



FIRST HALF 2023/24

INTERIM FINANCIAL REPORT SIX MONTHS ENDED 30 SEPTEMBER 2023

Public limited company ("société anonyme") governed by a board of directors with share capital of €87,808,412
Registered office: 396/466, Rue de la Voyette - CRT 2 - 59273 Fretin
Registered with the Lille Métropole trade and companies register under number 852 538 461

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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 2023/24 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, 8 December 2023

The Chief Executive Officer
Alain Falc

2. Business report

2.1 KEY EVENTS IN THE FIRST HALF OF 2023/24

2.1.1 Operating activities

In the first half of 2023/24, non-IFRS revenue amounted to €70.8 million, down 8.7% year-on-year.

Non-IFRS revenue corresponds to IFRS revenue plus proceeds from the sale of an interest in the Gollum video game in the first half of 2023/24: a partner acquired a right to 11.25% of Gollum's future revenues following its commercial release in return for €3 million. The decrease in non-current assets recognised in relation to this partial disposal represents 11.25% of the asset's value and has been included in other operational expenses in the income statement.

Reconciliation between non-IFRS and IFRS revenue:

in thousands of euros	6-month total	
	First half 2023	First half 2022
Non-IFRS revenue	70,765	77,509
<i>Adjustment for the partial disposal of Gollum</i>	-3,000	0
IFRS revenue	67,765	77,509

The breakdown by business was as follows:

in thousands of euros	6-month total		Contribution	
	First half 2023	First half 2022	First half 2023	First half 2022
Revenue (non-IFRS)	70,765	77,509	100%	100%
<i>of which</i>				
<i>Gaming accessories</i>	24,913	28,547	35%	37%
<i>Catalogue ⁽¹⁾</i>	23,107	25,396	33%	33%
<i>Back catalogue ⁽²⁾</i>	21,185	21,577	30%	28%
<i>Other</i>	1,560	1,988	2%	3%

⁽¹⁾ Revenue from games released since the start of the financial year

⁽²⁾ Revenue from games released in previous financial years

Catalogue sales (new games) amounted to €23.1 million as opposed to €25.4 million in the year-earlier period. The main new releases during the first-half period were The Lord of the Rings Gollum™, AFL™, Tour de France™, TT Isle of Man Ride on Edge 3, Overpass2™ and AD Infinitum™.

Back catalogue sales totalled €21.2 million, a slight 1.8% year-on-year decrease due to a high base for comparison.

Accessories sales were down 12.7% year-on-year, although growth in the installed base of new consoles and new products generated strong growth at the end of the period.

IFRS financial statements, in millions of euros	Six months ended 30 September		Change	
	2023	2022	€ m	%
Revenue (non-IFRS)	70.8	77.5	-6.7	-8.7%
<i>of which</i>				
<i>Gaming accessories</i>	24.9	28.5	-3.6	-12.7%
<i>Catalogue ⁽¹⁾</i>	23.1	25.4	-2.3	-9.0%
<i>Back catalogue ⁽²⁾</i>	21.2	21.6	-0.4	-1.8%
<i>Other</i>	1.6	2.0	-0.4	-21.5%
Adjustment for the partial disposal of Gollum	(3.0)			
IFRS revenue	67.8	77.5	-9.7	-12.6%
Purchases consumed	(24.2)	(29.9)	5.7	-19.0%
Gross profit	43.5	47.6	-4.1	-8.5%
Operating expenses	(14.3)	(23.2)	9.0	-38.6%
EBITDA	29.3	24.4	4.9	+20.1%
Depreciation and amortisation of non-current assets	(25.6)	(14.5)	-11.1	+76.1%
Operating income	3.7	9.8	-6.2	-62.7%
Net financial income/expense	(2.2)	1.3	-3.5	
Pre-tax income	1.5	11.1	-9.6	-86.9%
Tax	1.8	(2.6)	4.4	
Net income	3.2	8.4	-5.2	-61.6%

⁽¹⁾ Revenue from games released since the start of the financial year

⁽²⁾ Revenue from games released in previous financial years

Gross profit totalled €43.5 million in the first half of 2023/24, equal to 64.2% of revenue as opposed to 61.4% in the first half of 2022/23.

The higher gross margin rate in Accessories and the increase in the proportion of total revenue coming from the back catalogue drove this 2.8-point rise in the overall gross margin rate.

EBITDA was €29.3 million, up 20.1% compared with the €24.4 million achieved in the first half of 2022/23.

In the first half of 2023/24, net financial expense included a €0.5 million currency loss as opposed to a €1.8 million currency gain in the year-earlier period. The cost of debt was €1.8 million as opposed to €0.6 million in the first half of 2022/23.

Net income amounted to €3.2 million versus €8.4 million in the first half of 2022/23.

2.1.2 Other key events

- ◆ Ownership structure
- **Capital increase following the vesting of bonus shares**

On 15 September 2022, the Board of Directors awarded 401,460 bonus shares to employees and corporate officers of Group entities. The vesting of those shares after a one-year period was subject to an ongoing presence condition and a condition related to achieving a predetermined level of recurring operating income in the 2022/23 financial year. Since the Group's targets were only very partially achieved, only 6,660 shares under the 2022 bonus shares plan vested in September 2023, with 16 beneficiaries.

168,497 bonus shares awarded in relation to the acquisition of certain development studios also vested.

As a result, a total of 175,157 new shares were issued through the capitalisation of reserves during the period.

- **2023 bonus share award**

In its meeting on 18 September 2023, the Board of Directors awarded 2,946,252 bonus shares to employees and

corporate officers of the Group's entities, i.e. 880 beneficiaries. If the conditions are met:

- 389,858 shares will vest at the end of one year, and
- 2,556,394 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 2,946,252 shares awarded, i.e. €2,946,252, was set up at the time of the award.

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

A third earn-out payment was paid to the vendors of Big Ant Studios Pty Ltd on 18 September 2023. In accordance with the acquisition agreement, 50% of the earn-out payment was paid in NACON SA shares, via a €1,073 thousand capital increase.

As a result, a capital increase with preferential subscription rights withheld took place on 18 September 2023, involving the issue of 696,956 shares with a value of €1.539 per share, corresponding to NACON's average closing share price on Euronext Paris in the 20 trading sessions preceding the transaction.

- ♦ Change in scope:

None.

- ♦ Other events

- **Changes in debt**

NACON SA took out a new €5 million medium-term loan from BPI France in the first half of 2023/24. The loan is repayable over 6 years, with repayments deferred for the first 2 years.

Repayments of borrowings that were long-term at inception amounted to €15.9 million during the period.

2.1.3 Post-balance sheet events

A dispute between NACON SA as publisher and a foreign development studio, regarding purported breaches of contract and intellectual property rights, was resolved through the signature of a settlement agreement on 14 November 2023.

2.2 INFORMATION ABOUT THE GROUP'S SHARES

2.2.1 Share capital

At 30 September 2023, NACON SA's share capital consisted of 87,808,412 shares, representing 140,017,533 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 €1.396 on 30 September 2023, the Company's market capitalisation at that date was €122.58 million.

2.2.2 Crossing of ownership disclosure thresholds

Caisse des Dépôts et Consignations (CDC) announced that on 27 June 2023 its stake in NACON rose above 5% and that it held, indirectly via companies it controls (Bpifrance Participations SA¹, CDC Croissance² and CNP Assurances²), 5,009,423 NACON shares representing 6,827,604 voting rights, i.e. 5.76% of NACON's capital and 4.81% of its voting rights. This crossing of an ownership disclosure threshold resulted from CNP Assurances receiving NACON shares as collateral.

Caisse des Dépôts et Consignations (CDC) also announced that on 17 August 2023 its stake in NACON fell below 5% and that it held, indirectly via companies it controls (Bpifrance Participations SA¹, CDC Croissance² and CNP Assurances²), 4,322,453 NACON shares representing 6,140,634 voting rights, i.e. 4.97% of NACON's capital and 4.33% of its voting rights. This crossing of an ownership disclosure threshold resulted from CNP Assurances returning NACON shares held as collateral.

The Company's ownership structure at 30 September 2023 was as follows:

Shareholders	% of capital	% of voting rights ⁽¹⁾
Bigben Interactive SA	60.26%	70.51%
Shares lent to BNP Arbitrage ⁽²⁾		2.54%
Bpifrance Investissement ⁽³⁾	2.07%	2.60%
CDC Croissance ⁽³⁾	2.85%	1.79%
Free float	34.70%	22.56%
Liquidity agreement	0.12%	0.00%
TOTAL	100.00%	100.00%

(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 Investissement is controlled by BPI France Participations, which is itself controlled by Bpifrance SA, which is in turn controlled jointly by CDC and EPIC Bpifrance, which both hold 49.2% stakes. CNP Assurances is owned by CNP Assurances Holding, which is owned by Banque Postale, which is itself owned by La Poste, which is in turn controlled by CDC.

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

NACON has a busy release schedule for the second half of the financial year :

- *Astérix & Obelix: Heroes™* and *Cricket 24: Official Game of the Ashes™* came out on 5 October. Cricket 24 is the first cricket video game to feature such a large number of licenced teams, including the biggest Indian franchises.
- *Robocop: Rogue City™* has been available since 2 November 2023 on PlayStation®5, Xbox Series X|S and PC.
- *Gangs of Sherwood™* was released on 30 November on PlayStation®5, Xbox Series X|S and PC.
- *Test Drive Unlimited: Solar Crown™*

The back catalogue should continue to see rising sales despite a high base for comparison.

The Accessories business will see growth, driven by the growing installed base of new consoles and the release of some very promising new products in October:

- **REVOLUTION 5 PRO** controller: this is a premium controller officially licensed by PlayStation® and intended for PS5®, PS4™ and PC gamers. It is regarded as one of the best controllers in the market, combining design, ergonomics and innovations including Hall Effect technology, which gives greater precision to the joysticks and triggers.
- **RIG 600 PRO** gaming headset: offering excellent value for money, this wireless headset has dual-connection technology, allowing users to connect to both their PC/console and mobile phone.

➡ 2023/24 guidance

Based on firm second-half sales, NACON expects strong growth in sales and operating income in its 2023/24 financial year.

3. Consolidated financial statements for the six months ended 30 September 2023

3.1 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1.1 Statement of financial position

<i>in thousands of euros</i>	Notes	30 Sep. 2023	31 Mar. 2023
Goodwill	1	138,349	138,110
Right-of-use assets	2	8,059	7,087
Other intangible assets	2	199,756	186,320
Property, plant and equipment	3	3,838	3,897
Shares in associates	4	0	0
Other financial assets		2,714	2,436
Deferred tax assets	5	4,173	2,044
Non-current assets		356,889	339,894
Inventories	6	33,278	35,275
Trade receivables	7	41,579	42,931
Other receivables	8	8,113	11,215
Current tax assets		11,481	6,392
Cash and cash equivalents	9	19,325	47,604
Current assets		113,777	143,417
TOTAL ASSETS		470,666	483,311
Share capital	14	87,808	86,936
Share premiums		76,924	76,549
Consolidated reserves		81,010	67,153
Net income for the period		3,244	12,772
Exchange differences		(278)	(859)
Equity attributable to equity holders of the parent		248,708	242,550
Equity attributable to non-controlling interests		0	0
Total equity	15	248,708	242,550
Long-term provisions	10	963	928
Long-term financial liabilities	11	72,119	81,979
Long-term lease liabilities	12	5,581	4,435
Long-term earn-out liabilities		20,635	33,138
Deferred tax liabilities		4,752	4,455
Non-current liabilities		104,050	124,935
Short-term provisions	10	126	3,156
Short-term financial liabilities	11	35,786	32,905
Short-term lease liabilities	12	2,467	2,626
Short-term earn-out liabilities		15,058	13,887
Trade payables		32,385	28,306
Other payables	13	30,830	33,497
Current tax liabilities		1,255	1,450
Current liabilities		117,907	115,827
Total equity and liabilities		470,666	483,311

3.1.2 Statement of profit or loss and other comprehensive income

(in thousands of euros)	Notes	First half 2023	First half 2022
Revenue	15	67,765	77,509
Purchases consumed	16	(24,236)	(29,920)
Gross profit		43,529	47,589
Gross margin rate (% of revenue)		64.2%	61.4%
Other operating revenue	17	6,679	518
Other purchases and external expenses	18	(13,450)	(13,109)
Taxes other than income tax		(236)	(313)
Personnel costs		(10,938)	(9,867)
Other operating expenses	19	(3,636)	(438)
Gains or losses on disposals of non-current assets		(0)	(2)
Other non-recurring operating items	20	7,309	(25)
Depreciation and amortisation of non-current assets		(25,599)	(14,534)
Operating income		3,659	9,820
Net financial income/expense	21	(2,205)	1,261
Pre-tax income		1,454	11,081
Income tax		1,790	(2,637)
Net income for the period		3,244	8,444
Exchange differences		582	1,315
Actuarial gains and losses		10	125
Comprehensive income for the period		3,836	9,884
Net income for the period		3,244	8,444
Attributable to non-controlling interests		0	0
Net income attributable to equity holders of the parent		3,244	8,444

Earnings per share

Basic earnings per share (in euros)	22	€0.04	€0.10
<i>Weighted average number of shares before capital increase</i>		86,892,699	86,269,258
<i>Net income attributable to equity holders of the parent</i>		3,243,634	8,444,230
Diluted earnings per share (in euros)	22	€0.04	€0.10
<i>Average number of shares after dilution</i>		92,267,249	88,618,096
<i>Net income attributable to equity holders of the parent</i>		3,243,634	8,444,230

3.1.3 Statement of changes in consolidated equity

in thousands of euros	Notes	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			
Consolidated equity at 31 March 2023		86,936,299	86,936	76,549	79,923	(859)	242,550	0	242,550
Income in the first half of 2023/24					3,244		3,244		3,244
Other comprehensive income					10	582	592		592
Comprehensive income					3,254	582	3,836	0	3,836
Capital increase		696,956	697	376			1,073		1,073
Capital increase – Bonus shares		175,157	175		(175)		0		0
Bonus share plans					1,314		1,314		1,314
Liquidity agreement					(64)		(64)		(64)
Consolidated equity at 30 September 2023		87,808,412	87,808	76,924	84,252	(278)	248,708	0	248,708

in thousands of euros	Notes	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			
Consolidated equity at 31 March 2022		86,291,410	86,291	75,005	64,485	2,626	228,407	0	228,407
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
Comprehensive income					8,569	1,315	9,884	0	9,884
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)
Consolidated equity at 30 September 2022		86,879,407	86,879	76,549	74,090	3,941	241,459	0	241,459

3.1.4 Consolidated cash flow statement

<i>in thousands of euros</i>	Notes	First half 2023	First half 2022
Net cash flow from operating activities			
Net income for the period		3,244	8,444
<i>Elimination of income and expenses that have no cash impact or are unrelated to operating activities</i>			
• Income from associates		0	0
• Attributable to non-controlling interests		25,599	14,534
• Additions to depreciation, amortisation and impairment		(3,036)	55
• Change in provisions		1,866	549
• Net financial income/expense		0	2
• Net gain or loss on disposals		(3,900)	1,258
• Other non-cash income and expense items		(1,790)	2,637
• Income tax expense			
Funds from operations		21,983	27,480
Inventories		2,208	(13,598)
Trade receivables	7 - 8	(192)	(4,533)
Trade payables	14	2,370	9,555
Change in WCR		4,387	(8,577)
Cash from operating activities		26,370	18,903
Income tax paid		(37)	(2,506)
NET CASH FLOW FROM OPERATING ACTIVITIES		26,333	16,398
Cash flow from investing activities			
Purchases of intangible assets	2	(41,335)	(32,748)
Purchases of property, plant and equipment	3	(489)	(1,074)
Disposals of property, plant and equipment and intangible assets		0	0
Purchases of non-current financial assets		(278)	(398)
Disposals of non-current financial assets		1	8
Disbursements relating to acquisitions of subsidiaries net of net cash acquired		(2,941)	(34,068)
NET CASH FLOW FROM INVESTING ACTIVITIES		(45,043)	(68,279)
Cash flow from financing activities			
Sales / purchases of own shares		(40)	13
Dividends paid to the parent company's shareholders		0	0
Interest paid		(1,639)	(522)
Decrease in lease liabilities		(1,282)	(925)
Cash inflows from borrowings		6,899	21,262
Repayments of borrowings and debts		(14,341)	(12,277)
Other		(0)	0
NET CASH FLOW FROM FINANCING ACTIVITIES		(10,403)	7,551
Impact of changes in exchange rates		170	598
Net change in cash and cash equivalents		(28,944)	(43,732)
Cash and cash equivalents at start of period		47,257	81,784
Cash and cash equivalents at end of period	9	18,314	38,052

3.2 NOTES TO THE 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 2023. NACON SA is listed on compartment B of 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 2023 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 2023 (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).

The same accounting policies were applied for the six months ended 30 September 2023 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 2023 and the related notes were finalised by the Board of Directors in its meeting on 27 November 2023.

- **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 2023, 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)
- useful lives in relation to 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 2023 by NACON are currently amortised using the diminishing balance method over a period of five years. The distribution of costs over the five years was re-estimated at 1 April 2023, 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 2023, except for standards that have come into force since 1 April 2023, 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 2023**

New IFRS texts	EU endorsement date (periods starting on or after)
• Amendments to IAS 1 "Presentation of Financial Statements" regarding disclosure of accounting policies	01/01/23
• Amendments to IFRS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors" regarding the change to the definition of the term "accounting estimates"	01/01/23
• Amendment to IAS 12 "Income Taxes" concerning deferred tax related to assets and liabilities arising from a single transaction	01/01/23

The impact of these amendments is not material on the consolidated financial statements for the six months ended 30 September 2023.

- **Texts not mandatorily applicable in accounting periods starting on or after 1 April 2023 but applied early**

None.

- **Texts not mandatorily applicable in accounting periods starting on or after 1 April 2023 and not applied early**

New IFRS texts	EU endorsement date (periods starting on or after)
• Amendments to IAS 1 "Presentation of Financial Statements" regarding the classification of liabilities as current or non-current	01/01/24
• Amendments to IFRS 16 "Leases" regarding lease liabilities in a sale-and-leaseback	01/01/24
• Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments" regarding supplier finance arrangements	01/01/24

The potential impact of these new amendments is being assessed, but the Group does not expect their adoption to have a material impact on the financial statements.

The IASB has published an amendment to IAS 12 "Income Taxes" entitled "International Tax Reform – Pillar Two Model Rules".

The amendment provides for a temporary exception to the recognition of deferred tax resulting from the

implementation of Pillar Two rules and requires specific disclosures in the notes to the financial statements. The amendment is likely to be applicable as soon as it is endorsed by the European Union. At 30 September 2023, the Group did not recognise any deferred tax in relation to Pillar Two rules and is currently assessing the potential impact of these new arrangements.

French pension reforms

The French social security financing reform act for 2023 became law on 15 April 2023 and gradually increases the statutory retirement age in France. The effect of this reform on post-employment benefit obligations was not material at 30 September 2023.

- **Use of the financial indicator "Non-IFRS revenue"**

Non-IFRS revenue corresponds to IFRS revenue plus proceeds from the sale of an interest in the Gollum video game in the first half of 2023/24: a partner acquired a right to 11.25% of Gollum's future revenues following its commercial release in return for €3 million. The decrease in non-current assets recognised in relation to this partial disposal represents 11.25% of the asset's value and has been included in other operational expenses in the income statement.

Reconciliation between non-IFRS and IFRS revenue:

in thousands of euros	6-month total	
	First half 2023	First half 2022
Revenue	70,765	77,509
Adjustment for the partial disposal of Gollum	-3,000	0
IFRS revenue	67,765	77,509

- **Use of the non-accounting financial indicator EBITDA**

The NACON group defines EBITDA (earnings before interest, taxes, depreciation and amortisation) as 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 and reversals of earn-out payments.

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.

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**

None.

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 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 2023	First half 2022	First half 2023	First half 2022
Revenue		67,765	77,509	100%	100%
<i>of which</i>	<i>Gaming accessories</i>	24,913	28,547	37%	37%
	<i>Catalogue ⁽¹⁾</i>	20,107	25,396	30%	33%
	<i>Back catalogue ⁽²⁾</i>	21,185	21,577	31%	28%
	<i>Other</i>	1,560	1,988	2%	3%

⁽¹⁾ Revenue from games released since the start of the financial year

⁽²⁾ Revenue from games released in previous financial years

- **Revenue by geographical zone**

in thousands of euros		6-month total		Contribution	
		First half 2023	First half 2022	First half 2023	First half 2022
Revenue		67,765	77,509	100.0%	100.0%
<i>of which</i>	<i>France</i>	8,874	8,303	13.1%	10.7%
	<i>Export</i>	58,891	69,206	86.9%	89.3%
	Export revenue by geographical zone	58,891	69,206	100.0%	100.0%
	Europe (excl. France)	26,209	29,345	44.5%	42.4%
<i>of which</i>	<i>British Isles</i>	12,250	9,837	20.8%	14.2%
	<i>Germany</i>	3,795	6,249	6.4%	9.0%
	<i>Italy</i>	2,400	2,630	4.1%	3.8%
	<i>Belgium</i>	2,118	2,409	3.6%	3.5%
	<i>Spain</i>	1,847	2,312	3.1%	3.3%
	<i>Other</i>	3,798	5,907	6.4%	8.5%
	North America	24,744	32,138	42.0%	46.4%
	Asia	3,860	6,362	6.6%	9.2%
	Pacific	3,982	1,268	6.8%	1.8%
	Africa	97	93	0.2%	0.1%

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
31 March 2023	1,088	12,539	6,058	3,770	5,273	2,077	345	2,700	27,196	9,967	10,631	11,856	44,610	138,110
Impairment loss														
Exchange differences									-118	357				239
Business combinations														
30 September 2023	1,088	12,539	6,058	3,770	5,273	2,077	345	2,700	27,078	10,325	10,631	11,856	44,610	138,349

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

No business combinations took place in the first half of 2023/24.

Goodwill impairment tests

At 30 September 2023, 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 Sep. 2023	31 Mar. 2023
Gross value	315,284	334,070
Amortisation	(107,469)	(140,663)
Impairment		
Net value	207,815	193,407

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 2023, game development costs had a gross value of €285,210 thousand and amortisation totalled €97,424 thousand, giving a net value of €187,786 thousand.
- At 30 September 2023, the “Trademarks” item mainly consisted of trademarks owned by the development studio Cyanide and the RIG™ trademark belonging to the NACON group, following the acquisition of Cyanide in the year ended 31 March 2019 and the acquisition of RIG™ assets from Poly in the year ended 31 March 2020. At 30 September 2023, the net carrying amount of trademarks was €10,486 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 €8,059 thousand at 30 September 2023.

Note 3 Property, plant and equipment

in thousands of euros	30 Sep. 2023	31 Mar. 2023
Gross value	9,191	8,695
Depreciation	(5,353)	(4,798)
Impairment		
Net value	3,838	3,897

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 Sep. 2023	31 Mar. 2023
Deferred tax assets relating to tax loss carryforwards	3,570	728
Other deferred taxes	603	1,317
NET DEFERRED TAX	4,173	2,044

in thousands of euros	1 Apr. 2023	Companies entering the scope of consolidation	Recognised	Used	30 Sep. 2023
NACON SA	291		2,839		3,130
Cyanide SAS	367				367
NACON Studio Milan S.r.l.	51			(51)	0
Bigben Interactive GmbH	0		73		73
Ishtar SAS	19			(19)	0
TOTAL TAX LOSS CARRYFORWARDS	728	0	2,912	(70)	3,570

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 Sep. 2023	31 Mar. 2023
Gross value	33,828	8,595	924	43,347	47,741
of which physical inventories	30,957	8,595	924	40,476	43,719
of which goods in transit	2,871			2,871	4,022
Impairment loss	(4,733)	(5,260)	(76)	(10,069)	(12,466)
Net value	29,095	3,335	848	33,278	35,275

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 Sep. 2023	31 Mar. 2023
Trade receivables and notes	42,278	43,630
Impairment losses	(699)	(699)
TOTAL TRADE RECEIVABLES	41,579	42,931

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 2023 were included in the “Trade receivables and notes” item. They amounted to €0.9 million (versus €1.4 million at 31 March 2023). 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	First half 2023		31 March 2023	
Trade receivables not due	39,220	93%	38,466	88%
Trade receivables due	3,059	7%	5,165	12%
in less than 30 days	881	29%	2,949	57%
in 30-60 days	99	3%	425	8%
in 60-90 days	250	8%	266	5%
in 90-120 days	564	18%	125	2%
in more than 120 days	742	24%	876	17%
doubtful receivables	523	17%	523	10%
Trade receivables and notes	42,278		43,630	

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 Sep. 2023	31 Mar. 2023
Central and local government (excluding income tax)	3,387	5,258
Personnel	80	95
Credits receivable from suppliers	6	11
Prepaid expenses	3,807	3,914
Advances and downpayments on orders	59	393
Shareholder loans	649	669
Miscellaneous receivables	125	875
TOTAL	8,113	11,215

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 Sep. 2023	31 Mar. 2023
Bank facilities	(1,012)	(347)
Marketable securities	600	7,439
Cash and cash equivalents	18,725	40,165
Net cash and cash equivalents	18,314	47,257

Note 10 Provisions

in thousands of euros	01/04/2023	Change in scope	Additions	Reversals		Exchange differences	Other	30/09/2023
				used	unused			
Non-current	928		35					963
Provisions for contingencies								
- workforce-related								
- tax-related								
Provisions for losses - other								
Provisions for pension liabilities	928		35					963
Current	3,156			(1,205)	(1,825)			126
Provisions for contingencies	3,156			(1,205)	(1,825)			126
- commercial	2,000			(175)	(1,825)			
- workforce-related								
- other	1,156			(1,030)				126
Provisions for losses - other								
TOTAL	4,084		35	(1,205)	(1,825)			1,089

- 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.

As regards the French proceedings, the courts have found partly in NACON's favour, taking the view that there was no patent infringement. NACON reserves the right to appeal to a higher court in respect of matters where the lower court did not find in its favour.

- Intellectual property dispute**

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

- A dispute between NACON and a licensor, relating to the licensor's unjustified opposition to the release of a video game, was resolved out of court in late September 2023, allowing the game to be re-released in the market in the near future.
- 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.

- A final dispute between NACON SA as publisher and a foreign development studio, regarding purported breaches of contract and intellectual property rights, was resolved through the signature of a settlement agreement on 14 November 2023, with no negative impact for the Group.

A €2 million provision for contingencies was set aside in the Group's financial statements at 31 March 2023. In view of developments in the above disputes, this provision was released at 30 September 2023.

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
Total financial liabilities at 30 Sep. 2023	107,906	35,786	65,286	6,833
Borrowings that were long-term at inception	102,634	30,536	65,265	6,833
Bank facilities	1,012	1,012		
Accrued interest not matured	342	342		
Other financing ⁽¹⁾	3,917	3,897	21	
Total financial liabilities at 31 March 2023	114,885	32,905	75,721	6,258
Borrowings that were long-term at inception	113,493	31,513	75,721	6,258
Bank facilities	347	347		
Accrued interest not matured	116	116		
Other financing ⁽¹⁾	930	930		

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

► Bank borrowings

To continue funding the development of its games business and its acquisitions strategy, NACON SA took out €46.5 million of new medium-term loans in 2022/23 including €27.5 million of fixed-rate loans. The average interest rate on those fixed-rate loans was 2.6%.

NACON SA took out a new €5 million medium-term loan in the first half of 2023/24. The loan has a 6-year maturity, with repayments deferred for the first 2 years.

These loans do not include any covenants.

For some loans taken out in previous periods, the Company undertook to comply with annual financial covenants. At 30 September 2023, the outstanding principal on the loans concerned was €2.3 million and NACON SA complied with the financial ratios required by the covenants (interest cover and net leverage ratio).

The average interest rate on the company's borrowings is 2.20%.

Note 12 Lease liabilities

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

in thousands of euros	01/04/2023	Companies entering the scope of consolidation	Acquisitions	Repayments	30/09/2023
Lease liabilities	7,061		2,269	(1,282)	8,048

Note 13 Other payables

in thousands of euros	30 Sep. 2023	31 Mar. 2023
Central and local government (excluding income tax)	2,323	1,829
Employees and social security agencies	5,244	5,243
Client discounts and trade payables	5,293	3,003
Advances and downpayments received	57	0
Derivative financial instruments	17	425
Liabilities relating to non-current assets	15	46
Prepaid income	427	5,938
Miscellaneous creditors	17,454	17,013
TOTAL	30,830	33,497

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

Note 14 Equity

At 30 September 2023, the share capital was made up of 87,808,412 shares with par value of €1 each.

In September 2023, the vesting of bonus shares led to the issue of 175,157 shares and the third earn-out payment made to the vendors of Big Ant Holding Pty led to the issue of 696,956 shares.

- Additional notes to the income statement**

Note 15 Revenue

In the first half of 2023/24, consolidated IFRS revenue from continuing operations amounted to €67.8 million, down 8.7% compared with reported revenue for the first half of 2022/23.

in thousands of euros	6-month total		Contribution	
	First half 2023	First half 2022	First half 2023	First half 2022
Revenue	67,765	77,509	100%	100%
<i>of which</i>				
<i>Gaming accessories</i>	24,913	28,547	37%	37%
<i>Catalogue ⁽¹⁾</i>	20,107	25,396	30%	33%
<i>Back catalogue ⁽²⁾</i>	21,185	21,577	31%	28%
<i>Other</i>	1,560	1,988	2%	3%

Accounting policies

- 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. At the end of the 2022/23 financial

year, NACON released its first video game with an “online services” or “live ops” component, allowing a gamer to receive online services such as the ability to play in a team and receive new content. Under IFRS 15, those services constitute a separate obligation, revenue from which must be recognised as and when the additional services were provided.

Note 16 Purchases consumed

in thousands of euros	First half 2023	First half 2022
Merchandise	(22,028)	(43,518)
Change in merchandise inventories	(4,605)	13,879
Change in impairment losses on inventories	2,397	(281)
TOTAL	(24,236)	(29,920)

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

Note 17 Other operating revenue

This item includes €3 million from the sale of 11.25% of the rights to the Gollum game in the first half of 2023/24, along with releases of provisions due to the settlement of two pre-existing disputes.

Note 18 Other purchases and external expenses

in thousands of euros	First half 2023	First half 2022
Purchases not held in inventory	(234)	(221)
Subcontracting	(1,054)	(862)
Rent	(343)	(239)
Maintenance and repairs	(725)	(436)
Insurance premiums	(221)	(209)
Other external services	(121)	(100)
External personnel	(100)	(64)
Fees	(2,286)	(2,103)
R&D expenses	(136)	(202)
Advertising	(5,936)	(5,736)
Transportation of goods sold	(778)	(1,276)
Travel costs	(825)	(930)
Communication costs	(309)	(310)
Bank fees and services	(146)	(158)
Other external expenses	(234)	(263)
TOTAL	(13,450)	(13,109)

Note 19 Other operating expenses

This item includes €2.1 million relating to the sale of rights to the Gollum game.

Note 20 Other non-recurring operating items

Other non-recurring operating items correspond to releases of provisions related to earn-out payments still to be made.

Note 21 Net financial income/expense

in thousands of euros	First half 2023	First half 2022
Interest and similar income	160	11
FINANCIAL INCOME	160	11
Interest expense on medium-term funding	(1,115)	(554)
Other interest expense	(733)	0
FINANCIAL EXPENSE	(1,848)	(554)
NET FINANCIAL INCOME/EXPENSE EXCLUDING FOREIGN EXCHANGE GAINS/LOSSES	(1,688)	(542)
Foreign exchange gains	1,275	2,919
Foreign exchange losses	(1,792)	(1,115)
Foreign exchange gains and losses	(516)	1,804
NET FINANCIAL INCOME/EXPENSE	(2,205)	1,261

Note 22 Earnings per share

in euros	First half 2023	First half 2022
Net income attributable to equity holders of the parent	3,243,634	8,444,230
Weighted average number of shares	86,892,699	86,269,258
Maximum dilutive effect of future vesting of bonus shares ⁽¹⁾	4,564,463	1,981,957
Dilutive effect of shares issued	810,087	366,881
Maximum number of shares after dilution	92,267,249	88,618,096
Par value of shares (in euros)	€1.00	€1.00
Basic earnings per share	0.04	0.10
Diluted earnings per share	0.04	0.10

Weighted average number of shares used to calculate earnings per share

in euros	First half 2023	First half 2022
Ordinary shares in issue at 1 April	86,936,299	86,291,410
Number of shares issued, adjusted on a prorata temporis basis ⁽²⁾	62,026	42,970
Treasury shares	(105,626)	(61,403)
Weighted average number of shares at the end of the period	86,892,699	86,269,258

- (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).

3.2.6 Other information

Note 23 Dividends

In its meeting on 30 May 2023, the Board of Directors decided not to put any dividend payment with respect to 2022/23 to the vote in the Shareholders' General Meeting of 21 July 2023. As a result, no dividends were paid in the first half of 2023/24.

Note 24 Financial instruments

At 30 September 2023, 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 2023:

								At 30 September 2023, 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 purchased minus amount sold	Maximum amount of foreign currency still to be purchased	Mark-to-market value in euros
TARN	GBP	Purchase	Active	04/04/2023	02/04/2024	5,300	0.8575	1,550	1,550	0	2,700	8
TARN	CNH	Purchase	Active	18/10/2022	11/10/2023	102,000	7.2715	96,000	96,000	0	4,000	31
											39	

The mark-to-market value of this financial instrument was €39 thousand at 30 September 2023.

Note 25 Contractual repayment schedule

The following table sets out, for financial liabilities recognised at 30 September 2023 (excluding current bank facilities, factoring and current interest not yet due), the contractual schedule for disbursements, excluding any discounting to present value and any future interest payments.

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	34,406	22,672	20,634	15,390	6,569	6,833	106,505
Lease liabilities	2,467	1,989	1,323	897	355	1,017	8,048
Total financial liabilities	36,873	24,661	21,958	16,286	6,924	7,851	114,553

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	32,506	18,872	16,834	11,590	2,769	6,833	89,405
% / total 1	36%	21%	19%	13%	3%	8%	100%
Floating rate	1,900	3,800	3,800	3,800	3,800		17,100
% / total 2	11%	22%	22%	22%	22%	0%	100%
TOTAL	34,406	22,672	20,634	15,390	6,569	6,833	106,505

➔ Currency risk on supplies

Most of the currency risk relates to USD-denominated purchases of gaming accessories by NACON France. Sensitivity to the USD exchange rate is as follows:

USD	First half 2023	First half 2022
NACON France - Purchases in USD	\$4,333,158	\$8,776,740
TOTAL	\$4,333,158	\$8,776,740

Sensitivity to the USD exchange rate		
in thousands of euros	30 Sep. 2023	30 Sep. 2022
+10% = benefit	394	798
-10% = additional cost	-481	-975

Since the 2022/23 financial year, a relatively large amount of purchases have also taken place in Chinese renminbi. Sensitivity to the CNY exchange rate is as follows:

CNY	First half 2023	First half 2022
NACON France - Purchases in CNY	CNY 818,570	CNY 41,757,903
TOTAL	CNY 818,570	CNY 41,757,903

Sensitivity to the CNY exchange rate		
in thousands of euros	30 Sep. 2023	30 Sep. 2022
+10% = benefit	74	3,796
-10% = additional cost	-91	-4,640

Note 26 Off-balance sheet commitments

▶ Guarantees given

Commitments given	By	To	30 Sep. 2023	31 Mar. 2023	Purpose of the commitment
Bank guarantee	NACON SA	CIC		250	Pledge of Cyanide SAS shares
Bank guarantee	NACON SA	Banque Postale		341	Pledge of Cyanide SAS shares
Bank guarantee	NACON SA	CIC		205	Pledge of Kylotonn SAS shares
Bank guarantee	NACON SA	CIC	800	1,200	Pledge of Spiders SAS shares
Bank guarantee	NACON SA	BPI	2,023	1,772	Amounts withheld as security in relation to several loans taken out between 2017 and 2023

Note 27 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 28 Post-balance sheet events

The dispute between NACON SA as publisher and a foreign development studio, regarding purported breaches of contract and intellectual property rights, was resolved through the signature of a settlement agreement on 14 November 2023.

Two new loans were taken out in October 2023 in a total amount of €10 million. The loans have maturities of four and five years, and do not include any covenants.

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 2023 to 30 September 2023 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, 8 December 2023

Roubaix, 8 December 2023

KPMG SA

Fiduciaire Métropole Audit

Stéphanie Ortega

François Delbecq

Partner

Partner