loans, NACON has undertaken to comply with the following annual financial covenants:

Covenants	Target value
<b>Interest cover</b> (EBITDA/interest expense)	<b>&gt; 6</b>
<b>Net leverage ratio</b> (Net debt/EBITDA)	<b>&lt; 2</b>

To continue funding the development of its games business and its acquisitions strategy, NACON SA took out €52.5 million of new 5-year amortising loans in 2021/22. Repayments on one of those loans (in an amount of €7.5 million) were deferred for 2 years. NACON took out two new medium-term loans in the first half of 2022/23: one €10 million loan with a 5-year term and one €7.5 million loan with a 5-year term and a 2-year deferral period from BPI France.

These new loans do not include any covenants.

At 30 September 2022, there was no evidence that the financial ratios concerned would not be met at 31 March 2023.

### Note 12 Lease liabilities

This item relates to lease liabilities arising from the adoption of IFRS 16.

<i>in thousands of euros</i>	01/04/2022	Companies entering the scope of consolidation	Acquisitions	Repayments	30/09/2022
Lease liabilities	8,191	227	701	(925)	8,194

### Note 13 Other payables

<i>in thousands of euros</i>	30 September 2022	31 March 2022
Central and local government (excluding income tax)	2,465	2,937
Employees and social security agencies	5,100	4,906
Client discounts and trade payables	4,620	5,203
Derivative financial instruments	31	4
Liabilities relating to non-current assets	6	0
Prepaid income	4,718	1,449
Liabilities relating to shareholder loans	3,607	415
Miscellaneous creditors	765	1,172
<b>TOTAL</b>	<b>21,312</b>	<b>16,085</b>

Liabilities relating to shareholder loans concern loans made by Bigben SA to NACON group companies.

### Note 14 Equity

At 30 September 2022, the share capital was made up of 86,879,407 shares with par value of €1 each.

In September 2022, the vesting of bonus shares led to the issue of 187,763 shares and the second earn-out payment made to the vendors of Big Ant Holding Pty led to the issue of 400,234 shares.

## ➔ Additional notes to the income statement

### Note 15 Revenue

In the first half of 2022/23, consolidated revenue from continuing operations amounted to €77.5 million, up 6.2% compared with reported revenue for the first half of 2021/22.

<i>in thousands of euros</i>	6-month total		Contribution	
	First half 2022/23	First half 2021/22	First half 2022/23	First half 2021/22
<b>Revenue</b>	<b>77,509</b>	<b>73,012</b>	<b>100%</b>	<b>100%</b>
<i>of which</i>				
<i>Gaming accessories</i>	28,547	43,745	37%	60%
<i>Catalogue</i>	25,396	11,046	33%	15%
<i>Back catalogue</i>	21,577	16,223	28%	22%
<i>Other</i>	1,988	1,998	3%	3%

Revenue is measured on the basis of the consideration specified in an agreement signed with a client.

- Sales of retail games and accessories and Audio/Telco products: Revenue generated by sales of physical video games and accessories and Audio/Telco products is recognised on the date on which the products are delivered to distributors, minus any commercial discounts and an estimate of the price reductions that the Group will apply if sales in retailers' stores prove insufficient.
- Sales of digital games: revenue is recognised on the date the content is made available to console manufacturers or platforms. NACON acts as a principal with respect to console manufacturers and platforms, to which the games masters are sent (and not with respect to end-users) and therefore recognises the amounts specified in contracts with those console manufacturers and platforms in its revenue (and not the amounts billed to end-customers). Guaranteed amounts are recognised in revenue as soon as the games master is made available, and additional amounts depending on future console and platform sales are recognised when those sales take place. As the case may be, prepaid income is recognised to defer the recognition as revenue of amounts invoiced to console manufacturers and platforms with respect to sales whose content has not been made available to clients at the closing date. Currently, NACON does not sell video games with an "online services" component (using the company's own servers) or a "live ops" component allowing a gamer to receive online services with or without an additional payment. Under IFRS 15, those services could constitute a separate obligation whose revenue would have to be recognised as and when the additional services were provided.

#### Note 16 Purchases consumed

in thousands of euros	First half 2022/23	First half 2021/22
Merchandise	(43,518)	(45,091)
Change in merchandise inventories	13,879	8,075
Change in impairment	(281)	2,045
<b>TOTAL</b>	<b>(29,920)</b>	<b>(34,971)</b>

Purchases consumed include the cost of producing physical games and the cost of sales relating to accessories.

#### Note 17 External expenses

in thousands of euros	First half 2022/23	First half 2021/22
Purchases not held in inventory	(221)	(287)
Subcontracting	(862)	(1,086)
Rent	(239)	(262)
Maintenance and repairs	(436)	(371)
Insurance premiums	(209)	(141)
Other external services	(100)	(173)
External personnel	(64)	(61)
Fees	(2,103)	(2,100)
R&D expenses	(202)	(168)
Advertising	(5,736)	(3,093)
Transportation of goods sold	(1,276)	(813)
Travel costs	(930)	(188)
Communication costs	(310)	(408)
Bank fees and services	(158)	(107)
Other external expenses	(263)	(408)
<b>TOTAL</b>	<b>(13,109)</b>	<b>(9,664)</b>

**Note 18 Share-based payment - Bonus share and stock-option plans**

The Board of Directors has used the authorisation given to it by shareholders in the Shareholders' General Meeting to award bonus shares to employees and corporate officers of NACON group entities. A maximum of 1,646,113 NACON SA shares were awarded under bonus share plans set up during the period. These plans involve vesting periods of between one and three years. The income statement impact relating to the fair value of these plans was €0.4 million in the first half of 2022/23, with the remainder of the expense recognised concerning plans set up in previous years.

**Note 19 Net financial income/expense**

in thousands of euros	First half 2022/23	First half 2021/22
Interest and similar income	11	102
<b>FINANCIAL INCOME</b>	<b>11</b>	<b>102</b>
Interest expense on medium-term funding	(554)	(388)
Other interest expense	0	0
<b>FINANCIAL EXPENSE</b>	<b>(554)</b>	<b>(388)</b>
<b>NET FINANCIAL INCOME/EXPENSE EXCLUDING FOREIGN EXCHANGE GAINS/LOSSES</b>	<b>(542)</b>	<b>(287)</b>
Foreign exchange gains	2,919	1,400
Foreign exchange losses	(1,115)	(1,073)
<b>Foreign exchange gains and losses</b>	<b>1,804</b>	<b>327</b>
<b>NET FINANCIAL INCOME/EXPENSE</b>	<b>1,261</b>	<b>40</b>

The mark-to-market value of derivative financial instruments was €31 thousand at 30 September 2022.

**Note 20 Earnings per share**

in euros	First half 2022	First half 2021
<b>Net income attributable to equity holders of the parent</b>	<b>8,444,230</b>	<b>3,766,909</b>
Weighted average number of shares	86,269,258	84,930,815
Dilutive effect of bonus shares *	1,981,957	2,029,964
Dilutive effect of shares issued in relation to earn-out payments	366,881	335,360
Average number of shares after dilution	88,618,096	87,296,139
Par value of shares (in euros)	€1.00	€1.00
<b>Basic earnings per share</b>	<b>0.10</b>	<b>0.04</b>
<b>Diluted earnings per share</b>	<b>0.10</b>	<b>0.04</b>

**Weighted average number of shares used to calculate earnings per share**

in euros	First half 2022	First half 2021
Ordinary shares in issue at 1 April	86,291,410	84,908,919
Number of shares issued, adjusted on a prorata temporis basis	39,251	64,851
Treasury shares	(61,403)	(42,955)
<b>Number of shares at period-end</b>	<b>86,269,258</b>	<b>84,930,815</b>

(1) In accordance with IAS 33 ("contingently issuable shares"): As with the calculation of basic earnings per share, contingently issuable shares are included, if they are dilutive, in the calculation of diluted earnings per share on the basis of the number of shares that would be issuable if the closing date of the period were the end of the contingency period. The issuance conditions must be met at

the closing date. IAS 33 also states that the aim of diluted earnings per share is to present an earnings per share figure that takes into account maximum dilution, i.e. the maximum conversion of potential ordinary shares (IAS 33.44).

In the spirit of IAS 33, the NACON group has taken into account the maximum dilutive effect of bonus share entitlements that have been granted to Group employees and could in future give rise to the creation of new shares (assuming that the vesting criteria are met).

- (2) In relation to Big Ant Studios Pty Ltd earn-out payments, NACON carried out a capital increase in an amount of 337,208 shares on 29 September 2021 and a capital increase in an amount of 400,234 shares on 15 September 2022.

### 3.2.6 Other information

#### Note 21 Dividends

In its meeting on 30 May 2022, the Board of Directors decided not to put any dividend payment with respect to 2021/22 to the vote in the Shareholders' General Meeting of 22 July 2022. As a result, no dividends were paid in the first half of 2022/23.

#### Note 22 Financial instruments

At 30 September 2022, the group was a party to an "FX accumulator" option. TARNs/accumulators are complex structured derivatives through which the Group undertakes to buy or sell foreign currencies according to a schedule and at rates defined when the contract is signed. They involve a strategy that aims to fix an exchange rate without fixing the volume of currency purchases, which depend on movements in exchange rates in the market although the maximum amount is predetermined. In the event of a large change in the exchange rate between the euro and the foreign currency in question (upward or downward respectively depending on whether the Company is buying or selling the foreign currency), long or short exposure may increase and cause foreign exchange losses to be recognised on these instruments.

The table below sets out the position at 30 September 2022:

								At 30 September 2022, in thousands				
Type of contract	Currency	Position	Status	Subscription date	Maturity date	Nominal amount in foreign currency	Strike	Amount of foreign currency purchased	Amount of foreign currency sold	Amount of foreign currency	Maximum amount of foreign currency still to be purchased	Mark-to-market value in
TARN	CNH	Purchase	Active	11/08/2022	08/08/2023	102,000	7.19	6,000	6,000	0	90,000	31
												31

The mark-to-market value of this financial instrument was €31 thousand at 30 September 2022.

#### Note 23 Contractual repayment schedule

The following table sets out, for financial liabilities recognised at 30 September 2022 (excluding current bank facilities, factoring and current interest not yet due), the contractual schedule for disbursements, excluding any discounting to present value.

in thousands of euros	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years or more	TOTAL
Borrowings and debts	25,569	21,163	18,255	15,007	9,981	5,303	95,278
Lease liabilities	2,692	1,890	1,418	1,031	802	360	8,194
<b>Total financial liabilities</b>	<b>28,261</b>	<b>23,053</b>	<b>19,673</b>	<b>16,039</b>	<b>10,784</b>	<b>5,663</b>	<b>103,472</b>

► **Breakdown of debt by maturity and type**

At 30 September 2022:

in thousands of euros	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years or more	TOTAL
Fixed rate	25,569	21,163	18,255	15,007	9,981	5,303	<b>95,278</b>
% / total 1	27%	22%	19%	16%	10%	6%	<b>100%</b>
Floating rate							<b>0</b>
% / total 2	0%	0%	0%	0%	0%	0%	<b>0%</b>
<b>TOTAL</b>	<b>25,569</b>	<b>21,163</b>	<b>18,255</b>	<b>15,007</b>	<b>9,981</b>	<b>5,303</b>	<b>95,278</b>

➔ **Currency risk on supplies**

in thousands of euros	First half 2022	First half 2021
Purchases made by European entities from Hong Kong	(13,590)	(18,800)
<b>TOTAL</b>	<b>(13,590)</b>	<b>(18,800)</b>
<b>Sensitivity to the USD exchange rate</b>		
+10% = benefit	(1,235)	1,709
-10% = additional cost	1,510	(2,089)

Most of the currency risk relates to USD-denominated items purchased by NACON SA from its NACON Hong Kong Ltd subsidiary.

**Note 24 Off-balance sheet commitments**

► **Guarantees given**

Commitments given	By	To	30 September 2022	Purpose of the commitment
Bank guarantee	Cyanide SAS	BRED	180	Pledge of Cyanide SAS business assets
Bank guarantee	Cyanide SAS	HSBC	198	Pledge of Cyanide SAS business assets
Bank guarantee	NACON SA	CIC	750	Pledge of Cyanide SAS shares
Bank guarantee	NACON SA	Banque Postale	850	Pledge of Cyanide SAS shares
Bank guarantee	NACON SA	CIC	410	Pledge of Kylotonn SAS shares
Bank guarantee	Kylotonn SAS	HSBC	358	Pledge of Kylotonn SAS business assets
Bank guarantee	NACON SA	CIC	1,600	Pledge of Spiders SAS shares
Bank guarantee	NACON SA	BPI	1,522	Amounts withheld as security in relation to several loans taken out between 2017 and 2022

**Note 25 Related-party disclosures**

Transactions with related parties concern commercial and financial transactions between the parent company and its subsidiaries, and mainly consist of the following:

- Purchases and sales of merchandise,
- Real-estate leasing,
- Cross-invoicing of administrative services,

- Current-account cash advances.

All the above agreements are formed on an arm's-length basis.

There were no transactions between related parties during the period that had a material influence on the financial position or earnings, and there were no changes affecting the transactions between related parties described in the annual report that could have a material influence on the financial position or earnings.

**Note 26 Post-balance sheet events**

None.

## 4. STATUTORY AUDITORS' REPORT

In compliance with the assignment entrusted to us by your articles of association and shareholders in your General Shareholders' Meeting, and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code, we:

- carried out a limited review of NACON SA's condensed consolidated interim financial statements for the period from 1 April 2022 to 30 September 2022 as enclosed with this report;
- examined information provided in the interim business report.

Your Board of Directors was responsible for the preparation of these interim condensed consolidated financial statements. Our role is to express a conclusion on these financial statements based on our limited review.

### I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review consists mainly of conducting discussions with members of management responsible for accounting and financial matters, and carrying out analytical procedures. This work is less extensive than that required by an audit performed according to the prevailing standards of the profession in France. As a result, a limited review provides a moderate level of assurance, i.e. a lower level of assurance than that provided by an audit, that the financial statements as a whole are free of material misstatement.

Based on our limited review, nothing has come to our attention that would cause us to believe that the accompanying condensed consolidated interim financial statements are not prepared in accordance with IAS 34 "Interim financial reporting", which forms part of the IFRSs as endorsed by the European Union.

### II – Specific verification

We also examined information provided in the interim business report commenting on the interim condensed consolidated financial statements on which we carried out our limited review.

We are satisfied that the information is fairly stated and agrees with the condensed consolidated interim financial statements.

Paris la Défense, 5 December 2022

Roubaix, 5 December 2022

**KPMG Audit**  
**Department of KPMG SA**

**Fiduciaire Métropole Audit**

Stéphanie Ortega

François Delbecq

*Partner*

*Partner*