

FIRST HALF 2023/24 RESULTS

- PERFORMANCE AFFECTED BY A RELEASE SCHEDULE WEIGHTED TOWARDS THE SECOND HALF
- IMPROVEMENT IN MARGIN RATES: EBITDA OF €29.3 MILLION

STRONG, PROFITABLE GROWTH EXPECTED OVER THE FULL YEAR

NACON (ISIN FR0013482791) is today announcing its consolidated results for the first half of its 2023/24 financial year (six months from 1 April to 30 September 2023) as finalised by the Board of Directors in its meeting of 27 November 2023.

| Consolidated IFRS figures (€ million) | First half 2023/24 | First half 2022/23 | Change |
|--|-----------------------|-----------------------|--------|
| Sales (non-IFRS) | 70.8 | 77.5 | -8.7% |
| <i>Adjustment for the partial disposal of Gollum</i> | (3.0) | | |
| Sales (IFRS) | 67.8 | 77.5 | |
| Gross profit | 43.5 | 47.6 | -8.5% |
| <i>% of revenue</i> | 64.2% | 61.4% | |
| EBITDA | 29.3 | 24.4 | +20.1% |
| <i>% of revenue</i> | 43.2% | 31.4% | |
| Operating income | 3.7 | 9.8 | -62.7% |
| <i>% of revenue</i> | 5.4% | 12.7% | |
| Financial income (expense) | (2.2) | 1.3 | |
| Income before tax | 1.5 | 11.1 | -86.9% |
| <i>% of revenue</i> | 2.1% | 14.3% | |
| Income tax | 1.8 | (2.6) | |
| Net income for the period | 3.2 | 8.4 | -61.6% |
| <i>% of revenue</i> | 4.8% | 10.9% | |

* This item has been classified under other operating income in the income statement, as required by IFRSs.

In the first-half period, Catalogue sales (new games) were adversely affected by the limited release schedule. They amounted to €23.1 million, down 9% year-on-year. Back Catalogue sales (games released in previous years) were resilient at €21.2 million (down 1.8%), and returned to growth in the second quarter. Sales in the Accessories business totalled €24.9 million. They rose sharply at the end of the period due to the upturn in the global market driven by the growing installed base of new consoles.

The gross margin rate was 64.2%, an increase of almost 3 points year-on-year.

EBITDA came in at €29.3 million, giving an EBITDA margin rate of 43.2% as opposed to 31.4% in the year-earlier period.

Operating expenses remained under control and increased only slightly.

After €25.6 million of depreciation and amortisation charges relating to non-current assets (€14.5 million in the first half of 2022/23), operating income was €3.7 million, equal to 5.4% of sales.

The increase in net financial expense was due to higher interest rates but above all negative exchange differences (foreign exchange loss of €0.5 million as opposed to a gain of €1.8 million in the year-earlier period).

Firm financial position at a time of major development

At 30 September 2023, NACON had equity of €248.7 million as opposed to €242.6 million at 31 March 2023. It also had €19.6 million of cash and cash equivalents versus €47.6 million at 31 March 2023, since the Group has chosen to fund developments while reducing the amount of new borrowings. The value of NACON's inventories also decreased relative to the previous financial year.

Currently, 50 games are under development, and the related assets have a carrying amount of €118.1 million.

Funds from operations totalled €22.0 million during the first half.

Full year 2023/24: Expected strong growth in sales and earnings

The second half of the 2023/24 financial year will see a busy release schedule, with over 10 new games expected during the period. Games released in the third quarter include **Astérix & Obélix: Heroes™**, **Cricket 24 Official Game of The Ashes™**, **Gangs of Sherwood™** and especially **Robocop: Rogue City™**, NACON's most successful ever launch. Games scheduled for release in the fourth quarter include **War Hospital** and **Test Drive Unlimited: Solar Crown™**.

Sales from the back catalogue are continuing to grow as it automatically expands with the addition of games released in previous years.

Finally, the Accessories business will benefit from a more favourable base for comparison, growth in the installed base of Xbox series and PS5 consoles and the release of several high-potential products including the **REVOLUTION 5 PRO** controller and **RIG 600 PRO** headsets.

With second-half business levels likely to be buoyant, NACON is confirming its expectation of strong growth in sales and operating income in its 2023/24 financial year.

Next key event:

Third-quarter 2023/24 sales: 23 January 2024 after the market close

ABOUT NACON

2022/2023 SALES:
€156.0 million

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.

WORKFORCE
More than 1,000 people

Listed on Euronext Paris, compartment B – Index: CAC Mid&Small
ISIN: FR0013482791; Reuters: NACON.PA; Bloomberg: NACON:FP).

INTERNATIONAL PRESENCE
23 subsidiaries and a distribution network
in 100 countries
<https://corporate.nacongaming.com/>

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