2022/23

UNIVERSAL REGISTRATION DOCUMENT
Including the annual financial report

Société anonyme governed by a Board of Directors with share capital of €86,897,407
Registered office: 396/466, rue de la Voyette, CRT 2, 59273 Fretin, France
Registration number: 852 538 461 RCS Lille Métropole

nacon

This universal registration document (URD) was filed on 26 June 2023 with the Autorité des Marchés Financiers ("AMF") as the competent authority in respect of regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The URD may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if accompanied by a securities note and, where applicable, a summary and all amendments to the URD. The whole is approved by the AMF in accordance with regulation (EU) 2017/1129.

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

Copies of this universal registration document are available free of charge from Nacon's registered office at 396/466, Rue de la Voyette, CRT 2, 59273 Fretin, and in electronic form from the websites of the AMF (www.amf-france.org) and Nacon (www.nacongaming.com).

Contents

GENERAL INFORMATION

The Universal Registration Document (URD) describes the Company as it exists on the date this URD was registered.

The URD, prepared in accordance with appendix I of Commission delegated regulation (EU) no. 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, presents the statutory financial statements for the period ended 31 March 2023 and the corresponding consolidated financial statements.

It incorporates by reference:

- the consolidated financial statements for the period ended 31 March 2022, which are presented in the universal registration document filed with the AMF on 22 June 2022 under number D. 22-0545. Those financial statements were the subject of an audit report issued by the Company's statutory auditors;
- the consolidated financial statements for the period ended 31 March 2021, which are presented in the universal registration document approved by the AMF on 6 July 2021 under number R. 21-037. Those financial statements were the subject of an audit report issued by the Company's statutory auditors;

Forward-looking statements

The URD contains information about Nacon's prospects and development strategy. Such information is sometimes identified by the use of the future tense, the conditional mood or forward-looking terms such as "consider", "envisage", "think", "aim", "expect", "intend", "should", "have the ambition of", "estimate", "believe", "wish", "could", or the negative forms of the same terms as the case may be, or any other variant or similar expression. This information does not constitute historical facts and must not be construed as warranting that the anticipated events and data mentioned will actually materialise. The information is based on data, assumptions and estimates that the Company considers reasonable. It is liable to change or be altered due to uncertainties concerning the technological, economic, financial, competitive and regulatory environment. The information is mentioned in various sections of the URD and includes data relating to Nacon's intentions, estimates and objectives concerning, in particular, the Company's markets, products, strategy, commercial roll-out, growth, results, financial position and cash position. The forward-looking information in the URD is provided only at the URD's filing date.

Barring any statutory or regulatory obligation that may apply (including regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the Company makes no undertaking to publish updates to the forward-looking information contained in this URD in order to reflect any change relating to its objectives or to events, conditions or circumstances on which the forward-looking information in this URD is based. The Company operates in an environment that is highly competitive and subject to ongoing technological change. It may therefore be unable to anticipate all risks, uncertainties or other factors that may affect its business activity, their potential impact on its business activity or the extent to which the materialisation of a risk or combination of risks could produce results significantly different from those mentioned in any forward-looking information, it being understood that none of that forward-looking information is a guarantee of actual results.

Information about the market and the competition

The URD contains, particularly in Section 5 “Business overview”, information about Nacon’s business and its competitive position. Some information contained in the URD is information available to the public that the Company considers to be reliable but that has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods for collating, analysing or calculating business segment data would obtain the same results. Given the rapid changes in the technological and competitive environment, this information may prove inaccurate or out-of-date. Accordingly, trends in Nacon’s business activities may depart from those presented in this URD. The Company makes no undertaking to publish updates to that information, except as part of applicable legislative or regulatory obligations, including those arising from regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

Risk factors

Investors are invited to read carefully the risk factors presented in Section 3 “Risk factors” of this URD before making any investment decision. If some or all of these risks were to occur, that could have an adverse impact on Nacon’s activities, results, financial position or outlook. In addition, other risks not yet identified or not considered material by the Company at the date of the URD could also have an adverse impact.

Rounding

Certain figures (including figures expressed in thousands or millions) and percentages in this URD have been rounded. The totals presented in this URD may slightly differ from those which would have been obtained by adding together the non-rounded values of those figures, as the case may be.

1. PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr Alain Falc, Chairman and Chief Executive Officer of the Company.

1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby certify that, to the best of my knowledge, the information contained in this Universal Registration Document conforms to the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the 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 its scope of consolidation and that the management report contained in this universal registration document presents fairly in all material respects trends in the business, results and financial position of the Company and all the companies included in its scope of consolidation and that it describes the main risks and uncertainties to which they are exposed."

Fretin,
26 June 2023

Alain Falc

Chairman and Chief Executive Officer of the Company

1.3 PERSON RESPONSIBLE FOR FINANCIAL REPORTING

Alain Falc,
Chairman and Chief Executive Officer of Nacon
396/466 rue de la Voyette, CRT 2, 59273 Fretin, France

Telephone: +33 (0)3 20 90 72 00
Fax: +33 (0)3 20 87 57 99

1.4 INFORMATION FROM THIRD PARTIES

None.

1.5 APPROVAL OF THE UNIVERSAL REGISTRATION DOCUMENT

This universal registration document (URD) was filed on 26 June 2023 with the Autorité des Marchés Financiers ("AMF") as the competent authority in respect of regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The URD may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if accompanied by a securities note and, where applicable, a summary and any supplements to the URD. The whole is approved by the AMF in accordance with regulation (EU) 2017/1129.

This URD was prepared by the issuer and its signatories are liable for its content.

2. STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

Principal Statutory Auditors

Fiduciaire Métropole Audit (FMA) represented by Mr François Delbecq,

26, boulevard du Général de Gaulle, 59100 Roubaix

Appointed by resolution passed at the Company's shareholders' meeting on 22 January 2020 for a term of six financial years ending at the shareholders' meeting to be held in 2025 to vote on the financial statements for the financial year ended 31 March 2025.

KPMG SA represented by Mrs Stéphanie Ortega

Tour Eqho, 2, avenue Gambetta, 92066 Paris La Défense cedex

Appointed in the Company's articles of association on 12 July 2019 for a term of six financial years ending at the shareholders' meeting to be held in 2025 to vote on the financial statements for the financial year ended 31 March 2025.

2.2 INFORMATION ABOUT STATUTORY AUDITORS THAT HAVE RESIGNED, BEEN REMOVED OR NOT BEEN RE-APPOINTED

None.

3. RISK FACTORS

The Company operates in a changing environment that involves risks, some of which are out of its control. Investors are invited to take into account all information in this URD, including the risk factors specific to the Group as described in this Section, before deciding whether or not to subscribe for or acquire shares in the Company. The Company has reviewed the key risks specific to the Group that may have a material adverse effect on its business activity, financial position, earnings and outlook.

However, investors' attention is drawn to the fact that the list of risks described below is not exhaustive. Other risks or uncertainties that are unknown or that the Company did not regard, at the URD's filing date, as capable of having a significant adverse impact on the Group, its business activity, financial position, earnings or outlook, may exist or could become material factors capable of having a significant adverse impact on the Group, its business activity, financial position, earnings, development or outlook.

Method of analysing risk factors:

Pursuant to the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, this Section describes the material risks that could, at the URD's filing date, have an adverse impact on the Group's business, financial position, reputation, earnings or outlook, notably as identified during the Group's risk mapping process, which assesses their materiality, i.e. the magnitude of their negative impact and the probability of occurrence after the impact of any mitigating action plans.

The Company has summarised its risks into the following five categories in no particular order of importance. Within each of the risk categories, the risk factors that the Company regards as the most material at the URD's filing date are mentioned first. The occurrence of new events, both internal and external to the Company, may therefore alter this order of importance in the future.

For each of the risks described below, the Company has applied the following procedure:

- Presentation of the gross risk as it exists within the Company's business operations;
- Presentation of measures taken by the Company to mitigate that risk.

The net risk is measured after the application of those mitigation measures.

The Company has assessed the materiality of the net risk, based on a combined analysis of two criteria: (i) probability of occurrence and (ii) magnitude of its negative impact.

The materiality of each risk is assessed below, based on the following qualitative scale:

- Low
- Average
- High

Probability of occurrence, magnitude of negative impact and materiality are assessed after any mitigating action plans.

SUMMARY TABLE			
Risk	**Probability of occurrence**	**Magnitude of negative impact**	**Materiality of net risk**
Risks related to the business			
Risks related to potential delays in the development and marketing of the main products developed by the Group	High	High	High
Risks related to lower-than-expected sales of a high investment game	High	High	High
Risks related to sourcing and production of accessories	Average	Average	Average
Risks related to inventories and their management	Average	Average	Average
Seasonal variations in business during the year	Average	Average	Average
Risks related to reliance on third-party technology	Low	Average	Average
Risks related to the Company's financial position			
Currency risk	Average	Average	Average
Risks related to acquisitions: risk of goodwill impairment	Low	Average	Average
Liquidity risk	Low	Average	Average
Risks related to acquisitions: financial risk	Low	Average	Low
Market risk			
Risk related to closed console systems	Average	Average	Average
Risks related to non-compliance with console and platform manufacturers' technical requirements	Average	Average	Average
Risks related to the competitive environment	Low	High	Average
Risk of additional games development costs generated by the release of new generation consoles	Average	Low	Low
Risks related to the company's organisation			
Risks related to seeking and retaining talent	Average	High	High
Risk related to acquisitions: integration of employees	Average	High	High
Risks related to the influence of parent company Bigben Interactive and its shareholders over the Company	High	Low	Average
Regulatory and legal risks			
Risks related to tax incentives	Low	High	Average
Risks related to legal and administrative proceedings	Average	High	Average
Risks related to intellectual and industrial property and licensing agreements	Average	Average	Average

3.1 RISKS RELATED TO THE BUSINESS

3.1.1 Risks related to potential delays in the development and marketing of the main products developed by the Group

The Company may experience delays in development programmes for new products (games and accessories), whether developed in-house or by sub-contractors. Any delay relative to the original schedule would have a negative impact on Nacon's revenue and earnings, and on its growth prospects.

Summary table of the number of current games developed in-house and outsourced over the last three years:

	2020/21	2021/22	2022/23
In-house developments	22	31	33
Outsourced developments	11	15	20

Risks related to delays in the development of a game

The Company may decide to delay or extend the development of a game if the quality of its developments is judged to be inadequate or if the Company believes it more appropriate, for example for marketing reasons, to coincide the release of a new game with an external event to improve its visibility (e.g. sports games such as Tennis marketed at the same time as a high profile competition or tournament). In 2022/23, for example, Nacon announced the postponement of several games (*The Lord of the Rings* Gollum™, *Blood Bowl*®3, *WRC Generations*) in order to improve them and align them to Nacon's expected quality standards.

The consequences of delaying the development of a game could be as follows:

- the Company could incur development expenses that were not originally foreseen;
- the Company may not be able to quickly redeploy the internal teams allocated to or working on the delayed game to other Company projects;
- the game's release date could be delayed to a period that would not give the new title optimum visibility, which could have an impact on its commercial success;
- sales of the video game would be delayed which, in the case of a major title, could have an impact on the achievement of the budget and related targets.

The impact of a delay in releasing a game (loss of revenue and/or reputation) is the same whether the game is developed in-house or outsourced.

The advantage of in-house development is that the Publishing division's teams are more quickly aware of any problems that may arise, whether technical or otherwise, and can more easily prepare a 'marketing response'.

In an outsourced development, the additional costs related to a release delay are borne by the studio (unless agreed otherwise by the parties).

The Company uses the following procedures to prevent or mitigate the risks of a delay in the development and marketing of a game:

For in-house developments:

- compliance with a strict production process whereby the Publishing team is informed of any difficulty experienced by the development teams;
- maintaining a high level of expertise in handling the game engines used by the development teams.

For outsourced developments:

- drastic selection of third-party studios based mainly on their track record and regular monitoring of progress in their work.

The consequences of a delay in releasing a gaming accessory would be as follows:

- the Company could incur additional development expenses or expenses caused by having to supply the products urgently, for example by air freight, in order to make up the delay in marketing;
- the Company may not be able to quickly redeploy the R&D teams allocated to or working on the delayed product to other Company projects, as the case may be;
- the accessory's release date could be delayed to a period that would not give it optimum visibility, which could have an impact on its commercial success (for example, after Christmas);
- revenue flows from the sale of the accessory would be delayed.

The Company uses the following procedures in order to prevent or mitigate the risks of a delay in the development and marketing of a major accessory:

- a rigorous project management process with a strong focus on compliance with deadlines and relations with the production plants, particularly concerning 'quality assurance' aspects, when the project moves into the production phase;
- optimum anticipation in its supply chain of deliveries to international distribution hubs, using either sea freight or air freight (where timescales dictate).

Materiality of this risk

The Company assesses the materiality of this net risk as 'high', based on the following analysis:

- more than 75% of its games and 100% of its accessories are developed in-house. The Company is therefore more quickly aware of any delays and has the time to prepare a commercial 'counter-attack';
- the negative financial impact on the Company is assessed as 'high' because postponing the release of a high-contribution game or accessory to a future financial year could have a negative impact on its current year earnings, its outlook and objectives.

3.1.2 Risks related to lower-than-expected sales of a high investment game

Despite efforts made, a game that requires heavy investment in development (about €5 to 20 million) could fail to achieve the expected sales given the expenditure incurred. In this case, it could affect the Company's financial position, earnings, objectives and growth outlook.

In a context of broadly increasing development costs, the Company assesses the materiality of this net risk as 'high', based on the following analysis:

- the success of a game partly depends on exogenous circumstances over which the Company has no control (fad effect, popularity with gamers unpredictable, etc.); and

- although the Company believes it now has a large enough video game line-up (new releases from its own studios and a large back-catalogue[1] of old titles) to limit its reliance on a game that requires heavy investment, lower-than-expected success could have a substantial negative short-term impact on the Company: impact on revenue and profitability (especially in the first year, since digital revenue in future years could then partially or totally offset the initial investment).

3.1.3 Risks related to sourcing and production of accessories

In terms of accessories, the Group is 'fabless' (i.e. it does not have its own manufacturing plants) and does not operate any manufacturing facilities. The Company uses around 20 sub-contractors based in Asia for the manufacture, assembly and shipment of its products. In order to comply with Nacon's manufacturing and product quality criteria, the Company also appoints on a voluntary basis external inspection firms to perform regular audits of the manufacturing facilities it uses.

A geopolitical problem, a breakdown in contractual relations with one of those sub-contractors, or a sub-contractor's difficulties in meeting its contractual commitments, especially in terms of production, product quality, volumes, or delivery times could lead to stock outages, higher manufacturing costs or higher transport costs, thus having an adverse impact on the Company's business, development, earnings and financial position.

This risk materialised:

- during the Covid-19 health crisis, particularly in China in early 2020, when the Chinese production plants operated on go-slow for a month and a half before returning to normal in Spring 2020;
- in 2021, when the container ship stuck in the Suez canal paralysed global freight traffic for several weeks;
- in 2021 and 2022, when transport services were not readily available thus inflating costs, and there was a shortage of electronic components (e.g. semiconductors), which caused delays in production plants and an increase in their purchase costs; and
- in 2022, when war in Ukraine blocked the Silk Road and held up road supplies coming from Asia, forcing operators to use sea or air freight.

The Group is making efforts to preserve or further diversify its supply and transportation sources to limit this risk.

The weighting of the top five suppliers has evolved as follows over the years:

- 51% of the Group's total purchases and external charges in 2020/21.
- 43% of the Group's total purchases and external charges in 2021/22.
- 37% of the Group's total purchases and external charges in 2022/23.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the Company has carefully selected the partners to which it sub-contracts the manufacture and shipping of its products and has alternative options should one of them fail;
- the Company has a dedicated supplier relationship management team in Asia;

All of these measures contribute to containing the probability of occurrence to 'average', but in any event the Company has factored in the market environment, which remains pressured for all global supply channels in terms of electronic components and hardware.

The Company believes that the magnitude of such a risk would have an 'average' negative impact on

[1] Nacon definition: video games released in prior financial years.

its revenue, costs and profitability; it would only be affected in the short term because, even if all its current suppliers were to fail in turn, it would only take a few months to have its products manufactured by other Asian or non-Asian suppliers.

3.1.4 Risks related to inventories and their management

The Company mainly uses Bigben Interactive's 28,000 m² logistics platform at Lauwin-Planque for its business operations. Thanks to the operational and technical investments made by Bigben Interactive, its centralised organisation and experienced workforce, the Company can handle increasing business volumes while meeting the requirements of its distributor customers. Close monitoring of product sales enables the Company to calibrate its orders and hold only enough stocks to meet customer needs on a quarterly basis.

Although the Company believes that its inventory management system is adapted to its business activity, it remains dependent on Bigben Interactive's management of the logistics platform and is exposed to the risk of supplier execution failure, stock outages or transport company failure, as well as certain *force majeure* risks. Should a problem arise in Bigben Interactive's logistics platform management, or should the Company over- or under-estimate demand from a distributor customer, or should there be even a temporary breakdown in the supply chain, this could have a material adverse effect on the Company's reputation, business, earnings and financial position.

There is an agreement to charge back logistics services (warehousing, order preparation and shipment) provided by the Lauwin-Planque logistics warehouse, owned by Bigben, to the Company and its subsidiaries (see Section 7.3).

Apart from these inventory management risks related to physical games and gaming accessories, the Company is also faced with the risk of obsolescence of products held in inventory. This risk arises from a mismatch between volumes of products ordered from suppliers and volumes of orders received from customers. The life of a product, which is often short, forces the Company to monitor its inventories closely, including prior to a product launch.

The Company endeavours to optimise its inventory management according to seasonal business constraints and product sourcing times (just-in-time production and shipping, accurate continuously updated sales forecasts to facilitate 'reservations' of available stocks, etc.).

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the Company believes it has taken the requisite measures to understand customer needs and monitor inventory turnover closely, contributing to mitigating the probability of occurrence to 'average'; and
- furthermore, holding old unsaleable stocks that are not yet fully written down would have an 'average' negative impact on the Company's costs and profitability.

3.1.5 Seasonal variations in business during the year

Sales in the third quarter of the financial year (October to December) are responsible for the seasonal variations in business:

- in 2020/21, the third quarter represented 27% of Nacon's annual revenue;
- in 2021/22, the third quarter represented 33% of Nacon's annual revenue;
- in 2022/23, the third quarter represented 26% of Nacon's annual revenue.

This seasonal effect primarily affects Accessories, sales of which are highly correlated with sales of consoles, which occur mostly during the Christmas period. Video games are less exposed to this seasonal effect as the Company mainly develops AA video games, which are often released outside of the Christmas period monopolised by AAA game releases. This trend could be accentuated by digitalisation of the market and growth in the number of games downloaded throughout the year.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the probability of occurrence is considered to be 'average':
    - as regards video games, Nacon has an increasingly large back catalogue and a release schedule for new games spread across the year, which contributes to mitigating the seasonal effects outside of the Christmas period;
    - as regards accessories, premium accessories are aimed at experienced gamers with the financial resources to purchase them at any time of the year.
- as regards the magnitude of this risk: lower-than-expected end-of-year sales would have a negative impact on annual accessories revenue and this risk is considered to be 'average'.

3.1.6 Risks related to reliance on third-party technology

There have been many technological innovations in the video games sector during the past few years and the rate of innovation remains sustained.

The Group's development studios use various specialised software tools commonly used in the video game world, including several game engines. Although the Group does not consider itself to be reliant on a particular technology, its development teams may be unable to adapt sufficiently quickly to a new technology (in particular a new game engine). In this case, the Group's business, earnings and outlook could be significantly affected.

The Group considers that it has adopted a balanced policy as regards the use of development tools. Its studios either:

- use off-the-shelf software (single-use or per-project licences, with or without a time limit, with or without royalties payable on the basis of various indicators such as the number of copies of the game sold or the number of platforms used); or
- develop their own game engine.

The development studios also develop or buy middleware components that are bolted on to the game engine's upper layers (vegetation, particle effects, sound effects, etc.). With other non-material fixed costs such as middleware, licence fees paid represent less than 10% of the total development cost of a game and do not therefore impact on its profitability.

To anticipate technological innovations, the Company ensures that it has in-house expertise capable of adapting to successive upgrades of off-the-shelf software to maintain its ability to develop games for any platform.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the effectiveness of adaptation and training measures taken by the Company to understand changing game development technology helps to mitigate the probability of occurrence of this risk to 'low', but
- a sudden inability to adapt to game technologies making future developments outdated or obsolete could nonetheless have an 'average' negative impact on the Company over a three-year horizon (impact on revenue and profitability).

3.2 RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION

3.2.1 Currency risk

(See Note 33 to the consolidated financial statements in Section 19.2.8)

The proportion of revenue billed in currencies other than the euro (mainly USD) represented 37% of Nacon's total 2022/23 revenue and 42% of its total 2021/22 revenue. 48% of the Group's purchases in 2022/23 and 70% in 2021/22 were denominated in USD. The Group's debt is exclusively denominated in euros.

Currency risk is borne mainly by Nacon SA as it centralises supplies for its European subsidiaries via its Hong Kong subsidiary.

As part of its currency management policy, the Group typically uses FX TARN/accumulator contracts. FX TARNs/accumulators are complex structured derivatives through which the Group undertakes to buy or sell USD or CNH according to a schedule and at rates defined when the contract is signed. The use of TARNs/accumulators is a strategy that aims to accumulate USD or CNH at a better exchange rate than the available spot and forward rates in return for uncertainty about the total amount of USD or CNH that may be accumulated. In the event of a significant change in the EUR/USD or EUR/CNH exchange rate (upward or downward respectively depending on whether the Company is buying or selling USD or CNH), long or short exposure may increase leading to the recognition of foreign exchange losses on those instruments.

Their mark to market value was -€425 thousand at 31 March 2023. The unrealised losses on derivative instruments are booked to Contingency and Loss Provisions.

The consequence of an adverse exchange rate would be the recognition of a foreign exchange loss in financial expenses, which would affect the Company's profitability.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- sales in USD have increased due to the upturn in sales of US headsets following the acquisition of the RIG® brand from Plantronics Inc, which offset purchases in USD (improvement in natural hedging), thus reducing the probability of occurrence to 'average';
- the negative impact of this risk (impact on cash position and profitability) could be assessed as 'average' in light of the Company's earnings.

3.2.2 Risks related to acquisitions: risk of goodwill impairment

The Group has made several acquisitions of third-party companies in the past few years.

Goodwill is the difference between the acquisition price and the fair value of the identifiable assets acquired and liabilities assumed. It may be positive or negative.

The goodwill carried on Nacon's consolidated financial statements arises very largely from the acquisition of development studios since 2018.

In the consolidated financial statements, goodwill is not amortised in accordance with IFRS 3 "Business Combinations" and IAS 36 "Impairment of Assets". However, it is tested for impairment at the level of the cash generating unit to which it has been allocated (as goodwill alone does not generate an independent stream of cash) whenever there is an indication of impairment, i.e. a significant change in market conditions, a sharp deterioration in earnings or a deterioration in profitability, and at least once a year on the closing date. Any impairment losses are taken to the income statement. The sensitivity table in the notes to the annual consolidated financial statements (Section 19.2.8, Note 1) highlights the assumptions that could call into question the amounts of goodwill currently carried in the financial statements.

This risk appears to be low due to the fact that the Gaming market indications and the comparables analysis performed at the time of the acquisitions appear to show that the consideration paid for the development studios acquired was not overestimated. However, the fair value of goodwill is determined on the basis of a large number of forward-looking assumptions and judgement-based estimates, which may prove to be inaccurate and the risk of a future impairment loss cannot be completely eliminated in the long term.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the studio acquisitions were made recently in line with market prices and the video games market is growing, thus reducing the probability of occurrence to 'low';
- were the risk to occur, its negative impact (impact on the Company's non-recurring expenses, profitability and intangible assets) would be 'average' in light of its net earnings.

However, the Company will remain vigilant and may raise the risk level to 'high' should the outlook for the gaming market become less favourable.

3.2.3 Liquidity risk

(See Notes 10 and 34 to the consolidated financial statements in Section 19.2.8)

Liquidity risk is the risk that the Group will be unable to meet its cash needs through its available resources.

At 31 March 2023, the Group had available cash of €47.3 million and total net debt of €67.3 million (total gross debt of €114.9 million).

The financing terms (other than factoring) enjoyed by the Company depend on the lenders' perception of the Company's financial robustness.

Some loan agreements entered into by the Company contain covenants.

The covenants to be met by Nacon SA at 31 March 2023 were:[2]

Covenants	Target value	Status
Interest cover ratio (EBITDA/interest expense)	**> 6**	Met
Net leverage ratio (Net debt/EBITDA)	**< 2**	Met

The Group considers that it complied with the applicable covenants at 31 March 2023. Consequently, debt is positioned in line with its short-term and medium-term due dates in the consolidated financial statements.

The Company regularly evaluates its financing and liquidity needs based on its free cash flow and capital expenditure and working capital needs. It is in regular contact with its banking partners and negotiates appropriate financing facilities with them.

Given its cash surplus and its liquidity needs over one year, the Company assesses the materiality of this net risk as 'average', based on the following analysis:

- the probability of occurrence is assessed as 'low', as the Group considers that, at the URD's filing date, it had sufficient free cash flow to implement its strategy and meet its financial commitments;
- the negative impact of this risk (impact on cash position and profitability) could be assessed as "average" in light of its net earnings.

3.2.4 Risks related to acquisitions: financial risk

As part of its external growth policy, the Group could be exposed to the following financial risks:

- failure by the target companies to achieve their business plan;
- disclosure of unfavourable facts or events affecting the targets despite the due diligence performed prior to the acquisitions;
- dilution of existing shareholders if the acquisitions are made totally or partially by issuing new shares of the Company to the shareholders of the targets.

If one or more of these risks were to occur, it could have a material adverse impact on the Group's business, financial position, earnings, development and outlook.

[2] See introduction to Section 8 for a definition of EBITDA.

The Company assesses the materiality of this net risk as 'low', based on the following analysis:

- Nacon applies very strict selection criteria before validating an acquisition and its recent acquisition track record does not reveal any major financial problem, thus reducing the probability of occurrence to 'low';
- the negative impact of this risk in current market circumstances (impact on the Company's cash position and profitability) could be assessed as 'average' in light of its net earnings or percentage dilution.

3.3 MARKET RISK

3.3.1 Risk related to closed console systems

The latest generations of consoles introduced closed systems, which put a brake on the development of third-party controllers. Without specific agreement from the console manufacturers, the platforms block third-party controllers, which are not recognised by and do not work with the console. By contrast, minor accessories such as cables and other external peripherals are not blocked.

So far, negotiations of specific licences on a case-by-case basis with console manufacturers have enabled the Group to limit this risk:

- thus in 2015, the Group negotiated a specific licence with Sony for its PlayStation® 3, which led to significant tangible sales of dedicated products in financial year 2015/16;
- following the success of its controller for PC pro gamers and the quality of its Nacon® brand products, at the end of 2016 the Group entered into an agreement with Sony to develop and sell the Revolution Pro Controller under licence for PlayStation® 4 in the premium segment (see Section 5.1.2.2). This agreement was the foundation of its partnership with Sony, and other controllers and PlayStation® 4 licensed products followed, right up the very latest wired controller, Revolution Pro Controller 3 for PlayStation® 4 released in October 2019.
- more recently, Nacon signed a new agreement with Microsoft to develop a range of accessories for its new generation console.

However, the Company cannot guarantee that all future generations of consoles will have closed systems and does not have any information about whether or not the console manufacturers intend to open up their systems to third-party accessory developers.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- Nacon, which has leading-edge technology for its controllers, has an advantage over its competitors in terms of renegotiating partnership agreements. The risk of occurrence is therefore limited to 'average':
- the negative impact of this risk in current market circumstances (impact on the Company's cash position and profitability) could be assessed as 'average' in light of its net earnings.

3.3.2 Risks related to non-compliance with console and platform manufacturers' technical requirements

The Gaming market is dominated by a small number of operators: three console manufacturers (Sony, Microsoft, Nintendo) and Steam (PC). However, new entrants and new games platforms are emerging and changing the relationships of reliance between market operators (see Section 5.4.1.3).

The Company develops games for leading global console manufacturers Sony, Microsoft and Nintendo, as well as for various platforms (Steam, Epic, etc.). A rigorous process takes the proposed game through various key stages. First, the Publishing team submits the project to the console manufacturer or platform. The console manufacturer or platform, having approved the game concept, ensures that it complies with its specifications. The main risk for Nacon lies in any potential changes or additions required by the console manufacturer or platform, which could hold up production of the game or even delay its release, with a potential negative impact on the Company's earnings.

For accessories, under its partnerships with the console manufacturers (and in particular Sony and Microsoft), each accessory is subject to a rigorous testing process before obtaining the console manufacturer's approval to market the product, or in the case of Sony and Microsoft, to sell the product as officially licensed.

If the Company were unable to meet the technical constraints imposed by console or platform manufacturers, this would have a negative effect on its growth outlook, financial position, earnings and development.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- at the end of the development process, Nacon systematically calls on debugging companies that specialise in the pre-certification stages, complies scrupulously with the precise specifications drawn up by the console manufacturer and tests a number of accessory prototypes before submitting one to the console manufacturer. The risk of occurrence is therefore limited to 'average':
- the negative impact of this risk in current market circumstances (impact on the Company's cash position and profitability) could be assessed as 'average' in light of its net earnings.

3.3.3 Risks related to the competitive environment

The video game and console accessory markets are highly competitive and competition could become even more intense. The Gaming market is evolving rapidly and the Group is faced with competition from various operators. The success of the Company's games could be affected by the performance of rival publishers' games.

Furthermore, it is always possible that the Group's competitors will develop accessories with technological or artistic innovations that could influence the habits of gamers who, highly sensitive to the functionality of gaming accessories as well as game quality and content, could turn away from the Company's games and accessories.

The occurrence of one or more of these possibilities could reduce the Group's market share and have an adverse effect on its business, financial position, development, earnings and outlook. Heightened competition could also force the Group to increase its investment expenditure/development costs in order to market its own games or accessories.

The Company nonetheless believes that it can preserve and even gain market shares through various actions, including:

- keeping close to gamers (community managers, attendance at trade fairs and events dedicated to interactive leisure pursuits, etc.) in order to anticipate community trends and expectations;
- seeking to increase its product listing in the large retail chains, either directly in its countries of operation or through local distributors (accessories).

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- there are few operators in the gaming market and the probability of occurrence is therefore broadly 'low':
    - for Nacon Accessories, which are based on leading-edge, duly patented technologies, the probability of occurrence is assessed as 'low';
    - for Games: the AA market is made up of niches usually addressed by a single operator at a time, given the revenue potential. If a competitor were to develop a game with a similar theme to a Nacon game and market it before Nacon, this would reduce Nacon's revenue. This has happened in the past, though very rarely, and the probability of occurrence is therefore also assessed as 'low';

- however, were it to occur, this risk would have a 'high' negative impact (on the Company's revenue and profitability), as consumers would only buy one of the games that are similar.

3.3.4 Risk of additional costs generated by the release of new generation consoles

The release of 9th generation consoles (PS5, Xbox Series X, etc.) at the end of 2020 has generated additional costs but the Company believes they are manageable.

For games, as is the case each time a new generation of consoles is released, the Company has to upgrade its engines developed in-house (for example, the KT engine used for *WRC*). However, the Company should not have to bear any cost for using independent technology (for example, the Unreal engine, which represents a variable cost directly related to game sales).

On the other hand, the revenue generated by those games may be higher as they can be sold on two platforms at the same time (PS4 and PS5 for example).

The Company believes that the costs arising from this change are lower than the additional revenue obtained from game sales.

As regards accessories, the release of new consoles have only generated minor additional R&D costs (very similar to those incurred when new controllers are developed).

The Company assesses the materiality of this net risk as 'low', based on the following analysis:

- the probability of occurrence is assessed as 'average';
- the negative impact of this risk in current market circumstances (impact on the Company's cash position and profitability) could be assessed as 'low' in light of its net earnings.

3.4 RISKS RELATED TO THE COMPANY'S ORGANISATION

3.4.1 Risks related to attracting and retaining talent

If the Company were unable to retain its senior management team or other key personnel or to hire new talent, it could be unable to sustain its growth or achieve its commercial targets.

The video games market is highly competitive and good developers are scarce and highly sought after. Nacon's success is thus highly reliant on its people, its expertise and the involvement of certain key employees.

The skills required to create video games go beyond coding: they are very recent skills and are evolving rapidly in line with new technology. New types of jobs have emerged in the last ten years (e.g. game designer, sound designer, producer, etc.) making it all the more difficult to recruit people for these jobs as they are little known. Few schools in the world currently offer training in these jobs and not enough people are qualifying to meet demand in the market, with young graduates often preferring to join large, better known development studios at the expense of the smaller ones. To continue its growth, the Company will need to recruit new first-class employees with a strong degree of involvement. Nacon is faced with strong competition in France and abroad for hiring, retaining and offering career prospects to highly qualified technical people. Given this intense competition, the Company may be unable to attract or retain these key staff members on financially acceptable terms.

If Nacon is unable to attract and retain key personnel, this could prevent the Company from achieving its objectives and could therefore have a material adverse effect on its business, financial position, earnings and development prospects.

Furthermore, should key employees join a competitor, the Group could lose some of its know-how and the risk of losing customers would increase. Such circumstances could have an adverse effect on the Group's business, financial position, earnings and outlook. However, the Group considers that some tasks performed by key employees could be taken over by other employees after a period of training and transition.

Nacon therefore has an active human resources policy in terms of recruitment, training and retaining its best people and in terms of identifying new talent through the following initiatives:

- actively seeking experienced people through professional databases and networking;
- regularly taking on interns from the best schools and universities (engineers, video games, 3D, etc.);
- employee empowerment and autonomy;
- an attractive compensation policy, where necessary retaining key people through free shares awards with a continuing presence condition;
- pleasant, friendly workplace, personalised decoration by employees, numerous team building events to involve people in joint projects, meals, festive events, trips abroad to international trade fairs, scouting trips, etc.

Staff turnover in the Nacon Group was 14.8% at 31 March 2023 versus 13.0% at 31 March 2022.

See also the Non-Financial Statement (NFS) in Section 6.

The Company assesses the materiality of this net risk as 'high', based on the following analysis:

- the probability of occurrence is assessed as 'average';
- the negative impact of this risk in current market circumstances (impact on the Company's cash position and profitability) could be assessed as 'high' in light of its net earnings.

3.4.2 Risk related to acquisitions: integration of employees

Any external growth transaction involves employee integration risks. A dissatisfied employee could leave the company and take his or her know-how and experience to a competitor.

The risk is even greater for Nacon as the Group's workforce at 31 March 2023 was 32% made up of employees who were not with the Group at 31 March 2022. These employees are likely to have less attachment to the Group.

Nacon therefore has an innovative integration policy to avoid any shake-up that could potentially destabilise the workforce:

- the founding head of each studio continues to run it in the same way as before;
- each studio:
  - continues to be managed as an independent studio by the head office Publishing team;
  - retains its autonomy (financial and organisational);
  - becomes a creative force through Publishing Committee meetings, which bring together the studio heads and the managers and other members of the Publishing team;
- thus there is no change in the day-to-day working lives of studio employees (same job, same workplace, etc.), other than reporting of group data to Nacon by the financial team;
- employees of these studios, like those of the Group, receive free share awards to help retain them.

The Company assesses the materiality of this net risk as 'high', based on the following analysis:

- the probability of occurrence is assessed as 'average' due to:
  - strong retention policies for employees and key people (see Sections 14 "Remuneration" and 16 "Employees"), in particular through free share awards (contingent, as applicable, on a continuing service condition and/or the achievement of various performance conditions);
  - low staff turnover in studios during the year after their acquisition;
- however, if the events described in this Section were to occur, this could prevent the Company from achieving its objectives and could have a material adverse impact on its revenue and profitability ('high' impact).

3.4.3 Risks related to the influence of parent company Bigben Interactive and its shareholders over the Company

The Company is the result of a spin-off of Bigben Interactive Gaming division whose business is the development, publishing, marketing and distribution of physical and digital video games, and the design, development, manufacture and wholesale distribution of gaming accessories.

At the URD's filing date, Bigben Interactive held 65.12% of the Company's share capital and remains the majority shareholder. Although the Company has established a governance structure which it considers to be compliant with the Middlenext Code (see Section 15 of the URD) and the two companies (Bigben Interactive and Nacon) do not have any common executive officers (Chief Executive Officer and/or Chief Operating Officer),[3] Bigben Interactive could have a decisive influence over most of the Group's strategic decisions, particularly those requiring shareholder approval (election and removal of members of the Board of Directors, dividend distributions, amendments to the articles of association, and decision to commit to major transactions for the Group, including acquisitions in France and abroad and new share issues).

It should also be noted that Bigben Interactive's two main shareholders are the Bolloré Group (which owned 21.6% of the share capital at 31 March 2023) and Alain Falc (who directly and indirectly owned 14.1% of the share capital at 31 March 2023). They thus exercise significant influence over Bigben Interactive and therefore over Nacon, as they both sit on Nacon's Board of Directors (Alain Falc is also Chairman and Chief Executive Officer of Nacon).

However, the parent company Bigben Interactive’s ownership structure has historically been very stable and Alain Falc remains Chairman of the Board of Directors of Bigben Interactive, which suggests confidence in the management and strategy adopted by the Group, provided that they prove prudent, justifiable, appropriate to market opportunities and conditions and profitable.

Bigben Interactive also has a track record as a group that does not interfere in the management of its subsidiaries without good reason. Furthermore, the objectives of the Bigben Interactive group's intended general policy are to:

- optimise the potential of each of its entities while giving them maximum autonomy in day-to-day management;
- harness existing synergies and develop new ones.

The Company thus assesses the materiality of this net risk as 'average', based on the following analysis:

- the probability of occurrence is assessed as 'high' due to the fact that the main shareholders of Bigben Interactive feel involved in the Group's strategy and the Bolloré Group has two seats on Nacon's Board of Directors;
- the occurrence of the events described in this Section could only have a 'low' negative impact on the Company (failure to achieve objectives, impact on revenue and profitability).

3.5 REGULATORY AND LEGAL RISKS

3.5.1 Risks related to tax incentive schemes

Some of the Group's development studios benefit from the French tax credit on video games (*Crédit d’Impôt Jeu Vidéo français* – CIJV) or the equivalent in other countries. These tax credits are tax incentives allowing video game development companies to deduct a proportion of their development expenses for a game from their tax liability.

The schemes are described in more detail in Chapter 10 "Regulatory Environment".

[3] Alain Falc and Laurent Honoret stood down from their office as, respectively, Chief Executive Officer and Chief Operating Officer of Bigben Interactive on 4 March 2020. However, Alain Falc remains Chairman of the Board of Directors of Bigben Interactive.

These tax credits are a substantial source of funding for the Group's development studios. The Group's studios recorded tax credits totalling €3.2 million in the financial year ended 31 March 2023 compared with €2.5 at 31 March 2022 (prorated to the amount of time the studios were owned by the Group).

Although the Group's studios are used to applying to the tax authorities and obtaining approval, and despite the recent revaluation of the French CIJV, there is always a possibility that the tax authorities will change the method of determining eligible expenditures and thus the amount the studios will be able to claim. Likewise, although the scheme was extended in 2017, it is always possible that a change of legislation will reduce the future benefit of the CIJV or no longer enable the studios to claim it.

This would limit the financial resources of the Group's studios and game development costs would increase, which could force the studios to review the rate of release of their games and/or restrict the number of games they intend to develop.

The Group assesses the materiality of this net risk as 'average', based on the following analysis:

- governments have shown no inclination to decrease these tax incentives, which generate employment in the gaming market, thus reducing the probability of occurrence, at least in the short term, to 'low';
- the negative impact of this risk (impact on profitability) could be assessed as 'high' in light of its net earnings.

3.5.2 Risks related to legal and administrative proceedings

In the normal course of its business, the Company may be involved in legal, administrative, criminal or arbitration proceedings, particularly as regards competition and intellectual or industrial property. The most significant action pending that could have an impact on the Company is described in Section 19.8 of the URD. At 31 March 2023, litigation provisions totalled €3.2 million (see Note 14 to the 2022/23 consolidated financial statements in Section 19.2.8 of the URD).

It is always possible that in the future new proceedings, whether or not connected to ongoing ones, related to the risks identified by the Group or related to new risks could be taken against one of the Group's entities. If those proceedings were to have an adverse outcome for the Group, this could have a material negative impact on its business, financial position, earnings and outlook.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- it only has business relationships with partners recognised in the market as 'reliable' and its legal department takes great care when drafting contracts to ensure that the contractual provisions protect the company's interests as far as possible, thus reducing the probability of occurrence of this risk to 'average';
- but the occurrence of the events described in this Section could have a 'high' negative impact on the Company (failure to achieve objectives, impact on revenue and profitability).

3.5.3 Risks related to intellectual and industrial property and licensing agreements

As regards industrial property, the Group's logos and trademarks are registered in France and some in Europe and/or the rest of the world. The Company has extended the protection of its flagship brand Nacon and its other trademarks by registering the corresponding domain names. A specialist industrial property firm has been appointed to monitor the Company's trademarks.

Other than for its licensed games and accessories, for which Nacon negotiates separate licence agreements, and for the few games distributed or co-published, Nacon holds the full intellectual property rights to its trademarks and games. Patents, trademarks and models are owned by Nacon SA while accessories licences are held by Nacon (HK) Ltd.

The Company performs its own research and development and a part of its production. It has a design office in Hong Kong which is close to the manufacturing sites and can thus monitor the technological risk closely. Nacon has many patents protecting its products (see Section 5.5.3.1).

The Group's patents, trademarks, industrial secrets, know-how and other intellectual and industrial property are extremely important to its business operations (see Section 5.4 of this URD). Any infringement of these rights by third parties could have harmful consequences on its business and reputation. The Group relies on intellectual property law in various countries and on contractual agreements with its employees, customers, business partners and other parties to protect its rights in this area. Despite the precautions it takes, third parties may still infringe these rights. Furthermore, the Group cannot guarantee that the rights it has filed or registered, particularly its patents, effectively and comprehensively protect the products it sells. The Group may also be sued by third parties for infringement of their intellectual property rights. Any legal action against the Group relating to its intellectual property rights or those of third parties, regardless of the outcome, could lead to substantial costs and take up much of the management team's time at the expense of the Group's operational development, harm the Group's reputation and, therefore, affect its financial position.

Over the past few years, the Group has signed some major licensing agreements with Sony for the development of accessories for PlayStation® 3 and then PlayStation® 4. As described in risk 3.3.1. "Risk related to closed console systems", it should be pointed out that Nacon is reliant to a certain, albeit limited, degree on licences granted by Sony and agreements between the two partners, a notable example being the Revolution controllers. The agreements between Nacon and Sony are not exclusive. All developments and associated patents belong exclusively to Nacon. The decision to work primarily with Sony was taken in light of the market configuration and the opportunities offered by a partnership between the two companies. During 2020/21, Nacon signed a major new licence agreement with Microsoft for the design and distribution of official accessories for the Xbox® One and Xbox® Series X|S consoles (range of Revolution X and Pro Compact controllers as well as a special MG-X range for Cloud gaming) and PC. Again, all developments and associated patents belong exclusively to Nacon.

Nacon will always keep a close watch on market trends and adapt its strategy accordingly. Loss of these Sony and Microsoft contracts would have a significant impact in the short- and medium-term. However, the Company believes that it could obtain a new licence agreement or distribute to other platforms, as the Revolution controller technology belongs to Nacon and could therefore be proposed to other console manufacturers or digital distribution platforms if necessary. The Company cannot, however, guarantee that it would be able to sign a licence agreement with a company that offers the same revenue growth prospects as the agreements with Sony and Microsoft. Furthermore, it cannot guarantee that distribution through other platforms would give it the same visibility or generate the same revenue and profitability.

In the Publishing business, licence agreements are regularly entered into for acquiring rights to use video games matrices.

Lastly, Nacon may enter into exclusive distribution agreements with certain games publishers, such as Square Enix (*Final Fantasy*, *Tomb Raider*, etc.), for the distribution of the games they develop. Consequently, a part of the Group's business is reliant on the market release schedule of those publishers.

The Company considers that its reliance on business derived from licensing (whether for accessories or more broadly video games) remains relative and dispersed, as Nacon believes that it is still relatively independent in developing and marketing its products.

In some games, the Company creates imaginary worlds closely reflecting the real world, exposing it to the risk of copyright infringement allegations.

The Company has taken measures to review its games using protocols it believes appropriate for its industry in order to limit copyright infringement risks.

Secondly, the Company's games could be pirated, that is copied or downloaded illegally without payment.

Distribution platforms such as Steam (PC), Playstation Network (PS4, PS5), Xbox Live (Xbox® One, Xbox® Series X|S, etc.) and Epic require users to log in to benefit from the tools proposed, exchanges and discussions with other gamers through text or voice messages, trophy and avatar display, capture and sharing tools and social media connections. These log-in and ID requirements limit the risk of piracy.

Lastly, Nacon's games may be copied by other parties. Like any design company, Nacon is vulnerable to copyright infringement (graphic elements or original scenarios, for example). Nacon has taken measures to monitor the French and international market and may sue for copyright infringement or unfair competition to protect its rights and obtain cease and desist orders.

Lastly, a Company employee could copy a competitor's game idea, in which case the Company could be held liable for copyright infringement. An action against the Company for such infringement could have an adverse impact on its business, earnings, financial position and outlook.

The Company assesses the materiality of this net risk as 'average', based on the following analysis:

- it has a legal department specialising in intellectual property as well as in-house R&D teams; it calls on outside expert firms in the field which continuously monitor the market to make sure that the Group's products, trademarks and logos are not unlawfully copied and that they meet the specifications of the licensors, thus reducing the probability of occurrence to 'average';
- the occurrence of the events described in this Section could therefore only have an 'average' negative impact on the Company, bearing in mind that widescale copyright infringement would lead to an immediate fall in revenue which would instantly attract suspicion (failure to achieve objectives, impact on revenue and profitability).

3.6 NON-FINANCIAL RISKS

In accordance with Articles L. 225-102-1, R. 225-105 and R. 225-105.1 of the French Commercial Code, the Group has prepared a non-financial statement (NFS) in which it has reviewed its main non-financial risks based on an analysis of their existing materiality, their relevance and the severity of the issues involved in line with the analysis of financial risks (see Section 6 of this URD).

These risks were identified, assessed and approached using the same methodology used above for operational, legal and financial risks.

In accordance with recital 54 of the Prospectus Regulation, the only risk presented in the NFS considered to be specific to the issuer and material in terms of taking investment decisions within the meaning of the Prospectus Regulation (see AMF position-recommendation 2020-06) is described in Section 3.4.1. below (Human capital development: departure of talent, management of unsuitable skills and human resources).

Accordingly, the following risks described in the NFS in Section 6 have not been included in this section. Please see Section 6 and the sub-sections referred to for further explanations about these risks.

Low materiality non-financial risks

- Quality of life in the workplace: discrimination, deterioration of employee rights, working conditions, health and safety;
- Energy management: over-consumption;
- Resources and waste management: high waste production, wastage, failure to factor in the life cycle of resources and raw materials used;
- Environmental impacts: high greenhouse gas emissions;
- Management of suppliers and service providers: non-compliance with responsible purchasing policies.

3.7 INSURANCE AND RISK COVERAGE

The Group has insurance policies covering all the general risks inherent in its business operations. It has an 'all-risks' property damage policy including business interruption, insurance for its car fleet and third-party liability insurance covering bodily harm, physical damage and consequential loss. A Group Master Policy for business and product liability covers Nacon and its distribution subsidiaries, in addition to the local policies taken out by each entity. The likely risks have been objectively assessed and appropriately insured.

The Group does not have freight insurance other than for shipments of high unit value goods. However, it selects its freight partners carefully in order to limit the risks.

As regards directors' and officers' liability, Nacon's policy covers all of its subsidiaries whether French or foreign. The Group's main regular customers are major European retailers whose solvency is proven, and this limits credit risk for the Group. Other customers, including all export customers, are covered by credit insurance where the Group has exposure.

The Group considers that the nature of the risks covered by its insurance is in line with industry practices and that, to the Company's knowledge, there are no significant exclusions in its policies.

4. INFORMATION ABOUT THE COMPANY

4.1 CORPORATE NAME OF THE ISSUER

The Company’s corporate name is Nacon.

4.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company was originally a French *société par actions simplifiée* registered with the Lille Métropole Commercial Court on 18 July 2019. It became a French *société anonyme à conseil d'administration* by virtue of a resolution passed at the shareholders' meeting on 22 January 2020.

It is registered with the Lille Métropole trade and companies register under number 852 538 461.

Its legal entity identifier (LEI) is 969500A4R8HLXMZQDT80.

4.3 DATE AND TERM OF INCORPORATION

The Company is incorporated for a term of 99 years as of the date of registration, unless wound up early or extended by extraordinary resolution of the shareholders passed in accordance with the law and the Company's articles of association.

4.4 REGISTERED OFFICE, LEGAL FORM, LEGISLATION GOVERNING THE BUSINESS

The Company is a *société anonyme à conseil d'administration* governed by French law and in respect of its operating activities is mainly subject to articles L.225-1 *et seq*. of the French Commercial Code.

Its registered office is at 396/466, Rue de la Voyette, CRT 2, 59273 Fretin, France.

Its contact details are as follows:

Telephone: +33 (0)3 20 90 72 00
Address: 396/466 rue de la Voyette, CRT 2, 59273 Fretin, France

Website: www.nacongaming.com. The information on the website does not form part of this URD.

5. BUSINESS OVERVIEW

5.1 MAIN ACTIVITIES

5.1.1 General presentation

5.1.1.1 Background

While the Group was only created on 31 October 2019 through a spin-off of the Bigben Interactive group's Gaming division (see Section 5.3 for further information), it has a genuine track record of successfully operating as a division of the Bigben group. A short summary of Bigben's background is therefore useful to gain an understanding of how the Nacon Group has grown and developed.

For greater clarity, the name Nacon will be used to designate Bigben Interactive's former Gaming division except where duly stated otherwise in the historical sections.

Overview of Bigben

Bigben Interactive, based in Fretin-Lesquin, northern France, was created more than 40 years ago. It now has a workforce of over 1,300 employees. It was initially a distributor of electronic goods and audio products before diversifying into multimedia and video games.

In 1981, Alain Falc launched a business in the design, sub-contracted manufacturing and distribution of electronic goods. He very quickly anticipated technological advances in the booming video games market. At the end of 1990s, the group began to expand internationally with the acquisition of several distribution companies (United Kingdom, Benelux) and the creation of a subsidiary in Germany and a design office in Hong Kong. Expansion continued in 2013 and 2014 with the creation of subsidiaries in Spain and Italy. Thanks to this strategy, the group became a leading French player in the market for third-party console accessories (i.e. not made by console manufacturers) in the early 2000s, later becoming a European leader.[4]

Bigben Interactive was floated on the Paris stock exchange in October 1999 to raise funding for its international expansion.

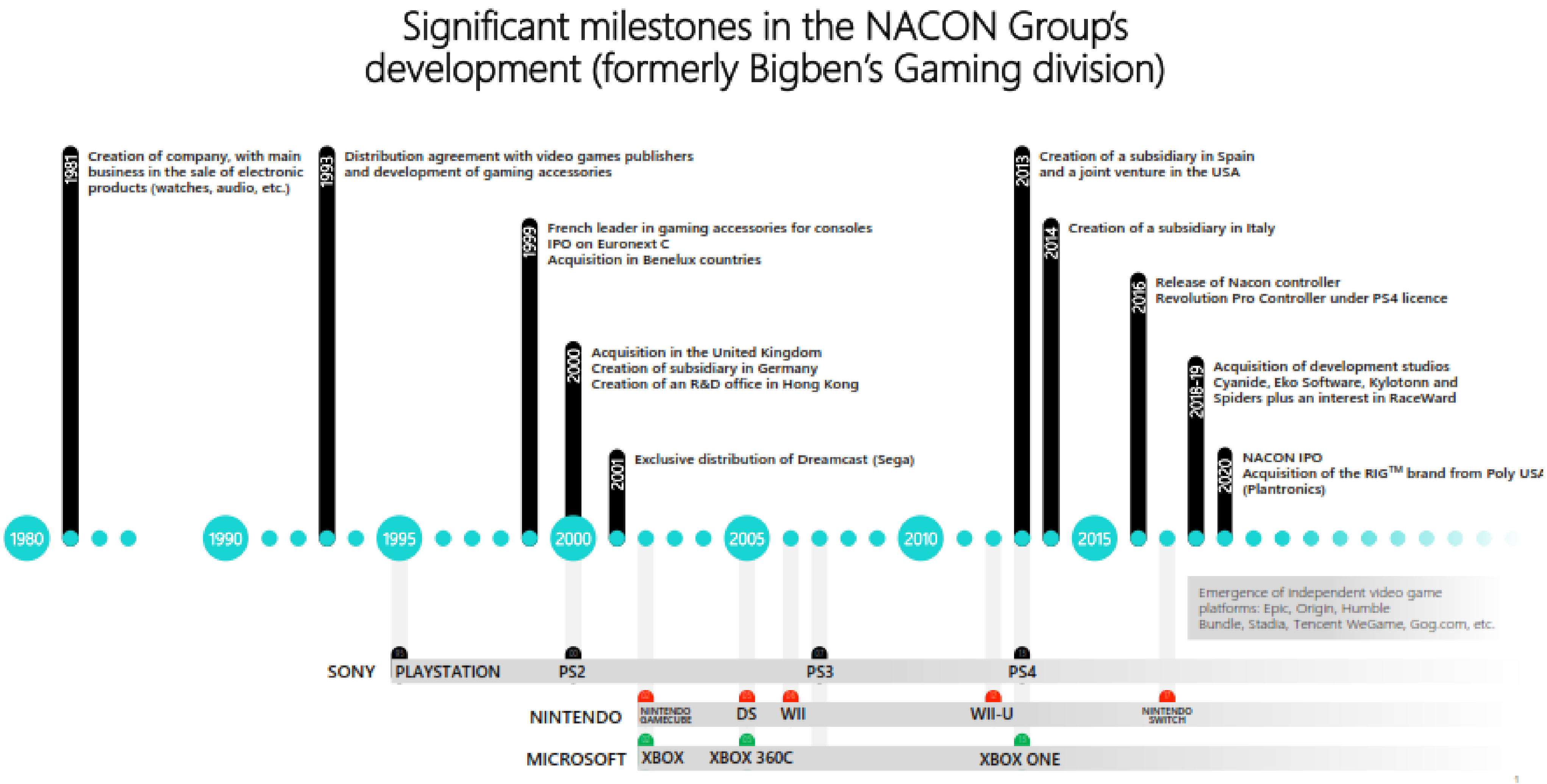
From the 2000s, Bigben Interactive continued its diversification strategy by adding video games distribution and publishing to its business activities, giving it a solid position with the big players in this market. In 2011, Bigben Interactive acquired Paris-based company ModeLabs, which specialised in smartphone accessories (covers, travel cases, etc.).

Significant events in the history of the Bigben Group's development

These major stages in the Bigben Group's development illustrate its ability to adapt to changes in its markets, and in particular the emergence of new technologies. Initially a medium-sized operator in its markets, its proactive approach, flexibility and vision have been key success factors in its growth strategy (see Section 5.4 "Strategy" of this URD).

[4] Source: Company

The diagram below shows the main events in the Nacon group's development:



Spin-off of business from Bigben to Nacon

Fact: a complex group structure

The Bigben group initially had three business segments: Gaming, Mobile and Audio. Although there were many synergies between them, this structure was not clear enough to investors in terms of financial communication. Bigben therefore decided to reorganise its business activities by spinning off its Gaming division comprising Accessories and Video Games to a new company called Nacon, the name of its main gaming accessory brand. The spin-off was finalised on 31 October 2019 after having been approved by Bigben Interactive shareholders.

Benefits of the spin-off

Clear synergies:

- same market for gaming accessories and video games;
- many synergies between Audio and Mobile as mobile operators also sell a lot of audio products.

Clarification of organisation structure and business for clearer financial communication and value creation.

The main objectives of the reorganisation were to:

- make the two sub-groups, Gaming (Nacon) and Audio/Telco (Bigben Interactive), autonomous;
- raise funds to step up their organic and external growth.

Two groups each with their own growth opportunities

The spin-off has enabled the two groups to develop under optimum conditions.

5.1.1.2 Group structure

The Nacon Group now addresses the gaming (video games) market as:

- a developer and publisher of video games; and
- a designer of gaming accessories.

The Video Games segment comprises:

- development of video games in the Group's development studios, which will work exclusively with Nacon; and
- publishing of video games developed either in-house (with the Group's own studios referred to above) or externally (by third-party developers).

The Accessories segment comprises:

- design and development of gaming accessories; and
- distribution of the accessories.

5.1.1.2.1 Video games development and publishing

5.1.1.2.1.1 Development

Introduction

The Group initially developed the video games Publishing business by outsourcing to external development studios but its approach changed in 2017 after its acquisition of interests in a number of studios in the past few years.

HISTORICAL OVERVIEW OF ACQUISITIONS

Description of the studios

Each of the Group's studios has its own expertise:

- *Cyanide - Acquired in June 2018*

Cyanide was founded in 2000 by experienced video game professionals. It is a major French studio, renowned for its ability to develop innovative games across many genres (strategy, narrative, shooter, management, sport, action and adventure), as well as for the quality of its productions. The studio is based in France (Paris and Bordeaux) and Canada (Montreal) and now has more than 170 developers.

Since it was founded, Cyanide has produced around 50 games, and has maintained a balance between creating new intellectual property (*Pro Cycling Manager*, *Styx*, *The Council*, etc.) and producing games under licence (*Game of Thrones*®, *Blood Bowl*®, *Tour de France*®, etc.). It games are playable on all market platforms (PC, Xbox One, PS4, PS5, Switch and smartphone) and use different technologies (Unity, Unreal and a proprietary technology).

- *Eko Software - Acquired in October 2018*

Founded in 1999 by Jules-Benjamin Lalisse among others, Eko Software is a well-known French studio that has developed around 30 games, including the acclaimed *How to Survive 1* and *2*, which between them have sold several million copies and have become a benchmark for Action/RPG[5] game enthusiasts. The studio is based in France (Paris) and has 40 developers.

Eko Software and Nacon had a successful working relationship for many years. For example, Eko Software produced *Rugby 18*, *Handball 16* and *Handball 17* and the highly popular *Warhammer: Chaosbane,* which won the "Best fun multi-player game" award from Jeuxvideo.com at the Gamescom 2019 trade fair.

- *Kylotonn (KT Racing) – Initial interest acquired in July 2017, wholly owned since October 2018*

Founded in 2002 in Paris, Kylotonn has developed more than 25 games and over the past few years has specialised in the racing segment, including the iconic *WRC*, *TT Isle of Man* and *V-Rally 4*, published by Nacon. The studio now has 160 developers in Paris and Lyon. It uses the proprietary multi-platform KT engine to develop its games for PS4, PS5, Xbox One, PC and Switch.

- *Spiders - Acquired in September 2019*

Spiders was founded in 2008 by former developers of *Monte Cristo*™ who worked together on the *Silverfall*™ game. It has specialised for several years in action and role-playing games, and has major expertise in home consoles. It has developed six multi-platform games, including the well-known *Mars: War Logs*™ set on planet Mars, *Bound by Flame*™, a mediaeval fantasy RPG[6] that has been a huge commercial hit, and *The Technomancer*™, a cyberpunk RPG.

The studio is based in Paris and now has more than 70 developers. It uses its own game engine called Silk Engine, which features all the latest functionalities and technologies, enabling it to design games for all platforms, both PC and console.

- *RaceWard – Interest acquired in September 2019, increased to 53% of the share capital in October 2020 and remainder of the share capital acquired in September 2021*

RaceWard is based in Milan and its developers are mainly 'veterans' from Italian group Milestone. It stands out for its expertise in and passion for racing games, particularly motorcycle racing.

RaceWard was founded just a few years ago and has more than 40 employees. It is growing rapidly and therefore expects to expand its team further.

- *Neopica - Acquired in October 2020*

Neopica, a Belgian studio, was founded in 2007 by Peter Vermeulen and Filip Hautekeete among others. It is a well-known studio that developed some 60 games, including a number of casual games designed to appeal to a wide audience, in particular children, before moving on to more complex simulation games.

Nacon and Neopica have already had a successful working relationship for several years, as it was Neopica that developed *Hunting Simulator 1 & 2* and then *FIA European Truck Racing Championship*.

Based in Ghent, Belgium, the studio is now developing its expertise in the new generation consoles PlayStation 5 and Xbox Series X|S.

- *Passtech Games* - Acquired in April 2021

Founded in 2012, Passtech Games built up its experience by developing several games (*Space Run, Space Run Galaxy, Masters of Anima*) on various platforms before specialising in rogue-like action games with *Curse of the Dead Gods®*.

This deal enabled Nacon to support the remarkable know-how of the development team specialising in the production of rogue-like action games. The acquisition of Passtech Games has strengthened Nacon's editorial positioning in the extremely buoyant market niches of games addressing the most committed gamers, both on PC and console.

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[5] Action/RPG: role playing game incorporating some aspects of an action game.
[6] Role-playing game.

- *Big Ant Studios - Acquired in May 2021*

Big Ant was founded in 2001 by Ross Symons, a veteran of the video games industry. It is one of the biggest and oldest independent video games developers in Australia. The studio has developed games for legendary franchises such as *Spyro the Dragon*, but is best known for its high-quality sports franchises such as the *Australian Football League (AFL)*, *Rugby League*, tennis and cricket.

With this strategic acquisition, Nacon aims to become the world leader in cricket, tennis and rugby games. For example, cricket is considered to be the second most popular sport in the world with 120 million players and 1.5 million enthusiasts. Big Ant Studios, a world leader in video games in this discipline, won a Metacritic score of 83 for its last opus *Don Bradman Cricket*.

- *creā-ture Studios - Acquired in July* 2021

creā-ture Studios' reputation is based on the extensive experience of its founder-managers, Marc-André Houde (20 years' experience in running and creating environments in groups such as Ubisoft, Square Enix and Warner), and Vincent Da Silva (almost 25 years' experience in programming and project management for companies such as Behaviour, Hibernum and Warner), and in particular their development of the game *Session*.

This deal gave Nacon an outstanding team of developers specialised in creating skateboarding games (*Session*), thus consolidating the Group's strategy of focusing on the buoyant niche segment of sports simulation games.

- *Ishtar Games - Acquired in October 2021*

The Ishtar Games acquisition announced last October gives Nacon the opportunity to create a dedicated Ishtar label to develop and market high-potential 'independent' games. The Ishtar team has proven expertise in this segment with their previous games, including *Dead in Bermuda*, *Dead in Vinland* and the recent critical and commercial hit *The Last Spell*, a tactical rogue-like RPG released in early access on Steam in June 2021 (91% positive opinions), sales of which had already reached over 150,000 copies at the time of the acquisition.

The studio's role within Nacon is to develop new gems through deep and innovative universes and gameplay, and to forge partnerships with various independent studios to develop and promote a large catalogue of games.

Ishtar Games now has more than 30 employees.

- *Midgar Studio - Acquired in February* 2022

Through the acquisition of Midgar Studio, Nacon is continuing its development strategy and adding new capabilities to its portfolio with a talented team specialising in J-RPG.[7]

Midgar Studio is based in the South of France and was founded by a team of enthusiastic developers. It provides experiences that stand out for the quality of their production, which focuses on technical and graphical excellence for a totally immersive gaming experience. With their passion for Japanese culture, and in particular J-RPG, the team was behind the game *Edge of Eternity*, which took its inspiration from the top licences in the genre. Hailed by both critics and gamers alike, it has been dubbed the "French *Final Fantasy*".

- *Daedalic Entertainment - Acquired in April* 2022

Daedalic Entertainment was founded in 2007 and is based in Hamburg. It has developed and published more than 90 games and is one of the largest and oldest independent companies in the German video games industry, with a talented team of 60 developers.

The studio has developed games for well-known franchises such as Ken Follett's *The Pillars of the Earth*, but is also reputed for its own titles, such as the *Deponia* series, *Shadow Tactics*, *Blackguards* and *The Whispered World*.

[7] J-RPG: Japanese role-playing game.

Daedalic Entertainment's Publishing division manages a diverse catalogue of games for PC and consoles. It is a well-reputed publisher of independent games thanks to its solo and multi-gamer titles such as *Witch It!*, *Unrailed!*, *Partisans 1941* and *Barotrauma*.

The studio is a global operator and its major markets are North America and China.

Apart from building on the collaboration which began with the publishing of one of the most eagerly-awaited games of 2022, *Lord of the Rings™: Gollum™*, this deal has enabled Nacon to acquire several key intellectual property rights and to benefit from Daedalic Entertainment's remarkable expertise in games publishing and development.

Thanks to this strategic acquisition, which is the Group's largest ever, Nacon has strengthened its leading position in AA games and harnessed synergies between the two complementary publishing houses to consolidate its position as a leading video game brand.

Nacon's Publishing division therefore has 16 development studios with a total of more than 800 developers, supported by a Publishing team of 80 people.

Benefits brought by the Development division

Upstream positioning in the value chain

Nacon's acquisition of several major video games development studios has added further expertise and strategic assets to its value chain, thus further strengthening the upstream activities in its Gaming business and creating value by offering the content so eagerly awaited in an ever evolving video games market (see Section 5.4 "Strategy and objectives").

5.1.1.2.1.2 Publishing

Video games publishers are often considered to be the intermediary between the development studio, the console manufacturers/digital distribution platforms and the market. The publisher is responsible for editorial policy, relationships with the console manufacturers, cost control, the marketing plan, selling the game and compliance with deadlines. The publisher's role is to take the studio's design and make a game tailored to the market, promoted, packaged, ready to be published and sold.

The process of creating and marketing a video game involving the Publishing function and expertise, whether developed in-house or outsourced, comprises several stages and requires cooperation between several different teams.

- **STAGE 1: Brainstorming**

A Publishing Committee, comprising the Head of Publishing and the main heads and key employees of the in-house studios, determines which games will be developed. These will then be included in Nacon's line-up based on the expertise of the in-house or trusted external studios. When the in-house studios do not have the expertise required to develop a game concept, the Group calls on external studios that have the right capabilities.

- **STAGE 2: Production Monitoring – Licensing**

Once the development project has been defined, the studios work very closely with the Publishing division's 'production monitoring' department throughout the production process. The Group has some 15 employees that monitor the production process and are in daily contact with their counterparts in the development studios. The production monitoring department comprises the following teams:

- Producers;
- Quality Assurance;
- Certification.

Nacon's licensing team is also involved at this stage, negotiating licences (e.g. players, brands, cars, etc.) to be used in the games. Nacon has acquired genuine expertise in this area over the last 20 years, which no other AA publisher can boast.[8]

Control over the game production chain

A rigorous production process

Nacon has developed a game production process with the studios it works with, comprising the following stages:

- PHASE 1 – Pre-design

This purpose of this initial stage is to determine the project's editorial positioning. It ends with the production of a 'high concept' that sets out the broad outlines of the project (creative intentions, artistic direction, content, functionalities, technological risks, budget, production lead time, etc.)

- PHASE 2 – Validation of the project

The high concept is then presented to the Publishing division, which may amend certain elements of the game concept.
Validation of the development project is followed by a kick-off meeting, whose purpose is to:

- determine the platforms on which the game will be sold;
- decide on the language versions;
- decide on whether to use licences;
- select the studio and Publishing division's production monitoring team to be assigned to the project;
- identify the software tools to be used for development;
- set the total budget, choice of sales supports, general time frame including main milestone dates to submit to the Publishing division's production monitoring department;
- approve the game concept.

- PHASE 3 – Design

Once these decisions have been made, the editorial department initiates the game design phase in association with the development studio. This stage gives rise to the production of the following deliverables:

- the first version of the Game Design Document, which contains the main characteristics of the game (technical architecture, story, design, animation, sound);
- the first version of the production specifications for all skill areas involved in producing the game (design, game world, animation, cutscene, sound, production, etc.);
- these deliverables are then submitted to the Publishing division's production monitoring team for approval.

- PHASE 4 – Pre-production

Once the design has been approved, the project enters the pre-production stage, which is essential for defining the game's technical constraints.
During the pre-production stage, a First Playable Prototype (FPP) is produced and delivered to the Publishing division's production monitoring team, comprising three key elements:

- 5 to 10 minutes of a 'playable' version of the game;
- basic characteristics of the game mechanics;
- final version of the document summarising the game's artistic direction, mechanics and technical architecture.

- PHASE 5 – Production

Once the FPP has been validated, production of the game begins, following a very rigorous process.
The production phase lasts between one and three years depending on the scale of the project and is cut into contractually agreed stages of four to six weeks. At the end of each stage, a 'section' of the game is delivered to the Publishing division's production monitoring team and is the trigger for a milestone payment to the studio. This phase comes under the responsibility of the producer, who plays the role of project leader and thus guarantees the best possible quality of the game on both an artistic level and as regards the game mechanics and gameplay, while complying strictly with the specifications and constraints:

- timetable management;

[8] See section 5.4.1.1.1.

- compliance with budget ;
- compliance with technical requirements.

In the studio, an Executive Producer manages the project development team on a day-to-day basis. The executive producer manages the various functions involved in the technical, artistic, design and animation departments to ensure that the project progresses on schedule and quickly address any problem that might lead to a delay in the timetable or a budget overrun.

The Quality department in the relevant studio validates the deliverable before submitting it to the Publishing division's production monitoring team and may ask the developers to make adjustments. After delivery to the Publishing division, the team then begins on the next deliverable, which includes any adjustments requested by the Publishing division.

The production phase of a video game comprises the following milestones:

- ALPHA: In the Alpha version, the game contains all the necessary data, the game mechanics and software components required for end-to-end testing of its functionalities.
- BETA: This final phase lasts one to three months and consists of eliminating any remaining bugs and then translating and localising the game for the markets determined in the Publishing division's marketing plan, in addition to English, which is the game's source language. This last stage is usually sub-contracted to translation agencies.

Test sessions by gamers external to the Company and the Publishing division's production monitoring team are organised at the end of the Beta stage in order to obtain initial feedback.

The pre-submission phase is the last step before the game's commercial release. It enables the Publishing division's production monitoring team to test the game on its own quality criteria, which can lead to final adjustments.

The presence and role of the Company's Quality team throughout the production process is one Nacon's key features, and is decisive in ensuring the quality of the many deliverables to the Publishing division's production monitoring team.

- **STAGE 3: Sales and marketing**

In parallel with the development stages, the Publishing division is involved in other important functions.

MARKETING:

The marketing teams must be kept informed of progress in the development of a game so that they can predict the likely release date and draw up a full marketing plan. Marketing of video games is predominantly digital-based and requires expertise that is very hard to find as it did not even exist a few years ago.

The Group has some 30 marketing specialists and this number is expected to increase. They include:

- product managers;
- digital team and community managers;
- submissions manager;
- press relations manager;
- artists/graphic designers;
- video designers/game trailer developers.

The publisher's role is to design the game release campaigns and create a buzz around the release of a title or each episode of a game, using online and offline marketing teams. For each game release, these teams are responsible for developing dedicated websites for each title, the game's graphic charter (visuals, packshots, etc.), teasers, press relations, media space buying and management of the community on social media. The publisher's involvement continues throughout the product's commercial lifetime, with responsibility for after-sales, updates, social media and future promotions. As an example, by creating a buzz ahead of *Warhammer: Chaosbane*'s release, Nacon generated a large volume of pre-orders.

SALES:

The sales teams become involved at the end of the production process. A game's success depends not only on its quality, which is often reflected in its Metacritric score and awards won from the specialist press or the gaming community, but also on the publisher's ability to distribute the product through all distribution channels worldwide.

Nacon's strengths in the retail market

For physical sales, which are mainly made through the large retail chains, the sales team must be able to oversee a production chain leading to timely physical delivery of the products in a global market.

Based on its past experience in the retail segment, particularly in video game production, distribution and promotion, Nacon believes it has the strengths required to continue growing its Publishing sales. The Group has an extensive distribution network. With its agile teams able to work in short cycles, Nacon believes it is capable of responding quickly to new market trends.

- *Opportunities offered by the boom in digital sales*

The Company believes that the explosive growth in digital sales of video games offers the Group attractive growth opportunities. Digital sales, which account for 82% of software sales for consoles and PCs in France (source: SELL, March 2023), imply immediate 24/7 availability for customers of all products published, included the oldest back catalogue titles, which are generally more available in physical retail stores.

Furthermore, the business model induced by digital distribution eliminates manufacturing and inventory costs while reducing the number of intermediaries, thus improving the publisher's margin. Nacon's sales team therefore focuses its efforts on increasing digital sales.

The publisher's capability in digital sales is a decisive factor in obtaining better visibility among a panoply of competing products. Nacon regularly organises commercial campaigns with Steam, Epic Store, PlayStation Store, Xbox Live and Nintendo eShop to promote its games in the online stores by offering flash price reductions on one or more titles. The Company believes that these campaigns drive sales of back catalogue titles over an increasingly long period.

Nacon's strength : a broad editorial positioning

As a result of its recent studio acquisitions, Nacon now has a very broad editorial positioning:

- Cyanide develops games in some of the major genres such as cycling simulations, turn-based games, narrative RPGs[9] (genre now reinforced with the acquisition of Midgar Studio) and action and stealth;
- Kylotonn Racing and RaceWard give Nacon a robust position in car and motorcycle racing games and their expertise and capacities have been strengthened by the acquisition of Neopica;
- Eko Software has increased its presence in popular genres such as Action/RPG,[10] 'Hack'n Slash'[11] and team sports, the latter also being one of the specialities of Big Ant Studios;
- creā-ture Studio is known worldwide for skateboard simulation games, with *Session*;
- Spiders and Passtech Games enable Nacon to cover the entire universe of RPG and action games; and
- Recent acquisitions Ishtar Games and, in particular, Daedalic Entertainment have given Nacon access to a vast universe of independent studios, thus further strengthening its array of video game genres.

Apart from the recent studio acquisitions summarised above, in March 2021, Nacon also announced that it was developing a new collection of games devoted to life simulations. Combined under the Life label, the first five games have been announced: *Train Life*, *Hotel Life*, *Chef Life*, *Surgeon Life* and *Architect Life*.

5.1.1.2.2 Accessories

The Gaming Accessories business gives the Group a unique knowledge of the market as a whole. During the design and manufacturing stage, Nacon takes into account the expectations of end consumers in terms of design (colour choice, the latest 'in' materials, etc.), ergonomics and environmental concerns, as well as the expectations of its distributors (packaging, etc.).

[9] RPG: role-playing game.
[10] Action/RPG: role playing game incorporating some aspects of an action game.
[11] Hack'n Slash: RPG involving battling against hordes of monsters.

Stages in the accessories process: from design to sale

- **STAGE 1: Brainstorming**

The process begins with a full study and analysis of market trends, supported by an active technological and competitive intelligence system. As the gamer's experience is the main focus of the accessories business, Nacon's development team makes a point of taking gamer feedback into account to develop new ever more innovative and high-performance products (resolving bugs in old products, performance improvements, choice of new components, integration of new technology, etc.).

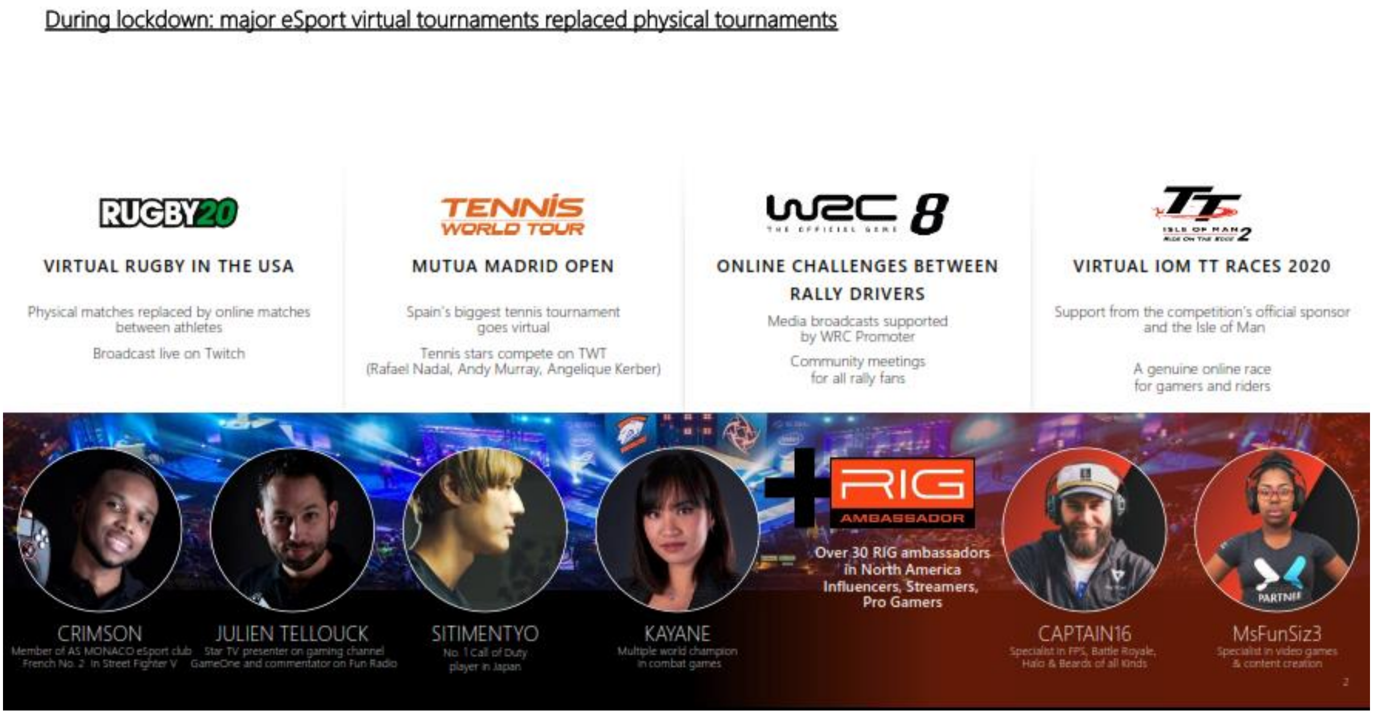
Booming trend in eSport

As explained in Section 5.2.3.2, eSport involves professional competitive gaming either via LAN party or via Internet on console or PC.

A business in its own right, eSport is a massive trend in the gaming market. Amateur players can watch games played by their favourite champions, study their form and the equipment they use in order to improve their own techniques by using the same accessories.

Nacon® accessories are capitalising on the explosive growth in eSport and the new trends in the gaming market. Nacon® accessories use leading-edge technology, which is now essential for players competing in global eSport events where the financial stakes are very high. Consequently, as explained below, Nacon draws on the contribution from expert gamers to develop its accessories.

In April/May 2020 during the Covid-19 lockdown period, eSport tournaments were organised based on games developed and published by Nacon to replace physical tournaments. Some of them, such as the TWT Mutua Madrid Open, were hugely successful and attracted the participation of many tennis stars. These events bear witness to the marketing synergies between the Games and Accessories businesses.



Genuine consideration of gamers' expectations

Throughout its development process, Nacon obtains advice and opinions from the pro gamer community in order to design products that meet their expectations. Experienced gamers have therefore been approached for advice or even to work directly with the development team. Gamer feedback is systematically reviewed and taken into consideration. It has thus become usual practice to work hand in hand with the community of gamers targeted by the Company's products.

Celebrities from the video games world have not only become ambassadors for the Group's products but also contribute to their development:

This active contribution from the pro gaming community has enabled Nacon to strengthen its expertise. For example, this was reflected in an average score of over 17/20[12] upon release of the Revolution Unlimited Pro Controller, the Nacon® brand's flagship product.

- **STAGE 2: Development**

Once the development project has been defined, the development teams work very closely together throughout the development process. The Group works with leading partners in Asia for its manufacturing needs. Nacon focuses on product research, design and production monitoring, as well as the related communication and marketing.

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[12] Source: Jeuxvideo.com article "*La Revolution Unlimited excelle*" with a score of 17/20, and Gameblog article "*La référence des pads PS4*".

The Gaming Accessories business comprises:

- the Lesquin head office responsible for pure R&D, feasibility studies, concept and design; and
- the Hong Kong development team responsible for selecting manufacturing partners and for quality assurance.

Concept and Design

The boom in digital and eSport in the gaming market has spawned a highly demanding community of gamers. Designing products that meet consumer demand involves building prototypes of new models, for which Nacon specialists at the Lesquin head office pay close attention to design, ergonomics and the choice of materials and components. Nacon also endeavours to provide good value for money.

Through continuous technological intelligence and daily monitoring of sales, Nacon can incorporate new technological options, user needs and the latest trends in design and ergonomics into its design process. Its accessories are designed to meet the expectations of global consumers by providing unique technical options for a truly immersive gaming experience. They also meet the needs of partners and distributors as regards packaging.

The head office teams design in-house the tooling required for mass production (injection moulds, cutting dies, etc.), in partnership with the Hong Kong team.

Leading-edge technology for high-quality accessories

In the past, gaming accessories were a mass market product. The commercial teams discussed prices and volumes with their customers rather than quality. The production philosophy was therefore to produce as much as possible at the lowest possible cost.

These days, mainly because of the boom in eSport, consumers look for quality first. In 2015/16, to meet the needs of this new community of eSport gamers looking for ever improving technology, Nacon was the first to begin raising its quality standards and investing more in R&D. By seeking to provide pro gamers with excellence and ultra-performance, Nacon positioned itself upstream in the value chain by integrating into its industrial development process specialities such as 3D design for analysing internal and external structures, applied electronics and algorithm design to optimise component performance.

The Nacon® brand also built its reputation on the leading-edge technologies used in the development of its accessories. Nacon® products therefore integrate a high concentration of R&D. The Group's R&D capability, which is strengthened by regular recruiting of new employees both in France and Hong Kong, has led to an increase in the number of registered patents (70 patents registered for the Revolution controller alone) and to an improvement in the technological functionality and quality of the products. Thanks to its investment in R&D, Nacon now believes it is now several years ahead of the competition.

Mass production

Nacon selects its partners on the basis of very strict criteria in terms of quality, control and industrial capacity. It works closely with them to continuously improve the manufacturing process.

The Hong Kong and Shenzen teams are thus responsible for:

- Selecting the manufacturing partners best able to understand a product's specific features and manufacture it according to Nacon's specifications under the best conditions, while preserving the confidentiality of the product throughout the development process.
- Product quality assurance: when a blockbuster project is mass produced for the first time, the development and quality engineers and the project leaders are present to make sure that all the production stages approved by them are followed and observed throughout the manufacturing process. The manufacturers are required to comply strictly with Nacon's specifications.
- Compliance with European and global regulations: Nacon's quality engineers make sure that the Group's products comply with European and global regulations. Production plant audits and quality control inspections are performed regularly to ensure that Nacon's products always meet the highest quality standards.

- **STAGE 3: Sales and marketing**

In parallel with the development stages, other functions also play an essential role.

MARKETING:

The Group's Publishing and Gaming Accessories divisions share their communication and marketing costs.

Marketing has also evolved with the advent of social media and has to keep as close as possible to the gaming community. Gamers are fed a continuous flow of information through all available physical and digital communication channels. The Nacon® website regularly informs its newsletter subscribers about its new developments.

The Marketing department plays an essential role in Nacon product launches: Designing communications and marketing campaigns to create a pre-launch product buzz; All communication phases, creating packaging, visuals, packshots and video teasers; Media space buying and developing dedicated web pages; Managing press relations and interfacing with the gaming community via social media.

Nacon also invests in global eSport competitions. It has become one of the major sponsors of ESL competitions and intends to continue these partnerships, which are a valuable means of promoting its products by showcasing their technical excellence and their intensive use during competitive gaming.

SALES:

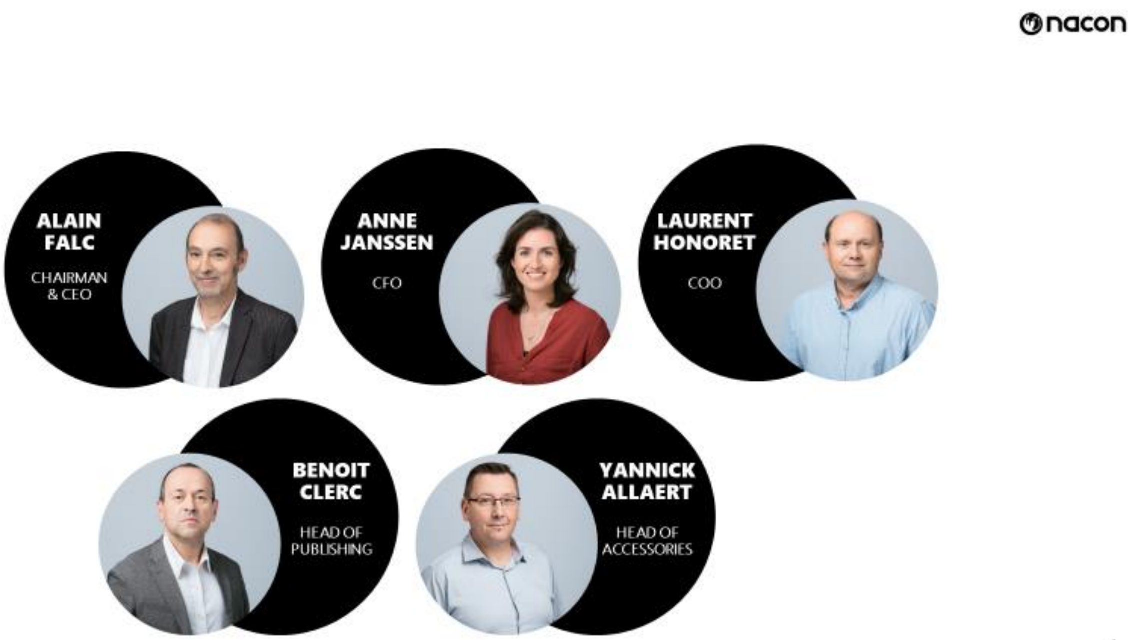
An accessory's success depends not only on its technical performance, which is often featured in the specialist press or the gaming community, but also on the publisher's ability to distribute the product through all distribution channels worldwide. The sales team must be able to oversee a product chain leading to timely physical delivery of the products in a global market.

Nacon has more than 30 years' experience in the accessories market for third-party consoles (i.e. not made by console manufacturers) and has been a leading European player for 20 years. It has an extensive distribution network comprising subsidiaries in all the main European countries and exclusive distributors worldwide. With its agile, responsive teams able to work in short cycles, Nacon can distribute its products rapidly across domestic, European and global markets.

5.1.1.3 Presentation of the Management Committee

5.1.1.3.1 Management Committee

The Group Management Committee is as follows:



5.1.1.3.2 A highly-experienced top management team

A highly-experienced Management Committee:

Alain Falc, Chairman and Chief Executive Officer

Alain Falc, an engineering graduate (ISEN 1981), founded Bigben Interactive in 1981 when he finished his studies and rapidly acquired industrial and commercial know-how in watches and other promotional electronic products. In 1993, he moved into the budding video games sector. By 1999, when it was floated on the stock exchange, Bigben Interactive was one of the leading designers and manufacturers of accessories for third-party video games consoles (i.e. not made by the console manufacturers) in France. After its IPO, Bigben Interactive continued to expand internationally, with operations in Benelux, the United Kingdom, Germany, Hong Kong, Spain and Italy. Having gradually built up the video games publishing business over the following decade, in 2011 Alain Falc acquired the smartphone accessories design and distribution business of ModeLabs, the French leader in smartphone accessories, which became Bigben Connected in May 2013. He then took the Bigben Group in another strategic direction in 2018-2019 through the acquisition of interests in five development studios. In 2019, he successfully engineered the creation of Nacon, the Bigben Group's integrated Gaming division.

Laurent Honoret, Chief Operating Officer

Laurent Honoret obtained a Master's degree in international trade from ISEG Lille in 1993 and began his career in town planning and European lobbying with local authorities and SMEs. In 1996 he moved into the multimedia sector and held sales and marketing positions (sector head, major account manager) with Virgin Interactive and then the Hachette Filipacchi Group. He joined Bigben Interactive at the end of 2000 as Major Accounts manager and became head of Sales and Marketing France in 2005 and then head of Group Sales and Marketing in 2008. He was Chief Operating Officer of Bigben Interactive until January 2020.

Benoît Clerc, Head of Publishing

Benoît Clerc has 30 years' experience in the games industry and has been head of Bigben Interactive's Publishing division for 13 years. He was involved in creating and developing the Publishing division, which has grown rapidly over the last few years, making Bigben one of the world leaders in the mid-publishing segment. Before becoming a publisher, he held positions as writer, chief editor and developer. He was also the founder and President of Game IN, the regional professional association, marketing and business lecturer at Rubika/SupInfoGame, director of SNJV, member of the Pictanovo jury and the CNC's AFJV commission, and Vice-President of the Lille French Tech responsible for exports. He holds a Master's degree from EDHEC and is a graduate of Stanford University's Innovation and Entrepreneurship programme.

Yannick Allaert, Head of Accessories

Yannick Allaert joined Bigben Interactive 35 years ago and has moved up through the ranks to become a member of the Management Committee. Throughout his career he has acquired many skills and held various positions in logistics, transport, inventory management, product development, marketing and communication, purchasing and international trade. He was thus responsible for opening up new markets and setting up the Group's Accessories division. At the beginning of the decade, in addition to his position as Head of Accessories, he became Chief Executive Officer of the Hong Kong subsidiary and now manages teams based in France, the UK, Hong Kong and China. Recognised as a genuine expert in the gaming accessories market, he is responsible for the partnership between Sony and Nacon.

Anne Badot Janssen, Chief Financial Officer

Anne Badot Janssen obtained a Master's degree in accounting and auditing from IAE Valenciennes in 2001 and began her career in financial control with Verreries de Masnières, a manufacturer of perfume and cosmetics bottles. She joined the Bigben Interactive group in 2007 as financial controller and then took over responsibility for consolidation of the Bigben Interactive Group's financial statements. She was one of the key contributors to the carve-out of the Gaming business in 2019, when it was spun off to the new entity Nacon, of which she then became Chief Financial Officer.

5.1.2 Presentation of the product offering

5.1.2.1 Video games

5.1.2.1.1 An extensive line-up

One of the largest global line-ups of AA video games

Nacon currently has a line-up of more than 250 video games for console and PC. Its aim is to make its games as realistic as possible. It does this through a licensing strategy, signing over 200 licensing agreements a year to use the licensor's brands, models or avatars in its games.[13]

The 2022/23 line-up can be divided into four strategic ranges – Racing, Sport, Simulation and Adventure.

A balanced line-up

As explained in Section 5.3 "Strategy and objectives", Nacon is a publisher and developer of AA games for console and PC. This market segment encompasses all games with sales volumes of between 200,000 and 3 million copies, which distinguishes it from the AAA segment, where budgets can be anywhere between €1 and 20 million. Confronted with the industry majors and AAA blockbusters released each year, Nacon knows how to differentiate its products and focuses on a few neglected and therefore less competitive niches.

Supported by its studios, each one of which is an expert in its field, Nacon proposes unique, high-quality, compelling projects that meet a specific demand from savvy, demanding gamers. Nacon's objective is thus to provide the market with a different product offering that will appeal to a population considered to be niche by the industry majors, but which in reality encompasses several million gamers, thus ensuring the profitability of its games.

Creativity, expertise and differentiation are the watchwords for all of Nacon's development projects.

Its video games fall into five key categories:

- Racing;
- Sports;
- Adventure;
- Simulation;
- Kids.

Racing is a popular genre in the video game market and has a significant place in Nacon's catalogue. KT Racing (trading name of Kylotonn, Nacon's in-house studio), an expert in developing racing games, offers a rallycross simulation game now considered to be a benchmark in its segment. Nacon and KT Racing's expertise also

[13] See Sections 5.4.1.1.3 and 5.1.1.2.1.2.

extends to motorcycle racing with the *TT Isle of Man*, the official game for this most prestigious of races.

Nacon's racing catalogue has also been enhanced with some innovative new products such as *FIA Truck Racing Championship* and *Overpass* (offroad racing game), both supported by official licences. These two simulation games are realistic enough to satisfy the most demanding of racing fans and offer them new thrills.

SPORTS

Popular across all age groups, **sports games** are an essential item in a video games library. Some sports are not really addressed by the industry majors and Nacon has been able to appropriate several disciplines for its games. Examples are rugby, cycling and tennis games developed by Nacon studios, which have recognised expertise in those sports. They meet the expectations of millions of amateur sportsmen and women who were eagerly awaiting a video game of their favourite sport. The recent acquisition of Big Ant Studios, a major Australian studio specialising in cricket simulation games, is also an illustration of this strategy, with the aim of capturing the 120 million cricket players worldwide.

Nacon innovates and offers new experiences in a universe limited only by imagination through its **simulation games**. By combining unique gameplay[14] mechanics and realistic content (universe and licences), Nacon aims to provide an original experience that goes beyond what is typically available in the market. It has strengthened its editorial position in this segment with the creation of a new collection of games devoted to life simulations. Two games were released in 2022 under the Life label: *Train Life* and *Chef Life*.

SIMULATION

ADVENTURE

The last major genre offered by Nacon is **Action/adventure**, an extremely popular genre. It is the most competitive segment of the market and the Company therefore endeavours to develop innovative, original content. Nacon is able to obtain major licences for games that already have a strong following whilst at the same time proposing new concepts that will appeal to the community: the *Warhammer* universe and *Werewolf* to name but two.

More recently, Nacon unveiled a new category of titles for **children**. Nacon believes that, apart from console manufacturer Nintendo, this segment is poorly addressed and that, given its track record in casual games for the entire family, this is a buoyant segment. During 2022/23, Nacon released two titles for children: *Zorro The Chronicles* and *My Fantastic Ranch*.

KIDS

5.1.2.1.2 Ramp up of games published by Nacon

Capitalising on game series

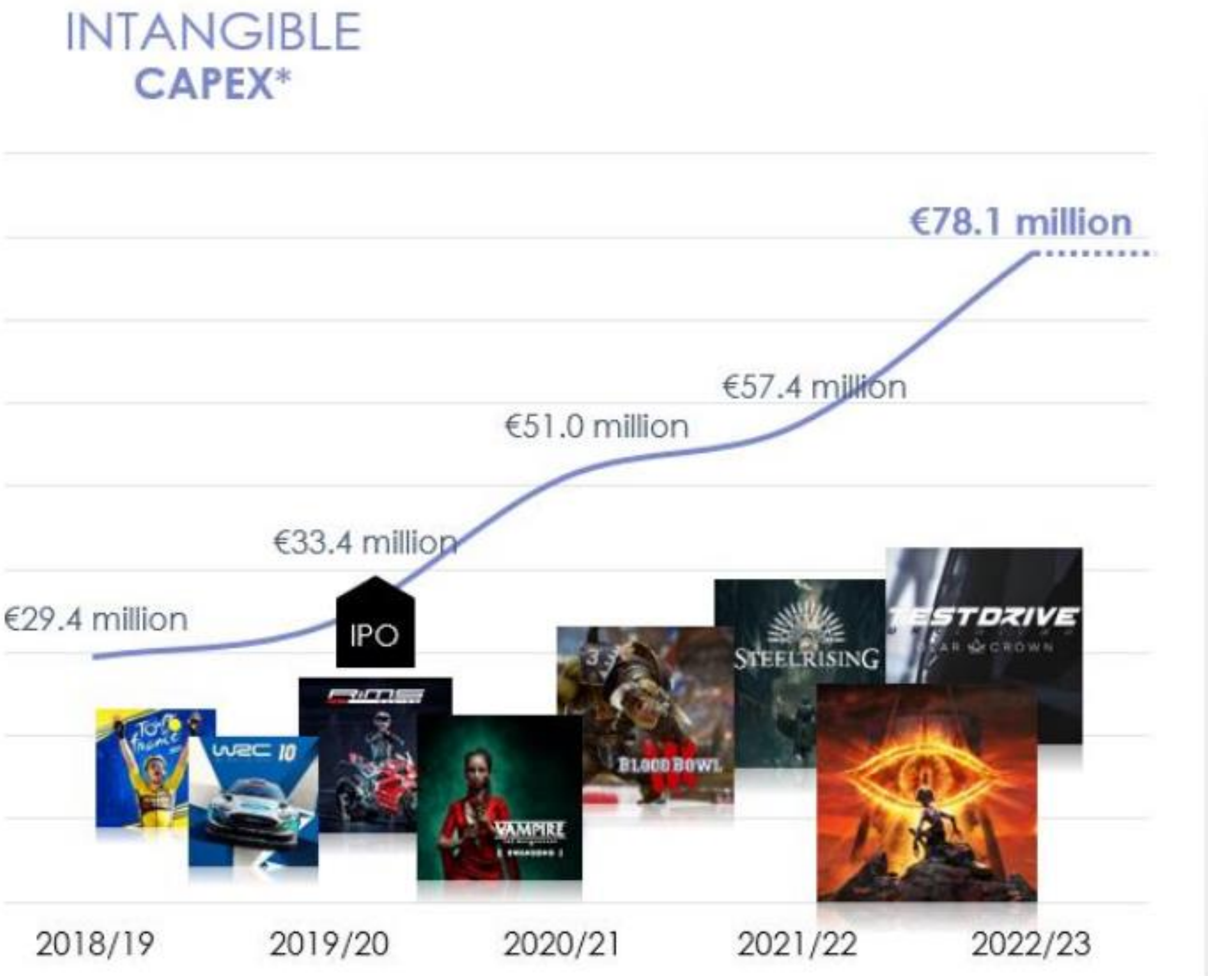
The Group also intends to capitalise on its development investments by creating game series or sequels. The Company believes that the experience acquired through years of R&D (and millions of investment) not only enables it to improve the technical aspect of its games and its critic scores (Metacritic[15], etc.) but is also a genuine barrier to entry for competitors who would be obliged to invest heavily and accumulate several years of development experience to achieve a similar technical and quality level.

Nacon's objective is now to maintain satisfactory scores consistent with the investment budgets for its games.

Inevitably higher investment budgets:

Given the various acquisitions made in the past few years and its ever-broader line-up of titles, Nacon's annual investment in intangible assets is growing significantly. The following chart shows the upward curve in annual development costs for its games.

[14] Gameplay is a term used in the video game world meaning how the game is played, including the rules, the plot, the objectives and how to conquer them, as well as a player's overall experience.
[15] Metacritic's Metascore is the gaming industry benchmark and equates to the average of all scores given by the main global gaming media. Each game on each platform (PC, PS4, XboxOne, etc.) obtains a Metascore if the product has been rated by at least six media.

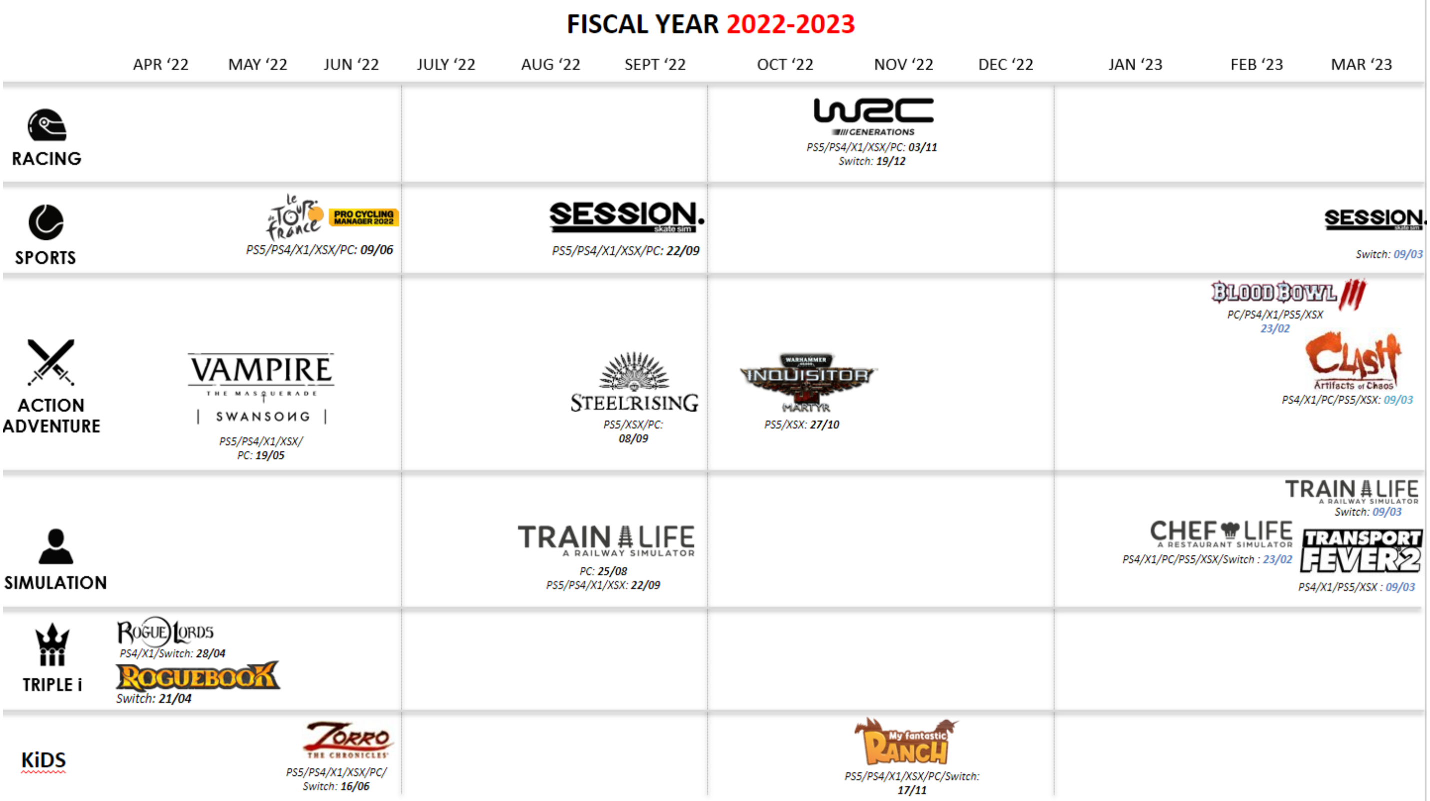


* Excluding right of use assets recognised in accordance with IFRS 16
** Excluding Daedalic

5.1.2.1.3 Games released in the last financial year

Building a profitable line-up

The officially announced release line-up in 2022/23 was as follows:



The Company's line-up includes high potential and therefore high budget games (over €10 million) as well as lower cost games with an easily reachable profitability threshold.

5.1.2.2 Gaming accessories

Nacon believes that it is one of the leading European players in third-party gaming accessories (i.e. not made by console manufacturers), notably with products such as controllers for home consoles, headsets (enabling gamers to communicate during online play) and many other products. Its accessories are mainly designed for the major console manufacturers (Sony, Microsoft and Nintendo).

<u>Accessories for handheld consoles</u>

Nacon historically manufactured accessories for Nintendo users (Wii, DS, DSi XL, 3DS, Wii U). There was strong demand at this stage for its range of products developed especially for Nintendo consoles. Following the success in 2017 of the latest generation console Nintendo Switch™, Nacon was able to use its historical know-how to market a broad range of dedicated accessories, which have been highly successful.

<u>Accessories for home consoles and PCs</u>

The Group now also makes accessories for Sony and Microsoft platforms and its product range covers all functionalities in those environments.

The accessories market is driven by the massive popularity of video games and the large number of consoles and platforms in use. However, in the past, the closed systems of the latest generations of Sony's PlayStation® 4 and Microsoft's Xbox One released in 2014 had put a brake on the independent accessory manufacturers like Nacon.

In 2015, therefore, the Group negotiated a specific licence directly with Sony for its PlayStation 3 consoles, which led to significant sales of accessories manufactured under Sony PlayStation™ licence in financial year 2015/16.

<u>Birth of the Nacon® brand</u>

To counter the threat of reliance on the console manufacturers, Bigben Interactive's Gaming Accessories division developed a premium brand called Nacon® for PC gamers. This brand very quickly attracted its followers and acquired a strong reputation. Nacon created the first controller designed especially for pro gamers. It was named "world's best PC controller" by the specialist press for its quality and personalisation options.

nacon

<u>Blue-chip partnerships, first with Sony and now Microsoft</u>

Premium segment:

Based on the success of this PC pro gaming controller and the quality of the Group's Nacon® brand products, Sony approached Nacon at the end of 2016 to develop an eSport controller for the PS4 console using its expertise in pro gamers' requirements. The first licensed PlayStation® 4 Revolution Pro Controller was developed and sold by Nacon and was instantly successful. Since then, several million units of each Revolution Pro Controller version have been sold, including:

- Revolution Pro 2 controller for PlayStation® 4
- Revolution Unlimited Pro Controller, the Nacon® brand's flagship product
- Revolution Pro 3 wired controller for PlayStation® 4

Entry level segment:

Other than its premium products, Nacon addresses the entire market through other products, including Nacon Compact controller, Asymmetric Wireless controller and other products for use by video game fans (Arcade Stick, cases, etc.) under PlayStation® 4 licence.

Nacon® brand

Pro controllers

Since their launch, combined sales of the entry level Compact and Asymmetric Wireless controllers have reached several million and they continue to be one of the Group's bestsellers, especially now that worldwide sales of PlayStation® 4 consoles have exceeded 120 million.

The fact that one of the major names in video games, Sony, has chosen to work with Nacon is a guarantee of quality. Moreover, this partnership goes beyond a classic partnership as Nacon staff work directly with Sony's technical, design and marketing teams to make sure they comply with Sony's specifications. Nacon has thus become one of Sony's main European and global partners. Nacon does not distribute Sony products but develops products under Sony licence.

By making a point of providing high quality, safe products and given this partnership with Sony, Nacon® has established itself as one of the leading brands in console accessories.

Second major partnership agreement, this time with Microsoft

Now a world recognised expert in video games accessories, Bigben Interactive wishes to broaden its network of partners. In July 2020, its subsidiary Nacon unveiled the signing of a major new partnership agreement with Microsoft at the company's first online press conference 'Nacon Contact'.

Thus, Nacon can now offer several categories of officially licensed accessories, including controllers and headsets for Xbox One and Xbox Series X|S products. This new partnership should accelerate growth of the Group's international Accessories business.

Pro controller and MG-X controller for the Xbox range

<u>The new RIG™ headset range</u>

Following its acquisition of the gaming headset business and RIG™ brand from Plantronics Inc. (ex Poly) in early 2020, Nacon has developed a new range of headsets.

Like Nacon® controllers, the RIG™ range aims to provide all gamers with the best headsets in their segment:

RIG™

headset range

RIG™ headsets are an industry standard in the audio market for console and PC gamers. Capitalising on the expertise of Plantronics Inc. (ex Poly), a pioneer and expert in telecommunications, the RIG teams support industry growth by making their technology available to gamers. Appreciated by many gamers worldwide for their innovative properties, their unfailing sound quality and comfort level, RIG products are fully adapted to the most competitive gamers. In this respect, the teams in charge of RIG™ headsets work with many pro gamers, influencers and international eSports organisers.

With a range comprising official Sony and Microsoft Xbox licensed models, RIG™ headsets also feature among the console manufacturers' special partnerships.

Sales of RIG™ headsets began in early 2020/21 in the USA and Australia, bearing in mind that the acquisition was completed on 20 March 2020, strengthening and rounding out the Group's range of accessories.

The integration was highly successful, propelling the Group into the Top Three in gaming headset sales in the USA as of the first year.

Release of two new PlayStation® 5 licensed RIG products in early 2023:

The enrichment of the Playstation® 5 RIG range gives gamers new options for streaming and gaming in optimum conditions.

RIG M100 HS microphones

RIG microphones are designed for gamers wishing to stream. They provide accurate voice transmission and a rich, clear sound. Their USB plug-and-play connection offers immediate recording and replay. The microphone has a built-in 16bit/48kHz digital-to-analogue converter that can handle multiple connections.

RIG 200 HS gaming earbuds

RIG earbuds are easy to carry, discreet and lightweight. They are ideal for gamers looking for an alternative to gaming headsets. Gamers can still enjoy complete immersion thanks to the clear treble and deep bass of the 9mm drivers.

5.2 MAIN MARKETS

The section below contains information about the Company's markets.

5.2.1 Video games, a major entertainment market

Gaming has gradually become the largest market in the entertainment world, alongside the historical TV, cinema and music markets.

The gaming market in which Nacon operates is now considered to be the second largest market after television in the entertainment economy in terms of value, with aggregate revenue of $203.1 billion in 2022 (source: AFJV and Newzoo). The video games market has therefore overtaken cinema and music combined (source IDC and Newzoo).

The digital transition has had a massive impact on all sectors of the entertainment market, such as the explosion in streaming that has radically shaken up the music and video markets in the past few years, leading to the emergence of new leaders like Spotify, Apple Music and Deezer in music, and Netflix, Amazon and HBO in video.

The gaming market is already changing, with rapid digitalisation of video game sales, mainly through the emergence of digital distribution platforms (such as Steam and Epic Games Store in PC Gaming and Sony's PlayStation Store and Microsoft's Xbox Live in consoles) and multi-player online gaming on PC and console. Change is expected to gather pace with the current roll-out of 5G, which will make widescale cloud gaming possible in the near future.

Within that market, the Nacon's Group's sales profile by product category is as follows:

Breakdown of sales by product category:

In thousands of euros	12-month total			Contribution		
	2022/23	2021/22	2020/21	2022/23	2021/22	2020/21
Revenue	**155,977**	**155,912**	**177,834**	**100%**	**100%**	**100%**
of which Accessories	61,208	103,119	52,596	39%	58%	41%
Physical, games	18,313	18,407	21,825	12%	10%	17%
Digital, games	72,207	50,633	48,940	46%	28%	38%
Other	4,248	5,676	6,067	3%	3%	5%

The Covid-19 pandemic and in particular the lockdowns imposed across the world (Asia followed by Europe and then the USA) led consumers to switch massively to online and digital purchasing. This was particularly the case for games publishers, who sold more and more products on digital platforms (Steam, PlayStation Store, Xbox Live, etc.).

There was a resurgence in console sales following the November 2020 release of the new generation PlayStation 5 and Xbox Series X|S, with significant growth in sales recorded in November and December 2020.

During 2022, several factors had a negative impact on the market:

- a global shortage of semi-conductors leading to unavailability of the current generation Playstation 5 and Xbox Series X|S consoles.
- inflationary and macroeconomic environment largely unfavourable to consumer spending.

PC and console revenues totalled $92.3 billion in 2022, a 2.2% fall year-on-year. Between 2015 and 2022, the PC and console market rose by an average of 5.8% a year.

According to Newzoo, 2022 was a year of correction after two years of lockdown but the long-term outlook for the gaming market remains positive. Strong growth is expected across the entire PC and console market, driven mainly by games for consoles.

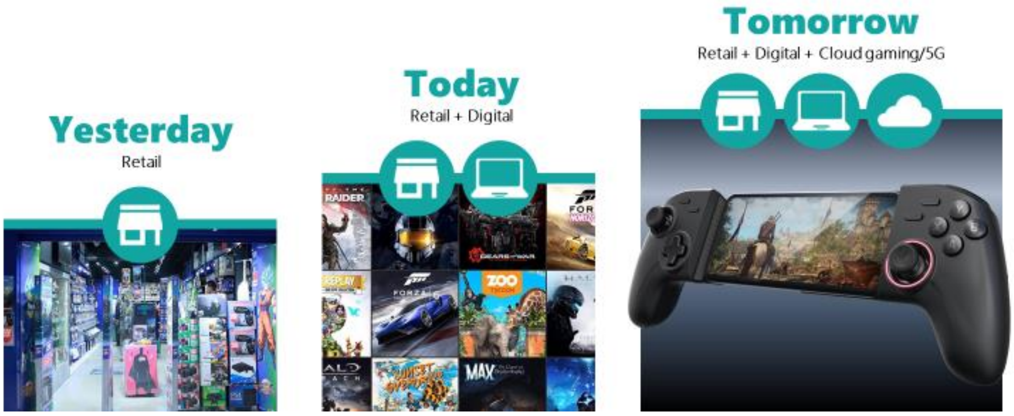
In the games market, there are two major trends having an effect on how publishers sell their products, with an increasing amount of content now published through two models:

- live ops: online games are updated regularly not only to correct various bugs but mainly to improve the user experience based on user feedback. Thus, by continuously improving its product and providing additional content and functionalities, the publisher can extend the title's life and thus its potential to monetise the game (through a subscription or micropayments):
- free-to-play: games distributed online are made available to gamers free of charge and the publisher aims to monetise its game through advertising or micropayments (e.g. through a virtual store where gamers can purchase new characters or new powers to evolve in the game).

The objective of both these models for the publisher is still to retain gamers' loyalty to a title, the challenge being to meet their expectations over time in order to maximise the long-term return on investment.

5.2.2 Gaming, a rapidly evolving market

Apart from the figures referred to above, it is important to note that the global gaming market has seen some radical changes in recent years.



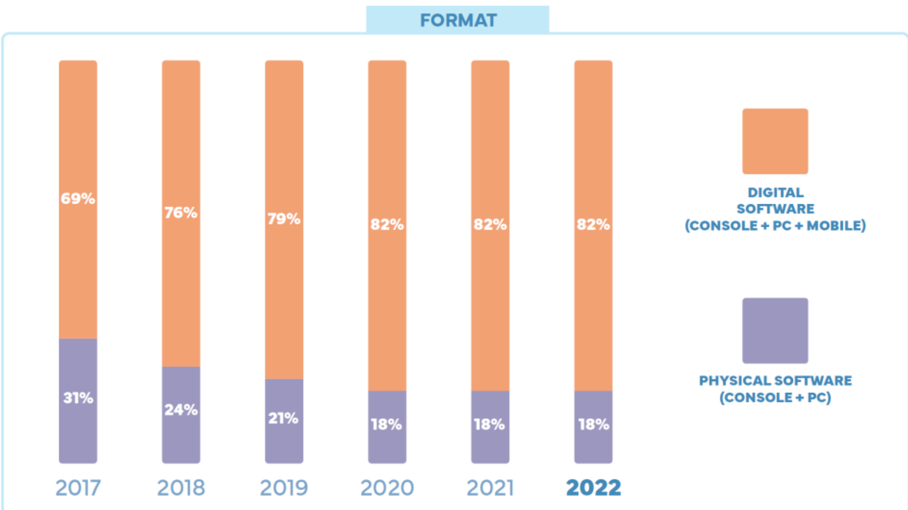
The number of gamers is increasing and more and more of them are women. In the French market, 53% of French people are regular gamers and 7 out of 10 are occasional gamers, representing a potential of 37.4 million people in total. Today, more than one half of all homes are equipped with a gaming console versus less than one third just over 10 years ago. At the same time, more and more women are playing video games, especially in the older age brackets. The gender split is now virtually equal (49% women and 51% men.[16]

These trends are due to the fact that nowadays video games can be played anywhere in the home, on console, tablet, smartphone or even connected TV.

5.2.2.1 The digital revolution in video games publishing

In this apparently buoyant environment, the market has nonetheless seen some strong impacts due to digitalisation of games, with very rapid growth in digital sales (which, for illustration, represented 82% of the software business in France in 2022 according to SELL versus 69% in 2017, PC, console and mobile environments). This trend, which is expected to gather pace in the years ahead, is due to the increasing number of digital distribution platforms (such as Steam and Epic Games Store for PC gaming and Sony's PlayStation Store and Microsoft's Xbox Live for consoles) as well as increased competition from smartphones, which are also largely used for gaming.

Growth of digital sales as a proportion of total video games sales (French market)



Source: SELL – sales France (March 2023)

[16] Source: GFK statistics and SELL 2022 data.

Digitalisation of video game sales provides many opportunities and positive trends for publishers:

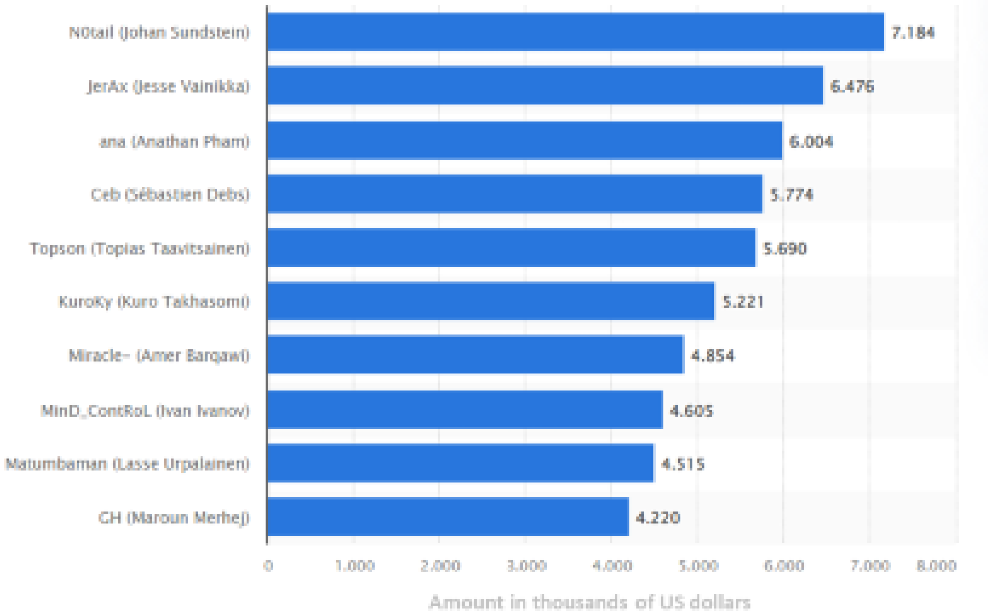
- increased availability of the video games catalogue, which is now available 24/7 worldwide through the digital distribution platforms;
- more distribution channels, with the arrival of new digital distribution platforms that are seeking exclusive content and will contribute to financing games, particularly through minimum guarantee mechanisms granted in exchange for an exclusivity period;
- a longer game life, through the creation of a back catalogue, with games remaining available for sale for several years, unlike the physical sales model where games were only available for a few months;
- piracy made increasingly difficult due to the need for gamers to connect to the platform to play online;
- development of the 'Paymium' model in which gamers pay for games and can then convert real money into virtual money or buy in-game items via microtransactions to speed up their progress in the game or to acquire limited-edition objects.

5.2.2.2 eSport, an attractive sector in full boom

Another underlying trend in the sector is eSport which the practice of competitive gaming either in a team, solo or in a LAN party or via Internet on either console or PC.

Pro gamers play either solo or in a team. They practise for several hours a day, take part in competitions organised throughout the world and live off their winnings. Competitive tournaments are highly popular in Asia, and in particular South Korea and Japan. They are broadcast on TV and the players are stars. The first tournaments took place in 1997. The best known tournaments are Cyberathlete Professional League, the World Cyber Games and the Electronic Sports World Cup. Since the mid-2000s, the largest international eSport competitions have offered several million dollars of prize money.

Rankings of the world's top ten eSport players in terms of revenue generated, February 2022



Source: Statista (March 2022)

In 2016, the Olympic Committee recognised eSport as a sport, paving the way for it to be included in future Olympic Games, although no specific date has been put forward.

Almost 200 video games are now played competitively (including two published by Nacon: WRC and TWT) but the top 10 alone generate 80% of sector revenue.

eSport should grow sharply in the years ahead as it becomes increasingly accessible (mainly due to content sharing via some platforms).

Thus, according to Newzoo, eSport revenues grew by a further substantial 14.5% in 2022 to reach

$1.384 billion (versus $1.084 million in 2021), of which 75% from media advertising and sponsorship. Audience figures reached almost 921 million during the year, representing growth of 13.8%, and could reach 1.4 million driven by factors such as the post Covid-19 effect, a particularly strong boom in China and diversification of well-known teams in this universe.

Competitive gaming has thus moved on apace and has become much more widespread as the market has matured, with tried and tested business models, more professional management and improved league structures, while emerging high growth platforms such as Discord and popular games such as Fortnite are still seeking to build a genuine eSport identity.

Games are now 'predestined' to follow an eSport career. The main benefit of this is that it extends the life of a game from several months to several years, sometimes more than 10 years. For example Epic Games, the developer of *Fortnite*, announced in mid-2018 that it planned to contribute $100 million in prize money with the aim of making its game one of the best-known and most played eSport competitions in the world.

The eSport industry has been cultivating its communication strategy and engaging with well-known sports personalities, close to the gaming culture. In addition, sport and eSport have developed a closeness that some would describe as natural. The US sport franchises and European football clubs very quickly understood how eSport could represent an opportunity for them.

eSport fans, mainly comprising generation Y and Z, are deserting the stadiums. Clubs can therefore win back their younger public by playing a role in structuring the eSport industry.

In this ebullient environment, the major eSport segments are rising to the challenge with the aim of capturing a share of the promised financial bonanza:

- Publishers and design studios are progressively engaging in an industrial strategy. Long considered as a source of additional revenue, eSport is now the very basis for the development strategy of video game publishers and design studios. These market operators are positioning themselves right across the eSport value chain or developing a strategy of partnerships with existing providers;
- Promoters and franchises are consolidating their position in the value chain. Long the drivers of eSport growth, these operators are faced with new players, mainly publishers and developers, seeking to (re)gain control over the use of their titles for competitive gaming. Their technical and logistics know-how means that they cannot be circumvented, even by publishers seeking to insource the eSport business;
- TV channels are attempting to measure the scale of the phenomenon and to take their place in the broadcasting model. Sky, BBC, ITV, Fox, TBS and above all Disney through ABC, ESPN and Disney XD are beginning to broadcast eSport events. But the Web players are the main winners in the eSport audience war, especially Twitch and YouTube Gaming, as well as eSport specialists such as Electronic Sports League (ESL), Major League Gaming (MLG) and Smashcast;
- Betting companies are eagerly awaiting more accommodating legislation. In May 2018, the Supreme Court in the United States decided to allow each State discretion to legislate on sports betting. This decision should have an impact on eSport and enable it to generate sufficient revenue to support sustained growth.

In summary, these various vectors of eSport are combining to attract new users in the ecosystem while further engaging and retaining existing users. This gives the gaming market a huge competitive advantage compared with other vertical entertainment sectors, in terms of maintaining a healthy, vibrant, dynamic and high-growth games ecosystem.

5.2.2.3 Cloud gaming is beginning to take off

Just as mobile gaming enlarged the market by making games accessible to billions of people throughout the world, cloud gaming has the potential to enlarge the market for premium games beyond the current console and PC audience.

Cloud gaming, which was still impossible only 10 years ago, means that any game can be played on any device (PC, console, smartphone, TV, etc.) even if the consumer does not have the physical hardware required to process the game.

As the technology continues to improve and cloud gaming begins to take off, there should be an increase in global demand for games as new consumer groups enter the ecosystem. This far-reaching change will also lead to challenges and innovations in business models, game development, content discovery, commitment options and even changes in the actual gameplay itself.

During the past few years, some key operators have unveiled cloud gaming platforms. Faster broadband speed and the deployment of 5G make the technology usable in more markets than ever before. The major global players have forged a position in cloud gaming. For example, Microsoft announced its xCloud project in October 2018, relying heavily on this new innovative technology for its new generation of Xbox X|S consoles. The Group is now the market leader with Xbox Game Pass, which had more than 29 million users at the end of 2022. Sony is also active in cloud gaming and currently operates Cloud Gaming PlayStation Now (formerly PlayStation Now).

However, there are a number of major obstacles to overcome before cloud gaming can become the *de facto* sales model:

- From a technology perspective, massive power is needed to provide a cloud gaming service. This requires heavy investment in datacentres, massively powerful cloud servers and games development tools guaranteeing a transparent experience. 5G offers a new opportunity to improve the infrastructure for cloud technology but it has not yet fully penetrated most of the main gaming markets. Given the persistent concerns over latency, publishers do not want gamers to have a sub-standard experience;
- From a products perspective, most publishers are still reticent about providing their flagship titles on streaming services, mainly because the change in business model induced by games streaming could prove to be less profitable than the current sales model.

As mentioned earlier, given the many tech companies, games companies and platform operators investing massively in this new opportunity, cloud gaming should revolutionise the market by adding new functionalities for consumers, new content distribution methods and, potentially, new pricing models.

5.3 SIGNIFICANT EVENTS IN THE GROUP'S TIMELINE

The Company is the result of a reorganisation of the Bigben Interactive's group's Gaming division, whose business is the development, publishing, marketing and distribution of physical and digital video games, and the design, development, manufacture and wholesale distribution of gaming accessories (see Section 5.1.1.1).

The most significant events since the Company's creation are as follows:

18 July 2019:	Registration of the Company as a *société par actions simplifiée* whose share capital and voting rights were wholly owned by parent company Bigben Interactive.
31 October 2019:	Approval of the spin-off of Bigben Interactive's stand-alone Gaming business to the Company, including the shares of the specialised Gaming subsidiaries.
22 January 2020:	Conversion of the Company to a *société anonyme à conseil d'administration* and appointment of members of the Company's main governing bodies.
4 March 2020:	Nacon shares listed and admitted for trading on Euronext Paris (ISIN: FR0013482791, symbol: NACON) after a successful €109.0 million capital increase (gross amount) via the issuance of 19,810,931 new shares at €5.50 per share. After the share issue, Bigben Interactive held 76.67% of Nacon's share capital.
19 March 2020:	Nacon acquired the RIG™ brand from Plantronics Inc. (Poly), an iconic global gaming headsets brand. The integration was highly successful in 2020/21, propelling the Group into the Top Three in gaming headset sales in the USA as of the first year.
7 July 2020:	Nacon announced the signing of a major new partnership with Microsoft to sell gaming accessories for the Xbox One and Xbox Series X|S platforms.

More recently, Nacon has further rounded out its capabilities in games development studios with the acquisition of Neopica (Belgium, October 2020), Passtech Games (France, April 2021), Big Ant Studios (Australia, May 2021), creā-ture Studios (France, July 2021), Ishtar Games (France, October 2021), Midgar Studio (France, February 2022) and Daedalic Entertainment (Germany, April 2022).

5.4 STRATEGY AND OBJECTIVES

Nacon intends to leverage its extensive experience and fully exploit the booming market by implementing an aggressive Gaming strategy based on the following three strategic pillars:

- become an integrated video games publisher;
- pursue a product leadership strategy in Gaming accessories;
- continue to rely on a unique hybrid business model for an optimum risk/reward profile.

5.4.1 Become an integrated video games publisher

5.4.1.1 AA positioning with a focus on specialisation and niche markets

5.4.1.1.1 An AA market suited to Nacon's resources

While the industry majors focus on developing and selling titles with a sales target often in excess of 3 million copies, the Company believes that there is a market for mid-publishers like Nacon.

This so-called AA market segment, which covers titles typically selling between 200,000 and 3 million copies, is not well covered by the majors because it does not generate sufficient sales volumes to cover their fixed costs. It therefore offers many opportunities for a company like Nacon.

<u>Similar purchasing propensity between segments</u>

5.4.1.1.2 Nacon's positioning in niche games

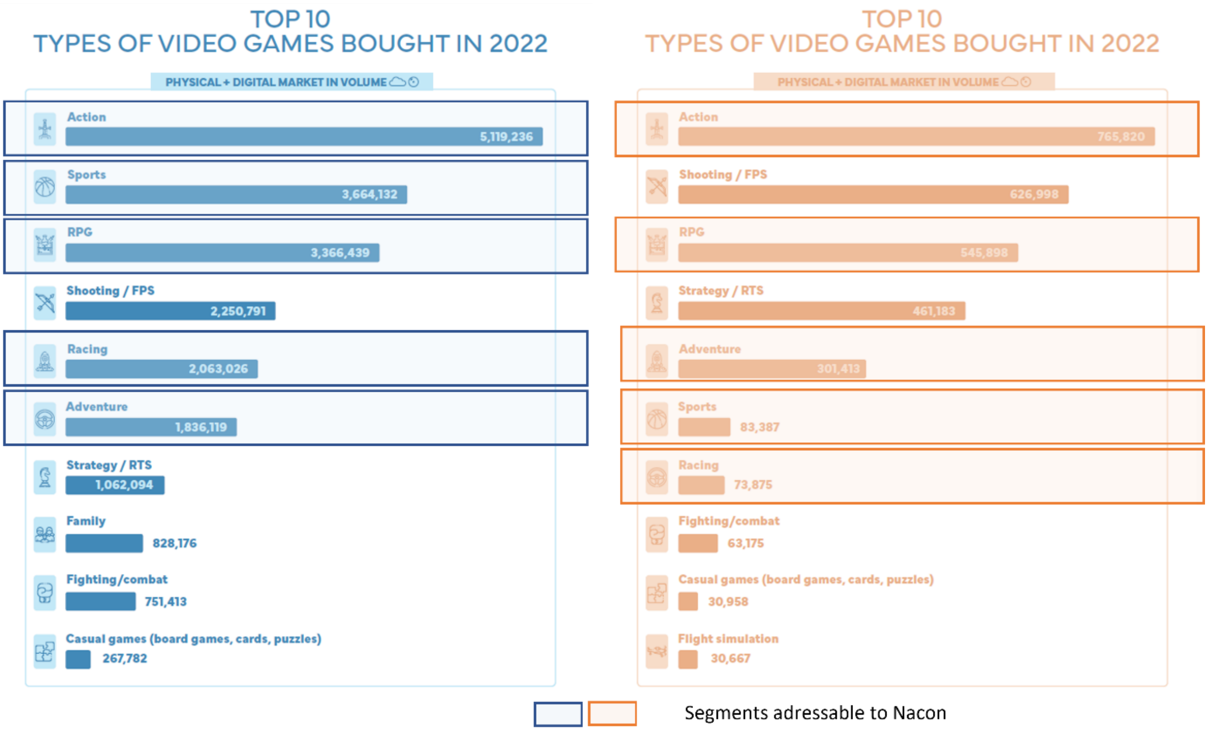
Nacon differentiates itself from the competition by focusing on niche areas neglected by the AAA publishers. These niche games are aimed at gamers with a passion for a particular genre and are likely to generate attractive revenue for Nacon relative to the necessary investment. It may be fishing, hunting, bee-keeping, racing, role-playing or turn-based combat games exploiting a specific universe, or some sports games that are only of interest to a narrower community.

For example, rugby games are not published by the majors as the consumer base is too small (rugby is only really popular in about fifteen countries and the fan base is therefore too small for the majors with a large fixed cost base); each Rugby game sells about 100,000 copies.

The Company has also broadened its line-up to encompass adventure and role-playing games by acquiring studios that specialise and own copyright in those areas.

Nacon now addresses the market's most popular genres:

The data below show the breakdown of sales volumes by genre in the French market (source: SELL, March 2023). Although these data only cover the French market, Nacon believes that this split is relevant in all the markets addressed by the Group.



Based on its segmentation (Action/Adventure, Racing, Simulation and Sport), Nacon believes it is able to address more than 75% of the market.

The breakdown by genre of Nacon's Video Games revenue is as follows:

	% of 2021/22 Video Games revenue	% of 2022/23 Video Games revenue
Action/Adventure	27%	57%
Racing	32%	17%
Simulation	10%	9%
Sport	31%	17%
	100%	100%

The Company regards its catalogue as now sufficiently large and varied to generate significant back catalogue sales. Over the last six years, Nacon's back catalogue sales have increased sharply, reaching more than €40 million, thus bearing out the Group's publishing strategy.

They represented:

- 2017/18: €4.4 million;
- 2018/19: €8.6 million;
- 2019/20: €10.8 million;
- 2020/21: €31.0 million.
- 2021/22: €28.7 million.
- 2022/23: €41.6 million.

5.4.1.1.3 A selective choice of licences and brands

Nacon has genuine expertise in licensing and also has several own brands. These brands and licences are one of the criteria that push the consumer to purchase a particular game.

Nacon thus sells three categories of games:

- Games that contain Nacon copyrighted material:
  - Games that carry brand names purchased by Nacon or developed-in house by its studios: *Styx*, *ProCycling Manager*, *V-Rally*, *Greedfall*, *Test-Drive*, etc.

- Games that carry the licensed brand name:
  - *Warhammer®* (licensing agreement with Games Workshop);
  - *WRC®* for its Rally games (agreement with FIA/WRC Promoter until 2022/23);
  - *Tourist Trophy Isle of Man®* (agreement with Isle of Man).

- Nacon games that feature known brands:
  - *Tennis World Tour* (negotiation with the agents of all tennis players featured in the game);
  - *Test Drive* features more than 100 licensed prestige car marques;
  - fishing or shooting games feature many known brands (Winchester® rifle, etc.);
  - Top 14/Pro D2 for Rugby games (agreement with *La Fédération Française de Rugby*);
  - Etc.

These major names are usually keen to renew their licences due to the positive benefits they obtain from Nacon games and their confidence in Nacon's capabilities.

Few publishers have such an extensive licensing business, which is a real competitive strength for Nacon. AA niche games such as rugby, racing, cycling, fishing, hunting, bee-keeping, etc. are aimed at fans who really know their sport, are seeking authenticity and realism in the game and want to see known brands.

Nacon intends to continue forging licensing partnerships, which are a valuable means of providing authenticity and lead to many promotional partnerships.

The breakdown by IP type of sales of games published by Nacon (excluding distributed titles) is as follows:

	% of 2021/22 Video Games sales excluding distributed titles	% of 2022/23 Video Games sales excluding distributed titles
Own Intellectual Property	46%	35%
Licensed Intellectual Property	41%	41%
Publishing	13%	24%
	100%	100%

5.4.1.2 Vertical integration for control over game 'content' creation

The Group initially developed the video games Publishing business by outsourcing to external development studios but its approach has changed over the past three years following its acquisition of interests in several studios: Kylotonn Racing, Cyanide Studio, Eko Software, Spiders, Lunar Great Walls and, more recently, Neopica, Passtech Games, Big Ant Studios, creā-ture Studios, Ishtar Games, Midgar Studio and Daedalic Entertainment.

Nacon's Publishing division therefore has 16 development studios with a total of more than 700 developers, supported by a Publishing team of 80 people.

5.4.1.2.1 Developer-Publisher model

Effects of digitalisation

Digitalisation of content sales is accelerating. In 2019, digital sales already represented 50% of the market in value for console games and, as already indicated, this could rise to almost 80% in years to come.

Digitalisation means that the most talented and best capitalised studios can cut out the publisher-distributor middleman to access end consumers directly through the online stores (PSN, Xbox-Live, Steam, Epic store, Nintendo eShop, etc.).

The risk in the years ahead is therefore that the most creative studios with proven know-how in some specific genres will directly finance their games and build up their own marketing teams to promote them. In so doing, they would cut out the publisher and operate only in the digital market and not the physical market.

In such a market context where the developers would find themselves in a position of strength, publishers that do not become developer-publishers would be faced with several risks:

- they may not be able to find high-quality indie developers to develop their games;
- they may only be able to find developers with limited expertise;
- they may only be able to find developers that work on a value sharing basis more profitable to them.

However, this scenario should be treated with care as it will probably only concern a few indie studios that have sufficient resources to finance their game development costs themselves.

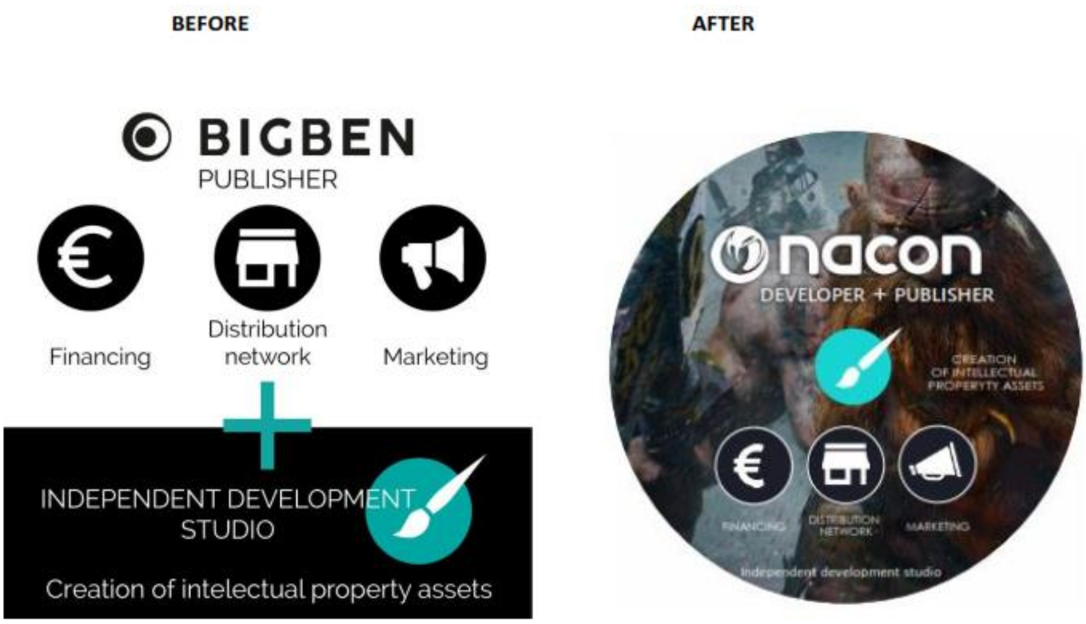
<u>Developer-Publisher model, a new market standard</u>

Aware of this possibility, Nacon is pursuing a strategy of acquiring development studios. This is, in fact, a natural market-driven extension of the publisher's business by gaining expertise in content creation and publishing its own games. The developer-publisher model is now at the heart of Nacon's strategy; by covering the entire value chain from design through to sale of a game, Nacon is following market trends and capturing the entire financial value of the game.

Other reasons behind Nacon's strategy of acquiring development studios are to:

- encourage exclusive access to the games developed by studios with recognised know-how;
- have studios that each specialise in one or several specific genres to create expert teams that can produce exceptionally high-quality games at optimum cost;
- obtain better control over budget and production lead times;
- generate synergies between the studios to reduce development costs;
- recover the share of royalties typically paid to the studio by the publisher.

<u>Nacon's Developer-Publisher model, a new market standard</u>



In an environment of increasing demand for content, the operator that has the broadest games catalogue will capture the most gamers. The three key success factors for a games publisher are now quality, a broad, diversified product offering and speed of release on the market. The developer-publisher model adopted by Nacon combines the best of two worlds in video games production:

- Lower execution risk thanks to vertical integration: better project monitoring, better anticipation of production difficulties and risk of overrun or delay, and control over budgets;
- Capture of 100% of the value: integration of the margin and royalties earned by the studios;
- In-house expertise and R&D.

5.4.1.2.2 Integration of core skills and strategic assets

Studios with genuine know-how

These acquisitions have also enabled Nacon to capture some outstanding know-how built up over a number of productions with experienced developers known for the quality of their games.

Nacon's studios are based in international cities that are very active in the gaming industry: Paris, Bordeaux, Lyon, Montreal, Milan, Ghent, Melbourne and Hamburg. They employ people with many years of experience in developing highly sophisticated games.

Nacon's objective is to increase in-house development of its games. However, it will continue to use external studios where it does not have the in-house skills to develop a particular type of game or where the external studio has a genuine differentiating capability for a potential development. It will therefore select "the best studios to develop the best games".

Core assets – a real barrier to entry

Apart from achieving the vertical integration sought by Nacon, the acquisitions made by the Group have brought it various intellectual property rights which are valuable assets.

Nacon's studios own the following valuable intellectual property rights:

- highly successful trademarks: *Pro Cycling Manager* (game selling over 100,000 copies for each release), *Styx*, *The Council, Edge of Eternity, Session*.
- the specialised KT Engine for racing (Kylotonn) and Silk Engine (Spiders) for RGP games, which embody many years of research;
- the games universe and characters created by Spiders, which required more than 12 years of development and five RPGs to achieve the level of *Greedfall*.

Through their historical partnerships, the studios also give Nacon access to some prestigious licences such as *Tour de France*® and Games Workshop (*Blood Bowl*®, etc.) for Cyanide, and more recently *Lord of the Rings*™: Gollum™ for Daedalic Entertainment.

The Company considers that these assets enable it to:

- retain the R&D investment it had financed in Kylotonn and Eko Software in particular, to keep a step ahead of the competition in racing, rugby, handball, etc. simulation games;
- acquire the R&D accumulated over several years of development by all the studios in their main areas of business;
- and therefore have a competitive edge over competitors wishing to develop games in Nacon's own niches. They would have to spend tens of millions of euros and several years of development to reach the same quality levels.

5.4.1.2.3 Seeking content

The strategy of acquiring development studios also aims to accelerate the creation of original, exclusive proprietary content.

Aiming for a balanced line-up

As explained earlier, Nacon has a balanced line-up comprising:

- high potential and thus high budget games, and lower-cost but assured profitability games;

- five main varied genres that balance the risks (racing, sports, action/adventure, simulations and kids).
- games using intellectual property and known genres (*WRC*, *Test Drive*, *Hunting Simulator*, *Styx*, *Session*, etc.) and intellectual property creations in new genres (*FIA European Truck Racing*, *Vampire*, *Bee Simulator*, *Train Life*, etc.).

This prudent approach limits the risk of the commercial failure of a high budget game in which Nacon has invested heavily, or the risk that gamers will tire of a particular game, and therefore supporting a long-term future for Nacon games.

Nacon intends to continue this approach and believes it can support its profitability while benefiting fully from the opportunities offered by a market in search of highly varied content.

5.4.1.3 Capitalising on a favourable market context for publishers

Arrival of digital platforms

Digital consumption is increasing and the disruptive cloud technology is likely to take the market by storm in the medium term. At the same time, many new independent distribution platforms (Stadia, Epic Games, Origin, xCloud, etc..) are seeking more and more content, which they often require to be exclusive. Competition between them is fierce in order to win share from existing platforms (PlayStation, Xbox, Steam, etc.).

These distribution platforms will have to fill their online stores in the years ahead and are beginning to overpay for content in order to offer exclusive content to their future subscribers, thus following in the footsteps of the cinema and cartoon world before them. AAA publishers require very substantial guaranteed minimum volumes so these platforms can only carry a few AAA games in their online stores and are therefore bolstering their range with AA games. The significant amounts currently paid in the sector will mainly benefit the mid-publishers such as Nacon which, with its highly diversified line-up, is extremely well placed to negotiate exclusive deals.

Consequently, developer-publishers that have a lot of 'content' are now ideally placed to negotiate distribution agreements via these global platforms.

Nacon is well aware of this market reality: not only has it acquired development studios but it also intends to invest about €50 million a year in development and publishing over the next three years, which should feed these new digital platforms with the content they are seeking, thus increasing the Company's revenue and earnings.

5.4.1.4 Nacon's Publishing strategy in 2023

Nacon aims to become a leading publisher in the AA segment by 2023.

5.4.2 *Continuation of the product leadership strategy in gaming accessories*

Nacon considers itself as one of the European leaders in third-party accessories (not made by the console manufacturers[17]) for over 20 years. More generally, the Company sees itself as a leading global player (source: Company).

The Company believes that this position:

- puts it in an ideal position to negotiate partnerships with the console manufacturers (see the Group's historical relationships with Sony and its more recent ones with Microsoft);
- gives it an extensive multi-channel distribution channel;
- enables it to attract the best people in the market (employees, ambassadors, etc.) or puts it in a position of strength to negotiate major events (eSport sponsoring, etc.).

5.4.2.1 R&D, a differentiating factor

5.4.2.1.1 Products that suit a market focused on eSport

Nacon believes that it was one step ahead of its competitors in realising that the gaming market would move inexorably towards eSport and ever more technical accessories. Since the early 2010s, Nacon has invested heavily in R&D, which has enabled it to develop controllers that are now regarded as the 'best in the world' by market experts and the specialist press.

Its Nacon® brand products are mostly premium products and are all highly popular with gamers.

5.4.2.1.2 Technological innovation: a strong competitive advantage

Its expertise acquired over many years and its innovations, which the Company believes to be duly patented, represent a strong barrier to entry. Leveraging its position as a pioneer, Nacon believes it has a lead of several years over its competitors.

In order to maintain its technological edge, Nacon continuously seeks quality and aims to premiumise all

[17] I.e. Sony and Microsoft.

its accessories. It has thus extended its method of developing accessories for pro gamers to all its product ranges: it aims to offer the best possible gaming experience to all gamers and therefore invests in improving its entry-level products (e.g. the Compact controller). By creating a 'premium entry level range', Nacon also enables less well-off gamers to buy high quality accessories at an affordable price. It thus dominates this market segment and customer satisfaction improves the overall brand image yet further.

5.4.2.2 Forging prestigious partnerships

As explained in Section 5.1.2.2, Nacon and Sony have had a special business relationship for many years and in 2015 Sony approached Nacon to forge a genuine partnership to develop premium controllers and then products in its entry-level range under a dual Sony and Nacon® licence.

Nacon has thus become one of Sony's main European and global partners. Thanks to this partnership, Nacon is able to meet global demand and adapt to the various world markets. For Sony, it has become a leading partner.

Capitalising on this success, in July 2020 Nacon unveiled the signing of a major new partnership with Microsoft at its online press conference 'Nacon Contact'. Thus, as indicated, Nacon can now offer several categories of officially licensed accessories, including controllers and headsets for Xbox One and Xbox Series X|S products. This new partnership should accelerate growth of the Group's international Accessories business.

Nacon intends to continue these mutually beneficial partnerships and forge others with tomorrow's industry players. As the leading manufacturer of premium controllers, it is capable of developing its technologies on any future platform. For example, having already developed the box controller for Orange, SFR and Bouygues Telecom, it is ready to take up the new opportunities that 5G will offer in the next few years.

5.4.2.3 Conclusion on Nacon's Accessories strategy

Nacon's Accessories strategy can be resumed as a virtuous circle:

5.4.3 A hybrid business model

5.4.3.1 Three revenue models

Nacon's business in video game development and publishing and the design and distribution of gaming accessories generates three types of revenue model:[18]

- revenue from the sale of new games:[19] €48.9 million in 2022/23 representing 31.4% of revenue (versus €25.7 million in 2021/22 and €38.1 million in 2020/21);
- recurring revenue from back catalogue sales:[20] €41.6 million in 2022/23 representing 26.7% of revenue (versus €28.7 million in 2021/22 and €31.0 million in 2020/21);
- revenue from the sale of accessories: €61.2 million in 2022/23 representing 39.2% of revenue (versus €96.6 million in 2021/22 and €103.1 million in 2020/21).

5.4.3.2 Developer-publisher business model

In the traditional model, the publisher covers the development cost and the developer's margin and then pays royalties to the development studios. Royalties are only paid to external studios that have intellectual property rights or in the case of co-publishing agreements.

The developer-publisher business model provides the following benefits:

- lower execution risk thanks to vertical integration: better project monitoring, better anticipation of production difficulties, information and risk of overrun or delay, and control over budgets;
- captures 100% of the value: integration of the margin and royalties earned by the studios;
- expertise and R&D retained in-house.

5.4.3.3 Good fit between Nacon's revenue models

5.4.3.3.1 A virtuous model: smoothed revenue stream – controlled costs

The split between sales of games and accessories smooths the seasonal variations in total sales as accessories generate a more regular revenue stream than games, sales of which are related to release

[18] Source: figures taken from the consolidated and combined financial statements in Section 18.1.6 without the revenue from the non "carved out" Mobile and Audio distribution subsidiaries.
[19] Nacon definition: video games released in the financial year.
[20] Nacon definition: video games released in prior financial years.

dates. Revenue from video games is supported by back catalogue sales.

The integrated developer-publisher positioning (high capex, high fixed costs, marketing risks for each series offset by very high potential revenue) is a good fit with the accessories revenue model (steady revenue stream, relatively low fixed costs, limited variable costs, recurring sales).

Lastly, the creation and independent development of Nacon should result in internal synergies:

- sharing of communications and marketing costs;
- a single Nacon® brand well known to the consumer market, benefiting both the games and accessories universes.

5.4.3.3.2 Seeking new shared customers

Experience in physical distribution channels for accessories will be useful in seeking new Publishing and Accessories customers:

- Nacon has extensive experience in video game distribution channels thanks to its more than 30 years' presence in the gaming market, which just a few years ago was still mainly confined to the physical retail market. It has also entered into many exclusive distribution agreements with well-known publishers, including Square Enix in Benelux;
- the fact that other AA publishers could gradually pull out of the retail market to focus on digital sales could also be a good opportunity for Nacon as it already sells its gaming accessories in the physical market. Without additional cost, new Nacon accessories and games could thus fill the emptying shelves:
    - unlike a game that can be downloaded, gamers like to obtain advice about an accessory in a shop before buying, and even try the product out where possible;
    - although the physical video game market will be smaller, it will still be lucrative. Some video game purchasers actually prefer to buy physical games, some because they are collectors and want to keep the 'box', some so that they can sell in the secondary market, and others to offer it as a gift.

5.4.3.3.3 The Cloud as a new growth driver

With the growing power of technology and cloud gaming possibilities, Nacon has two additional sources of profitability:

- During the launch phase of the cloud gaming market: increasing competition between the cloud giants to gain market share during the launch phase will give Nacon opportunities to negotiate temporary exclusive deals with substantial minimum guarantees, in the same way as agreements already entered into with certain sector operators;
- During the growth and maturity phases of the cloud gaming market: once the market is mature and well established, Nacon will be able to exploit its entire line-up of games on all available cloud platforms, thus enabling it to easily address the entire global market.

5.4.4 Conclusion

5.4.4.1 An agile positioning in video games

With digital revenue now at the same level as that of its direct competitors, Nacon plans to continue insourcing its video games development through its own studios.

As part of its development strategy, Nacon intends to continue exploring niche sectors reserved for enthusiasts by seeking to adapt to market trends in order to meet the needs of gamers who are interested in a particular genre.

Nacon has the strengths to capitalise on the likely trends in its sector. In addition to its specific positioning as developer and publisher, the Group also regards itself as a leader in gaming accessories with its Nacon® brand known to all gamers.

These synergies should enable Nacon to offer consumers a full gaming experience.

5.4.4.2 Continuous adaptation to market trends

Nacon intends to capitalise on the market's excellent outlook for growth driven by the arrival of new platforms and new gaming methods.

In addition to its positioning as video games developer and publisher, the Group intends to capitalise on various cyclical factors which it believes will drive its business in the next few years:

- boom in eSport;
- increasing number of digital distribution platforms, which will be seeking to offer future subscribers exclusive offers in their online stores. This will benefit the mid AA publishers and particularly Nacon, which has a very broad range of games in its line-up;
- new gaming methods emerging with 5G. Both accessories and games should be positively impacted by these new trends, as the Group is particularly well placed to offer telecoms operators its full range (editorial content through its now well-established title line-up and gaming accessories to be provided to the customers of these major international players);
- physical stores could suffer a decline in sales of AA games due to growing digitalisation: this could provide sales opportunities for its games thanks to its ability to offer a full gaming experience due to its expertise in the physical distribution of accessories.

5.4.5 Objectives

5.4.5.1 Nacon's medium-term ambitions

5.4.5.1.1 Become a global leader in AA games

Nacon's action plan to achieve this objective is:

- achieve critical mass:
  - by continuing its studio acquisition strategy
  - or through organic growth of existing studios
- continue its strategy of content creation with by investing massively in creating proprietary content. This content will enable Nacon to:
  - enrich its back catalogue
  - and thus generate digital sales and additional recurring revenue
  - which could potentially significantly improve its profitability
- editorial diversification: new genres and new niches

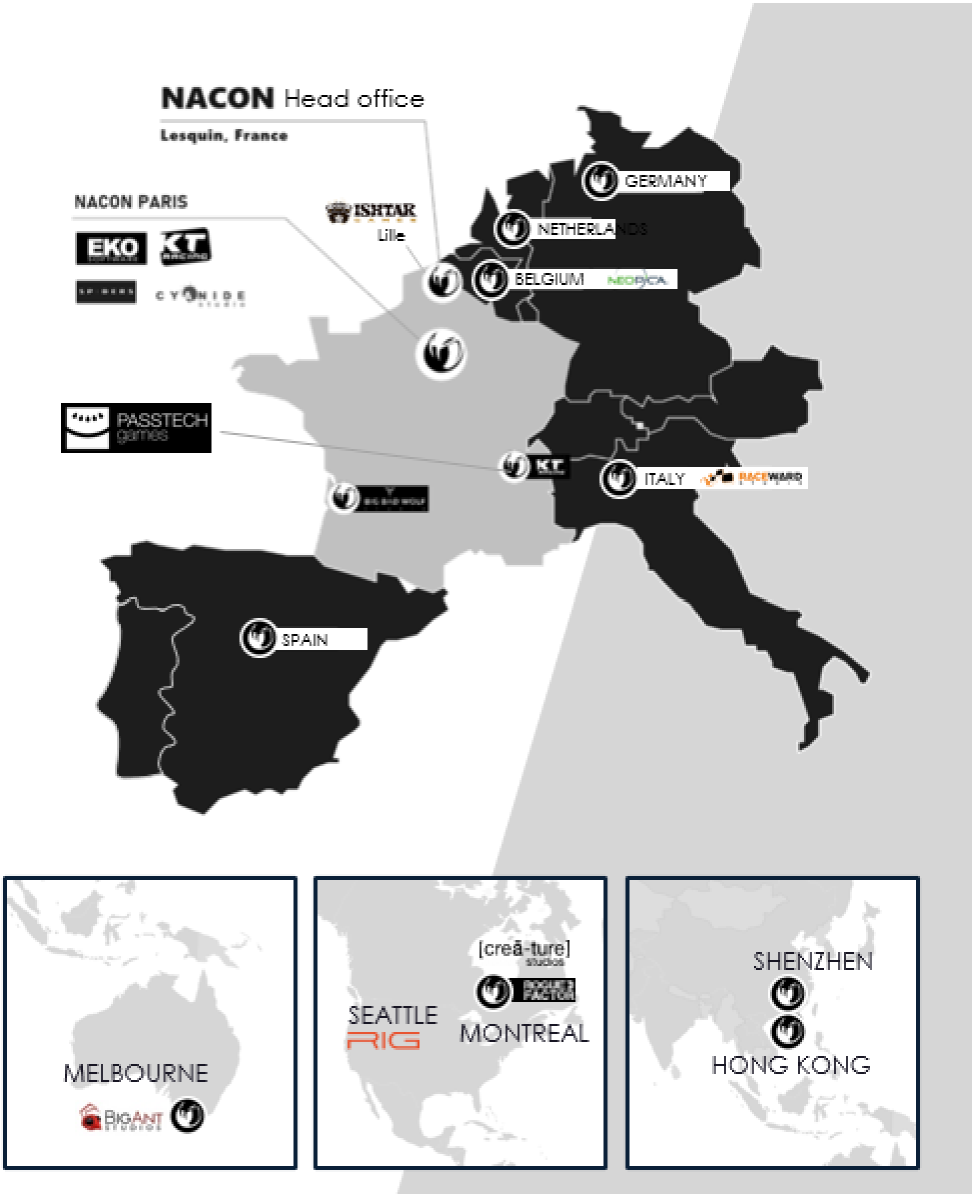
- seize the opportunities provided by digitalisation:
    - exclusivity agreements with distribution platforms
    - step up 'live ops' - monetisation of existing games through downloadable content (DLC), additional content and functionalities, microtransactions, additional avatars/cars/accessories, subscriptions, etc.

5.4.5.1.2 International expansion

The international markets represent strong growth potential for Nacon, mainly by leveraging the trend towards digitalisation to:

- sell more new and old (back catalogue) games on the various world platforms;
- sell accessories in stores worldwide: Nacon thus aims to open up the global market (Americas, etc.) and increase its sales in the traditional Retail channels, which will soon suffer from a decline in sales in physical games in their stores.

An operational base already well structured for a move in this direction:



5.4.5.1.3 Make its brands 'the must haves' by providing a full gaming experience

Nacon's proactive brand strategy aims to get the following brand message across to consumers:

- Nacon® and RIG® = essential accessory offering the best value for money for its use (pro or recreational gamer);
- Nacon® and RIG® = guarantee of quality for the games they purchase;
- *Big Bad Wolf* and *Rogue Factor* (Cyanide), RaceWard, KT Racing, Eko Software, Spiders, Neopica, Passtech Games, Big Ant Studios, creā-ture Studios, Ishtar Games, Midgar Studio, Daedalic Entertainment = studios with expertise in their field ensuring a true gaming experience for the type of game they like.

The above objectives represent a road map as presented by the Company at the time of its IPO in early 2020. On the date of this URD, Nacon has already notched up several achievements that will contribute to meeting these objectives in the medium term.

- In the past three years, Nacon has increased its investments to expand its coverage of the AA games segment and has proactively continued its external growth strategy. Recent editorial developments have helped to further diversify content, including the Live Ops monetisation model (with *Blood Bowl*).

- Exposure to international sales has been boosted by two major achievements since the IPO: the acquisition of RIG®, which has been successful in terms of integration and sales particularly in North America, and the recent signing of a partnership agreement with Microsoft for the development and sale of accessories for Xbox One and Xbox Series X|S consoles.
- Lastly, the Nacon® brand, which is already well-known through its partnership with Sony, has been further strengthened by the new Microsoft agreement. Furthermore, the quality of RIG® products and the commercial success enjoyed in the past financial year suggest that Nacon is well on the way to making its two brands essentials in the global gaming accessories market. As regards games development and publishing, the improvement in scores for quality of production achieved by the Group's studios also reflects this long-term culture of making the various studios leaders in their editorial universe.

5.5 RESEARCH AND DEVELOPMENT, PATENTS, LICENCES, TRADEMARKS AND DOMAIN NAMES

The Group's research and development strategy is as follows:

- for games: develop games with a high technical content to make them as appealing and playable as possible but also under well-known brand names that will encourage impulse buying;
- for accessories: develop innovative accessories that make the game more realistic yet easy for all gamers to handle.

To achieve those objectives, Nacon has dedicated teams, patented know-how and powerful technology (for accessories), and registered intellectual property or known trademarks, as well as highly reputed external licences.

Although Nacon invests heavily in R&D to preserve its technological lead and in licensing, which is essential to make its products more attractive for sale, it is important to understand that their influence on the Group's overall business or profitability is limited: Nacon is not reliant on any particular patents or licences or on new production processes. If it were to lose one of its licences, including the Sony contract, particularly now that the Group has another major agreement with Microsoft (see risk 3.5.2), it would merely be replaced by another, which the Company believes it could do within a reasonable time frame. Likewise, if old patents were to fall into the public domain, they would only involve old long-obsolete technologies.

For an overall view of Nacon's R&D policy, see also:

- accounting policies for capitalising R&D costs set out in the notes to the notes to the consolidated financial statements;
- the risk factors likely to be impacted by these R&D aspects:
  - 3.1.1 "Risks related to potential delays in the development and marketing of the main products developed by the Group"
  - 3.1.3 "Risks related to reliance on third party technology"
  - 3.3.1 "Reliance on manufacturers of consoles and games platforms / Risks related to non-compliance with the technical requirements of console and platform manufacturers"
  - 3.4.1 "Risks related to attracting and retaining key personnel"
  - 3.5.2 "Risks related to intellectual and industrial property and licensing agreements"

5.5.1 Profile of Nacon's R&D teams

The technical development teams for hardware products are mainly based in the French entity Nacon and the Hong Kong entity Nacon HK Ltd.

The teams mainly comprise electronic, mechanical and quality engineers, industrial designers, project managers, DTP operators and people with specific skills in middleware, a basic principle used increasingly by the Company in its product development. The French teams are also very involved in ensuring that the Company complies with the strictest quality criteria and all relevant standards (electronic products, environment, etc.). The Company has created a specific database to monitor these aspects.

The Hong Kong team is in daily contact with the French teams. They exchange regular reports on progress in product development, including an evaluation of each product, any difficulties experienced, potential improvements and trends in the estimated cost price of the product once industrialised.

In addition to their technological expertise, the teams also have project management skills, using specialist software that ensures good coordination between the teams and strict compliance with development processes.

Nacon's general philosophy is to be the first in the market for each of its products, based on a correctly priced high-quality product. Compliance with development schedules is therefore crucial.

5.5.2 Nacon's know-how and technology

5.5.2.1 For video games

Technology and expertise

Designing a video game requires the use of many types of technology and the expertise of many specialist employees. It also involves a degree of innovation.

As explained earlier, the Group's approach in terms of video game development has evolved over the past few years, mainly following the acquisition of a number of development studios. Thus apart from the hardware expertise described below, Nacon is now a major player in terms of development capability for AA video games.

Nacon's studios now have more than 800 developers who use a broad range of widely available off-the-shelf tools commonly used in the video games world. They may also develop their own software components in-house, which can then be re-used in future projects.

The Company's strategy is to select the best tools available in the market and focus on development software components that give Nacon's games real added value.

Among the main off-the-shelf technologies, the production teams use:

- the Unity game engine, a suite of tools that are easier to use than the Unreal engine, and can be used for quick prototyping in the pre-production phase. The cost of a Unity licence is based on the number of users; it is cheaper than Unreal and quickly makes up for its lag in visual output quality. Several games are currently in production using Unity;
- software with specialised functionalities that are compatible with Unreal, Unity and proprietary engines developed by Nacon studios: optimised videoreader for games consoles (Bink), reading, real time mixing and sound integration tools (Wwise), character animation and motion capture integration tool (MotionBuilder), quick vegetation display (SpeedTree), real time FX solution for particle effects (PopCorn FX), 3D modelling and rendering app (3DSMAX and Autodesk Maya) and lipsync; and
- Microsoft's integrated software development, optimisation and local and distributed compilation tools (Visual Studio and its plug-ins).

All of this software is easily available in the market, with a single-use licence either per user or per project, without a time limit and with or without royalties payable depending on the number of copies of the game sold.

Alongside this off-the-shelf software, the Company also designs and produces a number of middleware components[21] or suites of tools for complete development of games in segments where it has strong expertise (racing games at Kylotonn, RPGs at Spiders, Hack'n Slash[22] and sports games at Eko). By developing specialised in-house tools in a particular games segment, the Group can achieve a very high quality of production as they are used to developing genres which each have highly specific constraints. The same is true of game engines (KT Engine for example) and the related universes (e.g. *Greedfall*).

The Company's teams work by game but also by area of expertise, enabling it to capitalise on and develop each skill area in the design and technical process (programmers, sound engineers, image specialists, producers, artistic managers, game designers, writers, animators, testers, directors, graphic

[21] Software that lies between an operating system and the applications running on it.
[22] RPG involving battling against hordes of monsters.

designers, etc.).

5.5.2.2 For Accessories

Technical expertise

Nacon is known for its technological expertise and know-how, enabling it to make the most of the opportunities in the gaming accessories market.

It is especially well known in the gaming accessories market for its information transmission technology, particularly by radio frequency, a technology that is integrated in many of the Company's products. Nacon has used this technology in video games since 2002 and it has been a driving factor in market growth in wireless controllers.

To adapt to trends in consoles, Nacon has developed specific accessories to improve some flagship products over the past few years, such as accessories for the Nintendo Wii, by combining Bluetooth with radio frequency.

Nacon has historically specialised in combining video games and accessories which are perfectly adapted to each other. Its technical expertise in terms of mechanics, electronics and connectors is thus expressed to its full based on extremely precise specifications.

In the handheld console market, Nacon's products meet the needs of gamers in terms of their quality, simplicity and ergonomics. These skills derive from the Company's expertise in resistivity of materials, micromechanics and connectors.

Lastly, Nacon has also proposed some innovative solutions for charging controllers. Having developed a product to charge controllers using a USB cable instead of an electrical cable, it then addressed the issue of protective silicon covers, which prevented the controllers from being charged on their docking station.

Illustrating its ability to adapt to market requirements, Nacon was one of the first companies to work with induction-based technology and to develop direct applications in the world of gaming accessories. It also developed an induction-based technology enabling wireless charging of controllers through their silicon cover via electromagnetic waves that do not need physical contact with the batteries inside the controller. This technology was then adapted by the mobile phone industry to develop induction-based chargers for smartphones.

Apart from the know-how and technologies referred to above, it is important to note that the Company pays attention to complying with the strictest standards. Furthermore, the Company keeps a very close eye on technological changes enabling it to capitalise on any developments that can be applied to its business.

5.5.3 Patents, models, licences and trademarks

5.5.3.1 Patents and models

Nacon has registered a large number of patents over its innovative products as well as various drawings and models for a broad range of accessories and audio products. The Company has its own legal department and is also supported by expert industrial property advisers to preserve its interests.

Accessories account for most of these patents. The Pro Controller in its various versions is a good example of this; it is the result of twenty years of experience and research and development in this area, combining a distillation of both software and hardware technologies, thus meeting the demanding standards of licensing companies Sony and Microsoft, in particular.

Nacon now holds patents over its console cases, immersive accessories for video games, immersive fitness accessories for video games, equipment and processes for limiting play time on consoles, a driving simulator, etc. Latterly, the Group developed a new crosshair cursor control process for controllers and games console display elements.

All in all, at 31 March 2023 the Group had more than 130 separate patents.

In addition to its registered patents and patent applications, the Group also protects its designs by registering many models of its products available in the market. Thus Nacon now has some one hundred proprietary models covering controllers, protective covers or cases for handheld consoles, keyboards, earbuds and headphones, etc.

5.5.3.2 Licences

Video games

The Company has a number of licences for its publishing business. Through their historical partnerships, the studios also give Nacon access to some prestigious licences:

- *Tour de France*® and *Games Workshop* (*Blood Bowl*®, etc.) for Cyanide;
- *Lord of the Rings*™: *Gollum*™ for Daedalic Entertainment.

Other licensing agreements may be entered into on an ad hoc basis for acquiring rights to use video games matrices in the Publishing business. Nacon pays royalties to the publishers or developers for which it distributes and/or publishes the games, as the case may be. Nacon also has a licence for the game matrix and manages the inventory risk at its discretion.

Gaming accessories

The Company has a number of licences for its accessories business.

- Sony: for developing a range of controllers for PlayStation® 4 and PlayStation® 3 consoles;
- Microsoft Corporation: for developing a full range of accessories for the Xbox One and Xbox Series X|S consoles;
- Nintendo: for developing a full range of accessories for the Wii console, a licence that also covers the development of accessories adapted to the Nintendo DS and Nintendo Switch™ consoles.

Under these licensing arrangements, the Group is under no circumstances acting as a sub-contractor to the console manufacturer but is an independent developer of its own accessories which it sells with the agreement of those console manufacturers.

Lastly, Nacon may enter into exclusive distribution agreements with product and/or games suppliers, such as Square Enix.

As a general rule, Nacon's licences cover Europe with an extension for other countries in the PAL region (Australia, New Zealand, Gulf countries, Asia and Japan).

For those products, licences granted generally go beyond the European borders (Japan, Asia, etc.).

5.5.3.3 Trademarks

During its development, Nacon has built up a large portfolio of trademarks enabling it to address a broad array of audiences.

Video games

As explained in Section 5.4, Nacon has many of its own or licensed trademarks, which are very popular with gamers and an excellent driver of sales. The Company plans to continue using these trademarks in future video game releases.

Own trademarks, including:

- *V-Rally*
- *Test Drive*
- *Styx*
- *Greedfall*
- *Pro Cycling Manager* (game selling over 100,000 copies for each release)
- *The Council*
- *Session*

Licensed trademarks, including:

- *Warhammer®*
- *WRC®*
- *Tourist Trophy Isle of Man®*
- *Tennis World Tour*
- *Werewolf*
- *Lord of the Rings™: Gollum™*
- *Test Drive's* 100 licensed prestige car marques
- Many known brands (Winchester rifle, etc.) used in fishing and shooting games
- Top 14/Pro D2 in rugby games.

Highly reputed studio tradenames:

- Big Bad Wolf and Rogue Factor (two of Cyanide's secondary studios based in Bordeaux and Canada, each specialising in a different type of game);
- KT Racing (Kylotonn)
- RaceWard (Lunar Great Wall Studios)
- Eko Software
- Spiders
- Neopica
- Passtech
- Big Ant
- creā-ture Studios
- Ishtar Games
- Midgar Studio and
- Daedalic Entertainment

= studios with expertise in their field giving gamers a genuine gaming experience for the type of game they like.

The reputation of these studios is such that their names can almost be considered as a 'trademark' and the studios as writers. A fan of a game developed by a studio which has its own universe (characters, environment, special effects, etc.) knows the studio's name and will be more inclined to buy another game developed by that studio.

Gaming accessories

Since 2014 the Group has restructured its product range and premiumised its products, culminating in the creation of the Nacon® brand. Thus, having built the reputation of the Bigben® brand on the values of simplicity, accessibility and innovation in order to provide a range of useful, sleek yet affordable products to as many consumers as possible, the Group then invested in the premium segment for each of its markets and core segments. The Nacon® and RIG® brands are now firmly positioned in the premium segment, while continuing to appeal to the mass market, therefore guaranteeing the stability of its business.

5.6 COMPETITIVE POSITION

As explained in Section 5.4, Nacon is positioned as follows:

- AA publisher of video games;
- manufacturer of premium products in its Gaming Accessories business.

However, to the Company's knowledge, no other competitor apart from the console manufacturers offers consumers both accessories and games.

5.6.1 Nacon's positioning in the AA segment

The gaming industry majors (Ubisoft, Electronics Arts, Activision, Square Enix, etc.) only publish AAA games with huge investment budgets that account for the lion's share of global sales (e.g. success of the FIFA game).

The Group focuses on lower outlay niche games in the AA segment. There are currently no available statistics on this AA segment. It comprises some 15 competitors worldwide:

- France: Focus Home Interactive;
- International: Paradox Interactive AB in Sweden, Embracer Group (ex THQ Nordic AB) in Sweden, Team 17 plc in the United Kingdom and 505 Games in Italy.

Nacon also competes with indie studios that are also publishers, such as French studios Quantic Dream and DontNod Entertainment.

5.6.2 Nacon's positioning in gaming accessories

There are no global statistics on market shares of gaming accessories manufacturers as they do not offer comparable product ranges.

Nacon considers its major competitors to be:

- Guillemot Corp SA: specialist in Racing and manufacturer of many racing steering wheels;
- Astro Gaming (Logitech subsidiary): manufacturer of PC accessories;
- Razer Inc.: manufacturer of PC accessories;
- Turtle Beach: gaming headsets specialist;
- Performance Designed Products LLC (PDP);
- PowerA (BD&A's gaming accessories subsidiary);
- Hori.

5.7 INVESTMENTS

5.7.1 Main investments made by the Group

To achieve its ambitious objective of becoming one of the world's leading AA publishers with a broad content games line-up, Nacon has focused on investing in increasing its video game development production capacity.

Nacon's main investments have thus been in:

- acquiring interests in development studios; and
- allocating bigger R&D budgets to developing new video games.

5.7.1.1 Development studio acquisitions

The Group initially developed the video games Publishing business by outsourcing to external development studios but its approach has changed over the past four years following its acquisition of interests in several studios.

See notes to the financial statements "Change in scope".

5.7.1.2 R&D expenditure

During the past few years, the Company's investment budgets have increased to support its development strategy.

Apart from video games development, Nacon's other investments in the past few years have focused on developing innovative products in the Gaming Accessories business (Nacon® controller for PC and Revolution Pro Controller under licence for Sony's PlayStation® 4, Revolution X Pro Controller under licence for Microsoft's Xbox One and Xbox Series X|S) as well as the acquisition of reproduction rights relating to the video game Publishing business (Warhammer®, *Tennis World Tour*, etc.).

These investments are divided into three main items:

- Staff costs of employees assigned to the research and development of new products, which amounted to €4.2 million in 2022/23 (versus €3.4 million in 2021/22). None of these expenses are capitalised.
- Development costs of games published by Nacon, whether developed in-house or outsourced, which amounted to €79.4 million in 2022/23 (versus €58.0 million in 2021/22). Investments should now stabilise at around €70-75 million in the coming years.

Trends in game development costs

Costs in €millions	31/03/2023	31/03/2022	31/03/2021
Game development costs	79.4	58.0	48.5

- Costs related to the legal protection of the Group's developments amounted to €0.6 million in 2022/23 (versus €0.5 million in 2021/22); Nacon also devotes an increasingly large amount of operating expenses to protecting its developments (registering patents, trademarks and models).

5.7.1.3 Other investments

Apart from these in-house developments of new Accessories, in February 2020 Nacon announced the acquisition of the RIG™ premium brand and the RIG™ gaming headsets business. The acquisition was completed on 20 March 2020. Two companies were created to market RIG™ products in the USA and Australia.

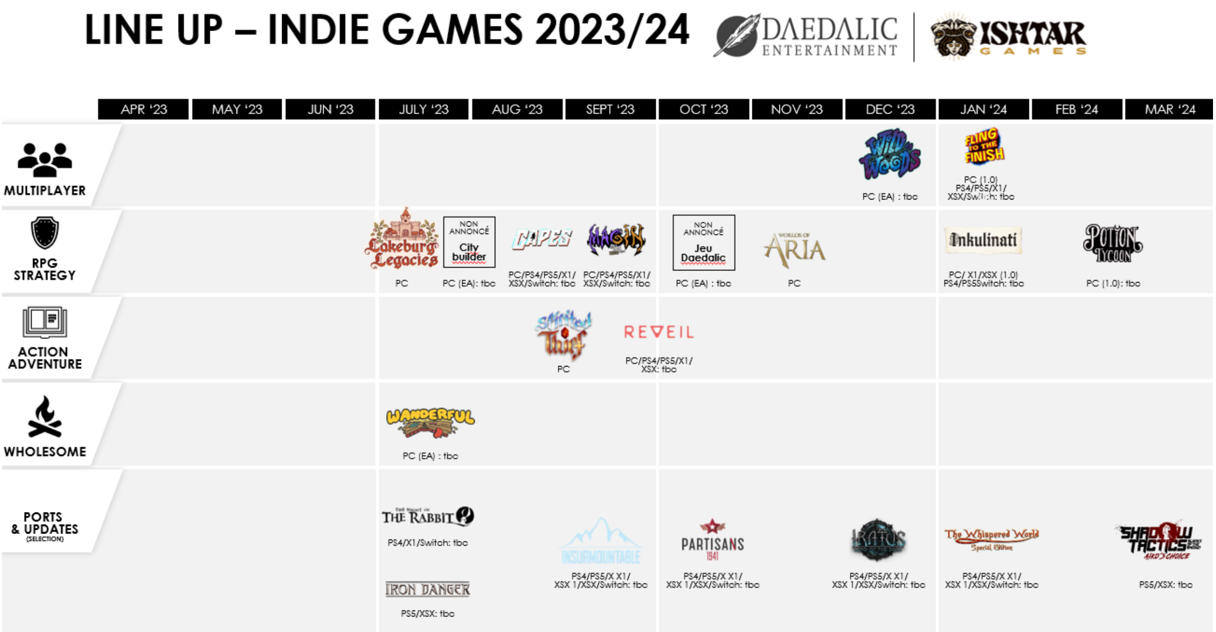
This deal gave Nacon a foothold in the world's largest market for this type of product and the ability to market all its Gaming products effectively.

5.7.2 Main ongoing or future investments

Nacon now intends to focus on investing in the development of video games that are already in its line-up, and on new games currently under development or future games not yet announced. At 31 March 2023, Nacon thus had 53 games under development, including 33 in-house in its own studios and 20 in external studios, for a total amount of more than €100 million. In addition, 18 more games are being developed by independent studios under the supervision of Daedalic Entertainment, which is one of its editorial specialities.

The extremely full officially announced release line-up for 2023/24 is as follows:

In addition to the 2023/24 pipeline presented above, the Group has bolstered its games publishing teams with the acquisition of Daedalic Entertainment. Daedalic Entertainment manages a diverse catalogue of games for PC and console and is particularly well-known for publishing independent games thanks to its solo and multi-player titles. Daedalic Entertainment and Ishtar Games currently have some 20 new games announced for release in 2023-2024.



For the moment, Nacon does not intend to make other significant investments for which the Company's management bodies have made firm commitments, although the Group will keep an eye on any external growth opportunities that fit with its strategic objectives.

Any such investments will be self-financed or funded by bank loans or new share issues.

5.7.3 Information about equity interests

Apart from its wholly-owned subsidiaries, Nacon does not own any interests in companies likely to have a significant impact on the valuation of its assets and liabilities, its financial position or its earnings.

5.7.4 Environmental factors

The Group aims to apply a sustainable social, environmental and economic policy in all its business activities. Its strategy includes a set of social and environmental requirements in response to the sustainability challenge.

6. Non-financial statement (NFS)

6.1 INTRODUCTION

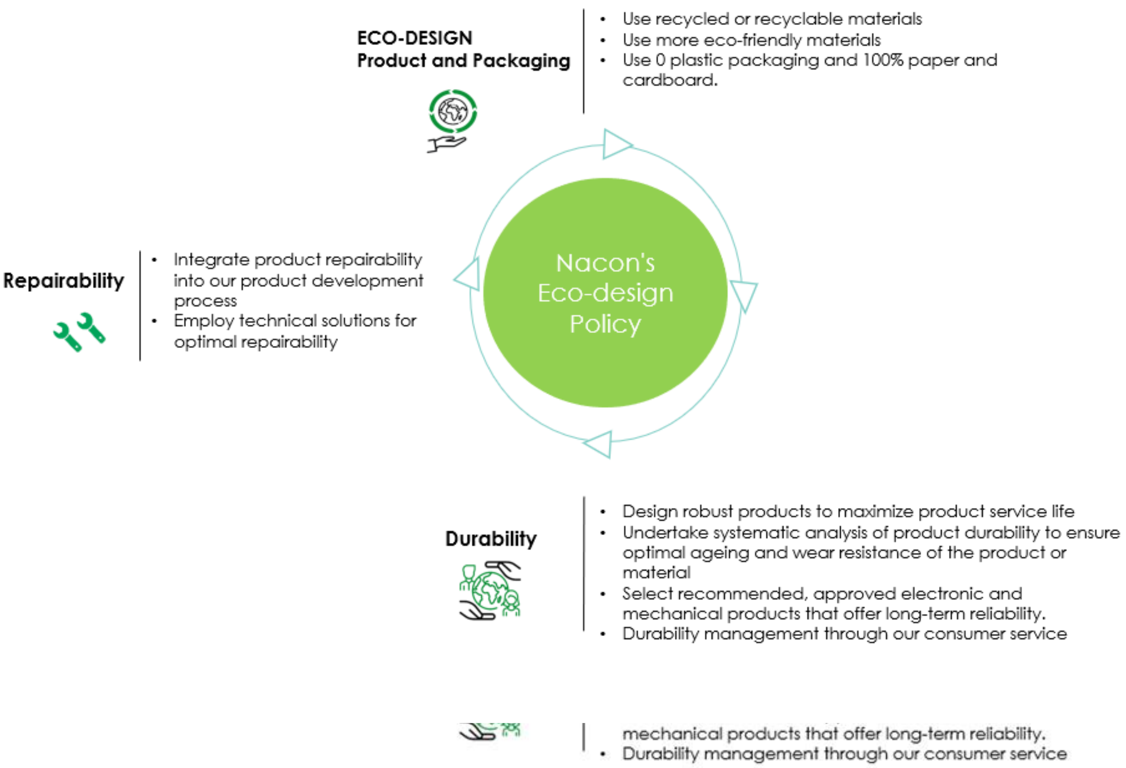
Government order 2017-1180 of 19 July 2017 and decree 2017-1265 of 9 August 2017 implement European directive 2014/95/EU and amend Article 225 of the French Commercial Code, which requires companies covered by its scope of application to report employee-related, environmental and social information in their management report. The NACON Group does not fall within the scope of these regulations and is therefore not legally required to prepare a non-financial statement but has decided to do so voluntarily.

The non-financial statement is structured into four parts addressed in the following sections:
- Description of the Group's business model;
- Description of the key non-financial risks inherent in the Group's business or the use of its products and services, resulting from the materiality analysis performed by the Group;
- Policies implemented to manage those risks;
- Outcome of the policies pursued.

In 2016, NACON became a member of the UN Global Compact via its parent company Bigben Interactive. On 7 February 2022, NACON SA joined the Pact in its own name and has therefore made a direct commitment to take measures to incorporate the Ten Principles of the UN Global Compact into its strategy, culture and operations.

Over the last few years, real awareness of “CSR” has developed within the Group and various measures have been introduced.
In 2022/23, a taskforce was set up to implement a product development process based on three core priorities:

- Eco design: maximising use of recycled materials and reducing use of natural minerals
- Repairability: ensuring optimal repairability of our products
- Durability: looking for ways of extending the life span of our accessories



Creation of a Corporate Social Responsibility (CSR) Committee

In order to continue with its efforts in terms of protecting the environment and sustainability, as well as those of its employees, customers and partners, NACON has decided to set up a Corporate Social Responsibility (CSR) Committee.
The main role of this committee, created as the result of a decision by the Board of Directors at its meeting of 30 May 2022, is to provide the Board of Directors with advice and support by means of recommendations with regard to Corporate Social Responsibility (CSR), in particular reviewing how NACON takes account of sustainability concerns in defining its strategy, and the main risks, challenges and opportunities with regard to the environment and social policy.

The CSR committee consists of two Board members: Florence Lagrange, independent Board member and Chair of the CSR Committee; and Anne Badot Janssen, also a Board member.
The following topics are to be discussed at CSR Committee meetings:

- NACON's main risks and opportunities in terms of CSR
- The Group's commitments, strategy and internal management with regard to CSR
- Dissemination of a corporate culture that encourages each individual to flourish in an environment fostering respect, diversity, inclusion and collective wellbeing

Carbon neutral by 2050

Aware of the environmental issues faced and its social responsibility, NACON will ensure that its future operations continue to be carried out with a view towards sustainability. To do this, NACON is committed to reducing its greenhouse gas emissions gradually in line with the climate scenario of the Paris agreements, with the goal of becoming carbon neutral/net carbon zero by 2050.

Contribution to a number of Sustainable Development Goals (SDGs)

The Group aims to ensure that its strategy supports the Sustainable Development Goals adopted by the United Nations in 2015, defining the issues that need to be taken into account to create a more sustainable society. On the basis of the CSR policy implemented several years ago, NACON endeavours to help to achieve a number of the 17 SDGs:

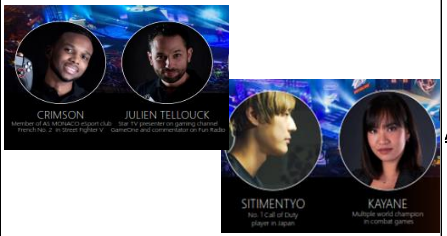
6.2 BUSINESS MODEL

The main elements of the Group's business model have already been largely described in Section 5 of this URD. However, for the sake of clarity and to avoid numerous cross-references or cross-reference tables, the Group has elected to give a summary description of its business model in the following tables.

6.2.1 The NACON Group's market

The NACON Group addresses the video games market, which has been subject to major upheavals over the last few years:

6.2.2 Value creation model

RESOURCES	OPERATIONAL EXCELLENCE	GROWTH STRATEGY	VALUE CREATION
Human capital	**Product and marketing innovation: a core component of the Group's strategy since the outset**	**<u>NACON'S STRATEGY</u>: Build the foundations for future growth**	**Human capital**
1,034 employees across more than 11 countries Training budget: 0.5% of payroll	Thanks to the <u>dedicated R&D</u> and Marketing teams with their in-depth understanding of consumer needs and <u>talented development studios</u> with recognised expertise in the target genres: Racing, Sports, Simulation, Adventure, Action, RPG and Narrative.	 **<u>GAMES</u>:** Accelerate development costs to create tomorrow's more profitable games 	272: number of new hires between March 2022 and March 2023
Intellectual capital	<u>Nacon works with the best to develop its products:</u>		**Intellectual capital**
A large R&D team and substantial R&D expenditure	*Example:* An ambassador and influencer programme to strengthen credibility and pro gamer endorsement of the games to casual players The ambassadors assist in product design: for example, pro gamer Kayane took part in designing the Daija Arcade Stick for the PS4™ and PS5™		Innovative, margin-generating products Many patents registered
"Manufacturing" capital			**"Manufacturing" capital**
Heavy annual investment in developing new games Production capacity of 16 in-house studios and many partner studios capable of developing more than 40 games on a continuous basis and launching more than 15-20 games per year		**<u>ACCESSORIES</u>:** International expansion and continued innovation	Excellent scores (Metacritic, etc.) for recently-released video games
Financial capital			**Financial Capital**
A robust financial structure Gearing of 28% (excluding lease liabilities and earnout payments on acquisitions)			Target of strong growth in revenue and operating profit
Social capital	<u>As a reminder, Nacon was a pioneer in:</u>		**Social capital**
Many internships and work/study contracts available Many partnerships with local organisations (schools, associations, etc.) A global supplier network An anti-corruption code of conduct implemented at all subsidiaries	- NACON Revolution controller: development of a suitable algorithm to gain access to new capacities specific to the pro gaming world - multiplayer radio-controlled wireless controller - early development of induction-based battery charging for Gaming accessories		Many indirect jobs created in the upstream activities of the value chain (suppliers and service providers) An anti-corruption code of conduct implemented by all Group employees
Environmental capital			**Environmental capital**
Purchase of ROHS and REACH compliant products Hybrid cars account for 29% of NACON SA's vehicle fleet in 2022/23			Reduction in business travel through increased use of confcalls; home working arrangements during lockdown Preference for sea freight

6.3 KEY NON-FINANCIAL RISKS INHERENT IN THE GROUP'S BUSINESS OR THE USE OF ITS PRODUCTS AND SERVICES

The key risks to which the NACON Group is exposed are presented in Section 3 of its URD. A special focus is placed on the main non-financial risks covering the following areas:

- Employee-related
- Environmental
- Social
- Human rights
- Anti-corruption and tax evasion

In Sections 3 to 8 below of this Section 6 "Non-Financial Statement", the Group describes how its non-financial risks in each of those areas are addressed by policies and reasonable due diligence procedures, providing key performance indicators where appropriate. Appendix 9 on methodology provides information about how those key performance indicators are calculated.

The relationship between non-financial risks, policies pursued to mitigate them and key performance indicators used to monitor the outcome of those policies are set out in the summary table below.

Non-financial risks, policies and key performance indicators

Type of risk	Description of risk	Materiality of net risk	Policies pursued to manage those risks	Outcome of the policies pursued		
				Key performance indicators	Units	SDG contribution
EMPLOYEE-RELATED						
Development of human capital	See Section 3.4.1 Departure of talent, management of unsuitable skills and human resources	High	New NACON SA Paris office opened in 2019 to attract and retain talented people in the Paris area Employees of all business activities at the heart of the Group companies' human resources policies The rise in the "number of joiners" indicator shows that the Group is still attractive	Total headcount at 31 March 2022 and breakdown by gender	No.	
				Number of joiners	No.	3 GOOD HEALTH AND WELL-BEING
				Number of leavers	No.	
				Staff turnover categorised and non-categorised	%	
				Average compensation per employee	€	4 QUALITY EDUCATION
				Average number of training hours per employee	Hours	
				Average number of training programmes per employee	No.	
				% of average headcount trained	%	5 GENDER EQUALITY
Quality of life at work and diversity	Gender inequality, discrimination, deterioration of employee rights and working conditions	Average	The Group endeavours to avoid all forms of discrimination and ensure gender equality in the workplace Measures taken to improve the working surroundings of Group employees	Headcount by gender, category, geographical area, age bracket	No.	
				Number of days absence / Absenteeism	No. / %	
				% of women by responsibility level	%	8 DECENT WORK AND ECONOMIC GROWTH
				% of employees with disabilities	%	
				Gender balance index	%	
Health and safety of employees and third parties in the workplace	Deterioration of wellbeing at work and health and safety conditions leading to accidents or illness among employees or third parties	Low	Continuous attention to safety standards Adapting work spaces	Number of occupational accidents with time off work	No.	10 REDUCED INEQUALITIES
				Frequency of occupational accidents	%	
				Severity of occupational accidents	%	

Type of risk	Description of risk	Materiality of net risk	Policies pursued to manage those risks	Outcome of the policies pursued: Key performance indicators	Units	SDG contribution
ENVIRONMENTAL						
Environmental impacts – High greenhouse gas emissions	Contribution to climate change through greenhouse gas emissions in all product supply chains: from the manufacturing plant to the end consumer	Low	Preference for sea freight Gradual transition of group car fleets towards hybrid/electric vehicles Business travel policy Goods transport management	Scope 1 CO_2 emissions	TCO2eq	17 PARTNERSHIPS FOR THE GOALS
				Scope 2 CO_2 emissions	TCO2eq	
				Scope 3 CO_2 emissions	TCO2eq	
Energy management: overconsumption	Inefficient energy performance leading to excess consumption in buildings No renewable energy sources in energy consumption leading to a negative environmental impact	Low	No production plant Sustainable use of resources Limited energy costs	Electricity consumption	kWh	11 SUSTAINABLE CITIES AND COMMUNITIES
				Natural gas consumption	m^3	
				Water consumption	m^3	
Resource and waste management	High waste production, wastage, failure to factor in the life cycle of resources and raw materials used	Low	Main waste is packaging material (cardboard, etc.) which is already recycled Circular economy Combating food waste	Paper and cardboard consumption	kg	13 CLIMATE ACTION
				Amount of paper and cardboard recycled	kg	
SOCIAL / ACTION IN FAVOUR OF HUMAN RIGHTS						
Supplier and service provider management	Failure to comply with sustainable sourcing policies; social, environmental and ethical risks related to the activity of suppliers and subcontractors; dangers for service providers	Low	Careful selection of suppliers (audits of manufacturing plants and selection of transport companies with excellent CSR scores) Membership of the UN Global Compact Adoption of a sustainable sourcing charter	Percentage of plants subject to a social audit	%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
				Percentage of plants signed up to the sustainable sourcing charter	%	
				Monitoring transport companies' CSR policies	N/A	
				Monitoring the UN Global Compact principles	N/A	
Anti-corruption and tax evasion	Anti-corruption and tax evasion	Low	Actions taken to prevent corruption	Number of alerts received	No.	

6.4 EMPLOYEE-RELATED RISKS, POLICIES PURSUED AND OUTCOMES

The Group has taken measures to mitigate the three employee-related risks referred to in Section 3.

6.4.1 Development of human capital

The NACON Group employs creative talent to publish original video games and develop innovative Gaming accessories. As such talent is highly sought after, the Group is exposed to potential poaching from other companies should its skills and human resources management prove inappropriate.

6.4.1.1 General trends in the Group's headcount

Attracting, developing and retaining talent is a key success factor for the Group. It therefore endeavours to give its employees opportunities to progress, learn and develop their skills and expertise.

NACON had 1,034 employees at end-March 2023 compared with 852 at end-March 2022. The headcount increased as a result of the acquisition of Daedalic, as well as the recruitment of new employees at other studios.

TOTAL HEADCOUNT	31/03/2023	31/03/2022	31/03/2021
Total	**1,034**	**852**	**631**

6.4.1.2 Joiners and leavers

Special attention is paid to recruiting new employees as they represent a strength for the company in a rapidly evolving business environment.

In 2022/23, 272 employees joined the Group (including 206 on permanent contracts and 40 women) and 153 left, including eight dismissals.

CONTRACT TYPE	2022/2023			2021/2022			2020/2021		
Movements during the period	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees joining on permanent contracts	40	166	206	42	136	178	45	60	105
Number of employees joining on fixed-term contracts	17	35	52	17	36	53	27	59	86
Number of apprenticeships or work/study contracts	3	11	14	2	3	5	2	2	4
Total number of joiners	**60**	**212**	**272**	**61**	**175**	**236**	**74**	**121**	**195**
Number leaving the company on permanent contracts	32	104	136	30	61	91	33	25	58
Number leaving the company on fixed-term contracts	8	14	22	5	17	22	8	17	25
Number leaving the company on apprenticeships or work/study contracts	2	1	3	2	1	3	2	1	3
Total number of leavers	**42**	**119**	**161**	**37**	**79**	**116**	**43**	**43**	**86**
O/w dismissals	**5**	**3**	**8**	**2**	**3**	**5**	**1**	**0**	**1**
Staff turnover	**17.0%**	**14.2%**	**14.8%**	**18.8%**	**11.4%**	**13.0%**	**30.0%**	**8.8%**	**13.5%**

As well as recruitment websites, the Group may also use social media and headhunting agencies to source suitable candidates.

The staff turnover indicator shows a relatively low rate of 14.8% compared with 13.1% to in 2021/22.

Some business lines are facing difficulties and having trouble recruiting staff. In these areas, the job market in 2022/23 continued to be dominated by a high level of demand and shortage of applicants. However, this did not stem the increase in the Group's headcount.

6.4.1.3 Compensation and trends in compensation

The Group's compensation policy aims to reward skills, stimulate creativity, encourage employee performance and retain talent.

Salary increases are granted mainly as a result of individual negotiations, based on skills development and/or on new responsibilities assumed or their involvement in projects (in particular for development studios).

- In France, salary increases are approved during annual appraisals. The provisions of the French Labour Code apply and incentive plans and employee savings schemes are in place. Employees of the French subsidiaries concerned therefore have a long-term vested interest in the development of their company and its results enabling them to build up a capital sum through a tax-efficient employee savings plan. Lastly, employees of many of the Group's French companies have benefited from "Macron bonuses". Other forms of ancillary compensation, i.e., meal vouchers, personal protection and health insurance, were also reviewed in 2022/23.
- In Benelux, salary increases are based on a government index and on individual negotiations. The company also belongs to Joint Committee 200 and complies with the agreements negotiated by it.
- In Germany, in the manufacturing sector, negotiations take place between the employer organisation WIGADI and the trade union VERDI. Bigben GmbH also has an annual appraisal system and organises two information and consultation meetings with staff a year.
- In Italy, salary increases are based on individual negotiations (annual appraisals based on responsibilities and skills development). Individual bonuses may also be granted based on the subsidiary's results. The company also complies with CCNL regulations (national collective employment agreement) applicable to the Retail sector.
- In Spain, the subsidiary complies with the collective agreement and conducts individual negotiations.
- In Asia, salary increases are based on the rate of inflation and individual performance.

All of the Group's entities comply with their social security and tax obligations in terms of employee compensation and benefits.

Compensation and trends in compensation (in thousands of euros)	2022/2023	2021/2022	2020/2021
Compensation for the year	43,152	33,631	25,283
Social security charges	13,473	11,892	9,407
Average compensation per employee (€'000)	**42**	**41**	**40**

The amount of compensation is higher than the previous year due to the Group's growth. The average gross annual salary of a NACON Group employee was €42,000 in 2022/23 (compared with €41,000 in 2021/22).

Employees also receive other benefits: meal vouchers are distributed at several entities, and French employees receive an employer contribution to a healthcare benefits scheme.

Furthermore, employee share ownership is an excellent way for the Group to give all its employees the opportunity to share in the company's success. Medium to long-term compensation may also be granted to the top-performing employees or to all employees as part of an active retention strategy. Over the last few years, this has taken the form of bonus share awards subject to presence and performance criteria. The Group may offer further plans of this type in the future.

6.4.1.4 Training

- **Training policies**

In businesses and sectors where continuous innovation, technological progress and expertise are key success factors, training of all kinds is clearly a priority.
A company's value lies in its human and intellectual capital. Rapidly evolving technology is a key feature in the Group's business sector and training is therefore an important issue. The aim is to guarantee the employability of all its employees and the development of their skills and knowledge. In such a sector, it is crucial for employees to keep their knowledge up to date in a continuously evolving market. The training policy aims to reconcile the company's needs with the career aspirations of its employees, to find a balance between the individual needs expressed during the annual appraisals and the company's economic profitability challenges.
The policy is implemented through individual actions and through collective training plans. Training needs expressed are validated by management based on their importance for the company's development.

French employees also benefit from an assessment of their training needs during Professional Interviews. These interviews are an important event for all employees, during which each manager discusses their team's performance and helps to develop their skills. This assessment also makes it possible to prepare for the next two years in terms of setting targets and an individual development plan.

The Group complies with the regulatory framework in such matters and pursues a policy designed to tailor employee skills to the expected evolution of the Group's business activities.
The skills development plan was ramped up as of March 2022. Following professional interviews, huge demand was expressed for training in 2022.

The major recurring training themes in 2022 were technical training related to employees' areas of expertise and training in office systems and personal development.
In the specific case of video games development studios, there is very little adequate specialist training for their industry in France. These studios often have to provide their own training and in doing so largely favour in-house training and intra-company skills transfers.

Throughout the year, employees are also invited to attend training sessions, seminars or conferences in their areas of expertise run by partners (lawyers, trade unions, chambers of commerce, banks, external service providers, conferences in schools, etc.).

- **Total number of training hours**

In 2022/23, the NACON Group's training expenditure represented 0.5% of its total payroll. A total of 222 employees received at least one form of training, i.e., almost 21.5% of the Group's average headcount. The average number of training hours per employee was therefore five hours.

Training	2022/2023	2021/2022	2020/2021
Training expenditure (€)	€222,823	€219,079	€94,367
Number of training programmes	313	136	114
Total number of training hours	5,634	5,130	2,628
Number of employees trained	222	165	107

% of payroll devoted to training	0.5%	0.7%	0.4%
Average number of training programmes per employee	0.30	0.16	0.18
Average number of training hours per employee	5	6	4
% of average headcount trained	21.5%	19.4%	17.0%

Annual appraisals	2022/2023	2021/2022	2020/2021
% of employees receiving an annual appraisal	85.5%	56.5%	46.8%

As there is no specialised training in the video games business on a global scale, training often takes place in-house, which explains the fall in certain training indicators over the past few years, a period when many employees joined the Group following the acquisition of the development studios.

6.4.2 Quality of life at work and diversity

The Group employs creative talent to publish original video games and develop innovative Gaming accessories. All employees are given the opportunity to develop their skills and entrepreneurial capabilities, encouraged by people who are passionate about their business. This ongoing creativity is expressed not only in the development of new products, but also in the day-to-day working environment.

NACON firmly believes that the Group's performance is inextricably linked to enabling its employees to flourish, as well as the confidence it gives them. NACON has therefore made it a priority to provide its employees with a safe working environment and ensure that they are satisfied, as well as helping them to develop their skills and support their wellbeing within the company.
Within a more general framework, NACON encourages the dissemination of a corporate culture that encourages each individual to flourish in an environment that fosters respect, diversity, inclusion and collective wellbeing.

6.4.2.1 Policies pursued

- **A suitable working environment**

The Group endeavours to develop an appropriate environment in all of its subsidiaries, with many work spaces adapted to everyone's needs (meeting rooms, relaxation areas, cafeterias/refectories) coupled with pleasant surroundings. For example, NACON's Lesquin head office has a large glazed courtyard with exotic plants and will soon be able to offer "wellbeing" areas for employees, in order to adapt to the needs of new generations of employees looking for real opportunities to wind down during the working day, providing sporting and videogaming activities, areas for relaxation and food service.
The Group also focuses on open space working wherever possible to encourage teamwork and facilitate communication, with managers always available to their teams.
The Group fosters the wellbeing of its employees by organising and financing various events during the year such as barbeques, lunches, seminars and restaurant invitations.

- **Working time arrangements**

The Group's policy is to allow employees some flexibility in their working time arrangements while complying with the applicable local legislation:

- In France, the legal 35-hour working week applies to company employees.
- There are no such regulations in Asia but NACON gives its Asian employees between 12 and 15 days annual leave, as well as additional days depending on length of service.

During the Covid-19 lockdowns (in spring 2020, autumn 2020 and spring 2021), to protect the health of

their employees, all of the Group's entities adopted strict home working measures.
The Covid-19 health crisis has given the Group the opportunity to rethink how its work is organised. Working habits have been completely transformed, in particular with the accelerated rollout of home working for all office-based jobs. Parent company NACON SA adopted a home working charter in September 2020, which allows its employees – outside the context of the Covid-19 health crisis – to opt to work from home several days per week. Home working has also been widely adopted at all other Group companies.

- **Employee relations**

  - **Staff information and consultation, negotiation procedures**

Social dialogue is the responsibility of staff representatives in countries where this is provided for by law.

In France, the various Macron laws have introduced a new staff representative body called the Social and Economic Committee (CSE). The CSE is an organisation that combines the three existing staff representative bodies: the trade union delegates, the works council and the health and safety committee. Its role is to express the voice of the employees and to take their interests into consideration in decisions relating to the company's management and business and financial developments, working arrangements, professional training and production techniques. Almost all of the Group's French entities have a CSE.

- In Germany, cooperation between the social partners such as employers and trade unions is of the utmost importance. The trade unions are free to negotiate and form alliances as they see fit. The company is included in the structure covering the tertiary sector. Negotiations take place between the employer organisation WIGADI and the trade union VERDI. Bigben GmbH organises two staff information and consultation meetings a year. Collective bargaining agreements are entered into with the trade union VERDI.

Subsidiaries in Benelux, Spain, Italy, Asia, Canada and the United States do not have trade union representation but still comply strictly with the relevant legislation in their respective countries:

- Bigben Benelux belongs to Joint Committee 200 and applies the agreements negotiated by it.
- Bigben Italy complies with the CCNL regulations (national collective employment agreement) applicable to the Retail sector. Under Italian law, internal agreements that differ from those imposed by the CCNL may be negotiated. They are known as "integrative agreements".

  - **Report on collective agreements**

The Group complies with the collective regulations applicable to its business, over and above local employment law, national and industry agreements. In France, NACON SA is covered by the collective agreement for the Wholesale industry no. 0573. The development studios are covered by the Syntec collective agreement no. 3018 (technical design firms, engineering consultants and consulting firms).

6.4.2.2 Outcomes

- **Absenteeism**

The increase in the number of days of absence compared with the previous year was partly due to the Group's larger headcount. The annual absenteeism rate was 2.58% in 2022/23 compared with 1.75% in 2021/22. Note that most instances of unpaid leave relate to leave planned by young staff who had not acquired enough leave and therefore do not constitute unauthorised absences.

Absenteeism	2022/2023	2021/2022	2020/2021
Number of days off for illness	4,447	2,645	1,927
Number of days off due to occupational or travel-related accidents	18	7	1
Number of days of unpaid leave*	1,793	853	658

Total number of days' absence	**6,258**	**3,505**	**2,586**
Absenteeism rate	**2.58%**	**1.75%**	**1.74%**
Number of days of maternity leave	305	527	343
Number of days of paternity/parental leave	736	739	217

** Including planned unpaid leave*

Days of absence are defined in business days.
Occupational accident = fatal or non-fatal accident occurring during or due to work according to local practices. Occupational accidents taken into consideration are those declared to and being handled by the competent authorities.
Absenteeism is based on end-of-period headcount and a year of 235 business days.

- **Equal treatment**

Diversity within the Group is inherent to the creativity and innovation the company needs to stay at the cutting edge of innovation and technology. The process of creating a video game or developing accessories requires a team of people from a diverse range of backgrounds and training to work well together. Cultural, gender and age diversity is a source of creativity and helps the teams to better understand consumer expectations and address their needs worldwide.

  - **Policies to combat discrimination**

BREAKDOWN BY EMPLOYMENT TYPE	31/03/2023		31/03/2022		31/03/2021	
Full-time	984	95.2%	820	96.2%	605	95.9%
Part-time	50	4.8%	32	3.8%	26	4.1%
Total	**1,034**	**100.0%**	**852**	**100.0%**	**631**	**100.0%**

In 2022/23, 95.2% of the Group's employees had a full-time employment contract.

BREAKDOWN BY CONTRACT TYPE	31/03/2023		31/03/2022		31/03/2021	
Permanent contracts	955	92.4%	785	92.1%	553	87.6%
Fixed-term contracts	55	5.3%	49	5.8%	75	11.9%
Apprenticeships	24	2.3%	18	2.1%	3	0.5%
Total	**1,034**	**100.0%**	**852**	**100.0%**	**631**	**100.0%**
Agency staff	2		4		15	
Internships	25		33		26	

In 2022/23, 92.4% of the Group's employees had a permanent employment contract.
The number of apprentices was 33% higher than the previous year.

BREAKDOWN BY GENDER	31/03/2023		31/03/2022		31/03/2021	
Women	218	21.1%	186	21.8%	140	22.2%
Men	816	78.9%	666	78.2%	491	77.8%
Total	**1,034**	**100.0%**	**852**	**100.0%**	**631**	**100.0%**

The proportion of women is down slightly due to the higher percentage of employees from development studios in the total headcount, where jobs are traditionally held by men, despite the Group's efforts to encourage the recruitment of women.

BREAKDOWN BY REGION	31/03/2023	31/03/2022	31/03/2021

France	649	62.8%	595	69.8%	466	73.9%
Rest of Europe	212	20.5%	122	14.3%	105	16.6%
Americas	76	7.4%	64	7.5%	48	7.6%
Asia-Pacific	84	8.1%	57	6.7%	0	0.0%
Asia	13	1.3%	14	1.6%	12	1.9%
Total	**1,034**	**100.0%**	**852**	**100.0%**	**631**	**100.0%**

At 31 March 2023, non-French subsidiaries represented 37.2% of the Group's total headcount compared with 30.2% at 31 March 2022, as a result of the acquisition of Daedalic in 2022/23.
The Group currently has operations in over 11 countries across a number of continents.

- **Age pyramid**

AGE BRACKETS	31/03/2023		31/03/2022		31/03/2021	
25 and under	167	16.2%	144	16.9%	92	14.6%
26 to 35	530	51.3%	411	48.2%	297	47.1%
36 to 45	209	20.2%	188	22.1%	155	24.6%
46 to 55	103	10.0%	87	10.2%	73	11.6%
56 and over	25	2.4%	22	2.6%	14	2.2%
	1,034	**100.0%**	**852**	**100.0%**	**631**	**100.0%**

Number of older employees (45 and over)	128	12.4%	109	12.8%	87	13.8%
o/w French employees	59	9.1%	51	8.6%	46	9.9%

The age pyramid reflects a young workforce consistent with the young video games industry: 67.2% are in the 20 to 35 age bracket.
The Group also endeavours to incorporate young people into its teams in order to secure the business's future.

- **Gender equality measures**

NUMBER AND % OF WOMEN BY RESPONSIBILITY LEVEL	31/03/2023		31/03/2022		31/03/2021	
Number and % of women in top management positions	5	17.9%	4	17.4%	4	22.2%
Number and % of women in middle management positions	30	16.8%	31	22.1%	22	22.9%
Number and % of women with managerial grade	39	16.5%	33	14.1%	19	11.4%
Number and % of women with supervisory grade	25	23.4%	16	19.8%	18	25.7%
Number and % of female employees	119	24.6%	102	27.3%	77	27.4%
Total	**218**		**186**		**140**	

Top management is defined as members of the Group's Management Committee, including the heads of the subsidiaries.
Middle management is defined as those people with key responsibilities in the company and with line management responsibility for at least one person (including interns not included in headcount).
Managerial grade is defined as employees with key responsibilities in the company whether or not they have line management responsibility for other employees.
Supervisory grade is defined as employees with responsibility for heading up a team, but with less responsibility than employees with managerial grade.

The percentage of women with employee grade decreased in 2022/23 with a corresponding increase in the percentage of women with supervisory grade. The Group's efforts to address the gender balance should result in further improvement in this level over the next few years.

There is no discrimination against women during the recruitment process. On the contrary, the Group strives to promote video gaming jobs to female students. Spiders has a female artistic director who spearheads several awareness campaigns at universities and is also a speaker at the Women in Games association.
Particular attention is also paid to how job offers are written in order to attract more women to these roles.

In terms of combating sexist behaviours, employees receive regular training on this subject and the Group sponsors certain charitable events to promote the prevention of sexist and sexual violence.

Incorporation of a criterion to combat discrimination in triggering payment of bonuses to corporate officers

Although the majority of studio employees are men, the Group pays particular attention to not discriminating against women and to equal treatment of men and women.
In order to make the Group more vigilant with regard to this matter, the Board of Directors decided at its meeting of 25 April 2022 to incorporate a criterion to combat discrimination in triggering payment of bonuses to the Chief Operating Officer. This criterion is based on the genera balance index as defined by France's "Professional future" law of 5 September 2018 and calculated by most of the Group's French entities (representing more than half of the Group's total workforce).
This new criterion will account for 30% of the bonus calculation.

The purpose of the gender balance index is to measure the company's positioning in terms of professional equality between men and women on the basis of four indicators (for companies with fewer than 250 employees) defined by the French government:

- The pay gap between men and women;
- The difference in the rate of individual salary increases;
- The percentage of female employees receiving a pay rise on returning from maternity leave;
- The number of people from the underrepresented gender among the top 10 highest-paid employees.

NACON's entities achieved an average score of 93% in 2022 compared with 85% in 2021, confirming the commitments made by the Group in terms of professional equality.

Gender balance index	2022	2021
Average score for Group entities	93	85

NACON is also a signatory of the Diversity promotion charter jointly drafted by the SNJV (national video games trade union), DGE (Directorate General for Enterprise), CNC (National Centre for Cinema and Animation) and SELL (entertainment software developers trade union), with the aim of encouraging diversity within teams and incorporating the values of diversity and equality into the company. NACON is committed in particular to:

- Helping to measure efforts to improve diversity;
- Ensuring equal treatment within the company;
- Taking action to prevent discriminatory behaviours, harassment and violence of any form;
- Working towards better promotion of jobs in the video games industry to young people.

- **Measures in favour of the employment and inclusion of people with disabilities**

The NACON Group employs 11 people with disabilities.

DISABILITY	2022/2023	2021/2022	2020/2021
Number of employees with a disability	11	9	8
% of employees with a disability	1.1%	1.1%	1.3%

In 2017, the Group formed a partnership with Game Lover, part of the Papillons Blancs association based in the Hauts de France region of northern France, which brings together people with disabilities who publish a news blog about video games. The aim of the collaboration was to address a number of impairments (visual, psychomotor, cognitive and mental, poor 3D perception, autism, etc.) suffered by some gamers in order to find ways of making video games more accessible for them. This partnership has made it possible to raise awareness about making video games accessible to people with motor and cerebral disabilities and adopting an approach, which now forms part of NACON's specifications, to ensure that developers take account of these restrictions as much as possible during development.

Accessibility issues are also a priority for the new studios acquired by the Group and appear regularly on the agenda for their meetings.

The game "Steelrising" developed by Spiders was nominated in the "Best accessibility" category in the 2023 Pégases awards organised by the French Academy of Video Game Arts and Techniques to honour the best video games of the year. This category recognises a video game designed so that anyone wanting to play it is able to do so.
In 2020/21, employees of Spiders undertook a training programme in provided by Cap Games on accessibility in gaming.

6.4.3 Health and safety of employees and third parties in the workplace

This risk covers a potentially unsuitable working environment, deterioration in wellbeing in the workplace or health and safety conditions that could lead to occupational accidents or illnesses.
The health and safety of its employees and partners is a core focus for the Group.

6.4.3.1 Health and safety in the workplace

It is important to note that the Group's business activities generate limited occupational risks.

NACON, which was founded in the second half of 2020, has continued to pursue the risk prevention policies pursued by the Bigben Group, mainly by revising and updating a single document validated by the Social and Economic Committee. As a video games publisher and gaming accessories designer and developer, the physical risks that can be identified are related to the nature of the business (sedentary tertiary activity) and to business travel (accidents). Its French studios have done the same by updating their unique document each year, if necessary with their CSR teams.
Furthermore, it is important to note that the business activities of these companies generate limited occupational risks.

NACON's employees also receive safety training both to prevent workplace hazards (as part of the applicable regulations) and to train volunteers in first aid and using firefighting equipment.
A number of employees have also been provided with ergonomic chairs to prevent musculoskeletal issues.

Other initiatives or obligations exist to prevent potential health risks:

- German subsidiary Bigben GmbH is a member of the BAD association, which is responsible for ensuring that proper procedures are in place to avoid occupational accidents;
- The Belgian subsidiary is affiliated to CESI (external occupational prevention and protection service);
- In Italy, a risk assessment document has been devised and is updated regularly;

- In Spain, the subsidiary complies with law 311995 of 8 November 1995 which regulates occupational risks in the workplace and supervision of employee health. It has outsourced this service to FREMAP;
- In Asia, the company complies with the Occupational Safety and Health Council regulations;
- In Australia, the company adheres to the principles of the Australian Institute of Health & Safety;
- In the United States, the company complies with the National and State Safety and Occupational Health regulations.

Focus on measures taken to protect employees and third parties from Covid-19

Apart from the specific work organisation measures described in 4.3.1, the Group took the following measures to protect the health of its employee during the Covid-19 crisis:

- Putting its employees on home working as soon as possible or on short-time working arrangements as soon as the lockdown order was announced in each country in spring 2020 and introducing contact precautions, wearing of masks and social distancing for all employees whose jobs could not be done from home. This attitude continued as each country's governments decided on further lockdowns; working from home agreements were also adopted at most of the Group's entities.
- Implementing a strict lockdown exit plan as soon as this was authorised by the respective governments to protect the health of its employees and third parties upon their return to the workplace and enabling a gradual resumption of business in compliance with health prevention regulations.

6.4.3.2 Agreements on health and safety in the workplace entered into with the trade unions or staff representative bodies

Employee representatives and works councils constitute real partners in constant dialogue with human resources departments.

The collective bargaining agreements signed within the Group's various companies cover areas such as compensation and employee benefits, working hours, working arrangements and working from home. A working from home charter was drafted at a number of entities to set out procedures for this practice, launched in 2020. All these elements were subject to consultation and discussion with employee representative bodies.

At Group level, all staff at French entities (63% of the Group's headcount) are covered by a collective bargaining agreement, while foreign entities comply with regulations in force within their own country.

6.4.3.3 Occupational accidents (frequency and severity) and illnesses

The Group is attentive to its employees' health. Thanks to the prevention measures implemented by the company and the relatively low exposure of its business to occupational accidents, it has only experienced commuting accidents over the last three years.

OCCUPATIONAL ACCIDENTS	2022/2023	2021/2022	2020/2021
Number of accidents with time off work	0	0	0
Number of accidents without time off work	0	0	0
Number of commuting accidents	4	1	1

Frequency of occupational accidents	0%	0%	0%
Severity of occupational accidents	0%	0%	0%

6.5 ENVIRONMENTAL RISKS, POLICIES PURSUED AND OUTCOMES

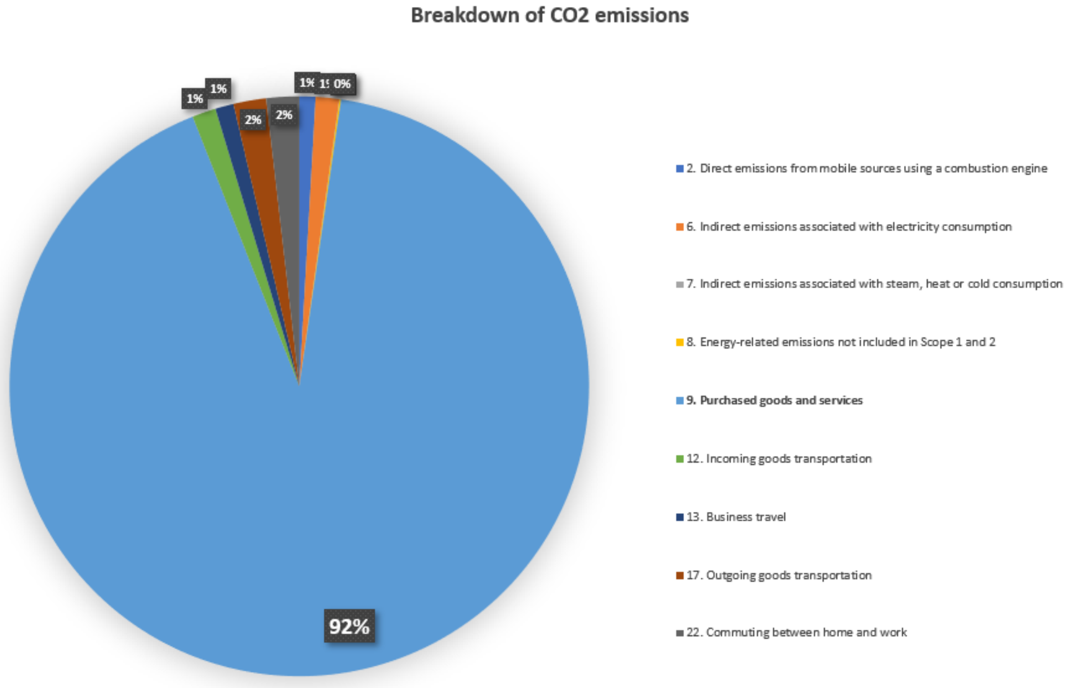
The Group has taken measures to mitigate the three environmental risks referred to in Section 3.

6.5.1 Environmental impacts – High greenhouse gas emissions

6.5.1.1 Policies pursued

NACON is determined to reduce its greenhouse gas emissions in line with the climate scenario of the Paris agreements, with the goal of becoming carbon neutral/net carbon zero by 2050.
With a view to this, the Group has calculated its Scope 1, Scope 2 and Scope 3 emissions.
Software was adopted in 2022/23 to make it easier to collect data from all Group entities.

The company’s carbon footprint is shown in the chart below:



- **Business travel policy**

The Group's goal is to limit greenhouse gas emissions generated by its car fleet by selecting vehicle models with the lowest emissions: 16 vehicles out of the 55 in the fleet are classified as "hybrid", representing 29% of the fleet in 2022/23 compared with 18% in 2021/22.

Number of cars by energy type	2022/2023		2021/2022	
Diesel	34	62%	36	72%
Petrol	5	9%	5	10%
Hybrid	16	29%	9	18%
Total	**55**	**100%**	**50**	**100%**

Other measures have also been taken in this regard, such as by the Belgian subsidiary, which has set limits on carbon dioxide emissions as part of its car policy.

Due to the nature of its business, Group employees take part in many trade fairs in France and across the world. The Group's travel policy is to use only the train in France and direct flights for international travel. It also encourages the use of audio and video conferencing (e.g., Skype, Teams, etc.) to replace certain trips to subsidiaries.

- **Use of environmentally friendly production plants**

The "environmentally friendly" criterion is duly taken into account when selecting partner production plants (see section 6.6.1.). For example, the plant in Asia, which manufactures most of the Group's video game controllers, is fitted with solar panels that allow it to consume green energy without emitting carbon into the atmosphere.

✓ **Introduction of a supplier procurement charter**

In 2022/23, NACON also introduced a sustainable sourcing charter obliging the Group's partners to implement measures to promote greater environmental responsibility and align with industry best practices, particularly in terms of reducing greenhouse gas emissions.
All of the NACON Group's partner production plants have signed up to the sustainable sourcing charter.

- **Goods transport management**

The Group's objective in transport management is to ensure that products are delivered to all customers worldwide as promptly as possible while reducing the environmental impacts of its transport activities at the fairest possible cost.

Its manufacturing subcontractors are based in Asia or Europe, which therefore requires
- freight by sea, air or train between China and mainly Europe and the United States;
- and road freight in Europe and the United States.

The main ways of reducing emissions are limiting use of air freight in the event of stock-outs. The supply department is also required to pay attention on a daily basis in order to maximise freight loads.
The Group also monitors actions taken by its partners and works with operators that place a strong focus on reducing carbon emissions.

This is also the case for subsidiaries that use local logistics providers in order to serve certain customers that have specific requirements. For example, Germany uses the transport company DPD, which certifies "zero emissions" when distributing its parcels.

6.5.1.2 Outcomes

Scope 1 emissions:

CO_2 emissions (kg CO_2e)	2022/2023	2021/2022	2020/2021

Emissions associated with company cars	173,746	194,628	183,185
Total Scope 1 emissions	**173,746**	**194,628**	**183,185**

The reduction in Scope 1 emissions is due to the increase in the number of hybrid cars in the company's car fleet.

Scope 2 emissions:

CO_2 emissions (kg CO_2e)	2022/2023	2021/2022	2020/2021
Emissions associated with electricity consumption	251,504	101,267	80,843
Emissions associated with gas consumption	2,317	0	0
Total Scope 2 emissions	**253,821**	**101,267**	**80,843**
Total Scope 2 emissions like-for-like	**109,401**	**100,805**	**80,843**

The increase in Scope 2 emissions relates to growth in the number of Group entities, as well as the relocation of some studios to larger premises, made necessary by their increased headcount.

Scope 3 emissions:

CO_2 emissions (kg CO_2e)	2022/2023	2021/2022	2020/2021
Emissions associated with procurement	17,646,155		
Emissions associated with transportation of goods	606,351	1,311,279	2,262,813
Emissions associated with commuting between home and work	351,305		
Emissions associated with business travel	196,505		
Emissions associated with external servers	16,328	10,660	0
Total Scope 3 emissions	**18,816,644**		

CO_2 emissions (kg CO_2e)	2022/2023
Total Scope 1 + Scope 2 + Scope 3 emissions	**19,244,211**

Software was adopted in 2022/23 to make it easier to collect data from all Group entities and allow for an exhaustive estimate of Scope 3 emissions.

Energy consumption related to the transportation of the Group's products amounted to 606 tonnes of carbon dioxide in 2022/23 compared with 1,311 tonnes in 2021/22 and 2,263 tonnes in 2020/21. This represents a significant reduction, primarily as a result of the following:

- reduced use of air transportation;
- natural purification of the old global fleet of energy-consuming boats;
- "slow-moving" policy adopted by shipping companies coupled with a shift towards low sulphur hydrocarbons in order to save on diesel used by boats.

6.5.2 Energy management: overconsumption

6.5.2.1 Policies pursued

- **Sustainable use of resources**

The Group raises employee awareness about saving electricity and heating, and many premises have already taken action to limit their energy consumption and use of their air-conditioning and lighting systems:

- Air-conditioning and lighting in the head office and all subsidiaries are switched off at night and during the weekends;
- Several premises, including NACON SA, have motion detectors or automatic light control systems to adjust lighting to employee needs.
- Some studies such as Cyanide and Kylotonn have signed “green energy” agreements with ERDF and Enercoop.
- The subsidiaries are increasingly purchasing more energy-efficient equipment. Some focus on LED lighting for its energy-efficient properties and its more efficient lighting.

Lastly, the Group ensures that its suppliers also use resources sustainably (see 6.5.2) and introduced new indicators in 2022/23 (see 6.5.3) to be able to continue to improve the assessment of its carbon footprint.

6.5.2.2 Outcomes

- **Water consumption and water supply based on local constraints**

Group companies only occupy premises for office use.
The Group's water consumption is therefore limited to the usual consumption for these types of premises.

Water (m^3)	2022/2023	2021/2022	2020/2021
Head office	426	284	469
Subsidiaries	126	163	58
Total	**552**	**447**	**527**
Estimated unrecorded additional consumption	1,657		

Water comes directly from the local water supply networks and the Group thus automatically complies with the water regulations applicable in its various countries of operation.
The Group also raises employee awareness about saving water.

- **Energy consumption, measures taken to improve energy efficiency and use of sustainable energy**

Group companies only occupy premises for office use.
The Group's energy consumption is therefore limited to the usual consumption for these types of premises.

Electricity (kWh)	2022/2023	2021/2022	2020/2021
Head office	260,111	253,740	251,895
Subsidiaries	910,581	504,307	387,883
Total	**1,170,692**	**758,047**	**639,778**

The increase in electricity costs relates to the Group’s growth.

Gas (m^3)	2022/2023	2021/2022	2020/2021
Head office	0	0	0
Subsidiaries	27,100	0	0
Logistics	0	0	0
Total	**27,100**	**0**	**0**

Gas consumption in 2022/23 corresponds to the consumption of a non-consolidated entity in previous years.

6.5.3 Resource and waste management

6.5.3.1 Policies pursued

- **Employee training and information on waste management**

The Group raises employee awareness about environmental impacts by communicating about issues such as printing, waste sorting (batteries, plastic, electronic equipment, etc.), lighting, and the need to reduce water, electricity and paper consumption.

Employee awareness and training are organised locally by each entity.

A number of initiatives have been taken at NACON SA:

- Installation of recycling bins in partnership with service provider ELISE, as well as a campaign to raise awareness among employees;
- Installation of an air conditioning system to reduce office heating/air conditioning costs; air conditioning in communal areas with a cold/warm air optimisation system to prevent energy loss due to the glass walls and regulate the temperature of the courtyard, corridors and entrance hall. This not only provides greater comfort for employees but also reduces heating and air-conditioning consumption in the offices.

In addition, NACON SA continuously raises employee awareness about reducing their office paper consumption by encouraging double-sided printing (printer default setting). NACON SA also decided in 2021/22 to stop printing corporate documents and to send out only digital greetings cards to its partners.

- **Pollution prevention measures**

    - **Measures to prevent, reduce or remedy environmentally serious air, water or soil pollution**

As the Group has no production sites, it has not recorded any air, water or soil pollution with a serious impact on the environment. Water is only consumed on a domestic basis at offices.

    - **Noise and other forms of pollution specific to a business activity**

The Group’s operations do not produce any noise pollution.

    - **Ground use**

No specific measures have been taken by the company.

    - **Resources devoted to preventing environmental risks and pollution**

As the Group does not have any manufacturing facilities, it has not devoted any specific resources to this matter.

    - **Amount of provisions and guarantees for environmental risks**

No provisions have been set aside or guarantees given for environmental risks.

- **Implementing a circular economy**

- **Waste prevention and management**

✓ **Measures to prevent, recycle, reuse, upcycle and eliminate waste**

<u>An eco approach to recycling from the outset</u>

Eco-designed products:

CSR aspects and recycling concerns are given consideration when creating a product and establishing the associated product strategy, which is duly highlighted during discussions with the various business partners.

- In 2022/23, a taskforce was set up to implement a product development process based on three core priorities including eco design, with the aim of maximising use of recycled materials and reducing use of natural resources.
- NACON works continuously to optimise the form and size of its product packaging to limit packaging waste and endeavours to recover and reuse cardboard boxes.
- “Zero plastics” packaging was introduced several years ago, using FSC certified card, as well as printing using vegetable-based inks. Paper manuals have also been replaced with manuals in digital format that can be downloaded by users.

NACON SA has also invested in digitising the documents it produces such as invoices and expenses reports:

- Introduction of electronic client and supplier invoices in September 2020;
- Introduction of expense report software in March 2020, which allows users to scan their receipts and obtain approval directly in electronic format;
- Introduction in 2020/21 of DocuSign signature software to avoid printing out legal documents such as contracts, which can be signed electronically.
- All marketing materials have been digitised since the start of 2022, with a QR code to be downloaded by visitors to our stands. The Group’s traditional product catalogues and corporate brochures have been replaced with digital materials.

<u>Downstream management of recycling</u>

Aware of the ecological impact of their waste consumption, the Group’s companies recycle their waste by means of selective sorting at their premises or in collection areas or by calling on specialised service providers. For example:

- The German subsidiary has appointed a specialised firm to process all packaging waste generated by the distribution of its products to retailers and it complies with the "VerpackV" packaging regulations.
- The Belgian subsidiary takes measures to limit its packaging waste. In terms of recycling, it is also a member of Valipac (secondary and tertiary packaging management), Fost-Plus (primary packaging management), Bebat (battery recycling) and Recupel (waste electrical and electronic equipment management);
- In Spain, the company has outsourced the collection, processing and recycling of electrical and electronic waste to Reinicia for products marketed in Spain and management of containers and packaging to Ecoembes;
- Since 2017, the Italian subsidiary has been a member of CONAI (consortium for recovering and recycling packaging) and the ECOEM consortium for waste electrical and electronic equipment (WEEE) management. Since September 2020, the company has eliminated faulty products including batteries via the ECOEM Consortium;

- **Combating food waste**

Due to the nature of its business, the Group is not concerned by food waste issues. It does not have any company restaurants. However, most of its premises provide refectories or break rooms where staff can eat. Food consumption is therefore limited to the individual needs of each employee or company guest. Nor is the Group concerned with combating food insecurity or respect for animal welfare and responsible, fair and sustainable food.

- **Biodiversity protection**

All of NACON's premises are based in urban areas and none are close to any rich biodiversity areas.

6.5.3.2 Outcomes

- **Consumption of commodities and measures taken to improve their effective use**

Paper and cardboard consumption (kg)	2022/2023	2021/2022	2020/2021
Head office	406	1,089	433
Subsidiaries	1,213	705	1,782
Logistics	78,477	83,796	90,703
Total	**80,096**	**85,590**	**92,918**

At the Lesquin plant, everyday use of DocuSign has allowed for an equivalent saving of 61 kg of wood, 1,492 litres of water, 143 kg of carbon and 10 kg of waste.

Paper and cardboard recycling (kg)	2022/2023	2021/2022	2020/2021
Head office	1,877	1,726	2,164
Subsidiaries	783	159	993
Logistics	82,223	98,480	102,765
Total	**84,883**	**100,365**	**105,922**

6.5.4 Taxonomy

6.5.4.1 New regulation

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishes a framework to facilitate sustainable investment within the European Union (EU), amending regulation 2019/2088. This EU taxonomy of sustainable activities or “green taxonomy” establishes the general framework for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable.

A qualifying activity must:
- contribute substantially to one or more of the following environmental objectives:
    1. climate change mitigation
    2. climate change adaptation
    3. sustainable use and protection of water and marine resources
    4. transition to a circular economy
    5. pollution prevention and control
    6. protection and restoration of biodiversity and ecosystems
- do no significant harm to any of the other environmental objectives;
- be carried out in compliance with minimum safeguards set out in:

  - the OECD Guidelines for Multinational Enterprises
  - the United Nations Guiding Principles on Business and Human Rights, and
  - the principles and laws set out in the eight fundamental conventions cited in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and by the International Bill of Human Rights;
- comply with technical screening criteria established by the Commission.

In accordance with the regulation, the NACON Group has analysed its activities that may meet the expected eligibility criteria as well as the criteria for alignment.

The three indicators required regarding the designation of eligible activities and in eligible activities – turnover, capital expenditure (CapEx) and operating expenditure (OpEx) – have been calculated.

6.5.4.2 Outcomes

The financial information in question for this analysis is taken from NACON’s IT systems at the end of the financial year on the basis of the IFRS consolidated financial statements to 31 March 2022 and in accordance with the regulation with the aim of defining “green” revenue, capex and opex. The results of this analysis are given below.

Turnover

After analysis and in the light of the regulatory framework set out above, it appears that most of the Group's activities are not among the activities that are eligible for the two climate objectives established by the Green Taxonomy.
As a result, taxonomy-eligible economic activities account for 0.0% of NACON's total turnover.
In 2022/23, the Group's turnover amounted to €156.0 million, corresponding to the amount stated in the Group's consolidated income statement.

Economic activities	Code	Absolute turnover (in millions of euros)	Percentage of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Percentage of Taxonomy-compliant turnover year N	Percentage of Taxonomy-compliant turnover year N-1	Category (enabling activity/ transitional activity)
			%	%	%					o/n	o/n	o/n	o/n	o/n	o/n	o/n	%	%	H/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-compliant)																			
Turnover from environmentally sustainable activities (Taxonomy-compliant) (A.1)		**0**	**0.0%**														**0.0%**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-compliant)																			
Turnover from Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-compliant) (A.2)		**0**	**0.0%**																
TOTAL (A.1 + A.2)		**0**	**0.0%**																
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES (%)																			
Turnover from non-taxonomy-eligible activities (B)		**155,977**	**100.0%**																
TOTAL (A + B)		**155,977**	**100.0%**																

CapEx

In 2022/23, expenditures relating to the Group's tangible and intangible assets amounted to €80.4 million, corresponding to the amount stated in the Group's cash flow statement.
Eligible CapEx corresponds to rights of use relating to property rental agreements. All newly leased buildings were taken into consideration, including renewed rental agreements. Taxonomy-eligible expenditures totalled €1.1 million, equal to 1.3% of total expenditures.
The proportion of Taxonomy-eligible expenditures meeting compliance criteria came to €0.5 million, equal to 0.6% of the Group's CapEx.

				Substantial contribution criteria						Does no significant harm criteria (DNSH)									
Economic activities	Code	Absolute CapEx (in millions of euros)	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Percentage of Taxonomy-compliant CapEx in year N	Percentage of Taxonomy-compliant CapEx in year N-1	Category (enabling activity/ transitional activity)
			%	%	%					o/n	o/n	o/n	o/n	o/n	o/n	o/n	%	%	H/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-compliant)																			
Acquisition and ownership of buildings		471	0.6%	100%						o	o	o	o	o	o	o	0.6%		T
Environmentally sustainable CapEx (Taxonomy-compliant) (A.1)		**471**	**0.6%**	**100%**													**0.6%**		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-compliant)																			
Acquisition and ownership of buildings		581																	
Taxonomy-eligible but not environmentally sustainable CapEx (not Taxonomy-compliant) (A.2)		**581**	**0.7%**																
TOTAL (A.1 + A.2)		**1,052**	**1.3%**																
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES (%)																			
Non-taxonomy-eligible CapEx (B)		**79,395**	**98.7%**																
TOTAL (A + B)		**80,447**	**98.7%**																

OpEx

Eligible operating expenditures as defined by the Taxonomy concern mainly upkeep and office maintenance costs. As our assessment of the proportion of eligible OpEx leads us to the conclusion that these expenditures are not material, the proportion of eligible or compliant OpEx is therefore considered to be nil.

				Substantial contribution criteria						Does no significant harm criteria (DNSH)									
Economic activities	Code	Absolute OpEx (in millions of euros)	Percentage of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum guarantees	Percentage of Taxonomy-compliant OpEx in year N	Percentage of Taxonomy-compliant OpEx in year N-1	Category (enabling activity/ transitional activity)
			%	%	%					o/n	o/n	o/n	o/n	o/n	o/n	o/n	%	%	H/T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-compliant)																			
Environmentally sustainable OpEx (Taxonomy-compliant) (A.1)		**0**	**0.0%**																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-compliant)																			
Taxonomy-eligible but not environmentally sustainable OpEx (not Taxonomy-compliant) (A.2)		**0**	**0.0%**																
TOTAL (A.1 + A.2)																			
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES (%)																			
Non-taxonomy-eligible OpEx (B)		**0**	**0.0%**																
TOTAL (A + B)		**0**	**0.0%**																

6.6 SOCIAL RISKS, POLICIES PURSUED AND OUTCOMES

6.6.1 Supplier and service provider management

6.6.1.1 Policies pursued

- **Purchasing policy and consideration of CSR aspects in negotiations with suppliers and subcontractors**

The NACON Group's CSR policy serves the clear aim of establishing values for each of its stakeholders. This vision is centred around two core commitments:

– Carrying out our activities in an ever more responsible way, incorporating our CSR and eco-design policies;
– Being invested in shared sustainable performance.

Selection of production plant subcontractors

The Group uses subcontractors for its product manufacturing needs.
The NACON Group wants to involve its partners in an approach based on shared progress, in order to identify the weaknesses in the production chain and useful changes in terms of protecting the environment, human rights and working conditions.
In 2022/23, NACON introduced a sustainable sourcing charter obliging the Group's partners to implement measures to promote greater social and environmental responsibility.
Production plants that sign up to the charter are obliged to compile an annual assessment of progress made.
All of the NACON Group's partner production plants have signed up to this supplier charter.

In Asia, NACON Hong Kong also performs audits of all partner production plants to ensure that they comply with their social responsibility obligations. Since 1 April 2017, a social audit has been added to the quality audit, using a social audit form.

External social and environmental certifications are also obtained for production plants, as detailed in Section 6.6.1.2.

Selection of transport providers

The Group also monitors actions taken by its transport partners and works with operators that place a strong focus on reducing carbon emissions and on their contribution to sustainable development and social responsibility.

Since 2020/21, the Group has assessed the energy consumption related to the transportation of its products on the basis of information provided by its main transportation providers and extrapolated to the Group as a whole (see 6.5.3).

- **Monitoring the UN Global Compact principles**

The Group is a member of the United Nations Global Compact, and as such adheres to and promotes the following ILO fundamental conventions:

✓ Freedom of association and collective bargaining
✓ Elimination of discrimination in respect of employment and occupation
✓ Abolition of forced labour
✓ Effective abolition of child labour

6.6.1.2 Outcomes

Production plants

Most of the production plants that manufacture NACON products are ISO 9001 certified (quality management system) while others are certified SA8000, a social accountability standard that promotes decent working conditions. Others are members of the Business Social Compliance Initiative (BSCI), which brings together companies committed to improving working conditions in their international supply chains. Other plants have SMETA (Sedex Members Ethical Trade Audit) accreditation, one of the ethical audit standards.

By partner (representing over 85% of the accessories business), this breaks down as follows:

CERTIFICATIONS AND SCORES OBTAINED	External audits				Internal audits	
	CSR	EMS-ISO14001	QMS - ISO9001	ISO 45001	CSR	QMS
Plant 1	RBA	X	X	X	84.4	85
Plant 2	RBA / SA8000	X	X	X	92.2	92
Plant 3	RBA	X	X	X	90.6	91
Plant 4	SA8000 / SMETA	X	X		89.1	86

The number of certified production plants increases each year. As at 31 March 2023, 73% of production plants, representing 96% of the accessories business, had at least one SA8000, SMETA, BSCI or RBA social audit report, compared with 65% as at 31 March 2022.

Furthermore, the NACON Group has never used "conflict minerals" (the 3 Ts: tin, tungsten and tantalum) or gold from the Democratic Republic of the Congo for the manufacturing of its products or in its supply chain.

Transport providers

As stated above, the Group works with companies that place a strong focus on reducing carbon emissions and which prioritise their contribution to sustainable development.

The Group's two main transport providers – Chronopost and Sogetra (a subsidiary of the Bolloré Logistics group) – obtained EcoVadis scores of 78/100 and 80/100 respectively in 2022, ranking them among the top 1% of highest scoring companies in the sector.

6.6.2 Regional inclusion

6.6.2.1 Policies pursued and outcomes

- **Employment and regional development**

The Group contributes to developing local employment, mainly through limited recourse to subcontracting and therefore creating local jobs, and by choosing to locate its head office in the Hauts de France region of northern France.

The Group also endeavours to support the local economy through the services it uses.

✓ For example, NACON SA gives preference to local suppliers for the following services:
  - marketing, printing, photography, venue bookings for photo shoots and model bookings;
  - server hosting services, purchased by Roubaix-based company OVH.

The Group has taken a proactive approach for many years to youth employment and inclusion.

✓ A policy of encouraging apprenticeships and work/study contracts has been developed over the last few years. As at 31 March 2023, the NACON Group had 24 apprentices or work/study placements compared with 18 as at 31 March 2022.

In addition, the NACON Group renewed its commitment in 2022/23 to several actions specifically aimed at students and young graduates, such as:

  - There are many partnerships between the Gaming Publishing teams at the Lesquin head office, the studios and Rubika (SupInfoGame and ISD), CNAM – ENJMIN, ECV

Bordeaux, Pole III D, IIEM (in partnership with the Cyanide studios), IIM, ICAN and Isart Digital:
    - The owners and managers of the NACON Group's studios give regular talks at these schools;
    - Many design and development projects have also been run with ISD students in the past 10 years (simulator projects, "made for iPhone controllers" project, etc.);
    - The Lesquin head office has recruited many students to the Publishing and Accessory Design departments in past years, and have taken on others as interns.

  - There are many partnerships between the DTP department and various schools: Esupcom school of marketing and communication in Lille, ISCOM, Aston Lille and IAE.

These partnerships illustrate the Group's aim of attracting and hiring talented young people and making them aware of the issues and responsibilities inherent in our subsidiaries' business activities and the reality of jobs in this sector.

- **Neighbouring and local populations**

Due to its nature as a distribution company, NACON does not have direct impacts on neighbouring and local populations.

- **Dialogue with stakeholders (community, associations, social institutions)**

The Group does not have a specific policy.
However, initiatives taken since 2018/19 reflect its commitment in this respect. Partnership actions, whether with local schools, associations or government agencies, all aim to invest in teaching skills related to new technologies and the world of gaming.

The Publishing division in particular is involved in many partnerships:

At national level:
- NACON is a member of various video game unions and may therefore represent the video games industry from time to time, in particular during conferences, to explain how video games are designed, developed and published:
  - Through its group contribution, which includes the recently acquired development studio and the head office Publishing team, NACON is a member of the trade union for the video games industry, SELL;
  - The Spiders studio's head of production is chair of the Board of the national video games union SJNV.

At regional level:
- Our Head of Publishing was the founder chairman of the association Game Industry North (GAME IN) for four years and remains an active member of the association. It now has a membership of some thirty regional companies involved in the video games industry and organises many conferences on a broad array of topics.
  In 2021, he also became a member of the Comité Métropolitain du Numérique (Metropolitan Committee for Digital Technology) under the patronage of Akim Oural (Delegated Metropolitan Councillor for Innovation and Digital Technology).
  In 2021, he also joined forces with Capital Games, a regional video games industry association in the Ile-de-France region comprising 150 to 160 partner companies as part of a mentoring system.

- NACON receives delegations of start-ups giving them the opportunity to present their products and create a business network.

The Group's international subsidiaries have also invested in their local communities:
- Bigben Benelux is a member of Union Belge des Annonceurs (UBA);
- Bigben Italia is part of the Italian Interactive Digital Entertainment Association (IDEA, formerly AESVI), which represents the national video games industry and in 2021 became a member of CONFINDUSTRIA (general confederation of Italian industry), the main organisation representing Italian manufacturing and service companies;
- RaceWard is a member of IIDEA, Assolombarda and Confcommercio, supporting video gaming in the Lombardy region;
- NACON is also a member the trade unions ESA in the United States and UKIE in the United Kingdom, as well as the Australian trade union (via newly acquired studio Big Ant) and associations in Quebec (including the Quebec video gaming guild).

- **Sponsorship and patronage**

There are a number of sponsorship initiatives aimed at improving the wellbeing of disadvantaged populations or local communities:
- In spring 2020, the studio Spiders launched the "Video Games Bursary" along with various video games companies and the charity "Loisirs Numériques", which aims to provide financial support and mentoring for students who do not have the socioeconomic means to pursue costly studies in video games. The "Video Games Bursary" offers the selected student(s) full funding for their registration and tuition fees and computer equipment, as well as assistance with accommodation and transportation and support from professional mentors. Spiders has since made an annual donation to the charity each year to support this initiative over the long term. Other Group studios have joined this bursary scheme;
- The studio Ishtar sponsors a charitable event to promote the prevention of sexist and sexual violence.

6.6.3 Consumer health and safety

To guarantee the safety of its products, NACON uses manufacturing subcontractors with very high organisational standards and processes. The Group has in-house teams devoted to monitoring and implementing standards, regulations and internal rules.
Safety is taken into consideration right from the product design stage. A product must meet the national safety standards of the relevant market as well as international standards. Consequently, products often exceed the local safety requirements.
Before being marketed, all products must undergo comprehensive safety testing to assess potential risks, including physical, chemical and flammability tests. All products comply with European Union requirements as well as all legal and regulatory provisions, and are inspected by independent testing organisations.

NACON complies strictly with the standards in force covering the electrical safety and use of its products, including the European RoHS directive (Restriction of Hazardous Substances), WEEE directive (Waste Electrical and Electronic Equipment) and REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals) for the relevant products.

The Group is committed to the health and safety of its consumers through trade associations for the video games industry such as SELL in France.

The software teams work closely with rating and consumer protection agencies, the main ones being:
- PEGI (Pan European Game Information) for Europe;
- ESRB (Entertainment Software Rating Board) for the United States;
- OFLC (Office of Film and Literature Classification) or COB for Australia;
- USK (Unterhaltungssoftware Selbstkontrolle – entertainment software self-regulation body) for Germany;
- CERO (Computer Entertainment Rating Organization) for Japan.

These agencies inform consumers about the nature of the products and the recommended age for use

by assigning ratings that guarantee clear labelling of video games based on their content and recommended age group.
Each agency is independent and works differently.
Furthermore, in France products carry a warning about the risk of epilepsy in accordance with the decree of 23 April 1996. Some first-party suppliers also ask for information about similar risks to be carried on their packaging or in notices included with the products.

6.7 ACTION IN FAVOUR OF HUMAN RIGHTS

- **Promotion of and compliance with the ILO's fundamental conventions**

The Group complies with the conventions on:

✓ **Freedom of association and collective bargaining**

The Group respects the freedom of association and collective bargaining (see section 4.3).

✓ **Elimination of discrimination in respect of employment and occupation**

The Group employs talented people from a wide variety of backgrounds (see section 4.6.3) and thus endeavours to combat all forms of discrimination by recruiting a diverse range of profiles.

✓ **Abolition of forced labour**

The Group complies with the conventions of the International Labour Organisation and, in particular, undertakes not to use forced labour. It also ensures that its subcontractors in Southeast Asia comply with these obligations.

✓ **Effective abolition of child labour**

The Group complies with the United Nations conventions on children's rights and, in particular, undertakes not to use child labour. It also ensures that its subcontractors in South-East Asia comply with these obligations. The Group therefore complies fully with the provisions of HK Labour Law and Employment of Children Regulations.

In addition to the social audits performed by NACON Hong Kong (see section 6.6.1), the Group's quality inspectors, who visit the manufacturing plants on a daily basis, ensure that no children are working there. The Group is extremely attentive to this issue and did not have any cases of forced child labour in the past year.

- **Choice of partners**

As described above, various actions taken by the Group with its subcontractors and partners (e.g., social audits of Asian production plants since 1 April 2017 in addition to quality audits, using a social audit form) ensure that they take social responsibility issues into consideration.

To date, apart from the social actions described above, the Group has not committed to any other action in favour of human rights.

6.8 ANTI-CORRUPTION AND TAX EVASION

6.8.1 Action taken to prevent corruption and outcomes

NACON reminds its employees about their duty of loyalty in their employment contracts and stresses the importance of this principle when new employees are hired.
The anti-corruption procedures put in place by the Group take several forms:

- An “anti-fraud” prevention document is given to the Group’s employees each year;
- The Group Treasurer is able to check the subsidiaries' daily bank positions;
- The duty of loyalty is spelt out in employment contracts.

Subcontractors:

- New major subcontractors are appointed via a competitive bidding process requiring several levels of approval or by obtaining quotes from at least three different suppliers.
- The Hong Kong subsidiary asks its suppliers and manufacturing subcontractors to sign a "Gifts and Gratuities" form stipulating that NACON will not accept gifts or gratuities of any kind.

The NACON Group complies with the anti-corruption provisions of the French Sapin II law. In accordance with the eight measures recommended by the French anti-corruption agency (AFA), the following measures were decided and implemented within the Group and its French and foreign subsidiaries in accordance with French regulations, and will continue to be implemented within new subsidiaries in future:

- Anti-corruption risk mapping;
- Adoption of an anti-corruption conduct code to be included in the internal regulations;
- Implementation of whistleblowing arrangements.

ALERTS RECEIVED	31/03/2023	31/03/2022
Number of alerts received	0	0

No alerts have been recorded in the last two years.

- Implementation of procedures to assess partners;
- Implementation of accounting control procedures and anti-corruption control and internal evaluation arrangements;
- Introduction of anti-corruption training modules based on clear and easy to understand slides for all relevant employees in all the Group's subsidiaries.

6.8.2 Action taken to prevent tax evasion and outcomes

As regards transfer pricing, the Group complies with the OECD's BEPS principles and has a full set of files (master file and local files) documenting the arm's length nature of its intra-group transactions and their fiscal compliance.

6.9 APPENDIX - EMPLOYEE-RELATED, ENVIRONMENTAL AND SOCIAL REPORTING METHODOLOGY

NACON's CSR reporting approach is based on Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

6.9.1 Reporting period and timetable

The information collected covers the period from 1 April of year N-1 to 31 March of year N, except for information relating to training and annual appraisals, as well as carbon footprint assessments of certain transportation providers covering the period from 1 January to 31 December of year N-1. The first quarter (January to March) is considered identical to that of the previous year in terms of transportation providers' emissions. Information is reported annually.

The CSR reporting timetable is as follows:

Period	Activity
Early March of year N	Instructions sent to contributing entities one month before the annual close (Excel reporting file, explanations, instructions, etc.)
During April of year N	Reporting of qualitative and quantitative information
End of April of year N	Consolidation of data and drafting of CSR report
End May of year N	Board of Directors' meeting to approve results

6.9.2 Scope

The CSR reporting scope aims to be representative of the Group's business activities. It is based on the following rules:

- Only those companies that are fully consolidated in the financial statements are included in the CSR reporting scope;
- Subsidiaries acquired or created during year N-1/N are included in reporting for year N/N+1 in order to adopt a progressive approach.

However, due to the material impact on the Group's headcount of development studio acquisitions and for the sake of clarity as regards the Non-Financial Statement, the Group departed from this rule for 2021/22 and has included the relevant company in the section on employee-related indicators and green taxonomy based on the approximate length of time that the relevant company has belonged to the Group, i.e.:

  - 1 year for PASSTECH GAMES SAS (from 1 April 2021 to 31 March 2022);
  - 11 months for BIG ANT STUDIOS Holding PTY Ltd (from 3 May 2021 to 31 March 2022);
  - 8 months for CREA'TURE Studios Inc. (from 30 July 2021 to 31 March 2022);
  - 4 months for ISHTAR Games SAS (from 25 November 2021 to 31 March 2022);
  - 2 months for MIDGAR SAS (from 7 February 2022 to 31 March 2022).

As a reminder, as regards the comparative figures, in 2020/21, the newly acquired studios were also included based on the approximate length of time they had belonged to the Group, i.e.:

  - 6 months for Neopica (from 1 October 2020 to 31 March 2021).

- Subsidiaries sold or closed down during year N-1/N are excluded from the reporting scope for year N-1/N. Not applicable in 2022/23.

The scope of reporting from year N-1/N will be updated on 31 March of year N-1/N by the Group's management.

Specific restrictions on the reporting scope for some indicators are described in section 9.6. "Definition of indicators and methodology limitations".

6.9.3 Choice of indicators

The indicators used were selected on the basis of:

- the employee-related, environmental and social impacts of the Group's business activities;
- risks associated with the business activities;
- operational implementation of the Group's CSR performance monitoring based on a selection of unifying indicators.

6.9.4 Roles and responsibilities

Information is collected centrally or from each entity included in the CSR reporting scope from sources such as the payroll management system, Excel monitoring files, invoices, etc.

Quantitative information reported by the subsidiaries is collected by the CFOs of the subsidiaries based on an Excel reporting file drawn up by NACON's management. Within the Group's subsidiaries, CFOs collect the information from staff responsible for the relevant area.

The qualitative information is collected centrally by NACON's management.
Information is checked and validated by Group management.

6.9.5 External audit

In accordance with the regulatory requirements set out in Article 225 of the Grenelle 2 law and its implementing decree of 24 April 2012, NACON has asked one of its statutory auditors to prepare a report as of 2019/20 certifying that the relevant information has been disclosed in the management report and expressing an opinion on the fairness of the disclosures.

6.9.6 Scope limitations and methodology clarifications

6.9.6.1 Scope limitations

Disclosure	Scope
Environmental indicators	
Paper and cardboard consumption and waste recycling	Paper and cardboard waste recycling is limited to the scope of parent company Bigben Interactive's Lauwin-Planque warehouse (the Group's only real warehouse, as the other subsidiaries only have office premises) and to a few Group subsidiaries (in particular the German, Italian and Hong Kong subsidiaries) that habitually recycle their cardboard and paper waste.
All environmental indicators	All Group companies are included in the scope of this report.

Disclosure	Scope
Employee-related indicators	
All employee-related indicators	All Group companies are included in the scope of this report.

6.9.6.2 Methodology clarification

<u>Employee-related data:</u>

Disclosure	Description
End-of-period headcount and breakdown by: - **Gender** - **Age** - **Geographical area**	Number of employees on the payroll at 31 March of year N on permanent and fixed-term contracts. Includes employees on parental leave, maternity leave and long-term sick leave, and employees on apprenticeship and work/study contracts. Excludes non-salaried executive corporate officers, interns, temporary staff, employees on early retirement schemes and employees on sabbatical leave. The age brackets defined are: ≤25 and under, 26-35, 36-45, 46-55, 56 and over.≥ It has been agreed that employees aged over 45 are regarded as “older”. The few French employees with two employment contracts with two separate French entities have each been treated as two workforces in accordance with French law. The geographical areas defined are: France, Rest of Europe, Americas, Asia-Pacific, Asia.
External joiners	Number of employees hired on permanent or fixed-term contracts, apprenticeships, work/study contracts and temporary staff from 1 April of year N-1 to 31 March of year N. Fixed-term contract renewals and contract conversions do not count as new hires.
Leavers	Number of employees on permanent or fixed-term contracts that left the company from 1 April of year N-1 to 31 March of year N on the company's initiative (redundancy, serious misconduct, contractual termination, termination of permanent or fixed-term contract during the trial period, end of fixed-term contract) and on the employee's initiative (resignation) Transfers between different entities are regarded as departures.
Staff turnover	Number of voluntary departures divided by headcount at the end of the period. The “staff turnover by category” ratio is broken down between men and women.
Absenteeism, total and breakdown: - **Sick leave** - **Occupational and commuting accidents** - **Unpaid leave**	Number of days’ absence for the various categories calculated in business days from 1 April of year N-1 to 31 March of year N. The absenteeism indicator is calculated by dividing the total number of days’ absence referred to above by the end-of-period headcount based on a year of 235 business days.
Compensation for the year	The amount of compensation corresponds to the gross payroll disclosed in the consolidated financial statements. It includes gross compensation, paid leave, allowances, various benefits, incentive bonus and profit sharing. Average compensation per employee is calculated by dividing the amount of compensation referred to above by end-of-period headcount.
Frequency of occupational accidents	The frequency of occupational accidents is calculated using the following formula: (Total number of occupational accidents / Number of hours worked) * 1,000,000 The number of hours worked corresponds to the actual number of days worked by employees * the number of hours worked per week
Severity of occupational accidents	The severity of occupational accidents is calculated using the following formula: (Number of days with time off work due to occupational accidents / Number of hours worked) * 1,000 The number of hours worked corresponds to the actual number of days worked by employees * the number of hours worked per week
Social security charges	The amount of social security charges corresponds to the employer's contributions (social security, unemployment, pension, death & disability insurance, top-up health insurance, occupational health care costs, works council expenses, lifelong training, luncheon voucher contribution, construction tax, apprenticeship tax).
Occupational accidents with time off work	Number of occupational accidents with time off work recognised as such by the competent authorities from 1 April of year N-1 to 31 March of year N.
Occupational accidents without time off work	Number of occupational accidents without time off work recognised as such by the competent authorities from 1 April of year N-1 to 31 March of year N.
Commuting accidents	Number of accidents between home and work with or without time off work recognised as such by the competent authorities from 1 April of year N-1 to 31 March of year N.
Percentage of payroll devoted to training	The percentage is calculated as follows: Training expenditure for the year / Compensation for the year
Training expenditure	Amount of expenditure on training (in euros). Expenditure includes the cost of services invoiced by external providers of training given to employees plus associated travel costs (transport, accommodation, meals) and employee costs charged. Training expenditure in respect of year N includes expenditure incurred for all employees present at 31 March of year N. Expenditure incurred for employees who have left the company is not included. Training can be provided face-to-face or remotely.

Employees trained	Number of participants (permanent and fixed-term contracts) in contractually agreed training sessions during calendar year N-1 for French companies and the financial year for other companies. Data taken from agreements entered into with the training service providers. Participants are counted as many times as they attend a training session. Employees trained in year N includes those employees present at 31 March of year N. Employees who have left the company are not included. The percentage of average headcount trained is calculated by dividing the total number of employees trained referred to above by the end-of-period headcount.
Training hours	Number of contractually agreed training hours received by employees (permanent and fixed-term contracts) during calendar year N-1 for French companies and the financial year for other companies. Data taken from agreements entered into with the training service providers. Training hours counted in respect of year N are those completed by employees on the payroll at 31 March of year N. Training hours completed by employees who have left the company are not included. The average number of training hours per employee is calculated by dividing the total number of training hours referred to above by the end-of-period headcount.
Average number of training hours per employee	The average number of training hours per employee is calculated using the following formula: Total number of training hours / Total number of employees as at 31 March year N
Average number of training programmes per employee	The average number of training programmes per employee is calculated using the following formula: Number of training programmes / Total number of employees as at 31 March year N
Percentage of employees receiving an annual appraisal	Employees who have received an annual appraisal: For French subsidiaries: during calendar year N-1 For other subsidiaries: from 1 April of year N-1 and 31 March of year N divided by the end-of period headcount from 1 April of year N-1 to 31 March of year N
Top management and middle management	Top management is defined as members of the Group's Management Committee, including the heads of the subsidiaries. Middle management is defined as those people with key responsibilities in the company and with line management responsibility for at least one person (including interns not included in headcount).

Environmental data

Disclosure	Description
Water consumption	Water consumption in m^3 from 1 April of year N-1 to 31 March of year N. Data taken from water bills or meter readings.
Paper purchased	Paper and cardboard purchased in kg from 1 April of year N-1 to 31 March of year N. By convention, the Group considers that paper purchased during the year is consumed during the year. The logistics warehouse unpackages products sent by suppliers, stores them and then repackages them in the form required by the end customer. Therefore, packaging boxes sent by suppliers are not included in this indicator. However, as these boxes are recycled, most of them are included in the indicator referred to below.
Paper and cardboard waste collected	Paper and cardboard waste in kg from 1 April of year N-1 to 31 March of year N. Data supplied by service providers that collect the paper and cardboard.
Internal electricity consumption	Electricity consumption in kWh from 1 April of year N-1 to 31 March of year N. Data taken from electricity bills or meter readings.

Electricity consumption associated with external servers	Electricity consumption related to external datacentres is calculated using the following formula: Number of servers hosted by external service providers * Annual start up time * Average server power (approx. 0.170 kWh according to ADEME)
Natural gas consumption	Natural gas consumption in m^3 from 1 April of year N-1 to 31 March of year N. Data taken from natural gas bills or meter readings.
Scope 1, 2 and 3 CO_2 emissions	CO_2 emissions arising from electricity and natural gas consumption. For internal consumption estimates, the following emission factors were used: - Natural gas: 0.086 kg CO_2e / kWh LHV (Source: European emission factor, ADEME carbon base), conversion factor 1 m^3 = 10.5 kWh LHV (Source: International Energy Agency) - Electricity: France: 0.0520 kg CO_2e / kWh, Belgium: 0.22 kg CO_2e / kWh, Germany: 0.461 kg CO_2e / kWh, Hong Kong: 0.766 kg CO_2e / kWh, Italy: 0.406 kgCO_2e / kWh, Spain: 0.238 kgCO_2e / kWh; USA 0.522 kgCO_2e / kWh; Australia 0.841 kgCO_2e / kWh, Canada (0.186 kg CO_2e / kWh) (Source: ADEME carbon base). CO_2 emissions from car fleets are calculated using the following formula: Number of diesel/petrol/hybrid cars * Average number of litres per 100 km for diesel/petrol/hybrid * Average number of km per year/car * CO_2 emission coefficient. With the following consumption assumptions (source: ADEME): Diesel: 5 litres per 100 km; Petrol: 6.8 litres per 100 km; Hybrid: assumption 50% petrol/50% electric, giving an average of 3.1 litres per 100 km And CO_2 emissions generated by type of car (Source: https://www.econologie.com/emissions-co2-litre-carburant-essence-diesel-ou-gpl/) Diesel CO_2 emission coefficient: 3.10 kg CO_2e/litre Petrol and hybrid CO_2 emission coefficient: 2.70 kg CO_2e/litre For estimates of consumption by transport companies, figures are taken - Either directly from the carbon footprint assessment provided by each transport company contacted - Or an emission factor per means of transport (air/sea/road) provided by a transport company and applied to "other journeys made by transport companies not contacted".
Green taxonomy indicators	These indicators are required by a new EU directive (Taxonomy Regulation) that favours environmentally sustainable economic activities. An economic activity qualifies as environmentally sustainable if it meets the following criteria: 1/ it contributes to at least one of the six environmental objectives 2/ it does no harm to any of the six environmental objectives 3/ it is carried out in compliance with minimum safeguards (ILO conventions) The six environmental objectives are: 1/ Climate change mitigation 2/ Climate change adaptation 3/ Sustainable use and protection of water and marine resources 4/ Transition to a circular economy, waste management and recycling 5/ Pollution control 6/ Protection of ecosystems

Methodological limitations of the indicators

Indicators may present methodological limitations due to:

- lack of harmonisation of definitions and national/international legislation;

- representativeness of the metrics;
- practical methods of collecting and inputting data.

6.10 REPORT OF ONE OF THE STATUTORY AUDITORS

Report by the independent third party on the consolidated non-financial statement

Financial year ended 31 March 2023

To the shareholders of NACON SA,

In our capacity as statutory auditors of your company (hereinafter the "Entity") designated as an independent third party accredited by COFRAC under number 3-1884, we have conducted work in order to give a reasoned opinion expressing a limited assurance conclusion on the historic information (actual or extrapolated) provided in the consolidated non-financial performance statement prepared in accordance with the entity's procedures (hereinafter the "Guidelines") for the financial year ended 31 March 2023 (hereinafter respectively the "Disclosures" and the "Statement") disclosed on a voluntary basis by your Group pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.[23]

Conclusion

Based on the procedures we have performed, as described in the section "Nature and scope of our work" and the information we have gathered, we did not identify any material misstatements causing us to believe that the Statement does not comply with the applicable regulatory requirements and that the Disclosures, taken as a whole, are not presented fairly in all material respects in accordance with the Guidelines.

Preparation of the non-financial statement

The lack of generally accepted and commonly used reference framework or established practices on which to draw to assess and measure the Disclosures means that we can use different but acceptable measurement techniques that may affect the comparisons between entities and over time.

Therefore, the Disclosures should be read and understood in reference to the Guidelines the main elements of which are presented in the Statement (or available on the website or on request from the Entity's head office).

Inherent limitations to preparation of the Disclosures

The Disclosures may be subject to uncertainty inherent to the level of scientific or economic knowledge and the quality of external data used. Some information may be sensitive to choices of methodology, assumptions and/or estimates made to establish this information and presented in the Statement.

Entity's responsibility

It is the management team's responsibility:

- to select or establish appropriate criteria for preparing the Disclosures;
- to prepare a Statement in accordance with legal and regulatory requirements, including a description of the business model, the key non-financial risks, the policies pursued to address those risks and the outcomes of those policies, supported by key performance indicators, including key performance indicators, as well as the information required under Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- to prepare the Statement in accordance with the Entity's Guidelines as mentioned above; and
- to set up the internal controls it deems necessary for preparing Disclosures that does not contain any material misstatements, whether due to fraud or error.

[23] Cofrac Inspection accreditation no. 3-1884, scope available on the website www.cofrac.fr

The Statement has been prepared by the Board of Directors.

Responsibility of the statutory auditor appointed as independent third party

Our responsibility is to provide a report based on our work expressing a limited assurance opinion on:

- the Statement's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the historic disclosures (actual or extrapolated) made pursuant to Article R. 225-105 I.3 and II of the French Commercial Code, i.e., the outcomes of the policies and action taken to address the key risks, supported by key performance indicators.

As it is our role to give an independent conclusion on the Disclosures as prepared by management, we are not authorised to be involved in the preparation of these Disclosures, as this could compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with any other applicable legal and regulatory requirements (in particular those regarding the information required under Article 8 of Regulation (EU) 2020/852 (green taxonomy) and anti-corruption and tax evasion legislation);
- the sincerity of the information required under Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

Regulatory requirements and applicable professional guidance

The procedures described below were performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, in particular the technical opinion of the CNCC, *Engagement of the statutory auditors, engagement of the independent third party – Non-financial statement*, in lieu of a verification programme, and ISAE 3000 (revised)[24].

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the code of conduct governing the audit profession. Furthermore, we have implemented a quality control system that includes documented policies and procedures designed to assure compliance with the applicable laws and regulations, ethical requirements and professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements.

Means and resources

Our work was performed by a team of four people between May and June 2023 and took a total of three weeks.

We referred to our specialists in sustainable development and social responsibility to assist us in our work. We conducted some ten interviews with the people responsible for preparing the Statement.

Nature and scope of our work

We have planned and carried out our work taking account of the risk of material misstatements in the Disclosures.

We believe that the procedures we performed, based on our professional judgement, are sufficient for us to provide a limited assurance opinion:

- We obtained an understanding of the business activities of all the entities included in the scope of consolidation and the description of the key risks;

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[24] ISAE 3000 (revised) – Assurance engagements other than audits or reviews of historical financial information

- We assessed the appropriateness, completeness, reliability, neutrality and clarity of the Guidelines with due consideration of industry best practices, where applicable;
- We obtained assurance that the Statement covers each type of social and environmental disclosure set out in Article L. 225 102 1 III, as well as disclosures regarding respect for human rights and compliance with anti-corruption and tax evasion legislation;
- We obtained assurance that the Statement contains the disclosures required under Article R. 225-105 II of the French Commercial Code where relevant with regard to the key risks, and an explanation where the disclosures required under Article L. 225-102-1, III, paragraph 2, have not been provided;
- We obtained assurance that the Statement presents the business model and a description of the key risks associated with the entity, including where relevant and proportionate the risks associated with their business relationships, products or services, as well as the policies pursued, measures taken and their outcomes, supported by key performance indicators related to those key risks;
- We referred to the documentary sources and conducted interviews to:
    - assess the process used to select and validate the key risks and the consistency of the outcomes, including the key performance indicators used, with regard to the key risks and policies presented; and
    - corroborate the qualitative disclosures (actions and outcomes) that we considered to be the most important, as presented in the Appendix. For some risks[25], our work was conducted at the level of the consolidating entity. For other risks, work was conducted at the level of the consolidating entity and within a selection of entities[26].
- We obtained assurance that the Statement covers the consolidated scope, i.e., all the entities covered in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of the internal control and risk management procedures in place at the Entity and assessed its data collection process to obtain assurance about the completeness and fairness of the Disclosures;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important, we performed:
    - analytical procedures to verify the correct consolidation of the data collected and the consistency of any changes in those data;
    - tests of details, using sampling techniques or other means of selection, to verify the proper application of the definitions and procedures and to reconcile the data with the supporting documents. This procedure was carried out on a selection of contributing entities and covered between 15% and 100% of the data selected for those tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

The procedures performed within the framework of a limited assurance audit are less extensive than those required for a reasonable assurance audit carried out in accordance with the professional guidance of the French Institute of Statutory Auditors ("CNCC"); a higher level of assurance would have required more extensive verification work.

Paris-La Défense, 26 June 2023

[25] Management of suppliers and service providers; Human rights and Anti-corruption and tax evasion.
[26] Nacon S.A., Kylotonn S.A.S.

KPMG S.A.

Stéphanie Ortega	Fanny Houlliot
Partner	*ESG Expert*
	KPMG Centre of Excellence

Appendix

Qualitative disclosures (actions and outcomes) considered to be the most important
Internal promotion policy and outcomes
Employee benefits and other measures to develop human capital
Governance in terms of security
Prevention of risks to which employees may be exposed in the workplace
Measures to improve working conditions
Measures to reduce energy consumption
Measures to encourage waste recycling
Assessment of the carbon impact of operations and associated reduction measures
Measures to prevent corruption
Commitments and measures taken to ensure that suppliers and subcontractors uphold human rights an employment rights and protect the environment

Key performance indicators and other quantitative outcomes considered to be the most important
Total headcount at the end of the financial year and breakdown by gender
Average number of training hours per employee
Staff turnover categorised and non-categorised
Absenteeism
Proportion of women in managerial roles
Percentage of employees with disabilities
Frequency of occupational accidents
Severity of occupational accidents
Electricity consumption
Natural gas consumption
Paper and cardboard consumption
Amount of paper and cardboard recycled
Scope 1, 2 and 3 CO_2 emissions

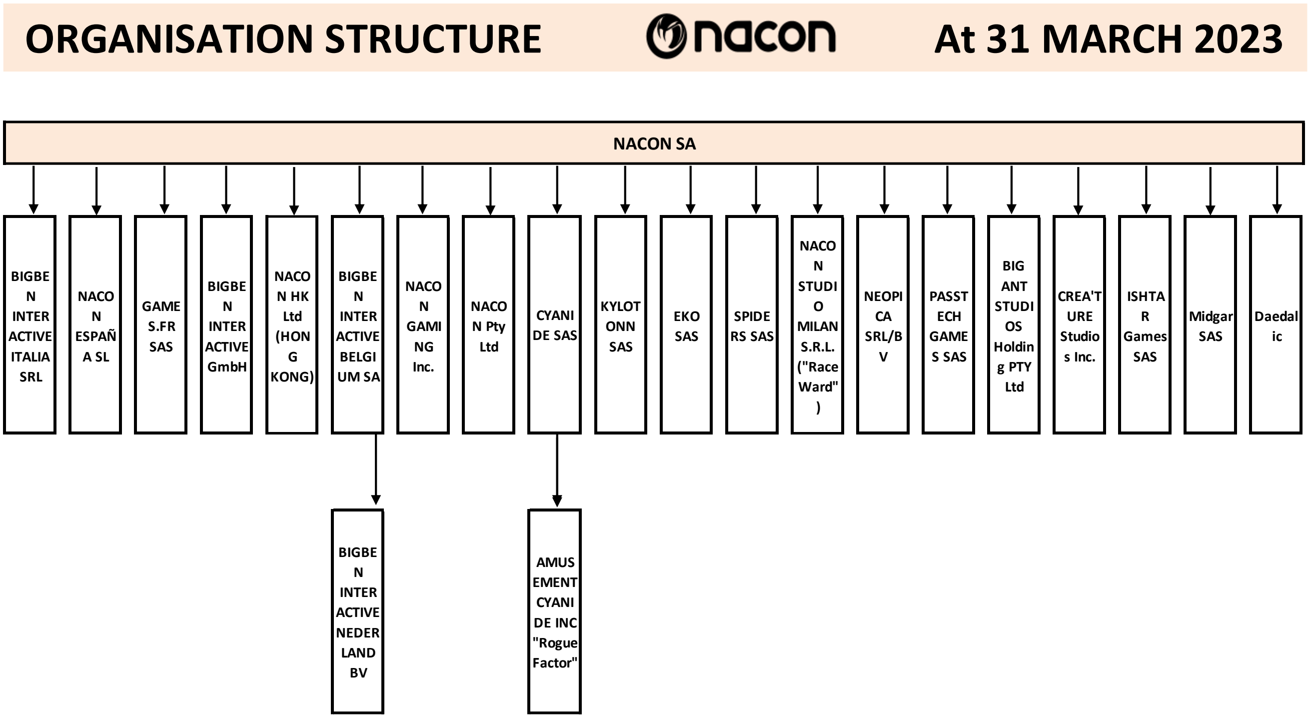
7. ORGANISATION STRUCTURE

7.1 LEGAL STRUCTURE

The organisation chart presented below shows the Company and all its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code (Code de Commerce).

The Group's current structure, which is the result of a reorganisation of the Bigben Interactive group's business activities, encompasses the development, publishing, marketing and distribution of physical and digital video games, and the design, development, manufacture and wholesale distribution of gaming accessories.

As a reminder, in a spin-off completed on 31 October 2019, Bigben Interactive transferred to its subsidiary Nacon all of its interests in the companies described below, which are involved in the Gaming business either as video games developers and publishers or as manufacturers and distributors of accessories.



All of the Group's subsidiaries are wholly-owned.

7.2 GROUP COMPANIES

Parent company

NACON SA

Nacon is a French *société anonyme*, initially incorporated on 18 July 2019 as a *société par actions simplifiée*.

Its purpose is the creation, design, development, production, publishing, promotion, operation, marketing and dissemination of technologies, applications and all IT, audiovisual and multimedia products, particularly video games, software and accessories, on any medium, and all related accessories,

As the Nacon Group's parent company, it provides the Group's marketing, sales, distribution, administrative and financial functions.

Historical subsidiaries

GAMES.FR SAS

GAMES.FR is a French *société par actions simplifiée.*

Its main business is marketplace sales (online sales on platforms such as Amazon) of all of the group's physical products (video games, gaming accessories, etc.). It is wholly owned by the Company following the spin-off completed on 31 October 2019.

BIGBEN INTERACTIVE BELGIUM SA

Bigben Interactive Belgium is a Belgian *société anonyme*.

Its business is the management of the Group's commercial activities in the whole of Benelux (in the Netherlands via its subsidiary Bigben Interactive Nederland) and it has exclusive distribution rights in Benelux over games published by Square Enix. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

BIGBEN INTERACTIVE NEDERLAND BV

Bigben Interactive Nederland is a Dutch *Besloten Vennootschap*.

It is Bigben Interactive Belgium's subsidiary for selling products in the Netherlands. Its parent company is wholly owned by the Company following the spin-off completed on 31 October 2019.

BIGBEN INTERACTIVE GmbH

Bigben Interactive is a German *Gesellschaft mit beschränkter Haftung*.

It supports the Group's commercial activities in Germany, Austria and German-speaking Switzerland in the video games and accessories sector. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

BIGBEN INTERACTIVE ITALIA S.R.L.

Bigben Interactive Italia is an Italian *Società a responsabilità limitata*.

It supports the Group's commercial activities in Italy in the video games and accessories sector. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

Subsidiaries arising from the carve-out and spin-off of Bigben Interactive's Gaming business in October 2019

NACON HK LTD

Nacon HK Ltd. is a Hong Kong Limited Company incorporated on 31 July 2019.

Its business is the design of gaming accessories for the Group. It is also responsible for sourcing components, managing the product manufacturing process and centralising all of the Group's purchases relating to gaming accessories. Bigben Interactive HK Ltd. transferred these activities to Nacon HK Ltd with respect to the Gaming business only and retains the same activities for the audio and telephony segment. It owns the licences held by the Group. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

NACON GAMING ESPANA SL

Nacon Gaming España is a Spanish *Sociedad Limitada* incorporated on 18 October 2019.

It supports the Gaming division's commercial activities in Spain. It is the result of a local spin-off of the Gaming business by Bigben Interactive Spain S.L., which retains its distribution business but only for the audio and telephony segment. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

Recently created companies

NACON GAMING INC.

Nacon Gaming Inc. is a US limited liability company incorporated on 11 February 2020 under the laws of Delaware in the United States, where it has its principal place of business. It has a commercial office in Seattle (Washington State) and a logistics centre in Santa Cruz (California).

The company supports the Nacon Group's commercial activities in the United States in the video games and accessories sector. Its purpose is to develop sales of RIG™ headsets and other Nacon

Group products in the United States.

NACON PTY LTD.

Nacon Pty Ltd. is an Australian proprietary limited company incorporated on 17 March 2020.

It supports the Group's commercial activities in Australia in the video game accessories sector and its purpose is to develop sales of RIG™ headsets and other Nacon group products in Australia.

Video game development studios

CYANIDE SAS

Cyanide SAS is a French *société par actions simplifiée*.

Its business is developing video games of various genres (strategy, narrative, shooter, management, sport, action and adventure). It is based in France (Paris and Bordeaux) and Canada (Montreal) via its Canadian wholly-owned subsidiary Amusement Cyanide Inc.

Bigben Interactive SA acquired all of the capital and voting rights of development studio Cyanide SAS on 20 June 2018. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

KYLOTONN SAS

Kylotonn SAS is a French *société par actions simplifiée*.

Its business is developing video games mainly in the racing segment (motorcycle racing, car racing, rally car racing, etc.).

Bigben Interactive SA has gradually increased its interest in Kylotonn SAS since July 2017 and acquired the remaining interest on 2 October 2018. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

EKO SOFTWARE SAS

Eko Software is a French *société par actions simplifiée*.

Its business is developing video games in highly popular genres like action/RPG, Hack'n Slash and sports simulation games.

Bigben Interactive SA acquired all of the capital and voting rights of Eko Software SAS on 18 October 2018. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

SPIDERS SAS

Spiders is a French *société par actions simplifiée*.

Its business is developing all kinds of role-playing games. Bigben Interactive SA acquired all of the capital and voting rights of Spiders SAS on 3 September 2019. It is wholly owned by the Company following the spin-off completed on 31 October 2019.

NEOPICA S.R.L./BV

Neopica is a Belgian company whose business is video games development.

Neopica developed some 60 games, including a number of casual games designed to appeal to a wide audience, in particular children, before moving on to more complex simulation games. It now specialises in simulation (hunting) and racing games.

It has been wholly owned by Nacon SA since 19 October 2020.

NACON STUDIO MILAN S.R.L

Lunar Great Wall Studios (known under the trading name RaceWard) is an Italian *Societa a responsabilita' limitata.*

Its business is developing video games and in particular racing sports simulation games (motorcycle racing, car racing, rally car racing, etc.).

Nacon SA has gradually increased its interest in the company and owned all of the share capital at 29 October 2021.

The company's name was changed to Nacon Studio Milan S.R.L. on 25 February 2022.

PASSTECH GAMES SAS

Passtech Games is French *société par actions simplifiée*.

Its business is developing video games in the rogue-like action genre.

It has been wholly owned by Nacon SA since 1 April 2021.

BIG ANT STUDIOS HOLDING PTY LTD

Big Ant Studios is an Australian proprietary limited company.

The studio is known for its high-quality sports franchises such as the Australian Football League (AFL), Rugby League, tennis and cricket.

Nacon SA acquired all of the studio's capital and voting rights on 3 May 2021.

STUDIOS CREĀ-TURE INC

Studios creā-ture Inc is a Quebec *société par actions*.

Its business is developing sports simulation games, in particular skateboarding.

Nacon SA acquired all of the studio's capital and voting rights on 30 July 2021.

ISHTAR GAMES SAS

Ishtar Games is a French *société par actions simplifiée* based in Lille and Bordeaux.

Its business is the development and distribution of so-called 'independent' games.

Nacon SA acquired all of the studio's capital and voting rights on 7 October 2021.

MIDGAR SAS

Midgar is a French *société par actions simplifiée.*

Its business is the development of J-RPG video games.

Nacon SA acquired all of the studio's capital and voting rights on 7 February 2022.

DAEDALIC ENTERTAINMENT GmbH

Daedalic Entertainment is a German company.

Its business is video games development but it also publishes many games developed by partner indie studios.

Nacon SA acquired all of the Company's capital and voting rights on 1 April 2022.

7.3 MAIN INTRA-GROUP TRANSACTIONS

Nacon's main intra-group transactions are:

Within the Group:

- Development costs incurred by the development studios charged to Nacon SA: the studios develop games, each at a cost of several million euros divided into milestones throughout the development period (usually two years). These milestones are paid by Nacon SA to the studios.
- Accessories supplied by Nacon SA to Nacon HK Ltd: Nacon HK Ltd negotiates prices with the Group's Chinese manufacturing sub-contractors, monitors their production from a quality assurance standpoint, and is responsible for logistics and for shipping the products to the Lauwin-Planque logistics platform for Nacon SA. Nacon HK Ltd bills Nacon SA for these services. Nacon SA's European distribution subsidiaries then source the products from Nacon SA;
- Cash management agreements between Nacon and several of its subsidiaries enabling them to carry out cash transactions between each other as permitted under the

provisions of Article L.511-7, I-3 of the French Monetary and Financial Code. Each company may grant the other advances at market interest rates.

With the Bigben Interactive group (parent company):

- Logistics services (storage, order preparation and shipment) provided by the Lauwin-Planque logistics platform owned by Bigben are billed to Nacon SA and its subsidiaries at a rate of 2.5% of gross revenue before any price reduction or discount, excluding product taxes and excluding Nacon SA's sales of digital video games. This agreement has been entered into on an arm's length basis, particularly as regards the fees paid for the services, which are in line with those practised by outside service providers;
- To a lesser extent, the supply of Audio products by Bigben Interactive SA to certain Nacon subsidiaries which continue to sell a few other Bigben Group products in addition to Nacon's gaming products: the Audio products concerned are Bluetooth speakers, sound bars, etc.; and the supply of Mobile products by Bigben Connected SAS to those same Nacon subsidiaries: the Mobile products concerned are mobile phone accessories (cables, protective cases and covers, etc.). Sales of audio and mobile products for those distribution subsidiaries in 2022/23 were €4.3 million, equal to 2.7% of the Nacon group's annual revenue.
- Cross-invoicing of administrative services provided by Bigben Interactive SA and Nacon SA, amounting to €23,800 in favour of Bigben Interactive SA and €48,800 in favour of Nacon SA (a net amount of €25,000 per month in favour of Nacon SA);
- Rent for offices and shared space made available by Bigben Interactive SA to Nacon SA within its premises, amounting to €0.2 million a year; this agreement has been entered into on an arm's length basis;
- A cash management agreement between Bigben Interactive and Nacon, enabling them to carry out cash transactions between each other as permitted under the provisions of Article L.511-7, I-3 of the French Monetary and Financial Code (*code monétaire et financier*). Each company may grant the other advances at market interest rates.
- Bigben España invoices Nacon Gaming España for administrative services provided by employees working for both companies.
- The Bigben HK Ltd subsidiary invoices Nacon HK Ltd for administrative services provided by employees working for both companies.

8. EARNINGS AND FINANCIAL POSITION

The financial information in this section is taken from the Group's full-year consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023. Please read this analysis of the Group's earnings and financial position for the financial year ended 31 March 2023, together with the Group's financial statements and the notes to the financial statements set out in section 19.2 of this Universal Registration Document and any other financial information contained in this Universal Registration Document.

Definitions and alternative performance measures:

Income statement indicators

Definition of gross profit:
Nacon calculates gross profit as the difference between revenue and purchases used in relation to Retail sales (Retail games and accessories, audio/mobile products). Gross margin is the percentage of revenue represented by gross profit.

Definition of EBITDA:
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is defined as recurring operating income before impairment, depreciation of property, plant and equipment and amortisation of intangible assets. It is equivalent to earnings before interest, taxes, depreciation, amortisation and provisions for non-current assets (but after additions to provisions on inventories and trade receivables). The Group regards EBITDA, which is a non-GAAP metric, as a performance measure.

EBITDA calculation

(in thousands of euros)	2022/23	2021/22	2020/21
EBITDA (after IFRS 2)	**48,910**	**38,972**	**55,245**
EBITDA margin (% of revenue)	***31.4%***	***25.0%***	***31.1%***
Depreciation and amortisation of non-current assets	(31,586)	(25,626)	(27,771)
Operating income	**17,324**	**13,347**	**27,474**

Definition of recurring operating margin:

In accordance with CNC recommendation 2013 R.03, recurring operating income is recurring operating revenue minus recurring operating expenses. As a result, recurring operating margin is recurring operating income divided by revenue.

Calculation of recurring operating income before IFRS 2

(in thousands of euros)	2022/23	2021/22
Recurring operating income before IFRS 2	**16,098**	**19,003**
Bonus share and stock-option plans	(2,801)	(4,862)
Other non-recurring operating items	4,027	(794)
Operating income	**17,324**	**13,347**

For convenience, the "Statement of profit or loss and other comprehensive income" is referred to as the "Income statement" in the consolidated financial statements in section 19.2.2.

Either Nacon's alternative performance measures are based directly on accounting data (gross profit) or their calculation appears just below the tables concerned (EBITDA and balance-sheet indicators).

8.1 FINANCIAL POSITION

As well as the consolidated financial statements, section 19 of this Universal Registration Document also features Nacon's statutory financial statements for the financial year ended 31 March 2023 and the audit report on those statutory financial statements provided in section 19.5.

8.1.1 Business performance

Performance by business line

in thousands of euros		12-month total			Contribution		
		2022/23	2021/22	2020/21	2022/23	2021/22	2020/21
Revenue		**155,977**	**155,912**	**177,834**	**100%**	**100%**	**100%**
of which	*Accessories*	61,208	96,575	103,119	39%	62%	58%
	Physical games	18,313	14,610	18,407	12%	9%	10%
	Digital games	72,207	39,830	50,633	46%	26%	28%
	Other	4,248	4,897	5,676	3%	3%	3%

The "Other" category includes the Mobile and Audio sales of the German, Belgian, Italian and Games.fr subsidiaries. As well as Nacon products, those subsidiaries distribute Bigben Connected SAS mobile phone accessories (cables, cases, screen protectors, etc.) and Bigben Interactive SA audio products (Bluetooth speakers, sound bars, etc.) to their customers.

In the 2022/23 financial year, Nacon's revenue was broadly unchanged. Its full-year revenue was €156.0 million in 2022/23, compared with €155.9 million in the previous year:

- Accessories revenue dropped to €61.2 million from €96.6 million in the previous financial year. The 36.6% revenue decline reflected the console shortage throughout the year, which sparked a steep contraction in the global accessories market.
- Despite the postponement of several major games, Video Games posted a strong top-line increase. As a result, Video Games revenue totalled €90.5 million in 2022/23, up 66.3% on the 2021/22 level. The strong growth in back catalogue sales was particularly striking, with revenue almost doubling from €25.7 million in the previous year to €48.9 million.

In line with the strategy presented ahead of its IPO and its fundraising in March 2020, Nacon actively pushed ahead with its development strategy during the financial year. Acquisitions were a particular point of emphasis, with the purchases of Passtech Games (France, April 2021), BigAnt Studios (Australia, May 2021), creā-ture Studios (France, July 2021), Ishtar Games (France, October 2021), Midgar Studio (France, February 2022) and Daedalic Entertainment (Germany, April 2022).

To recap, the key achievements of 2020/21 were:

- Nacon's successful expansion into the United States with the introduction of RIG®-branded Accessories,
- a major licensing agreement with Microsoft to develop and market accessories, with a special focus on the Xbox® Series X|S.

Performance by quarter

The Group has not identified any material event that could affect seasonal variations in its business. Although the Group's business levels may vary according to the release schedule of certain games and increase towards the end of the calendar year (mainly in the Accessories business), the Group believes that these factors are unlikely to produce significant seasonal variations in its earnings. In addition, the increasing proportion of consolidated revenue coming from digital sales means that business levels are becoming steadier throughout the year.

in millions of euros	2022/23	2021/22	2020/21
First quarter	42.4	33.7	38.0
Second quarter	35.1	39.3	48.6
First half	**77.5**	**73.0**	**86.6**

Third quarter	41.1	51.2	48.6
Fourth quarter	37.7	31.7	42.6
TOTAL	**156.0**	**155.9**	**177.8**

The Group's performance made headway throughout the year, except in the third quarter, which registered a 19.6% decline as a result of the global console shortage and a drastic reduction in distributors' inventories.

All in all, Nacon's revenue totalled €156.0 million in 2022/23, barely unchanged on the €155.9 million level recorded in 2021/22.

Breakdown of revenue by customer country:

in thousands of euros	12-month total		Contribution	
	2022/23	2021/22	2022/23	2021/22
Revenue	**155,977**	**155,912**	**100.0%**	**100.0%**
of which: France	18,087	21,112	11.6%	13.5%
Export	137,889	134,799	88.4%	86.5%
Export revenue by geographical zone	**137,889**	**134,799**	**100.0%**	**100.0%**
Rest of Europe	**65,113**	**71,565**	**47.2%**	**53.1%**
of which: British Isles	*21,214*	19,601		
Germany	*15,465*	15,105		
Italy	*7,297*	9,128		
Belgium	*5,890*	8,434		
Spain	*4,826*	7,340		
Other	*10,843*	11,958		
North America	**58,611**	**46,963**	**42.5%**	**34.8%**
Asia	**13,984**	**15,959**	**10.1%**	**11.8%**
Africa	**181**	**313**	**0.1%**	**0.2%**

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 in the 2019/20 financial year, the Gaming activities 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 titles of the other Gaming subsidiaries were transferred to Nacon.

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

Games developed by the studios acquired 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 exclusively in 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 accessories businesses address the same market and have the same economic characteristics.

The information presented in section 8.2 is that 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.

8.1.2 Forecast developments and R&D activities

Guidance - Current financial year and medium term

Performance in the 2023/24 financial year will be boosted by a busy schedule, with some 20 games slated for release over the period, up from 13 last year.

The first quarter will see the release of *The Lord of the Rings Gollum*™ and as also *RoboCop: Rogue City, Cricket24* and *Rugby24*, the official game of the Rugby World Cup, which will take place in September.

Further growth is anticipated in the back catalogue flowing automatically from the games released in 2022/23.

Lastly, Accessories are expected to get a lift from several factors:

- A more favourable base for comparison,
- A gradual end to the pressures in 2022/23 with the growth in new console numbers,
- A range set to be extended over the next few months with the release of several high-potential products.

Accordingly, Nacon is restating its confidence in its ability to achieve strong growth in 2023/24.

Nacon has not released any revenue guidance for 2023/24.

See section 11.1.

The war in Ukraine has had very little impact on the Nacon Group to date. It does not have any business relationships with suppliers or studios based in Ukraine or Russia, and Nacon generates less than 1% of its revenue in Russia.

Conversely, the shortage of semi-electronic components, a complicating factor since the beginning of the Covid-19 pandemic, has taken a turn for the worse with the outbreak of the war in Ukraine. It has blocked the silk road route, obliging importers of products from Asia to use maritime and airfreight shipping, which takes longer or costs more.

The Group was barely affected by the components shortage in 2021 and 2022 as it had sourced supplies in advance. Conversely, it was impacted by the stock outages affecting its customers' products (Sony and Microsoft game consoles), which its accessories aim to support.

Apart from the information set out above, the Company has not identified any elements or factors of a governmental, economic, budgetary, monetary or political nature that may have materially influenced or may materially influence, directly or indirectly, its business in the next 12 months.

R&D activities

See sections 5.5 and 5.7 for more details about the Group's R&D activities.

In the 2021/22 and 2022/23 financial years, the Group took the view that the conditions required to capitalise R&D expenses were met for certain projects. As a result, the Group either expensed (for accessories) or capitalised (for games) its R&D costs for the relevant period.

Capitalised R&D costs rose from €58.0 million in 2021/22 to €79.4 million in 2022/23.

Finally, following the acquisition of development studios, the Group – via its French and Canadian studios – has also benefited from the French video game tax credit (CIJV). Under the French government decree of 9 August 2017, the French CIJV was increased from 20% to 30% of a company's development expenditure, capped at €6 million per year as opposed to €3 million previously. As a result, the Group benefited from a CIJV tax credit of €3.2 million in 2022/23.

8.2 OPERATING PERFORMANCE

(in thousands of euros)	Notes	2022/23	2021/22	2020/21
Revenue	17	**155,977**	**155,912**	**177,834**
Purchases used	18	(63,831)	(78,077)	(84,342)
Gross profit		**92,145**	**77,835**	**93,493**
Gross margin (% of revenue)		***59.1%***	***49.9%***	***52.6%***
Other operating revenue	19	1,474	1,512	1,189
Other purchases and external expenses	20	(25,698)	(18,803)	(18,047)
Taxes other than income tax		(538)	(550)	(438)
Personnel costs	21	(21,216)	(19,392)	(20,011)
Other operating expenses		(1,305)	(832)	(1,035)
Gains or losses on disposals of non-current assets		22	(2)	95
Other non-recurring operating items	22	4,027	(794)	0
Depreciation and amortisation of non-current assets		(31,586)	(25,626)	(27,771)
Operating income		**17,324**	**13,347**	**27,474**
Operating margin (% of revenue)		***11.1%***	***8.6%***	***15.4%***

After a decline in the 2021/22 financial year, Nacon recorded revenue totalling €156.0 million in 2022/23, broadly unchanged owing to the healthy trends in Video Games.

The shift in the business mix towards the Video Games segment (58.0% of 2022/23 revenue, as opposed to 34.9% of 2021/22 revenue) continued, automatically triggering a further increase in gross margin to 59.1% in the 2022/23 financial year, up from 49.9% in 2021/22. Gross profit rose 15.5% to €92.1 million, from €77.8 million in the previous year.

Aside from the increase in gross profit, general expenses rose as a result of the growth in Video Games and also the first-time consolidation over a full year of the companies acquired in 2021/22 and the acquisition of Daedalic Entertainment in April 2022. As a result:

- the uptick in external expenses (up 26.8% by value), including the rise in marketing spend (up €4 million);
- the 21.1% increase in personnel costs to €18.4 million, again higher in relative terms (11.8% of 2022/23 revenue vs. 9.3% of revenue in the previous year) owing to the first-time consolidation of Daedalic;
- €31.6 million in depreciation and amortisation of non-current assets (20.3% of revenue versus 16.4% of 2021/22 revenue)

account for the increase in Nacon's general expenses during the 2022/23 financial year.

The other non-recurring operating items reflected:

- €2,126 thousand in additions to provisions for intellectual property disputes (vs. €500 thousand in the 2021/22 financial year)
- €7,798 thousand in gains arising from the reduction in certain earn-out liabilities since video

game sales were lower than the level estimated when three studios were acquired

- €308 thousand in acquisition-related costs (vs. €294 thousand in the 2021/22 financial year)
- €1,300 thousand in other non-recurring losses

Overall, these items combined to produce a 29.8% increase in operating income from €13.3 million in 2021/22 to €17.3 million in 2022/23.

Nacon is maintaining its strategy of investing in this area, and its goal remains to increase in the quality of the video games it develops (higher development costs and larger number of titles), which will eventually drive up the size and value of its catalogue.

9. CASH POSITION AND CAPITAL

The financial information in this section is taken from the Group's full-year combined and consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023. Please read this analysis of the Group's earnings and financial position for the financial year ended 31 March 2023, together with the Group's financial statements and the notes to the financial statements set out in section 19 of this Universal Registration Document and any other financial information contained in this Universal Registration Document.

Definitions and alternative performance measures:

Balance sheet indicators

Definition of gross debt:
Gross debt refers to the Company's medium- and long-term financial liabilities, along with short-term bank facilities. Nacon calculates gross debt as the sum of long-term and short-term financial liabilities.

Definition of net debt and net cash:
Net debt and net cash refer to the balance of the Company's financial liabilities, financial investments and cash and cash equivalents. That balance may be positive or negative, and represents the company's financial position with respect to third parties. Nacon calculates that balance by deducting gross debt from cash and cash equivalents.

Definition of gearing:
Gearing is a ratio that relates to a company's funding. It compares a company's overall debt with its equity and reflects its solvency. Nacon computes gearing by calculating its net debt as a proportion of its total equity.

For convenience, the "Statement of financial position" in the consolidated financial statements in section 19.2.1 is referred to as the "Balance sheet" in this section.

9.1 INFORMATION ON THE COMPANY'S SHARE CAPITAL, LIQUIDITY AND FUNDING SOURCES

Key balance-sheet figures in the last three financial years

in thousands of euros	31 March 2023	31 March 2022	31 March 2021
Non-current assets	**339,894**	**241,470**	**133,538**
Current assets	**143,417**	**170,782**	**183,974**
TOTAL ASSETS	**483,311**	**412,252**	**317,512**
Total equity	**242,550**	**228,407**	**210,467**
Non-current liabilities	**124,935**	**111,255**	**41,035**
Current liabilities	**115,827**	**72,590**	**66,009**
Total equity and liabilities	**483,311**	**412,252**	**317,512**

Non-current assets:

in thousands of euros	31 March 2023	31 March 2022	31 March 2021
Goodwill	138,110	96,742	31,150
Right-of-use assets	7,087	8,275	4,652
Other intangible assets	186,320	129,136	91,248
Property, plant and equipment	3,897	2,528	1,762
Shares in associates	0	0	0
Other financial assets	2,436	1,735	1,107
Deferred tax assets	2,044	3,054	3,618
Non-current assets	**339,894**	**241,470**	**133,538**

Non-current assets increased by €98.4 million, a significant amount, between 31 March 2022 and 31 March 2023. Key to this increase was the acquisition of the Daedalic Entertainment studio, leading to a €41.4 million rise in goodwill. Another factor was the expansion in the portfolio of games owned (catalogue and games under development, with intangible assets rising €57.2 million).

The Group's non-current assets currently include around €138.1 million of goodwill relating to acquired game development studios.

Other intangible assets chiefly consist of video games development costs.

Current assets:

in thousands of euros	31 March 2023	31 March 2022	31 March 2021
Inventories	35,275	32,850	25,046
Trade receivables	42,931	37,918	47,017
Other receivables	11,215	11,691	10,214
Current tax assets	6,392	6,174	4,951
Cash and cash equivalents	47,604	82,148	96,746
Current assets	**143,417**	**170,782**	**183,974**

The increase (of €7.2 million) in current assets (excluding cash) reflected the rise in product inventories to €35.3 million (up 7.4% compared with 31 March 2022) and receivables to €42.9 million at 31 March 2023 (up 13.2% compared with 31 March 2022). This trend reflected supply chain issues and certain component shortages that prompted the Group to devote greater resources to this area. The almost stable level of other receivables (down €0.5 million to €11.2 million) and current tax assets maintained Nacon's grip on its level of current assets.

Cash and cash equivalents amounted to €47.6 million at 31 March 2023 as opposed to €82.1 million at 31 March 2022. To recap, Nacon's IPO and related capital increase had raised the Company's cash position by €103.0 million after expenses at the close of the 2019/20 financial year.

Funding sources

Following its successful IPO in the 2019/20 financial year, Nacon did not carry out any capital-raising transactions in the 2021/22 financial year. However, it took steps to arrange €46.5 million in medium-term bank loans to support its policy.

The contribution from the main funding sources during the period presented is set out in the sections below.

Borrowings and net cash

The Group may from time to time arrange borrowings to fund the development of its games and to finance its acquisitions.

To fund its working capital requirement, development costs and the acquisition of development studios (Kylotonn, Cyanide, Eko Software and Spiders), around €62 million in medium-term loans have been arranged, initially by Bigben Interactive and then subsequently transferred to the Company (in October 2019 in connection with the spin-off), since the end of 2016.

Given the new loans arranged by Nacon since the transfer and the partial paydown of these borrowings, the Group's financial liabilities totalled €114.9 million at 31 March 2023, of which €32.9 million are repayable in the short term.

Key figures from the last three financial years concerning the net cash position

in thousands of euros	31 March 2023	31 March 2022	31 March 2021
Cash and cash equivalents	47,604	82,148	96,746
Gross debt	114,885	92,508	54,800
Net cash/Net debt	**(67,281)**	**(10,359)**	**41,946**
Gearing	**27.7%**	**4.5%**	**-19.9%**
Net cash/Net debt	**67,281**	**10,359**	**(41,946)**
EBITDA	48,910	38,972	60,302
Net leverage (Net debt/EBITDA)	**1.4**	**0.3**	**-0.7**

9.2 CASH FLOW

in thousands of euros	2022/23	2021/22	2020/21
Funds from operations	**45,549**	**44,296**	**59,959**
Change in WCR	**675**	**(8,737)**	**3,676**
Income tax paid	1,127	(3,176)	(7,971)
NET CASH FLOW FROM OPERATING ACTIVITIES	47,351	32,383	55,664
NET CASH FLOW FROM INVESTING ACTIVITIES	(115,945)	(81,349)	(53,696)
NET CASH FLOW FROM FINANCING ACTIVITIES	33,891	35,280	(15,582)
Net change in cash and cash equivalents	**(34,527)**	**(13,122)**	**(13,814)**
Cash and cash equivalents at start of period	81,784	94,784	108,721
Cash and cash equivalents at end of period	**47,257**	**81,784**	**94,906**

9.2.1 Cash flow from operating activities

in thousands of euros	2022/23	2021/22	2020/21
Net cash flow from operating activities			

Net income for the period	**12,772**	**9,962**	**18,297**
Elimination of non-cash income and expenses or those unrelated to operating activities			
• Attributable to non-controlling interests	0	11	(51)
• Additions to depreciation, amortisation and impairment	31,586	25,626	27,771
• Change in provisions	2,387	272	368
• Net financial income/expense	1,587	791	968
• Net gain or loss on disposals	(22)	3	(83)
• Other non-cash income and expense items	(4,997)	4,135	4,967
• Income tax expense	2,237	3,497	7,721
Funds from operations	**45,549**	**44,296**	**59,959**
Inventories	(2,558)	(7,623)	2,287
Trade and other receivables	(2,351)	8,474	(6,854)
Operating liabilities	5,583	(9,588)	8,243
Change in WCR	**675**	**(8,737)**	**3,676**
Cash from operating activities	**46,224**	**35,559**	**63,635**
Income tax paid	1,127	(3,176)	(7,971)
NET CASH FLOW FROM OPERATING ACTIVITIES	47,351	32,383	55,664

As shown by the financial statements for 2022/23, net cash flow from operating activities after tax and interest paid was both positive and higher at €47.4 million in 2022/23, as opposed to €32.4 million in 2021/22, an increase of 46.2%.

The main factors behind this trend were:

- funds from operations edged up 2.8% to €45.5 million in 2022/23 from €44.3 million in the previous financial year.
- the change in the working capital requirement was virtually zero.

9.2.2 Net cash flow from investing activities

in thousands of euros	2022/23	2021/22	2020/21
Cash flow from investing activities			
Purchases of intangible assets	(78,133)	(57,410)	(50,982)
Purchases of property, plant and equipment	(2,314)	(1,347)	(1,203)
Disposals of property, plant and equipment and intangible assets	27	6	97
Purchases of financial assets	(679)	(580)	(62)
Disposals of non-current financial assets	13	20	52
Disbursements relating to acquisitions of subsidiaries net of net cash acquired	(34,859)	(22,039)	(1,598)
NET CASH FLOW FROM INVESTING ACTIVITIES	(115,945)	(81,349)	(53,696)

As shown by the financial statements for 2022/23, net cash flow from investing activities represented an outflow of €115.9 million, as opposed to an outflow of €81.3 million in 2021/22.

The main factors behind this increase were:

- the continuing ramp-up in Nacon’s game development efforts,
- the net outflows (€34.9 million in 2022/23) related to the acquisition of the Daedalic Entertainment studio and certain earn-out payments on previous acquisitions.

9.2.3 Net cash flow from financing activities

in thousands of euros	2022/23	2021/22	2020/21
Cash flow from financing activities			
Capital increase			
Sale/purchase of treasury shares	(154)	(94)	(30)
Interest paid	(1,509)	(793)	(987)
Decrease in lease liabilities	(2,460)	(1,982)	(1,613)
Cash inflows from borrowings	63,448	54,661	0
Repayments of borrowings and other financial liabilities	(25,435)	(16,512)	(12,952)
Other	0	(1)	
NET CASH FLOW FROM FINANCING ACTIVITIES	**33,891**	**35,280**	**(15,582)**

As shown by the financial statements for 2022/23, net cash flow from financing activities represented an inflow of €33.9 million, as opposed to an inflow of €35.3 million in 2021/22.

The main factors behind this trend were the arrangement of new medium-term loans to support the Group's acquisition-led growth strategy (impact of €63.4 million versus €25.4 million in borrowing repayments made during the previous financial year), with none of the other movements material at Group level.

9.3 INFORMATION ON THE COMPANY'S BORROWING TERMS AND FUNDING STRUCTURE

9.3.1 Funding structure

At 31 March 2023, the Group's funding structure was as follows:

- equity attributable to equity holders of the parent of €242.6 million,
- net debt of €67.3 million (as opposed to €10.4 million at the end of the previous financial year), taking into account €47.6 million of available cash and equivalents and €114.9 million of debt.

9.3.2 Funding policy

The Group's funding requirements have been as follows in the last 24 months:

Non-current assets: acquisitions and development costs

In the 2021/22 financial year, the Group completed a series of acquisitions (five announced during the period). Nacon arranged €52.5 million in new bank loans during that period to finance these deals.

In the 2022/23 financial year, the Group acquired the Daedalic Entertainment video games studio and pressed ahead with its efforts to develop new games. To support this drive, Nacon arranged €63.4 million in new loans during the period.

Working capital requirement (WCR)

The Group uses short-term borrowings and factoring to cover its working capital requirement. In particular, Nacon Hong Kong Ltd has certain short-term credit facilities.

Finance lease liabilities

Apart from vehicle leases, Nacon does not use this kind of funding.

9.4 RESTRICTIONS ON THE USE OF CAPITAL

There are no restrictions on the Company's use of capital.

However, please refer to the notes to the consolidated financial statements, particularly as regards banking covenants.

9.5 FUNDING SOURCES REQUIRED FOR THE FUTURE

As in previous years, Nacon will pursue growth and development by using arranging bank loans as and where appropriate.

10. REGULATORY ENVIRONMENT

It should be noted that the Group carries out its business in accordance with the strictest standards arising from European Union directives regarding:

- environmental protection,
- consumer health and safety.

The need to comply strictly with those directives affects all stages of the lifecycle of products developed by Nacon:

- design,
- manufacturing,
- distribution,
- use by the consumer.

Nacon complies with the following standards and directives applicable to physical products:

WEEE (waste electrical and electronic equipment) directive

The WEEE directive, applicable to European Union countries, aims to promote the recycling of electrical and electronic equipment (EEE) and to encourage designers to design easily recyclable products.

The directive came into force in November 2006 and requires manufacturers and importers of EEE to cover the cost of retrieving and processing waste electrical and electronic equipment. Nacon took steps to comply with the WEEE directive as soon as it came into force in the European Union, when it was still part of Bigben Interactive.

Directive 2006/66/EC (batteries and accumulators and waste batteries and accumulators)

This directive, which repealed directive 91/157/EEC, requires batteries and accumulators to be recycled and imposes restrictions on the use of mercury in batteries. Directive 2006/66/EC came into force in September 2008 and also introduced incentives for the collection and recycling of those products.

Nacon's business bears no similarity to that of a battery manufacturer. However, some of its electronic accessories may feature batteries. In that case, the batteries (lithium, etc.) are properly tested to ensure compliance with the regulations. In addition, as part of its social and environmental responsibility approach, Nacon has adopted a pro-active battery recycling policy at its head office.

Directive 94/62/EC (packaging and packaging waste – eco-packaging)

This directive, by introducing financial contributions that can be substantial in some cases, requires manufacturers to make significant efforts to recycle the packaging used for their products. The materials used must be recoverable for recycling or incineration.

For recycling purposes, Nacon SA uses the waste collection, processing and recovery services of Eco-Systèmes at Bigben Interactive's Lauwin Planque warehouse in relation to the packaging of products sold in the French market.

Regulation (EC) 1907/2006 (REACH)

This regulation concerns the production or import of any chemical substance, including substances incorporated into any material, preparation or article. Any downstream use of such substances is also covered by this regulation. It requires all manufacturers and all importers to carry out extensive risk analyses and tests. A manufacturer must prove that the substance is harmless, failing which the product or substance concerned will be withdrawn from the market.

All of Nacon's accessories contain plastic. To ensure they comply with REACH, they all undergo testing by certification organisations such as Intertek and SGS.

In addition, every two years, all of Nacon's products are checked by the DDPP (regional department for protection of the population), part of France's DGCRF (directorate general for competition, consumer affairs and the prevention of fraud).

Directive 2009/48/EC (safety of toys)

This directive relates more specifically to products used by children aged under 14. Its purpose is to establish safety requirements that toys sold in the EU must meet. Its requirements are designed to ensure a high level of health and safety in order to protect the public and the environment and to ensure the free movement of toys in the EU. It also sets out the specific responsibilities of the various participants in the supply chain, including the manufacturer, importer, retailer and distributor. The directive is updated periodically to set safety limits for chemical substances used in toys.

Nacon's products are aimed mainly at an adult audience. Before its electronic products are launched in the market, Nacon puts them through a set of tests to ensure they comply with the required regulatory quality standards.

RoHS (restriction of hazardous substances) directive

With the development of electrical and electronic products with increasingly short lifespans, industrialised countries took the view that urgent legislation was needed in this area. The European RoHS directive sends a strong signal, requiring environmental protection to be taken into account in the production process, and supplements the WEEE directive regarding recycling. By reducing the number of hazardous chemicals used in electrical and electronic equipment, the production of toxic waste is minimised. The upstream reduction of hazardous substances also reduces recycling costs. All products made by Bigben Interactive since the directive came into force (July 2006) and then by Nacon comply with RoHS standards applicable in the European Union.

Directive 2014/30/EU (electromagnetic compatibility – EMC)

This directive requires specific steps to be taken in the design of electrical and electronic products so that they do not produce electromagnetic interference and cannot be affected by such interference. Nacon has its products tested for compliance with the EMC directive.

Directive 2014/35/EU (low voltage directive – LVD)

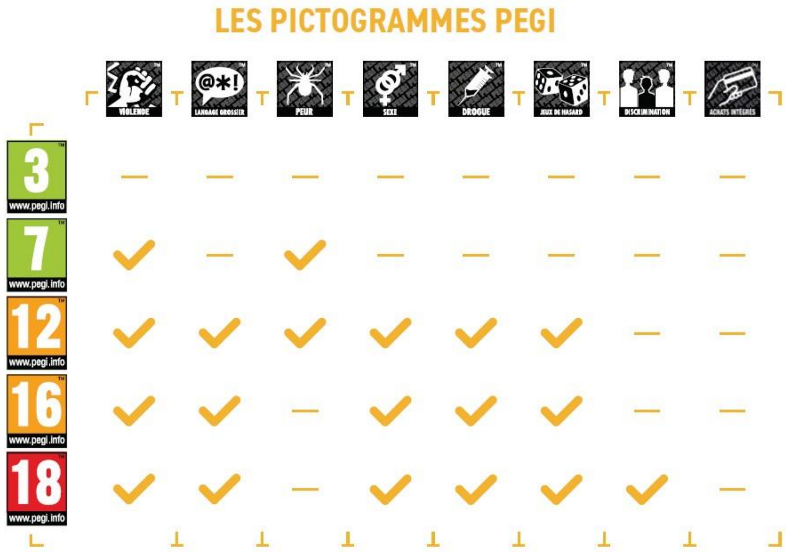
This directive requires electrical equipment to be designed so as to protect people, pets and property. No damage must be possible as a result of electrical contact or exposure to mechanical, chemical and health risks caused by noise, vibration or ergonomic factors. Bigben Interactive has its products tested for compliance with the LVD.

Bigben Interactive applies the CE mark to its products, showing compliance with European health, safety and consumer protection directives and allowing the free movement of its products in the European Union.

More specifically, for physical and digital games:

PEGI

As a publisher of video games, Nacon, like all major players in its industry, uses the PEGI rating system, which gives consumers a simple and effective way of checking suitability. The rating system is a means of denying young people access to and protecting them from content or behaviours that are unsuitable for people their age, based on effective control by their parents.



Nacon sells games in all age categories, from 3+ and 7+ up to 18+.

Video game tax credits

Some of the Group's development studios qualify for the benefit of the French (CIJV) or Canadian video game tax credits. These tax credits represent tax incentives permitting creative businesses to deduct a proportion of their game production spending from their tax expense.

In France:

The video game tax credits (CIJV) system introduced in 2008 underwent a major overhaul with effect from 1 January 2017 resulting in:

- an increase from 20% to 30% in the qualifying production expenditure consisting of:
  - additions to depreciation and amortisation for non-current assets created or acquired in new condition (depreciation and amortisation for buildings do not qualify),
  - remuneration paid to authors involved in creating the video game pursuant to the intellectual property rights transfer agreement and corresponding social security costs,
  - personnel costs related to the organisation's employees and corresponding social security costs and the wage costs of the technical and administrative staff making a relevant contribution,
  - other running costs (purchases of materials, supplies and equipment, office rental costs, maintenance and repair costs for these buildings, travel expenses, technical documentation expenses, postage and electronic communication expenses),
- a doubling in the maximum tax credit that each business can benefit from (from €3 million to €6 million p.a.),
- an increase in the cap on European outsourcing expenses that can be included in the tax credit (from €1 million to €2 million p.a.).

In Canada:

The Amusement Cyanide Inc. and Studios creā-ture Inc. in Quebec (Canada) qualify for tax credits for multimedia titles (CITM).

A company that in the tax year has an entity in Quebec and holds a valid admissibility certificate issued for the year by Investissement Québec concerning an asset that is a multimedia title may, under certain conditions, apply for a tax credit for the qualifying labour costs that it has incurred and paid out for qualifying production work concerning this asset.

The 37.5% tax credit for a title intended for sale in a French version or 30% for a title intended for sale but not in a French version and 26.25% for any other title. Cyanide's Canadian subsidiary usually qualifies for the 37.5% tax credit.

11. TRENDS

11.1 MAIN TRENDS SINCE THE START OF THE CURRENT FINANCIAL YEAR

Previously, Nacon used to issue quantitative guidance, but going forward the Company intends to provide solely qualitative comments on trends.

When Nacon announced its results for the 2022/23 financial year, it highlighted its favourable outlook for the current 2023/24 financial year.

Following on from a year of console shortages, Nacon is set to reap the benefit in 2023/24 of the major investments it has made over the past few years.

Performance in the 2023/24 financial year will be boosted by a busy schedule, with some 20 games slated for release over the period, up from 13 last year.

The Lord of the Rings Gollum™, TT Isle of Man: Ride on the Edge 3 and AFL23® were launched at the start of the year, with *Cricket24* and *Rugby24*, the official game of the Rugby World Cup, slated for release in July and September respectively.

Further growth is anticipated in the back catalogue flowing automatically from the games released in 2022/23.

Lastly, Accessories are expected to get a lift from several factors:

- a more favourable base for comparison,
- an end to the pressures that affected 2022/23 with the growth in new console numbers,
- a range set to be extended over the next few months with the release of several high-potential products.

11.2 TRENDS, UNCERTAINTIES, CONSTRAINTS, COMMITMENTS OR EVENTS THAT MAY MATERIALLY AFFECT THE NACON GROUP'S OUTLOOK

Please see section 8.1.2 concerning the implications of the Covid-19 (coronavirus) pandemic and those arising from the war in Ukraine, plus the related supply chain issues.

12. EARNINGS FORECASTS AND ESTIMATES

12.1 ASSUMPTIONS

None

12.2 GROUP FORECASTS FOR THE YEAR ENDED 31 MARCH 2024

Nacon has opted not to include any earnings forecasts or estimates.

13. ADMINISTRATIVE AND MANAGEMENT BODIES

The Company was initially incorporated as a *"société par actions simplifiée"* (simplified joint-stock corporation), and was converted into a *"société anonyme"* (public limited company) governed by a Board of Directors through a decision in the Shareholders' General Meeting of 22 January 2020.

The Company's operational arrangements as a "*société anonyme*" are described in the articles of association and discussed in this section 13 of the Universal Registration Document.

The Board of Directors has opted to combine the roles of the Chairman of the Board of Directors and the CEO.

13.1 DIRECTORS AND EXECUTIVE OFFICERS

13.1.1 Executive Management

13.1.1.1 Chairman/CEO

In its meeting of 22 January 2020, the Board of Directors decided not to separate the roles of Chairman of the Board of Directors and CEO. In a constantly changing and highly competitive operating environment, this allows the Group to ensure consistency between its strategy and operational functions and thus to make its decision-making process more efficient and effective.

In its meeting of 22 January 2020, the Board of Directors appointed Alain Falc as Chairman/CEO. Mr Falc's term of office began on 4 March 2020.

See section 5.1.1.3.2 for Alain Falc's biography.

13.1.1.2 Chief Operating Officer

Laurent Honoret was appointed Chief Operating Officer by the Board of Directors on 22 January 2020. Mr Honoret's term of office began on 4 March 2020.

See section 5.1.1.3.2 for Laurent Honoret's biography.

13.1.1.3 Composition of Executive Management

The current composition of the Executive Management team is as follows:

Name	Role	Date of first appointment and end of term of office	Main roles outside the Company
Alain Falc	Chairman/CEO	Date of first appointment: 22 January 2020(1) Term of office ends: Shareholders' General Meeting voting on the financial statements for the	. Chairman, Games.fr SAS . Chairman, Bigben Interactive[27]
Laurent Honoret	Chief Operating Officer	Date of first appointment: 22 January 2020(1) Term of office ends: none	Director, Nacon Pty Ltd Director, Big Ant Holdings Pty Ltd

[27] Alain Falc and Laurent Honoret resigned from their roles as CEO and COO of Bigben Interactive on 4 March 2020; Alain Falc remains Chairman of Bigben Interactive's Board of Directors.

The business address of the Chairman/CEO and the COO is that of the Company's registered office.

The Chairman/CEO and the COO possess managerial experience and expertise by dint of the roles they previously occupied at Bigben Interactive, as shown by their respective biographies set out in section 5.1.1.3.2.

13.1.2 Nacon's Board of Directors

13.1.2.1 Members of the Board of Directors

The Company's Board of Directors has had nine members since the Shareholders' General Meeting of 30 July 2020. Of the nine Board members, two are regarded by the Company as independent directors pursuant to the criteria laid down in the Middlenext Governance Code.

The table below shows the composition of the Company's Board of Directors at the date of the Universal Registration Document, along with the roles held by members of the Company's Board of Directors in the last five years:

Name and business address	Role	Date of first appointment and end of term of office	Other roles in the Company	Other roles outside the Company (inside and outside the Group) in the last five years
Alain Falc Company's registered office	Chairman/CEO and director	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	None	**Roles within French companies:** . Chairman, Bigben Interactive . Chairman, Games.fr SAS **Roles within non-French companies:** . Director, Nacon HK Ltd (Hong Kong) . Manager, AF Invest SPRL . Director, Big Ant Holdings Pty Ltd, Big Ant Studios Operations Pty Ltd, Big Ant Studios Pty Ltd, 1UP Distribution Pty Ltd, Big Ant Studios Licensing Pty Ltd, Magnus Formica Studios Melbourne Pty Ltd (Ringside Entertainment Pty Ltd, Magnus Formica Studios Pty Ltd, Eastside Corporation Pty Ltd, BAS Melbourne Pty Ltd Director, Nacon Pty Ltd **Roles held in the past five financial years but now expired** . Chairman, ModeLabs Group SAS . Chairman, World GSM SAS . Director, Bigben Interactive Belgium SA (Benelux)
Sébastien Bolloré 51 boulevard de Montmorency, 75016 Paris	Director (representative of Nord Sumatra, main shareholder of Bigben Interactive)	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	None	**Roles within French companies:** - *Roles held within the Bolloré group* . Chief Operating Officer, Compagnie de l'Odet, . Head of Development, . Chairman, Omnium Bolloré . Director, Bolloré SE, Bolloré Participations SE, Financière V, Omnium Bolloré, Société Industrielle et Financière de l'Artois and Compagnie de l'Odet. . Permanent representative of Plantations des Terres Rouges on the board of Compagnie du Cambodge . Member of the Supervisory Board, Sofibol - *Other roles and duties:* . Director, Gameloft SE . Director, Bigben Interactive

				Roles within non-French companies: - *Roles held within the Bolloré group* . Chairman and Director, Blue LA Inc. . Director, Bolloré Services Australia Pty Ltd - *Other roles and duties:* . Chairman/CEO, Magic Arts Pty Ltd **Roles held in the past five financial years but now expired:** . Permanent representative of SocFrance on the board of Financière de l'Odet . Director, Blue Solutions.
Jacqueline de Vrieze Company's registered office	Director	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	None	**Roles within French companies:** . CEO, Games.fr SAS . Director, Bigben Interactive **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** None
Florence Lagrange 64 rue Fondary 75015 Paris	Independent director	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	Chairwoman of the Supervisory Committee	**Roles within French companies:** . Chairwoman, Antigone Advisory . Independent director, Alchimie . Independent director, OkWind **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** . Director, Bigben Interactive . Chairwoman, Trusteam Lab
Sylvie Pannetier Company's registered office	Director	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	Treasurer (employee) Member of the Audit Committee	**Roles within French companies:** Director, Bigben Interactive **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** None
Jean-Christophe Thiery Canal+ 50 rue Camille Desmoulins, 92863 Issy-les-Moulineaux Cedex 9	Director (representative of Nord Sumatra, main shareholder of Bigben Interactive)	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	None	**Roles within French companies:** - *Within the Canal+ group:* . Chairman and member of the Supervisory Board, Groupe Canal+ SA, . Manager of SNC SESI (Cnews). - *Within the Bolloré group:* . Chairman/CEO and member of the Management Committee, Bolloré Telecom . Chairman, Compagnie de Treboul . Chairman, Rivaud Loisirs Communication . Chairman, Bolloré Media Régie . Chairman of the Board of Directors and director, Matin Plus - *Other roles and duties:*

				. Director, Gameloft SE . Director, Bigben Interactive . Secretary General, APGI (French free press association) – SESI's representative **Roles within non-French companies:** None **Roles held in the past five financial years but now expired** - *Within Groupe Canal+:* . Chairman and member of the Management Board, Groupe Canal+ SA, . Chairman and member of the Supervisory Board, Studio Canal SAS . Chairman of the Board of Directors and director, Société d'Edition de Canal+ SA - *Within the Bolloré group:* . Chairman/CEO and director, Bolloré Média Digital . Chairman, Bolloré Média Régie . Permanent representative of Société Industrielle et Financière de l'Artois on the Board of Directors of Rivaud Innovation . Member of the Strategy Committee, 2ème Regard.
Richard Mamez 10 rue Paul Couderc, 92330 Sceaux	Independent director	Date of first appointment: 22 January 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	Member of the Audit Committee	**Roles within French companies:** Chairman, Secur-Blindage SAS **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** Director, Bigben Interactive Chairman, Groupe Berger SAS Chairman, Parfam SAS Chairman, Lampe Berger USA
Nicolas Parpex Permanent representative of Bpifrance Investissement 6-8 boulevard Haussmann, 75009 Paris **Nicolas Parpex** On his own behalf **Nicolas Parpex** Permanent representative of Bpifrance Investissement **Nicolas Parpex** On his own behalf	Director	Date of first appointment: 30 July 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	None	**Roles within French companies:** . Member of the Board of Directors, Institut pour le Financement du Cinéma et des Industries Culturelles . Member of the Board of Directors, Média Participations Paris . Chairman of the Supervisory Committee, Belenos **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** . Non-voting advisor (*censeur*) to the board of Nacon. . Member of the Strategy Committee, Federation Entertainment. None

Anne Badot Janssen Company's registered office	Director	Date of first appointment: 30 July 2020 Term of office as director ends: Shareholders' General Meeting voting on the financial statements for the financial year ending 31 March 2026	Chief Financial Officer (employee) Member of the CSR Committee	**Roles within French companies:** None **Roles within non-French companies:** None **Roles held in the past five financial years but now expired:** None

When each director is appointed or has their term of office renewed, information about their experience and expertise is provided in the annual report and to the Shareholders' General Meeting. Each director's appointment is the subject of a separate draft resolution, in accordance with recommendation 9 of the Middlenext Code.

13.1.2.2 Balanced male/female representation on the Board of Directors

Article L. 225-18-1 of the French Commercial Code states that members from each gender must make up at least 40% of the Board of Directors of a company whose shares are admitted to trading on a regulated market. At the date of the Universal Registration Document, there were five men and four women on the Board of Directors, making up 56% and 44% of the Board respectively. As a result, the composition of the Board of Directors will be compliant with the aforementioned article.

13.1.2.3 Independent directors

On 22 January 2020, the Board of Directors established and fulfilled the criteria under which a director qualifies as independent, in accordance with recommendation 3 of the Middlenext Code. An independent member of the Board:

- is not and has not been in the last five years either an executive corporate officer of the Company or of a company in its group;
- is not and has not been in the last two years in a significant business relationship with the Company or its group (as client, supplier, competitor, service provider, creditor, banker, etc.);
- is not a major shareholder in the Company and does not hold a significant percentage of the voting rights;
- does not have a close relationship or family ties with any corporate officer or major shareholder;
- has not been a statutory auditor of the Company for the past six years.

On 22 January 2020, the Board of Directors (after the appointment of Nacon's directors) assessed the independence of directors and took the view that Florence Lagrange and Richard Mamez qualify as independent directors. The Board of Directors came to the same conclusion when it assessed the situation at 24 April 2023.

13.1.2.4 Terms of office of Board members

Directors are appointed for a term of six years. Shareholders in the Shareholders' General Meeting may, in all circumstances, dismiss one or more directors and replace them, even if that dismissal was not on the agenda.

13.1.2.5 Conduct of Board members

In accordance with recommendation 1 of the Middlenext Code, each director is made aware of their responsibilities when appointed, and is encouraged to observe the conduct rules relating to their role and in particular:

- setting an example means ensuring that directors' words and actions are consistent at all times, so as to foster credibility and trust,
- when accepting their role, Board members must familiarise themselves with the related obligations and particularly those relating to statutory rules regarding multiple corporate officer roles,
- when starting their term of office, they must sign the Board's internal rules, which determine, among other things, the minimum number of shares in the Company that each Board member must own, subject to provisions in the articles of association,
- during their term of office, directors must inform the Board of any situation that gives rise to a potential conflict of interest (customer, supplier, competitor, consultant, etc.) or an actual conflict of interest (other roles) involving them,
- in the event of a conflict of interest, and depending on its nature, the relevant director shall not vote or take part in discussions, and in extreme cases shall resign,
- Board members must attend meetings regularly and take part in meetings of the Board and committees of which they are members,
- Board members must ensure that they have all the information they need, and sufficiently in advance, regarding matters to be discussed during meetings,
- Board members must maintain professional secrecy with respect to third parties,
- Board members must take part in the Shareholders' General Meeting.

13.1.2.6 Directors' biographies

In accordance with recommendation 8 of the Middlenext Code, a description of the roles and careers of the current directors is provided below:

Alain Falc: Chairman of the Board of Directors

Alain Falc's biography is provided in section 5.1.1.3.2 of the Universal Registration Document.

Sébastien Bolloré: Director

Managerial expertise and experience

After studying at Gerson and Saint-Jean-de-Passy, Sébastien Bolloré obtained his *baccalauréat* and studied management at ISEG and then UCLA (California). Sébastien Bolloré spends more than half of his time in Australia, and advises the Bolloré group based on his knowledge of new media and technological developments.

He has been a director of Bigben Interactive SA since he was appointed in the Shareholders' General Meeting of 28 July 2010. He was appointed as a director of Nacon on 22 January 2020.

Jacqueline de Vrieze: Director

Self-taught

After working in the personal care industry (in a hair salon and beauty parlour) between 1976 and 1987, Jacqueline de Vrieze set up a fitness and beauty treatment company within a gym.

In 1989, she joined the retail chain that is now known as Games.fr, as head of the store network before becoming the company's CEO in 1995. She led the transformation of the store network into an e-commerce website at the start of the 2010s.

She has been a director of Bigben Interactive since she was appointed in the Shareholders' General

Meeting of 30 September 2003. She was appointed as a director of Nacon on 22 January 2020.

Jacqueline de Vrieze is the partner of Chairman/CEO Alain Falc.

Sylvie Pannetier: Director

Holder of a DECF diploma in accounting and finance.

After completing her studies, Sylvie Pannetier joined Bigben Interactive in February 1995 in the finance department and has held roles in supplier accounting, treasury and credit management in her 20 years at the company.

She now manages a team of nine people and is in charge of the Group's Treasury department as well as credit management at Bigben Interactive and Bigben Connected.

She has been a director of Bigben Interactive since she was appointed in the Shareholders' General Meeting of 31 August 2015. She was appointed as a director of Nacon on 22 January 2020.

Jean-Christophe Thiery: Director

Graduate of IEP, holder of a degree in public administration from ENA.

After starting his career in local government, Jean Christophe Thiery joined the Bolloré group in 2002 and became CEO of the Direct 8 TV channel in 2005.

He was appointed Chairman of Bolloré Média (media division of the Bolloré group) in November 2008, taking over from Vincent Bolloré, with the brief of continuing its consolidation and growth in the media and telecoms industry. Jean Christophe Thiery is also CEO of the Bolloré group's communications and media division and Chairman of Canal+'s Supervisory Board.

He has been a director of Bigben Interactive since he was appointed in the Shareholders' General Meeting of 26 July 2012. He was appointed as a director of Nacon on 22 January 2020.

Florence Lagrange: Director

Holder of a DEA postgraduate diploma in economics.

Florence Lagrange started her career as a financial journalist, before joining asset management company Fontenay Gestion as a buy-side analyst. After 10 years as an asset manager at independent asset management company Trusteam Finance, which applies non-financial analysis based on customer satisfaction when assessing companies.

She was a director of Bigben Interactive after being appointed in the Shareholders' General Meeting of 21 July 2017. After resigning from that directorship, she was appointed as a director of Nacon on 22 January 2020.

Richard Mamez: Director

After starting his career in marketing in the food industry at Ferrero in Italy, Richard Mamez moved into the leisure industry. He worked in the ski equipment sector (Look, Lange) as international marketing manager, before becoming CEO of various companies in the industry (Browning, Look, Jeanneau). In 1996, he moved into the toys sector, becoming CEO of Majorette until it was acquired by Smoby in 2005, before returning as Chairman in 2008 to oversee its sale to the Simba group in 2010.

In 2011, Richard became Chairman of Groupe Berger (interior fragrances) and grew its digital sales with the creation of a network of more than 100 stores in Asia, before arranging the group's sale to the Argos Wityu fund in 2018.

He was a director of Bigben Interactive between 2010 and 2016, after being appointed in the Shareholders' General Meeting of 28 July 2010. Subsequently, he served as non-voting advisor in July 2016, 2017 and 2018. After resigning from that role, he was appointed as a director of Nacon on 22 January 2020.

Nicolas Parpex: Director

HEC business school - degree in cinema and broadcasting studies

As an equity investor for 15 years, Nicolas Parpex has headed up Bpifrance's creative and cultural industries unit (> €400 million in assets under management), which makes equity investments, ranging from seed money through to LBOs, and oversees all Bpifrance's French Touch-related activities. He has completed around twenty deals, primarily in the creative and cultural sectors and sits on the governance bodies of numerous industry companies, investment companies and the IFCIC. He teaches at HEC, EDHEC, Sciences Po and the Sorbonne, and is also a member of the Centre National du Cinéma commission and of Pictanovo's panel of experts. He has been Bpifrance Investissements' representative since the latter was appointed in the Shareholders' General Meeting of 30 July 2020.

Anne Badot Janssen: Director

Master's degree in accounting and auditing

Anne Badot Janssen began her career in financial control in 2001 with Verreries de Masnières, a manufacturer of perfume and cosmetics bottles. She joined the Bigben Interactive group in 2007 as financial controller and then took over responsibility for consolidation of the Bigben Interactive Group's financial statements.

She was one of the main architects of the carve-out in 2019 of the Gaming business when the latter was spun-off into the new Nacon unit, and she was then appointed as its Chief Financial Officer.

She has been a director of Nacon since she was appointed in the Shareholders' General Meeting of 30 July 2020.

13.1.2.7 Other roles held by directors

The roles held by directors within and outside the Group are set out in the table in section 13.1.2.1 of the Universal Registration Document.

No person mentioned in this section has, in the last five years:

- been convicted of fraud, charged with an offence or been the subject of a public penalty handed down by any statutory or regulatory authority;
- been prevented from being a member of an administrative, management or supervisory body or from being involved in the management or business operations of an issuer;
- been charged with an offence or been the subject a public penalty handed down by any statutory or regulatory authority.

13.1.2.8 Preparation and organisation of the work done by the Board of Directors

Powers of the Board of Directors

The Board of Directors determines the strategy and overall business direction of the Group, i.e. the parent company and its consolidated subsidiaries, and oversees their implementation. Apart from powers specifically granted to shareholders in general meetings and within the scope of the company's corporate purpose, the Board deals with all matters relating to the Company's business operations and, through its resolutions, addresses issues that concern the Company.

Internal rules

In accordance with recommendation 6 of the Middlenext Code, the Board of Directors updated its internal rules on 28 February 2020, which set out:

- the powers of the Board of Directors;
- rules regarding the composition of the Board and criteria regarding the independence of its members;
- the nature of directors' duties and the conduct rules to which they are subject;
- the Board's operational arrangements and the rules for determining the remuneration of its members.

Information provided to Board members

Board members concluded that they received sufficient information for them to fulfil their role. In accordance with recommendation 11 of the Middlenext Code, directors receive information and documents relating to matters on the agenda of board meetings several days before the meeting date. This gives them the opportunity to prepare dossiers that will be discussed in the meeting. Particularly sensitive and urgent matters may be discussed without documents being distributed beforehand or with communication taking place shortly before the meeting date.

In addition, the Chairman deals with requests from members to obtain additional information, and directors are also kept regularly informed between meetings where justified by developments affecting the Company, in accordance with the aforementioned recommendation.

Board meetings

The articles of association do not contain any exceptions to the general rules on convening Board meetings, and the Board meets as often as the Company's interests demand. A schedule of Board meetings (at least 6 per year) is prepared at the start of the financial year, based on the schedule for finalising revenue figures and financial statements, and extraordinary meetings may be convened at any time depending on developments affecting the Group.

Notices of meeting including the agenda are sent out before each meeting, and the documents that directors need to prepare for meetings are sent to them under separate cover.

Representation of directors

Decisions made by the Board of Directors are only valid if at least half of its members are present. In the event of a tied vote, the meeting Chairman holds a casting vote.

Board meetings, work done by the Board and director attendance rate

The way in which the Board of Directors operates (notice of meeting, meetings, quorum, provision of information to the directors) complies with statutory provisions and the Company's articles of association. The Board meets at least six times per year, in accordance with recommendation 13 of the Middlenext Code.

The frequency of Board meetings depends on the financial and legal reporting timetable (reporting of quarterly revenues and half-year results) and on developments affecting the Company.

For example, meetings generally break down into several parts as follows:

- examination of the business plan;
- update on business activity and financial data;
- update of annual forecasts;
- finalisation of the financial statements;
- finalisation of the quarterly and half-year financial statements;
- examination of current transactions as regards the development of the Group's business;
- remuneration matters;
- other current operational matters;
- legal matters;
- authorisations to be granted.

In 2022/23 financial year, the Board met seven times. The Board is expected to meet roughly twice per quarter in 2023/2024. The Chairman remains able to call meetings of the Board of Directors as often as the Company's interests require.

The Company's statutory auditors were invited to attend and attended Board meetings finalising the annual financial statements. The Group's CFO takes part in these meetings, particularly to present the financial statements and obtain all authorisations and provide all explanations allowing the Board to make decisions in full knowledge of the facts.

The Board's internal rules adopted on 22 January 2020 and updated on 28 February 2020 allow the directors to take part in Board meetings remotely: as a result, for quorum and majority calculation purposes, directors taking part in a Board meeting via videoconferencing or telecommunication media, allowing them to be identified and ensuring their effective participation in accordance with statutory and regulatory provisions, are deemed present.

The minutes of Board meetings are prepared after each meeting and submitted to all Board members for approval.

Average attendance rate of each director (for the relevant year of their appointment)

Name	First name	Role	Attendance rate

Falc	Alain	Chairman	*100%*
Bolloré	Sébastien	Director	*100%*
Thiery	Jean-Christophe	Director	*100%*
Pannetier	Sylvie	Director + member of the Audit Committee	*100%*
de Vrieze	Jacqueline	Director	*100%*
Lagrange	Florence	Director and member of the CSR Committee	*100%*
Mamez	Richard	Director + member of the Audit Committee	*100%*
Parpex *	Nicolas	Director	*71%*
Badot Janssen	Anne	Director and member of the CSR Committee	*100%*
		TOTAL	***97%***

**Nicolas Parpex is the representative of Bpifrance Investissement.*

13.2 CONFLICTS OF INTEREST IN THE ADMINISTRATIVE AND MANAGEMENT BODIES

To the Company's knowledge, there is no potential conflict of interest between the duties of members of the Board of Directors with respect to Nacon and their other interests.

There are no potential conflicts of interest between the duties of the persons presented above with respect to the issuer and their private interests and/or other duties. No arrangement or agreement has been made with the main shareholders, customers, suppliers or other persons, under which any of the persons presented above have been selected as a member of the Board of Directors or as a member of the executive management team.

14. REMUNERATION AND BENEFITS

Information on the remuneration of corporate officers is prepared in accordance with the AMF's Position-Recommendation DOC-2021-02 entitled "Guide to compiling registration documents for mid caps".

Since Bigben Interactive's Gaming division was spun off into the Company on 31 October 2019, the 2019/20 comparatives provided below are presented on the basis of historical remuneration received by the persons concerned with respect to their roles within the Bigben Interactive group before the spin-off, then within Nacon.

14.1 REMUNERATION AND BENEFITS

14.1.1 Remuneration of Executive Management

14.1.1.1 Information on remuneration

Summary of fixed and variable remuneration, options and shares awarded to each of the Company's executive corporate officers with respect to their roles within the Bigben Interactive group (table 1)

Alain Falc, Chairman/CEO	FY 2022/2023	FY 2021/2022
Remuneration due in respect of the financial year (1)	€402,000	€405,000
Value of multi-year variable remuneration awarded during the financial year		
Value of options awarded during the year		
Value of bonus shares awarded during the year		
Value of the other long-term remuneration plans		
TOTAL	**€402,000**	**€405,000**

(1) This remuneration includes both remuneration paid by Nacon and its subsidiaries to Alain Falc and that paid by other Bigben Group companies

Laurent Honoret, COO	2022/23	2021/22
Remuneration due in respect of the financial year	€178,000	€155,000
Value of multi-year variable remuneration awarded during the financial year		
Value of options awarded during the year		
Value of bonus shares awarded during the year	€10,000	€9,000
Value of the other long-term remuneration plans		
TOTAL	**€188,000**	**€165,000**

Summary of remuneration paid to each executive corporate officer (table 2)

Alain Falc	**FY 2022/2023**		**FY 2021/2022**	
Chairman/CEO	Amounts due	Amounts paid	Amounts due	Amounts paid
fixed remuneration (1)	€400,000	€400,000	€400,000	€400,000
annual variable remuneration	€2,000	€2,000	€5,000	€5,000
multi-year variable remuneration				
exceptional remuneration				
remuneration as director (2)	€40,000	€0,000	€40,000	€40,000
benefits in kind				
TOTAL	**€442,000**	**€402,000**	**€445,000**	**€445,000**

(1) This remuneration includes both remuneration paid by Nacon and its subsidiaries to Alain Falc and that paid by other Bigben Group companies

(2) The remuneration for the 2022/23 financial year calculated on a 12-month basis up to the July 2023 Shareholders' General Meeting consists of €20,000 in remuneration for work as a director of Nacon and €20,000 in remuneration for work as a director of Bigben Interactive SA.

Laurent Honoret	**FY 2022/2023**		**FY 2021/2022**	
Chief Operating Officer	Amounts due	Amounts paid	Amounts due	Amounts paid
fixed remuneration	€143,000	€143,000	€120,000	€120,000
annual variable remuneration	€35,000	€35,000	€35,000	€35,000
multi-year variable remuneration				
exceptional remuneration				
remuneration as director				
benefits in kind (1)	€10,000	€10,000	€10,000	€10,000
TOTAL	**€188,000**	**€188,000**	**€165,000**	**€165,000**

(1) Laurent Honoret has a company car under a lease with an option to purchase, on which the monthly lease payment is €810.

The Company has not made any commitment to its corporate officers concerning remuneration, allowances or benefits payable or likely to be payable as a result of, or subsequent to, taking up, leaving or changing roles.

14.1.1.2 Other elements of remuneration

Stock options awarded to or exercised by executive corporate officers (tables 4, 5, 8 and 9)

In the financial years ended 31 March 2023 and 31 March 2022, no stock options were awarded to or exercised by the Group's executive corporate officers.

Bonus shares awarded to corporate officers

Shares awarded free of charge to each corporate officer by the Company and by any other Group company (table 6)						
Laurent Honoret Chief Operating Officer	No. of plan and date of award	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Nacon plan	No.: AGA2022 Date: 15 September 2022	2,160	€9,137	15 September 2023	15 September 2025	Recurring operating income of the Nacon Group in the year ended 31 March 2023 (1)
TOTAL		**2,160**	**€9,137**			

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

Shares awarded free of charge to each corporate officer by the Company and by any other Group company (table 6)						
Sylvie Pannetier Director	No. of plan and date of award	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Nacon plan	No.: AGA2022 Date: 15 September 2022	840	€3,553	15 September 2023	15 September 2025	Recurring operating income of the Nacon Group in the year ended 31 March 2023 (1)
TOTAL		**840**	**€3,553**			

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

Shares awarded free of charge to each corporate officer by the Company and by any other Group company (table 6)

Anne Badot Janssen Director	No. of plan and date of award	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Nacon plan	No.: AGA2022 Date: 15 September 2022	1,320	€5,584	15 September 2023	15 September 2025	Recurring operating income of the Nacon Group in the year ended 31 March 2023 (1)
TOTAL		**1,320**	**€5,584**			

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

Shares awarded free of charge to each corporate officer by the Company and by any other Group company (table 6)						
Jacqueline de Vrieze Director	No. of plan and date of award	Number of shares awarded during the year	Value of the shares according to the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Nacon plan	No.: AGA2022 Date: 15 September 2022	960	€4,061	15 September 2023	15 September 2025	Recurring operating income of the Nacon Group in the year ended 31 March 2023 (1)
TOTAL		**960**	**€4,061**			

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

Bonus shares no longer locked up (table 7)			
Laurent Honoret Chief Operating Officer	No. of plan and date of award	Number of shares reaching the end of their lock-up period in the period	Vesting conditions
Bigben Interactive plan	No.: AGA2019 Date: 4 September 2019	1,200	Recurring operating income of the Bigben Interactive group in the year ended 31 March 2020 (1) ⇨ 100% of bonus shares vested
TOTAL		**1,200**	

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has

not been made public for confidentiality reasons.

Bonus shares no longer locked up (table 7)			
Anne Badot Janssen Director	No. of plan and date of award	Number of shares reaching the end of their lock-up period in the period	Vesting conditions
Bigben Interactive plan	No.: AGA2019 Date: 4 September 2019	400	Recurring operating income of the Bigben Interactive group in the year ended 31 March 2020 (1) ⇨ 100% of bonus shares vested
TOTAL		**400**	

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

Bonus shares no longer locked up (table 7)			
Sylvie Pannetier Director	No. of plan and date of award	Number of shares reaching the end of their lock-up period in the period	Vesting conditions
Bigben Interactive plan	No.: AGA2019 Date: 4 September 2019	400	Recurring operating income of the Bigben Interactive group in the year ended 31 March 2020 (1) ⇨ 100% of bonus shares vested
TOTAL		**400**	

(1) The target attainment rate of this performance criterion was predetermined and set in precise terms, but has not been made public for confidentiality reasons.

PAST BONUS SHARE AWARDS (table 10)						
INFORMATION ON BONUS SHARE AWARDS						
Shareholders' General Meeting date	Plan no. AGA2017 SGM 21 July 2017	Plan no. AGA2018 SGM 20 July 2018	Plan no. AGA2019 SGM 19 July 2019	Plan no. AGA2020 SGM 30 July 2020	Plan no. AGA2021 SGM 30 July 2021	Plan no. AGA2022 SGM 22 July 2022
Shares	Bigben	Bigben	Bigben	Nacon	Nacon	Nacon
Date of Board meeting	31 August 20 17	3 September 2018	4 September 2019	7 September 2020	8 September 2021	15 September 2022
Total number of bonus shares awarded of which awarded to corporate officers:	2,700	2,000	1,600	209,680	4,680	5,280
Alain Falc				50,000		
Laurent Honoret	2,000	1,500	1,200	81,800	1,800	2,160
Jacqueline de Vrieze				50,960	840	960
Anne Badot Janssen	700	500	400	21,080	1,320	1,320
Sylvie Pannetier	700	500	400	5,840	720	840
Vesting date (1)	31 August 2018	3 September 2019	4 September 2020	7 September 2021	8 September 2022	15 September 2023
End of the lock-up period	31 August 2020	3 September 2021	4 September 2022	7 September 2023	7 September 2024	15 September 2026
Number of shares subscribed for at 31 March 2023	2,700	2,000	1,600	209,680	0	0
Cumulative number of shares cancelled or lapsed	0	0	0	0	0	0
Remaining shares awarded free of charge at end of year	2,700	2,000	1,600	209,680	0	0

(1) Performance conditions

- AGA 2017 plan: Recurring operating income of the Bigben Interactive group in the year ended 31 March 2018 - target achieved => 100% of bonus shares vested
- AGA 2018 plan: Recurring operating income of the Bigben Interactive group in the year ended 31 March 2019 - target achieved => 100% of bonus shares vested
- AGA 2019 plan: Recurring operating income of the Bigben Interactive group in the year ended 31 March 2020 => 100% of bonus shares vested
- AGA 2020 plan: Recurring operating income of the Nacon Group in the year ended 31 March 2021
- AGA 2021 plan: Recurring operating income of the Nacon Group in the year ended 31 March 2022
- AGA 2022 plan: Recurring operating income of the Nacon Group in the year ended 31 March 2023

Summary of remuneration and other benefits awarded to executive corporate officers (table 11)

Executive corporate officers	Employment contract		Supplementary pension plan		Remuneration or benefits due or potentially due as a result of termination or change in duties		Compensation relating to a non-compete clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Alain Falc Chairman/CEO Term of office started on 22 January 2020 for six financial years		X		X		X		X
Laurent Honoret COO/Term of office started on 22 January 2020 for an unspecified period	X			X		X		X

Loans and guarantees granted to members of the Company's administrative, management and supervisory bodies

None.

14.1.2 Remuneration of Board members

14.1.2.1 Remuneration policy for Board members

Directors receive remuneration for their work as directors. That remuneration is awarded by the Shareholders' General Meeting and apportioned by the Board on the basis of a fixed amount for each meeting of the Board and its committees attended and depending on each director's responsibilities, in accordance with recommendations 10 and 13 of the Middlenext Code.

Directors' remuneration

The Board of Directors complies with the recommendations of the Middlenext Code by defining a method for apportioning that remuneration into units that take into account the roles filled by each director (director, committee member, Chairman) while applying a reduction in proportion to meetings not attended by each director (attendance principle).

The overall amount of €140,000 approved in the combined ordinary and extraordinary Shareholders' General Meeting of 22 July 2022 was divided into units taking into account the individual roles of each director, as follows:

1 >. Two units for each director,

2 >. An additional unit for a committee member,

3 >. Two additional units for the chairman.

it being stipulated that the amount corresponding to one unit is obtained by dividing the total remuneration budget by the total number of units.

The total remuneration is then apportioned between directors taking into account their attendance. As a result, a reduction proportional to the meetings not attended by the director concerned will be applied to the relevant amount of directors' remuneration allotted to that director. That reduction also applies to supplementary remuneration relating to committee members proportional to their non-attendance at committee meetings.

14.1.2.2 Remuneration of Board members in the last two financial years

Table of attendance fees/activity-based remuneration and other remuneration received by non-executive corporate officers (table 3)				
Non-executive corporate officers	Remuneration due in respect of the financial year 2022/2023	Amounts paid in the 2022/23 financial year	Remuneration due in respect of the financial year 2021/2022	Amounts paid in the 2021/22 financial year
Sébastien Bolloré ***Director***				
Attendance fees/Activity-based remuneration (1)	€20,000	€18,750	€20,000	€20,000
Other remuneration	€0	€0	€0	€0
Jacqueline de Vrieze ***Director***				
Attendance fees/Activity-based remuneration (1)	€20,000	€20,000	€20,000	€17,273
Other remuneration	€60,000	€60,000	€77,659	€77,659
Florence Lagrange ***Independent director***				
Attendance fees/Activity-based remuneration (1)	€10,000	€10,000	€10,000	€10,000
Other remuneration	€0	€0	€0	€0
Richard Mamez ***Independent director***				
Attendance fees/Activity-based remuneration (1)	€15,000	€15,000	€15,000	€15,000
Other remuneration	€0	€0	€0	€0
Sylvie Pannetier ***Director***				
Attendance fees/Activity-based remuneration (1)	€30,000	€30,000	€30,000	€30,000
Other remuneration	€69,597	€69,597	€68,945	€68,945
Jean-Christophe Thiery ***Director***				
Attendance fees/Activity-based remuneration (1)	€20,000	€18,750	€20,000	€20,000
Other remuneration	€0	€0	€0	€0
Anne Badot Janssen **Director**				
Attendance fees/Activity-based remuneration (1)	€10,000	€10,000	€10,000	€10,000
Other remuneration	€102,406	€102,406	€96,222	€96,222
Bpifrance Investissement ***Non-voting advisor (censeur)***				
Attendance fees/Activity-based remuneration (2)	€10,000	€10,000	€10,000	€10,000
Other remuneration	*€0*	*€0*	*€0*	*€0*

(1) Remuneration as a director of Nacon SA and Bigben Interactive SA
(2) Bpifrance Investissement is represented by Nicolas Parpex.

Transactions in securities by corporate officers and similar persons (Article 621-18-2 of the

French Monetary and Financial Code)

None.

Transactions in securities by corporate officers and similar persons (Article 621-18-2 of the French Monetary and Financial Code)

None.

14.1.3 Remuneration policy for executive corporate officers

14.1.3.1 Remuneration of the Company's executive corporate officers

Remuneration multiples

In accordance with Article L. 225-37-3 of the French Commercial Code, the following table shows the ratios between the remuneration of each of Nacon SA's corporate officers/executives and the average full-time salary of Nacon SA's employees.

The remuneration multiples for each of the two corporate officers/executives relative to the average full-time salary of Nacon SA's employees are as follows:

	2022/23 remuneration of Nacon SA's corporate officers **in €**	**Remuneration multiple** relative to the average full-time salary of Nacon SA's employees
Alain Falc	240,000	5.0
Laurent Honoret	177,647	3.7

Method used to calculate the remuneration ratios

1. The assumptions used to calculate the average salary of Nacon SA's employees were as follows:

- The elements of remuneration used are salaries, bonuses and office holders' remuneration excluding any amount in respect of the bonus shares initially awarded to executive officers and employees to avoid skewing the figures;
- Scope used for "Company employees": all employees receiving a Nacon SA payslip (permanent employees, fixed-term employees, apprentices, work-study programme participants, etc.), but not temporary staff;
- Average headcount applied for 2022/23
- The average salary is based on the 2022/23 financial year.

2. For the purpose of calculating executive corporate officers' remuneration, all elements of remuneration paid or awarded during the financial year ended 31 March 2023 subject to a vote at the Shareholders' General Meeting, i.e.:

- fixed remuneration paid in the financial year;
- annual variable remuneration awarded in respect of the financial year;
- any exceptional remuneration paid;
- any remuneration for work as directors.

	2022/23 remuneration of Nacon SA's employees **in €**
Total gross salaries (without bonus share awards)	6,584,151
Average headcount	138
Average annual salary	47,711

In addition to this remuneration, corporate officers were awarded bonus shares during the 2022/23 financial year, subject to presence and performance conditions, which can be valued as follows:

	Value of the bonus shares awarded in 2022/23 to Nacon SA's corporate officers **in €**
Alain Falc	0
Laurent Honoret	10,390

Remuneration of the Chairman/CEO

Alain Falc's remuneration and benefits for his duties as Chairman/CEO of the Company were set as follows:

Fixed remuneration of €240,000 gross per year, paid on a monthly basis, i.e. €20,000 gross per month.

Alain Falc may also have expenses reimbursed where they are reasonably incurred in his duties as Chairman/CEO, on production of the relevant supporting documentation.

Alain Falc does not receive any annual variable remuneration, and so his remuneration as Chairman/CEO of the Company cannot exceed the amount indicated above.

Alain Falc continues to receive remuneration from the Group as an employee of Bigben Connected, a subsidiary of Bigben Interactive, amounting to €120,000 gross per year.

It should be noted that Alain Falc's employment contract at parent company Bigben Interactive was terminated effective from the date the Company's shares were first listed.

Other remuneration and benefits

Remuneration as director

The total annual amount of remuneration determined by the Shareholders' General Meeting is apportioned between Board members in accordance with the rules defined by the Board and set out above.

Accordingly, the Chairman/CEO receives, like the other members of the Board of Directors, two units with respect to his work as Director and two additional units with respect to his role as Chairman of the Company's Board of Directors.

The payment of this remuneration is subject to attendance at meetings of the Board of Directors.

A reduction is applied to the total amount of attendance fees in proportion to the number of Board meetings not attended by the director in question.

Benefits in kind

Unlike other members of the Group's Executive Committee, the Chairman/CEO does not have a company car.

Severance pay

There are no provisions under which the Chairman/CEO will receive specific compensation in the event of his leaving the Company.

Supplementary pension plan

The Chairman/CEO does not benefit from any supplementary pension plan.

Remuneration of the Chief Operating Officer

Laurent Honoret's remuneration and benefits with respect to his role as COO of the Company are as follows:

Fixed remuneration of €150,000 gross per year, paid on a monthly basis, i.e. €12,500 gross per month.

Laurent Honoret may also have expenses reimbursed where they are reasonably incurred in his duties as COO, on production of the relevant supporting documentation.

Laurent Honoret receives variable remuneration of up to 25% of his gross annual fixed remuneration, depending on the attainment of specific performance targets.

An employment contract has been formed between the Company and Laurent Honoret concerning his role as Head of Strategy and Business Development. That employment contract is in addition to his role as a corporate officer as authorised in accordance with recommendation 15 of the Middlenext Code. As a result, in addition to his role as COO, in which he assists the Chairman/CEO with the Company's day-to-day management, Laurent Honoret has also been given an overarching role, through this employment contract, of developing a comprehensive commercial strategy for the whole Group (the Company and its subsidiaries). As Head of Strategy and Business Development, he helps the Group with discussing and developing its strategy, particularly by detecting and guiding the Group towards business growth opportunities, including outside France. By maintaining an employment contract with Mr Honoret, the Company is also fulfilling its intention to maintain his pension rights taking into account his length of service in the Group and the work he does for the Group.

The employment contract represents a regulated agreement that was authorised by the Board of Directors on 27 April 2020 and took effect on 2 May 2020 (see section 18.1).

In any event, Laurent Honoret's overall remuneration remained the same, i.e. €150,000 gross per year, breaking down as follows:

- As corporate officer:
  - fixed remuneration of €66,000 gross per year payable monthly (the Board meeting of 27 April 2020, which authorised the employment contract, also voted to decrease Mr Honoret's remuneration with respect to his role as corporate officer);
  - variable remuneration of up to 25% of his gross annual fixed remuneration, depending on the attainment of specific performance targets;
- Under his employment contract: €84,000 gross per year payable monthly.

With the exception of the remuneration stated above, no exceptional remuneration is planned for the corporate officers.

Other remuneration and benefits

Benefits in kind

Leased company car (€810 per month).

Severance pay

There are no provisions under which the COO will receive specific compensation in the event of his leaving the Company.

Supplementary pension plan

The COO does not benefit from any supplementary pension plan.

With the exception of the remuneration stated above, no exceptional remuneration is planned for the corporate officers.

14.1.3.2 Remuneration of the Group's executive corporate officers

The policy regarding remuneration and benefits in kind awarded to the executive corporate officers of the Company and the Group complies with recommendation 13 of the Middlenext Code. The principles for determining remuneration meet the criteria regarding completeness, balance, benchmarking, consistency, clarity, measurement and transparency.

No executive corporate officer of the Group benefits from deferred remuneration, specific compensation or arrangements that depart from the rules of the bonus share or stock option plans in the event of their departure, or retirement benefit plan, as mentioned in recommendations 16, 17 and 18 of the Middlenext Code.

Awards of options, bonus shares and other securities

Stock options

The Company does not intend, at this stage, to adopt a policy for awarding stock options to its corporate officers, as referred to in recommendation 18 of the Middlenext Code.

Bonus shares

The Company's Shareholders' General Meeting of 22 July 2022 authorised the Board of Directors to award, on one or more occasions, existing shares or shares to be issued in the Company, free of charge to employees and corporate officers of the Company and companies related to it within the meaning of Article L. 225-197-2 of the French Commercial Code.

The Company reserves itself the option of awarding bonus shares to its employees and executive corporate officers. The Board of Directors meets during the year to determine the precise details of the bonus share award plans. As regards corporate officers, in accordance with recommendation 21 of the Middlenext Code, these bonus share awards will be dependent on presence conditions and performance conditions related to the Group's results, particularly the attainment of a target recurring operating margin.

14.2 AMOUNTS SET ASIDE BY THE COMPANY FOR THE PAYMENT OF PENSIONS, RETIREMENT BENEFITS AND OTHER BENEFITS TO CORPORATE OFFICERS

There is no specific pension plan for executives, and the Company has not set aside any sums in that respect.

The executives of Group companies are covered by a corporate officers' liability insurance policy taken out by the Company. The corporate officers do not benefit from any undertaking corresponding to elements of remuneration, compensation or benefits that are or may be due as a result of or subsequent to the start, termination or any change of their roles.

The Company has not set aside any provision to cover the payment of pensions, retirement benefits or other benefits to members of the Board of Directors.

15. OPERATING PROCEDURES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

15.1 MANAGEMENT OF THE COMPANY

The composition of and information relating to the Company's executive management and Board of Directors are set out in section 13 "Administrative and management bodies" of the Universal Registration Document.

15.2 INFORMATION ON AGREEMENTS BINDING THE COMPANY'S EXECUTIVES AND/OR CORPORATE OFFICERS AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

To the Company's knowledge, at the date of this Universal Registration Document, there are no service contracts between members of the Board of Directors or management team and the Company or any of its subsidiaries and/or that provide for the granting of benefits to members of the Board of Directors, the Chairman/CEO or any COO.

Similarly, to the Company's knowledge, at the date of this Universal Registration Document, there are no service contracts between members of the Board of Directors or management team and the Company or the Bigben Interactive group.

15.3 BOARD OF DIRECTORS, BOARD COMMITTEES AND CORPORATE GOVERNANCE

15.3.1 Nacon's Board of Directors

The composition of and information relating to the Board of Directors are set out in section 13 "Administrative and management bodies" of the Universal Registration Document.

15.3.2 Board Committees

15.3.2.1 Audit Committee

To fulfil its remit, the Board of Directors is assisted by an Audit Committee.

Composition of the Audit Committee

In accordance with (i) Article L. 823-19 of the French Commercial Code, which states that "the membership of this committee shall be decided, as appropriate, by the body in charge of administration and supervision. The committee may include only appointed members of the Company's body in charge of administration or supervision, excluding those carrying out managerial functions. At least one member of the committee must have specific skills in the financial or accounting sector and be independent with respect to the criteria specified and made public by the body in charge of administration or supervision" and (ii) recommendation 6 of the Middlenext Code, the Audit Committee will consist of two (2) members, of whom one (1) is appointed from among the independent members of Nacon's Board of Directors in its meeting of 22 January 2020. The members of the Audit Committee must have specific financial and/or accounting expertise.

Its members, Richard Mamez (independent director) and Sylvie Pannetier have been chosen by the Board. Sylvie Pannetier, who is employed as a treasurer by the Company, is not regarded as an independent member of the Audit Committee.

The Audit Committee met in November 2022 to review the half-year financial statements at 30 September 2022 and in May 2023 to review the annual financial statements at 31 March 2023. The statutory auditors took part in Audit Committee meetings in which half-year and full-year results were analysed. The attendance rate of directors who were Audit Committee members was 100%.

Remit and duties of the Audit Committee

The remit of the Audit Committee is to monitor issues relating to the preparation and control of accounting and financial information in order to ensure that the risk management and internal control system is effective, and as appropriate to make recommendations to ensure its integrity. The remit of the Audit Committee was defined in the Board's Internal Rules on 22 January 2020.

Without prejudice to the Board's authority, the Audit Committee has the following duties:

- it monitors the process of preparing financial information and, as appropriate, makes recommendations to ensure its integrity,
- it monitors the effectiveness of internal control and risk management systems, and internal audit systems as appropriate, as regards procedures for preparing and processing accounting and financial information, without affecting its independence.
- it makes a recommendation regarding the statutory auditors put forward for appointment by the Shareholders' General Meeting or body with a similar function. That recommendation, made to the body in charge of administration or supervision, is formulated in accordance with the regulations. The Audit Committee also makes a recommendation to that body when any renewal of the statutory auditor or auditors' appointment is being considered in accordance with the regulations.
- it monitors the statutory auditors' fulfilment of their duties. As regards public interest entities; as regards public interest entities, it takes account of the findings and conclusions of the French auditors' body (Haut conseil du commissariat) following checks carried out in line with the regulations.
- It ensures that the statutory auditors meet the independence criteria defined by regulations.
- It approves the provision of non-audit services in accordance with applicable regulations.
- It reports regularly to the collegial body tasked with overseeing its remit. It also reports on the results of the audit of the financial statements, the way in which that audit contributed to the integrity of financial information and the role it played in that process. It informs the Board immediately of any difficulty encountered.

Presence of other persons who are not members of the Audit Committee

The Chairman/CEO shall not take part in Audit Committee meetings, while the Group's CFO represents the Company and takes part in them in that capacity, after providing all relevant information and details.

15.3.2.2 CSR Committee

At its 30 May 2022 meeting, the Board of Directors decided to set up a CSR Committee with a remit of reviewing how Nacon deals with sustainability-related issues when formulating its strategy, the principal environmental risks, challenges and opportunities, social policies and all the social and environmental information reported by the Company and the Group.

Composition of the CSR Committee

The CSR Committee is chaired by an independent director, who may seek the support of qualified individuals as and when required.

Consequently, the Board set up the CSR Committee with two (2) directors as members, namely Florence Lagrange, an independent director who chairs the CSR Committee, and Anne Janssen, who is also a director.

The CSR Committee met in November 2022 and February 2023, when the attendance rate of directors who were CSR Committee members was 100%. A presentation of the work performed by the Committee during the year and its recommendations was given to the Board of Directors on 30 May 2023.

Remit and duties of the CSR Committee

Without prejudice to the Board’s authority, the CSR Committee has the following duties:

– reviewing the Group’s CSR strategy, goals, policies and commitments (ethics and compliance, human rights, health, safety and security, environmental issues) and making relevant recommendations;

– ensuring the appropriate level of commitment by the Company and the Group on non-financial compliance, ethics, social and environmental responsibility towards meeting the expectations of the various stakeholders.

Presence of other persons who are not members of the CSR Committee

Company executives are involved in the Committee’s work and may attend its meetings, as may any other external experts or Group employees, if invited to attend by the Committee Chair.

15.4 STATEMENT ON CORPORATE GOVERNANCE

15.4.1 Corporate governance code

To comply with Article L. 225-37-4 of the French Commercial Code, since Nacon’s shares were admitted to trading on Euronext Paris, the Company has referred to the corporate governance code for small and mid-cap stocks published by Middlenext in September 2016 and validated as a reference code by the AMF (accessible on the www.middlenext.com website under “News”), since the principles it contains are compatible with the Company’s organisation, size, resources and ownership structure.

The Middlenext Code contains areas for attention setting out matters that the Board of Directors must address in order to foster good governance as well as recommendations.

The table below sets out Nacon's position with respect to all recommendations made by the Middlenext Code as of the Universal Registration Document's filing date:

Middlenext Code recommendations	Applied	Not applied
"Supervisory" power		
R1 : Conduct of Board members	X	
R2 : Conflicts of interest	X	
R3 : Composition of the Board – Presence of independent members	X	
R4 : Reporting to Board members	X	
R5 : Training for Board members		project
R6 : Organisation of Board and Committee meetings	X	
R7 : Board committees	X	
R8 : Establishment of a CSR Committee	X	
R9 : Internal rules for the Board	X	
R10 : Selection of each director	X	
R11 : Terms of office of Board members	X	X (1)
R12 : Remuneration of directors	X	
R13 : Assessment of the Board's work	X	
R14 : Relations with "shareholders"	X	

(1) R11: the Board of Directors takes the view that the duration of terms of office provided for in the articles of association is appropriate to Nacon's specific situation, subject to statutory limits. Terms of office, according to the Company's articles of association, last for six (6) years; given the appointment dates (newly created company), the renewal of those terms is not staggered.

The "executive" body		
R15: Diversity and equality policy		project
R16 : Definition and transparency of remuneration paid to executives and corporate officers	X	
R17 : Succession planning for executives	X	X (2)
R18 : Combination of an employment contract and role as corporate officer	X	
R19 : Severance pay	X	
R20 : Supplementary pension plans	X	
R21 : Stock options and bonus share awards	X	
R22 : Review of areas for attention	X	

(2) R17: see section 14.4.2.

15.4.2 Succession planning for the founding executive

In accordance with recommendation 17 of the Middlenext Code, which advises the Board of Directors to consider the succession planning for existing executives on a regular basis, Nacon's Board of Directors, in its 24 April 2023 meeting and after examining the situation, took the view that the succession of the founding executive should not be on the agenda because of his desire and ability to continue developing the Company, although the Company continues to pay attention to the matter of succession planning for its executive team.

15.5 INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

At the date of the Universal Registration Document, Nacon has internal control procedures relating to financial and accounting information, summarised below.

15.5.1 Components of the internal control system

15.5.1.1 Control environment

Given the company's size, the management team and the main executives play a dominant role in the organisation of internal control. The key participants in the internal control system are as follows:

- Chairman/CEO:

He lays down and guides Nacon's strategy. He is responsible for establishing the procedures and resources used to ensure the operation and monitoring of internal control. He is responsible for internal control more specifically in his role as CEO, alongside the Board of Directors and the assistance of the statutory auditors.

- Board of Directors

The Board determines the direction of Nacon's business and ensures that it is followed. In particular, it examines accounting and financial documentation that is subject to financial reporting and assesses risks connected with the Company's internal and external control.

Each director may, in addition, gain additional information at their own discretion, and the Chairman/CEO may be called upon by the Board of Directors at any time to provide explanations and material information.

- Financial and accounting teams

They provide both expertise and control, being in charge of monitoring the budget, preparing the financial statements, hitting targets and implementing the internal control strategy established by the Chairman/CEO, and implementing recommendations made by both the Group's Finance Department and by the statutory auditors.

15.5.1.2 Risk assessment

In its business activities, the Group is exposed to risks that could, if realised, affect its performance and achievement of its strategic and financial targets.

To implement the necessary resources to manage its risks, the Group has catalogued risks at the upstream level with management teams and at the downstream level with operational and functional teams.

The main risk factors, and the mitigation and action resources are set out in section 3 "Risk factors" of this Universal Registration Document.

The main areas considered are:

- risks related to the business,
- market risks and financial risks,
- legal, regulatory and tax risks,
- non-financial risks (workforce-related and environmental),

- the risk of fraud.

At management's request, any risks over which control is insufficient or could be improved are assessed by the participants in the control system. In that case, internal control arrangements are designed and reviewed to ensure improved effectiveness in conjunction with operational teams.

The controls adopted represent an operational framework within the Company and are constantly changing, with the aim of eventually constituting genuine risk-management tools that can be used at all levels of the organisation.

15.5.1.3 Control activities

Main internal control procedures

As well as the risk management system, Nacon has numerous control processes at all levels of the company.

The organisation of support functions means that Executive Management's main strategies and targets are disseminated consistently.

- Group Management Control department: ensures that the Company's performance is scrutinised through operational monitoring focused on monthly "Flash" reports for all Group subsidiaries. It also prepares deliverables for Executive Committee meetings (Euromeeting group) attended by the Executive Management of the Group and subsidiaries and the Group's operating and finance departments, which assess the various reporting indicators and differences between actual financial statements and initial forecasts, and which refine quarterly, half-yearly, annual and multi-year forecasts on the basis of actual results and the market outlook as reported by local and operating teams. The Group's management control department monitors the whole financial reporting cycle and constantly challenges subsidiaries regarding their performance, results and business activity.

- Group Consolidation department: prepares the Group's consolidated financial statements and provides information about the applicable accounting policies within the Group as required. It ensures compliance with standards and regulations in force in order to give a true and fair view of the Group's business activity and position.

- Group Treasury department: co-ordinates the management of French and non-French subsidiaries' cash positions, including by overseeing cash forecasts. It ensures that policies for managing exchange rate risk and liquidity risk are appropriate, and also manages off-balance sheet commitments relating to commercial activities (letters of credit, collateral, etc.). It centralises and checks the application of authorisation thresholds granted to a limited number of staff members and helps to set up tools providing effective control (dual signature procedure, secure payment tools, regularly updated authorisation and signature system, checks on IT access, etc.). For several years Nacon has used EBICS TS cash management software, which allows secure electronic payments to be made without using faxes.

- Group Finance Department

- This department implements the financial aspects of Executive Management decisions, in accordance with the regulations, through various financial transactions (issues of securities giving access to the share capital, potential acquisitions, management incentives, etc.).

- As regards tax, supported by external advisors, it assists and advises Group companies, both French and non-French, when analysing the tax aspects of their projects. Working with the various in-house departments, it secures the Group's tax position by overseeing the prevention, identification and management of tax risks.

- Group Legal Department: supported by their external lawyers and advisors specialising in company law, contract law, litigation and intellectual property, it assists and advises Group entities regarding legal matters (acquisitions, contracts, leases, stockmarket regulation, corporate governance, etc.), and co-ordinates joint studies or studies of interest for the Group.

- Information Systems Departments (ISDs): these departments help select IT resources, ensure they are consistent and oversee changes to them over time, in both technical and functional terms. The ISDs regularly monitor the progress of IT projects and ensure they are appropriate as regards requirements, existing resources and budgets. IT security teams have the task of ensuring and organising the protection of their entities' activities, including but not limited to the security of applications, information systems, premises and human and material resources.

Information systems

The Company is always seeking to improve its information system and ensure the integrity of its accounting and financial data. Accordingly, it invests in the installation and maintenance of IT tools and procedures that meet requirements and constraints at both the local and Group levels.

Particular attention is paid to the security of data and processing. IT teams make constant efforts to improve controls that ensure the following:

- availability of services and systems,
- availability, confidentiality, integrity and traceability of data,
- protection of connected services against unauthorised access,
- surveillance of the network against internal and external threats,
- security and restoration of data.

15.5.1.4 Information and communication

The Group is aware that information is necessary at all levels of the organisation to ensure effective internal control and achieve the organisation's objectives. All relevant, reliable and appropriate information – internal or external, financial, operational or relating to compliance with statutory and regulatory obligations – is identified, collected and disseminated in an appropriate form and within an appropriate timeframe.

Procedures for validating accounting and financial information

Accounting and financial information

Nacon's accounting and financial information is prepared by the Group Finance Department and Group Consolidation Department under the control of the Chairman/CEO, with the Board of Directors being in charge of final validation.

- Accounting standards

The Group's accounting standards comply with IFRSs issued by IASB and as adopted by the European Union.

- Statutory financial statements

The financial statements of each subsidiary are prepared, under the responsibility of their manager, by local accounts departments that ensure compliance with tax and regulatory requirements in their respective countries.

- Consolidation

The reporting of quarterly accounting information follows a schedule set by the Group Consolidation Department and validated by the Group Finance Department, and according to the Group's IFRS accounting policies in a central consolidation software package under the responsibility of the consolidation department. The software allows reliable and rapid reporting of data and aims to safeguard the consolidated financial statements.

The Company has taken steps to ensure that the process for producing consolidated financial statements is streamlined and reliable. Accordingly, the consolidation department uses:

- input templates, updated periodically, allowing subsidiaries to understand the tools and use them as effectively as possible, and to ensure the consistency of published accounting and financial data,
- a transition matrix between the statutory financial statements of its subsidiaries and the consolidated financial statements, and
- monitors developments constantly in order to track and anticipate changes in the regulatory environment applicable to Group companies.

- Statutory auditors

Nacon's statutory auditors carry out a limited review of the financial statements.

Outside of specific audit periods, prior analysis of specific accounting issues is carried out ahead of accounts closing periods, thereby reducing the time required to prepare the consolidated financial statements, while process reviews allow the statutory auditors to ensure that the processes in place are reliable and that their audit techniques are backed up by identified robust controls.

At the international level, subsidiaries' financial statements are reviewed by local statutory auditors who carry out all audit work required in the respective countries subject to the directives of the Group's statutory auditors. This organisation helps harmonise audit procedures.

As the body responsible for preparing financial statements and implementing accounting and financial internal control systems, Executive Management holds discussions with the statutory auditors.

The statutory auditors take part in all Audit Committee meetings. In those meetings, they discuss their work on procedures and their conclusions on accounts closing documents, and disclose material matters arising during their audit work.

Process for validating and communicating financial information externally

The Group Finance Department disseminates financial information that is necessary to understand fully the Group's strategy among shareholders, financial analysts, investors, etc.

All financial and strategy press releases are reviewed and validated by Executive Management.

Financial information is disseminated in strict compliance with market rules and the principle that shareholders must be treated equally.

It should be noted that the Group maintains a list of insiders who are reminded of their confidentiality duties and compliance with "closed periods" regarding trading in Nacon shares.

Other external communication

Executive Management is contactable by all external entities such as suppliers, customers, shareholders and financial analysts, in order to provide them with explanations or answering their questions relating to the way in which the Group's internal control system operates.

Marketing and financial press releases are also sent to any person (in the financial community) who has expressed an interest in following the Group.

16. EMPLOYEES

The Company believes that its staff is a major asset and that, in a particularly competitive market in which expertise developed in France is unanimously acknowledged, its ability to retain employees is a key factor for its future success.

16.1 NUMBER OF EMPLOYEES AND BREAKDOWN BY COMPANY

By legal entity	31 March 2023	31 March 2022	31 March 2021
Nacon SA	150	132	121
Games.fr	5	7	6
Bigben Benelux	19	20	19
Nacon HK	13	14	12
Bigben Interactive GmbH	18	18	19
Nacon Gaming España SL	14	13	10
Bigben Interactive Italia	12	11	11
Cyanide	134	125	121
Cyanide Canada	64	54	43
Kylotonn	156	160	134
Eko Software	46	39	27
Spiders	83	75	59
RaceWard	54	47	37
Nacon Gaming Inc.	4	4	3
Nacon Pty Ltd.	3	2	2
Neopica Srl	23	11	7
BigAnt Studios Pty Ltd	81	55	
Passtech Games SAS	16	14	
creā-ture Studios Inc.	8	6	
Ishtar Games SAS	35	32	
Midgar SAS	24	13	
Daedalic GmbH	72		
Total	**1,034**	**852**	**631**

In the 2022/23 financial year, headcount again rose sharply, with the increase in studio staff numbers and the Daedalic acquisition during the period. As a result, headcount was 1,034 at 31 March 2023.

16.2 EQUITY INTERESTS AND STOCK OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Members of Nacon's Board of Directors and Executive Management do not have any equity interests or stock options in Nacon.

In the 2022/23 financial year, bonus shares were awarded to corporate officers and senior executives. These awards are presented in detail in section 14.1.

16.3 OWNERSHIP OF THE COMPANY'S SHARE CAPITAL BY EMPLOYEES

16.3.1 Employee share ownership

The Company has adopted an incentive policy for employees to give them an interest in the Company's earnings and stockmarket performance.

Capital potentially owned by employees

At its meetings on 24 April 2022 and 15 September 2022, the Board of Directors awarded 1,646,113 Nacon bonus shares to members of staff of the Group entities.

Those shares will vest after a 1- or 3-year period provided that an ongoing presence condition and a performance condition related to achievement of a predetermined level of recurring operating income are met.

Since the equity interests of employees as defined in Article 225-102 of the French Commercial Code remain less than 3% of the Company's share capital, the Shareholders' General Meeting does not currently have to appoint one or more directors put forward by employee-shareholders.

There are no plans to provide in the Company's articles of association for the possibility of one or more directors being elected by the staff of the Company and/or of its subsidiaries.

Draft resolution on "Bonus share awards"

By awarding bonus shares, the Group broadens employee share ownership, giving an interest in Nacon's future stockmarket performance to all employees who wish to have such an interest.

Shareholders in the Shareholders' General Meeting will again be asked to grant authority to the Board of Directors, for an 18-month period, to decide to award bonus shares to employees of the Company and companies related to it.

17. MAIN SHAREHOLDERS

17.1 OWNERSHIP OF THE SHARE CAPITAL AND VOTING RIGHTS

At the date of this Universal Registration Document, the Company's share capital totalled €86,936,299, divided into 86,936,299 shares with par value of €1 each, of which Bigben Interactive owned 65.12%.

Ownership of shares and voting rights at 31 March 2023:

Shareholder	Category	% of share capital	% of voting rights[1]
Bigben Interactive SA		65.12%	74.83%
Loan of shares to BNP Arbitrage[2]			2.51%
Bpifrance Participations[3]	Institutional investor	2.09%	2.56%
CDC Croissance[3]	Institutional investor	2.60%	1.60%
CNP Assurances[3]	Institutional investor	0.01%	0.00%
Free float		30.1%	18.5%
Liquidity agreement		0.08%	-
Total		**100.00%**	**100.00%**

(1) gross voting rights
(2) including 3,555,937 shares lent to BNP Paribas for hedging purposes in connection with Bigben Interactive's bond issue
(3) Bpifrance Participations SA is controlled by Bpifrance SA (previously Bpifrance Financement), in turn controlled jointly by CDC (49.2%) and EPIC Bpifrance (49.2%). CNP Assurances is 78.94%-owned by Banque Postale, which is in turn 100% controlled by La Poste, itself 66%-owned by CDC.

Ownership of shares and voting rights at 31 March 2022:

Shareholder	Category	% of share capital	% of voting rights[1]
Bigben Interactive SA		70.97%	79.13%
Loan of shares to BNP Arbitrage[2]			2.44%
Bpifrance Participations[3]	Institutional investor	2.11%	2.49%
CDC Croissance[3]	Institutional investor	2.63%	1.55%
CNP Assurances[3]	Institutional investor	0.01%	0.00%
Free float		24.23%	14.37%
Liquidity agreement		0.06%	-
Total		**100.00%**	**100.00%**

(1) gross voting rights

(2) including 3,555,937 shares lent to BNP Paribas for hedging purposes in connection with Bigben Interactive's bond issue

(3) Bpifrance Participations SA is controlled by Bpifrance SA (previously Bpifrance Financement), in turn controlled jointly by CDC (49.2%) and EPIC Bpifrance (49.2%). CNP Assurances is 78.94%-owned by Banque Postale, which is in turn 100% controlled by La Poste, itself 66%-owned by CDC.

17.2 VOTING RIGHTS OF THE MAIN SHAREHOLDERS

At the date of this Universal Registration Document, Bigben Interactive held 65.12% of the Company's share capital and 74.83% of the voting rights.

See section 20.2.2.1 regarding provisions applicable to double voting rights.

17.3 CONTROL OF THE COMPANY

Nacon is 65.12%-owned by Bigben Interactive.

In turn, the Bolloré group owned 21.59% of Bigben Interactive SA's capital and 18.65% of its gross voting rights at 31 March 2023, primarily via Nord Sumatra.

At 31 March 2023, the Company's Chairman/CEO Alain Falc held 14.06% of Bigben Interactive SA's share capital and 23.83% of its gross voting rights (directly and indirectly).

Since 9 January 2023, Quaero Capital has owned 5.10% of Bigben Interactive's share capital and 4.40% of the voting rights.

To the Company's knowledge, there are no other shareholders holding, alone or in concert, more than 5% of Bigben Interactive's share capital and voting rights. As a result, at the date of this Universal Registration Document, no shareholder had control over Bigben Interactive within the meaning of Article L. 233-3 of the French Commercial Code and therefore indirectly over the Company.

As a result, the Company believes that there is no risk of control being indirectly exercised in an improper manner by any of Bigben Interactive's shareholders, it being stipulated that the current composition of the Board of Directors, which includes two independent directors, two directors representing the shareholder currently holding the largest number of Bigben Interactive shares (Nord Sumatra, Bolloré group) and three senior executives of the Bigben Interactive group, along with Alain Falc, appears balanced for the purpose of avoiding any situation in which control is exercised improperly.

Finally, Alain Falc and Laurent Honoret, respectively Chairman/CEO and COO of Bigben Interactive, decided to resign from their roles as CEO and COO of Bigben Interactive, subject to a condition precedent involving the Company's shares being listed on the Euronext Paris regulated market, which took place on 4 March 2020.

Currently, therefore, the operational management teams of Bigben Interactive and Nacon do not share any members, which also helps reduce the risk of Bigben Interactive improperly exercising control over Nacon.

17.4 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

At the date of this Universal Registration Document, there is no agreement whose implementation could lead to a change in the Company's control.

At the Bigben Interactive level, there is no agreement whose implementation could, at a later date, lead to a change of control over Bigben Interactive and therefore directly over the Company, it being stipulated that Vincent and Sébastien Bolloré own their shares in concert with Nord Sumatra (Bolloré group) and that Alain Falc owns his stake in Bigben Interactive in concert with AF Invest.

However, the parent company Bigben Interactive's ownership structure has historically been very stable and Alain Falc is also a corporate officer with an operational role in the Group, which suggests confidence in the management and strategy adopted by the Group, provided that they prove prudent, justifiable, geared to market opportunities and conditions and profitable.

17.5 PLEDGES

In connection with an issue of bonds due 2026 exchangeable into the Company's existing ordinary shares (the "Bonds"), the Bigben Interactive SA parent company made a commitment that holders of the Bonds shall benefit from a statement of pledge to be recorded over the Company's existing shares (the "Pledged Shares") representing at all times 200% of the number of shares underlying the Bonds.

On 9 April 2021, Bigben Interactive SA formed a share pledge agreement with BNP Paribas Securities Services (acting as paying agent and transfer agent), the *masse* (body) of Bond holders represented by Aether Financial Services and Aether Financial Services acting as representative of the *masse*.

The statement of pledge (*déclaration de nantissement de compte-titres*) over the securities account in the books of BNP Paribas Securities Services (as administrator of the pledged shares account), including the associated cash account in the books of BNP Paribas SA (as administrator of the pledged cash account) and the certificate of pledge of the securities account and the certificate of pledge of the cash account were signed on 9 April 2021.

On 9 April 2021, Bigben Interactive SA transferred 18,187,500 of the Company's shares (the "Shares"), or 21.4% of Nacon's share capital, to the pledged account, representing 200% of the number of shares underlying the Bonds at that date. In accordance with the amended terms and conditions (the "Terms and Conditions"). For this purpose, Bigben Interactive has undertaken to hold in the pledged securities account, until all the Bonds have been redeemed in full, a number of Shares equal to 200% of the number of shares underlying the Bonds (the "Coverage Rate"), it being specified that should Bigben Interactive SA exercise its Share Cash Combination Election and/or Cash Election (as defined in the Terms and Conditions), the number of Shares exceeding the Coverage Rate given the number of Bonds in issue, shall be returned to Bigben Interactive SA upon the instruction of the main transfer agent within five business days of the end of the calendar month based on a proportion to be set by the calculating agent.

The number of Pledged Shares shall be adjusted regularly up to the maturity date of the Bonds according to the number of Bonds in issue, the exercise by holders of their exchange right (and exercise by Bigben Interactive SA of its right to deliver Shares and/or cash) and adjustments to the exchange price in accordance with the Terms and Conditions applicable to the Bonds.

Should Bigben Interactive SA fail to honour the coverage rate of 200% stated hereinabove or the pledge agreed be voided, that would constitute default in accordance with the Terms and Conditions.

Please also refer to section 20.1.6 of this Universal Registration Document for a presentation of the obligations associated with this pledge of securities.

18. TRANSACTIONS WITH RELATED PARTIES

18.1 INTRAGROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The Company has formed intragroup agreements and agreements with related parties, including:

- agreements with its own subsidiaries (within the Nacon Group);
- agreements with Bigben Interactive (parent company).

The Company's subsidiaries have also formed agreements with Bigben Interactive subsidiaries.

All of those agreements are described in section 7.3.

Employment contract with the Chief Operating Officer

Persons concerned

The Company's Chief Operating Officer, Laurent Honoret.

Nature and purpose

An employment contract has been signed with Laurent Honoret in relation to his role as Head of Strategy and Business Development.

For that role, Laurent Honoret receives gross annual remuneration of €84,000, payable monthly. Laurent Honoret's remuneration as Chief Operating Officer was reduced to an annual gross amount of €66,000.

Details

This employment contract was authorised by the Board of Directors on 27 April 2020. The contract was signed on 2 May 2020 and took effect immediately.

Reasons for which the agreement is in the Company's interest

The purpose of this employment contract with Laurent Honoret is to enable him to oversee the Nacon Group's commercial strategy, and in particular to define the strategy of the Company and its subsidiaries in order to contribute to the Group's economic development.

18.2 STATUTORY AUDITOR'S REPORT ON REGULATED AGREEMENTS

To the shareholders of Nacon SA,

In our capacity as your Company's statutory auditors, we hereby submit our report on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our assignment, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.
In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, about the performance during the year of the agreements already approved by the shareholders in shareholders' general meetings.

We have carried out the work we considered necessary to comply with the professional guidelines issued by the French national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of assignment. Our work consisted in verifying that the information provided to us was consistent with the underlying documents from which it was extracted.

AGREEMENTS SUBJECT TO APPROVAL BY THE SHAREHOLDERS' GENERAL MEETING

We were not informed of any agreement or commitment authorised and entered into during the year to be submitted for approval at the Shareholders' General Meeting in accordance with Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING

Agreements approved during the year

As per Article R. 225-30 of the French Commercial Code, we have been informed that the following agreement, which had already been approved by shareholders' general meetings in prior years, remained in force in the financial year now ended.

Employment contract with the Chief Operating Officer

- Person concerned:

Nacon's Chief Operating Officer, Laurent Honoret.

- Nature and purpose

An employment contract has been signed with Laurent Honoret in relation to his role as Head of Strategy and Business Development, for an unspecified period.
For that role, Laurent Honoret will receive gross annual fixed remuneration of €84,000, payable monthly.
In parallel, Laurent Honoret's gross remuneration as Chief Operating Officer will be €66,000 p.a.
In addition, Laurent Honoret receives variable remuneration of up to 25% of his gross annual fixed remuneration, depending on the attainment of specific performance targets.

- Details

This employment contract was authorised by the Board of Directors on 27 April 2020. The contract was signed on 2 May 2020 and took effect immediately.

During the financial year ended 31 March 2023, the Company paid gross remuneration of €177,647 under this agreement.

- Reasons for which the agreement is in the Company's interest

The purpose of this employment contract with Laurent Honoret is to enable him to oversee the Nacon Group's commercial strategy, and in particular to define the strategy of the Company and its subsidiaries in order to contribute to the Group's economic development.

The statutory auditors,

Paris la Défense, 26 June 2023	Roubaix, 26 June 2023
KPMG SA	Fiduciaire Métropole Audit
Stéphanie Ortega *Partner*	François Delbecq *Partner*

19. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS

Nacon was created on 18 July 2019 to house the Bigben Interactive group's video games ("Gaming") business.

On 31 October 2019, Bigben Interactive SA spun off that business to Nacon with retroactive effect from 1 October 2019. The spin-off concerned Bigben Interactive SA's stand-alone Gaming division, which consisted in particular of (i) its in-house Gaming activities, (ii) all of its subsidiaries dedicated to the Gaming business and consisting both of established operational subsidiaries and those created for the purpose of that transaction and (iii) shares in development studios owned by Bigben Interactive SA.

19.1 STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

19.1.1 Balance sheet at 31 March 2023

in thousands of euros	Gross 31 March 2023	Depreciation, amortisation and provisions At 31 March 2023	Net 31 March 2023	Net 31 March 2022
ASSETS				
Non-current assets				
Intangible assets				
Concessions, patents	4,901	987	3,914	4,022
Property, plant and equipment				
Land	1		1	1
Buildings	5	5	0	0
Other property, plant and equipment	840	475	365	215
Property, plant and equipment in progress	203		203	6
Non-current financial assets				
Equity securities	130,677		130,677	89,448
Other long-term investment securities	1		1	1
Other financial assets	2,092	1	2,091	1,619
TOTAL ASSETS	**138,720**	**1,468**	**137,252**	**95,312**
Current assets				
Inventories and work in progress	36,710	12,343	24,367	27,139
Advances and payments on account	921		921	622
Receivables				
Trade receivables	28,601	782	27,819	24,307
Other receivables	188,549		188,549	139,639
Marketable securities	6,839		6,839	-
Cash and cash equivalents	26,604		26,604	62,804
TOTAL CURRENT ASSETS	**288,224**	**13,125**	**275,099**	**254,511**
Prepaid expenses	3,251	-	3,251	2,721
Exchange differences (assets)	161	-	161	126
TOTAL ASSETS	**430,356**	**14,593**	**415,763**	**352,670**

in thousands of euros	Net 31 March 2023	Net 31 March 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	86,936	86,291
Share premiums	82,534	80,990
Statutory reserve	10,000	10,000
Appropriated earnings	2,211	1,144
Other reserves	21,432	16,899
Net income for the period	5,599	5,845
Regulated provisions	-	-
TOTAL EQUITY	**208,712**	**201,169**
Contingency and loss provisions	**3,968**	**1,622**
Liabilities		
Borrowings and debt owed to financial institutions	110,673	88,258
Other borrowings and debt	-	-
Trade payables	24,264	21,989
Tax and employment-related liabilities	1,783	1,482
Liabilities relating to non-current assets	40,283	33,657
Other payables	25,581	4,458
Prepaid income	422	-
TOTAL LIABILITIES	**203,006**	**149,844**
Exchange differences (liabilities)	77	35
TOTAL EQUITY & LIABILITIES	**415,763**	**352,670**

19.1.2 Income statement for the financial year ended 31 March 2023

in thousands of euros	Net 2022/23	Net 2021/22
Sales of products	97,591	89,778
Sales of services	667	(141)
Net revenue	**98,258**	**89,637**
Operating subsidies	20	19
Capitalised production	288	508
Reversals of depreciation, amortisation, provisions and expense transfers	13,034	13,775
Other operating revenue	1,173	514
Total operating revenue	**112,773**	**104,453**
Purchases of goods held for resale	64,047	80,146
Changes in inventories of goods held for resale	2,633	(6,826)
Other purchases and external expenses	16,231	11,801
Taxes other than on income	413	443
Wages and salaries	6,780	5,770
Social security costs	2,835	2,557
Additions to depreciation, amortisation and provisions for non-current assets	369	184
Additions to provisions for current assets	12,695	12,525
Additions to contingency and loss provisions	2,293	904
Other operating expenses	670	687
Total operating expenses	**108,966**	**108,191**
Operating income	**3,807**	**(3,738)**
Financial income from equity investments	3,436	8,944
Income from other non-current financial assets	1,137	442
Other interest and similar income	28	91
Reversals of financial provisions	136	320
Foreign exchange gains	921	649
Total financial income	**5,658**	**10,446**
Additions to financial provisions	587	136
Interest and financial expenses	1,087	496
Foreign exchange losses	836	303
Total financial expenses	**2,510**	**935**
Net financial income/expense	**3,148**	**9,511**
RECURRING PRE-TAX INCOME	**6,955**	**5,773**
Non-recurring income from capital transactions	26	-
Total non-recurring income	**26**	**0**
Non-recurring expenses related to operating transactions	105	-
Non-recurring expenses related to capital transactions	154	94
Total non-recurring expenses	**259**	**94**
Net non-recurring income/(expense)	**(233)**	**(94)**
Tax credit on charitable donations	63	-
Tax consolidation	(1,186)	(166)
NET INCOME	**5,599**	**5,845**

NOTES TO THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

This document constitutes the notes to Nacon SA's statutory financial statements for the year ended 31 March 2023.

Those statements show total assets of €415,763 thousand and net income of €5,599 thousand.

The figures in the notes are stated in thousands of euros unless otherwise mentioned.

19.1.3 Key events in the financial year

19.1.3.1 Studio acquisitions

- *Daedalic Entertainment - Acquisition in April 2022*

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

Earn-out payments of up to €21 million payable entirely in cash linked to the studio's performance over the coming years may increase the cash consideration of €32 million already paid out.

Founded in 2007, Daedalic Entertainment has developed and published more than 90 games and is one of Germany's top and longest-serving independent video games companies. It has a talented and prize-winning team of 60 developers.

The studio has developed games for well-known franchises such as *Ken Follett's The Pillars of the Earth*, as well its own titles, including the *Deponia* series, *Shadow Tactics, Blackguards* and *The Whispered World*.

Daedalic Entertainment's Publishing division manages a diverse catalogue of PC and console games. It has established a strong reputation as a publisher of independent games thanks to its single and multi-player games, such as *Witch It!*, *Unrailed!*, *Partisans 1941* and *Barotrauma*.

The company is present right around the world, with North America and China its largest markets.

In addition to consolidating on the collaborative venture established to publish one of 2023's most eagerly awaited titles – *The Lord of the Rings™: Gollum™* – this transaction gives Nacon ownership of several key items of intellectual property and it can benefit from Daedalic Entertainment's impressive expertise in video game publishing and development.

With this strategic acquisition, the largest ever made by the Group, Nacon has strengthened its leadership position in AA games and will reap the benefits of synergies between the two complementary publishing houses in order to solidify its position as a leading video games brand.

Nacon's Publishing division has around 16 development studios totalling over 800 developers and supported by an 80-strong Publishing team.

Positioning upstream of the value chain

By adding several major players in the video game development arena to its value chain, Nacon is integrating skills and strategic assets so it can further strengthen the upstream part of its Gaming business and create value by providing content eagerly anticipated by a constantly shifting video games market (please refer to section 5.4 - "Strategy and Objectives").

19.1.3.2 Ownership structure

- **2022 bonus share award**

At its meetings on 24 April 2022 and 15 September 2022, the Board of Directors awarded 1,646,113 bonus shares to 893 members of staff and corporate officers of the Group entities.

These shares will vest definitively as follows:

- 545,541 shares after one year,
- 1,100,572 shares after three years.

The shares will vest provided that an ongoing presence condition and, in certain cases, a performance condition related to achievement of a predetermined level of recurring operating income are met. 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.

- **Crossing of ownership disclosure thresholds**

Just one ownership disclosure threshold was crossed during the 2022/23 financial year:

On 29 July 2022, Bigben Interactive SA reported that it had crossed below the 2/3 threshold of the Nacon's share capital and voting rights to hold 56,616,003 Nacon shares and 106,120,132 voting rights, or 65.59% of the Company's share capital and 75.15% of its voting rights. The crossing of this threshold was the result of a distribution in kind of Nacon shares by Bigben Interactive.

The Company's ownership structure at 31 March 2023 was as follows:

Shareholder	Category	% of share capital	% of voting rights(1)
Bigben Interactive SA		65.12%	74.83%
Loan of shares to BNP Arbitrage(2)			2.51%
Bpifrance Participations(3)	Institutional investor	2.09%	2.56%
CDC Croissance(3)	Institutional investor	2.60%	1.60%
CNP Assurances (3)	Institutional investor	0.01%	0.00%
Free float		30.1%	18.5%
Liquidity agreement		0.08%	-
Total		**100.00%**	**100.00%**

(1) gross voting rights
(2) including 3,555,937 shares lent to BNP Paribas for hedging purposes in connection with Bigben Interactive's bond issue
(3) Bpifrance Participations SA is controlled by Bpifrance SA (previously Bpifrance Financement), in turn controlled jointly by CDC (49.2%) and EPIC Bpifrance (49.2%). CNP Assurances is 78.94%-owned by Banque Postale, which is in turn 100% controlled by La Poste, itself 66%-owned by CDC.

19.1.3.3 Other events

- **Changes in debt**

To continue financing the development of its video games business and its strategy of acquisitions, Nacon SA arranged €46.5 million in new medium-term loans during the 2022/23 financial year. These new loans have a maturity ranging between 18 months and 8 years, with some including a repayment holiday. Two of the new loans representing borrowings of €19 million carry a floating rate. The average interest rate on the fixed-rate borrowings arranged during the year was 2.6%.

These new loans are not subject to any covenants.

Nacon repaid its medium-term bank loans in line with their repayment schedules.

- **Covid-19 (coronavirus) pandemic and supply chain disruption**

During the 2022/23 financial year, the Company and its subsidiaries were hit by stock outages affecting its customers' products (PS5), which some of its Gaming Accessories support. These outages were resolved towards the end of the financial year.

The Company did not encounter any cash flow issues, as it always holds sufficient cash to fund its development.

Trade receivables at 31 March 2023 are collected in accordance with agreed payment times.

19.1.3.4 Post-balance sheet events

. There were no post-balance sheet events.

19.1.4 Accounting policies and principles

Application of ANC regulation 2014-03 and subsequent regulations.

Generally accepted accounting conventions have been applied in accordance with the conservatism principle and the general rules for preparing and presenting the annual financial statements, i.e. going concern, consistency of accounting policies and accrual basis.

Historical cost is the basic method used to measure items recorded in the financial statements.

When preparing the financial statements, the Company's management may make estimates and use assumptions that affect the value of assets and liabilities, income and expenses, along with information provided in the notes, particularly as regards non-current financial assets and other receivables (see "Additional notes to the balance sheet – Other receivables").

Those estimates and assumptions are based on information and estimates known on the accounts closing date and may prove substantially different from actual figures. Assumptions relate in particular to the valuation of equity securities and associated loans, commitments to employees and provisions.

19.1.4.1 Changes in accounting policies

No change in accounting policies took place during the financial year.

19.1.4.2 Change in presentation method

The presentation methods adopted in the annual financial statements are identical to those used in the financial statements for the year ended 31 March 2022.

19.1.5 Additional notes

19.1.5.1 Additional notes to the balance sheet

- **Note 1 – Intangible assets**

Changes in the year were as follows:

in thousands of euros	31 March 2022	Acquisitions	Disposals or transfers	31 March 2023
Software	661	123		784
Trademarks*	3,658			3,658
Patents	459			459
Total	4,778	123	0	4,901

**o/w the Plantronics and Greedfall brands*

Changes in depreciation during the year were as follows:

in thousands of euros	31 March 2022	Additions	Reversals	31 March 2023
Software	180	217		397
Trademarks	228	-		228
Patents	348	14		362
Total	756	231	0	987

If protection of a patent is not renewed, its remaining carrying amount is amortised.

⇨ ***Accounting policy – Intangible assets***
Intangible assets are recognised at cost and amortised as follows:

Category	Amortisation method
Software	12-36 months
Patents	Straight-line, 10 years
Trademarks	Trademarks have not been amortised since 1 April 2018.

Trademarks may be written down where indications of impairment are seen.

Note 2 - Property, plant and equipment

Changes in the year were as follows:

in thousands of euros	31 March 2022	Acquisitions	Transfers	Disposals	31 March 2023
Land	**1**				**1**
Buildings	**5**				**5**
Fixtures and fittings	**48**	94			**142**
Vehicles	**40**	1			**41**
Office furniture and equipment	**644**	192		179	**657**
Property, plant and equipment in progress	**6**		6		**0**
Total	**744**	**287**	**6**	**179**	**846**

Changes in depreciation during the year were as follows:

in thousands of euros	31 March 2022	Additions	Transfers	Reversals	31 March 2023
Buildings	**4**	1			**5**
Fixtures and fittings	**16**	5			**21**
Vehicles	**14**	8			**22**
Office furniture and equipment	**487**	124		179	**432**
Total depreciation	**521**	**138**	**0**	**179**	**480**

⇨ ***Accounting policy – Property, plant and equipment***

Property, plant and equipment are recognised at cost and are mainly depreciated on a straight-line basis over their useful lives, as follows:

Category	Depreciation method
Buildings	Straight-line, between 15 and 25 years
Building improvements	Straight-line, between 10 and 20 years
Fixtures and fittings	Straight-line, between 4 and 10 years
Plant and equipment	Straight-line, between 5 and 8 years
Vehicles	Straight-line, 4 years
Furniture, office equipment	Straight-line, between 3 and 10 years

Note 3 – Equity securities

Gross value of equity securities

Company	Gross 31 March 2022	Increases	Decreases	Gross 31 March 2023
Games.fr SAS	2,849			2,849
Bigben Interactive Belgium	2,897			2,897
Bigben Interactive GmbH	500			500
Kylotonn	2,787			2,787
Nacon US	458			458
Bigben Interactive Italia	100			100
Nacon HK	118			118
Cyanide	22,874			22,874
Eko Software	9,796			9,796
Lunar	719			719
Spiders	6,400		200	6,200
Neopica	2,600			2,600
creā-ture Studios	10,850		6,650	4,200
Passtech Games	3,000			3,000
Ishtar Games	11,000			11,000
Midgar Studio	12,500		949	11,551
Daedalic		49,027		49,027
Nacon Industrie		1		1
Total securities	89,448	49,028	7,799	130,677

In the 2022/23 financial year,

Nacon acquired:

- Full ownership of the Daedalic studio.

Nacon recorded write-downs:

- The write-downs of certain equity securities reflect the revised estimate of earn-out payments due following a review of the probability of achieving the targets.

⇨ ***Accounting policy – Non-current financial assets***

Equity securities are measured at their cost on the date they became part of the company's assets, including any earn-out payments.
At the end of the period, management assesses the recoverable amount of:

- *equity securities*
- *any receivables connected with equity securities*
- *any other non-current financial assets connected with equity securities (losses on cancelled shares in a merger, etc.).*

The amounts of the earn-out payments due were reviewed following changes made to the probability of achieving the targets and then certain equity securities were written down.

Provisions for impairment of these various items may be recognised at the end of the period depending on the asset's value in use, as assessed in aggregate by management using the Group's overall strategy, based on discounted cash flows forecast by the Group.
Where a subsidiary shows negative net equity and the Company has an obligation (legal or constructive) to support that subsidiary, a contingency provision is recognised in the amount of

the negative equity.

The net values of securities are as follows:

Company	Gross value	Impairment	Reversal	Net 31 March 2023	Net 31 March 2022
Games.fr SAS	2,849			2,849	2,849
Bigben Interactive Belgium	2,897			2,897	2,897
Bigben Interactive GmbH	500			500	500
Kylotonn	2,787			2,787	2,787
Nacon US	458			458	458
Bigben Interactive Italia	100			100	100
Nacon HK	118			118	118
Cyanide	22,874			22,874	22,874
Eko Software	9,796			9,796	9,796
Lunar	719			719	719
Spiders	6,200			6,200	6,400
Neopica	2,600			2,600	2,600
creā-ture Studios	4,200			4,200	10,850
Passtech Games	3,000			3,000	3,000
Ishtar Games	11,000			11,000	11,000
Midgar Studio	11,551			11,551	12,500
Daedalic	49,027			49,027	
Nacon Industrie	1			1	
Total securities	130,677	0	0	130,677	89,448

Note 4 – Other non-current financial assets

in thousands of euros	31 March 2023	31 March 2022
Long-term investment securities	1	1
Deposits and guarantees	54	53
Cash held as security for Bpifrance loans	1,773	1,148
Cash held under the liquidity agreement	104	154
Own shares	162	269
Total	2,094	1,625

Bpifrance has retained several cash amounts totalling €1,773 thousand as security for loans. These loan agreements have been arranged on an arm's-length basis.

A liquidity agreement was formed in 2019/20 with Louis Capital Markets UK LLP. That agreement, which has a one-year term and is renewable by tacit agreement, took effect on 27 March 2020. The signature of the liquidity agreement follows on from the Autorité des Marchés Financiers decision no. 2018-01 of 2 July 2018, applicable since 1 January 2019, which establishes liquidity agreements relating to equity securities as an accepted market practice.

For the implementation of that agreement, a cash sum of €400,000 was allocated to the liquidity account.

After transactions in the market, available cash under the liquidity agreement amounted to €104 thousand. Under the liquidity agreement, 69,558 shares were held with a gross value of

€162 thousand at 31 March 2023.

⇨ ***Accounting policy – Other non-current financial assets***

Other non-current financial assets consist of rental deposits and long-term investment securities.
Rental deposits are recognised at cost.
Provisions for impairment of these various items may be recognised at the end of the period depending on the fair value of these assets.

Note 5 – Inventories and work in progress

in thousands of euros	31 March 2023	31 March 2022
Inventories (gross value)	36,710	39,343
Impairment	(12,343)	(12,204)
Inventories (net value)	**24,367**	**27,139**

⇨ ***Accounting policy – Inventories and work in progress***

Inventories consist of accessories and physical video games valued at their weighted average price. The purchase price includes incidental costs.
Impairment is recognised on products held in inventory in the following way:

- *After-sales service inventories are written down in full.*
- *At each closing date, the values of products held in inventory are reviewed by comparing their last selling price (in the last 12 months) with their weighted average price. Where appropriate, impairment is recognised if the average selling price in the last 12 months is lower than the weighted average price.*
- *Management may recognise additional impairment on specific product lines.*
- *Finally, and in addition to the two approaches mentioned above, additional impairment is recognised based on the age of the products held in inventory.*

Note 6 – Trade receivables

in thousands of euros	31 March 2023	31 March 2022
Trade receivables	28,155	24,586
Doubtful receivables	446	446
Provisions for contingencies and doubtful receivables	(782)	(725)
Net trade receivables	**27,819**	**24,307**

Factored trade receivables amounted to €1,359 thousand at 31 March 2023 as opposed to €1,087 thousand at 31 March 2022.

All receivables are due in less than one year.

⇨ ***Accounting policy – Receivables***

Receivables are measured at their nominal value.
A provision is set aside for doubtful or disputed receivables or receivables that show a collection risk, after assessment on a case-by-case basis. 100% of the ex-VAT amount of doubtful receivables is provisioned. This item consists mainly of receivables from customers in liquidation or judicial insolvency proceedings that have very little prospect of being settled.

Note 7 – Other receivables

in thousands of euros	31 March 2023	31 March 2022
Credits and discounts receivable from suppliers	11	84
Other amounts receivable from suppliers		
Various receivables	26	25
Publisher game development costs	146,476	108,214
Loans to subsidiaries	35,001	25,712
Central government, VAT receivables	7,036	5,604
Provisions for impairment		
Sub-total Trade and other operating receivables	**188,550**	**139,639**
Receivables relating to divested non-current assets		
Total other receivables	**188,550**	**139,639**

Publisher game development costs

This item represents expenses incurred by Nacon SA as publisher in developing games already on the market or currently being developed and with prospects of being launched in the market. Contracts with the studios generally stipulate that, during the development of a game, the publisher pays the studio a guaranteed minimum amount or fixed milestone payments based on sales forecasts. If the estimated sales figures are exceeded, additional royalties may be paid to the studio.

Advances paid by Nacon SA during game development are recognised on the income statement based on progress with marketing the games in question.

At the end of each financial year, Management makes forecasts regarding each game's revenues. Where those forecasts are less than the game development costs borne by Nacon, impairment is recognised.

The "Publisher game development cost" item breaks down as follows:

	Net 31 March 2023	Net 31 March 2022
Games under development	97,619	80,643
Games on the market	48,857	27,571
Total	**146,476**	**108,214**

Loans to subsidiaries

This line item increased following the various treasury advances granted to the Ishtar, Daedalic and Cyanide Amusement subsidiaries in line with the treasury agreements entered into with each of them.

Central government, VAT receivables

Receivables: maturity schedule

	Gross amount	Less than 1 year	Between 1 and 5 years	Over 5 years
Other non-current financial assets	2,094	104		1,990
Trade receivables	28,601	28,601		
Employees	15	15		
Social security and other organisations	11	11		
Central government and other public bodies				
VAT	*905*	*905*		
Other taxes and levies	*6,131*	*6,131*		
Publisher, Game development costs	146,476	48,857	97,619	
Miscellaneous receivables	11	11		
Group and associates	35,001		35,001	
Prepaid expenses	3,251	3,251		
Total	**222,496**	**87,886**	**132,620**	**1,990**

- **Note 8 – Marketable securities**

Marketable securities include €5 million in a 3-month term deposit account. The account pays a fixed rate of interest. Quarterly interest is lost if an early repayment is made.

- **Note 9 - Prepaid expenses**

in thousands of euros	31 March 2023	31 March 2022
General expenses and goods held for resale	426	340
Finance leases	4	9
Costs incurred on games by the publisher	2,805	2,358
Other expenses	16	14
Total	**3,251**	**2,721**

Costs incurred on games by the publisher mainly include the cost of trailers.

⇨ ***Accounting policy — Prepaid expenses***

The aim is to assign an expense or an expenditure item to the appropriate year in line with the accrual principle

Note 10 – Equity

- Table summarising movements in the share capital and share premiums:

		Number of shares		Capital increase					
Date	Type of transaction	Number of shares issued	Total number of shares in issue	Share capital issued	Share or contribution premium	Gross proceeds from the capital increase	Par value per share	Share capital after transaction	Price per share
18 July 2019	Incorporation (contribution in cash)	10,000	10,000	€10,000	-	€10,000	€1.00	€10,000	€1.00
1 October 2019	Spin-off	65,087,988	65,097,988	€65,087,988	-	€65,087,988	€1.00	€65,097,988	€1.00
28 February 2020	Capital increase (public offering)	18,181,819	83,279,807	€18,181,819	€81,818,185,50	€100,000,004.50	€1.00	€83,279,807	€5.50
26 March 2020	Capital increase (over-allotment option)	1,629,112	84,908,919	€1,629,112	€7,331,004	€8,960,116	€1.00	€84,908,919	€5.50
7 September 2021	Capital increase AGA 2020 plan:	1,045,283	85,954,202	€1,045,283	-	€1,045,283.00	€1.00	€85,954,202	€1.00
29 September 2021	Capital increase - Big Ant	337,208	86,291,410	€337,208	€1,325,227.00	€1,662,435.00	€1.00	€86,291,410	€4.93
31 May 2022	Capital increase AGA plan	30,522	86,321,932	€30,522	-	€30,522.00	€1.00	€86,321,932	€1.00
8 September 2022	Capital increase AGA 2021 plan	157,241	86,479,173	€157,241	-	€157,241.00	€1.00	€86,479,173	€1.00
29 September 2022	Capital increase - Big Ant	400,234	86,879,407	€400,234	€1,544,102.77	€1,944,336.77	€1.00	€86,879,407	€4.85
29 November 2022	Capital increase AGA plan	56,892	86,936,299	€56,892	-	€56,892.00	€1.00	€86,936,299	€1.00

- Share capital

The share capital is made up of 86,936,299 shares with par value of €1 each. See section 2.1.2.

- Share and contribution premiums

Under Article 7.4 of the transfer agreement of 1 October 2019, the positive difference of €515,712.35 between actual assets and the estimated net assets in the spin-off agreement was recorded on the liabilities side of Nacon's balance sheet under contribution premiums .

Actual assets contributed: €65,603,700.35
Estimated net assets in the spin-off: €65,087,988.00

- Reserves and retained earnings

Following appropriation of 2021/22 income and the various bonus share awards, "Other reserves and retained earnings" amounted to €21,431,638.87 at 31 March 2023.

- Special appropriated earnings reserve

A special appropriated earnings reserve – bonus shares was established, to which an amount of €2,210,752 was assigned.

Note 11 – Change in equity

Equity at 31 March 2022	€201,168,585.13
Capital increase 2022/23	**€644 889.00**
Increase in the share premium 2022/23	**€1,544,102.77**
Appropriated earnings Bonus share award	**(€244,655.00)**
Net income for the 2022/23 financial year	€5,599,560.45
Equity at 31 March 2023	**€208,712,482.35**

Note 12 - Contingency and loss provisions

in thousands of euros	31 March 2022	Additions	Reversals	Provisions no longer required	31 March 2023
Provisions for foreign exchange losses	126	161	126		161
Provision for exchange rate risks - Derivative instruments	4	426	4		426
Provisions for industrial property disputes	1,030	2,000			3,030
Provisions for retirement benefits	58	5			63
Provisions for defective product returns	404	288	404		288
Total	**1,622**	**2,880**	**534**	**0**	**3,968**

- Provisions for exchange-rate risks

Given movements in the EUR/USD exchange rate, exchange differences show an unrealised loss of €161 thousand, which is fully provisioned, with most of the previous year's €126 thousand provision having been reversed in 2022/23.

- Provisions for derivatives risk

At 31 March 2023, the Company held a number of FX TARN/accumulator contracts. FX TARNs/accumulators are complex structured derivatives through which the Company undertakes to buy or sell USD according to a schedule and at rates defined when the contract is signed. In the event of a significant change in the EUR/USD exchange rate (upward or downward respectively depending on whether the Company is buying or selling USD), long or short exposure may increase leading to the recognition of foreign exchange losses on those instruments.

⇨ ***Accounting policy – Exchange-rate risk management***

Foreign-currency receivables are measured at the period-end exchange rate.

As regards exchange-rate risk, most purchases, including purchases of accessories, are in foreign currency (mainly USD and GBP). As part of its exchange-rate risk management, the Company has entered into complex derivative financial instruments (see below).

- Industrial property disputes

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.

During the 2014/15 financial year, the Company received an adverse judgement ordering it to pay €530 thousand on the ground of unfair competition, and so a provision in that amount was set aside. Since Nacon was recently ordered to pay an additional €500 thousand at appeal, a €500 thousand provision was recognised in the Company's financial statements at 31 March 2023. The position stood at €1,030 thousand at 31 March 2023.

- Intellectual property disputes

The Company has commenced other proceedings against some of its suppliers and competitors, which may be resolved in its favour:

- Nacon is in dispute with a licensing company concerning the latter's unjustified decision to block the release of a video game. Nacon has filed a lawsuit and is currently involved in a judicial mediation process that aims to resolve the dispute and bring the video game back onto the market.
- 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 argued in its defence filed in April 2018 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.
- 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 contingency provision was set aside in the Group's financial statements at 31 March 2022, with an additional €1,500 thousand provision recognised at 31 March 2023, bringing the total provision to €2,000 thousand at 31 March 2023.

⇨ ***Accounting policy – Contingency and loss provisions***

Retirement benefit obligations: When they retire, employees are entitled to receive benefits under the collective agreement for the French wholesale distribution industry. The obligation is calculated assuming that employees retire voluntarily at age 65 and based on the probability that employees will be at the Company when they reach retirement age. Actuarial gains and losses are taken to the income statement.

Assumptions used	31 March 2023	31 March 2022
Discount rate	3.70%	1.71%
Turnover	13.04%	12.24%
Mortality rates	TF & TH 00.02	TF & TH 00.02
Rate of salary increase		
Managers	5.03%	2.54%
Supervisory, technical and clerical staff members	5.03%	2.54%

Other provisions:
Provisions are assessed by Management to cover the Company's existing obligations (legal or constructive) in accordance with French GAAP. Litigation provisions are measured on the basis of claims made by third parties, adjusted as appropriate to take account of the Company's defence.
Derivative instruments: Since derivative instruments are not designated as hedges, they are valued at each accounts closing date. A contingency provision is set aside if they are likely to generate a loss.

Note 13 – Borrowings and debt owed to financial institutions

in thousands of euros	31 March 2023	within 1 year	from 1 to 5 years	over 5 years	31 March 2022
Borrowings from financial institutions	109,960	28,698	75,012	6,250	88,226
Bank facilities	-				3
Factoring	-				-
Accrued interest not yet due on borrowings	115	115			29
Total	**110,075**	**28,813**	**75,012**	**6,250**	**88,258**

Borrowings from financial institutions are all repayable in instalments. See Note 19.1.3.3.

Note 14 – Operating liabilities

All operating liabilities are due in less than one year and break down as follows:

in thousands of euros	31 March 2023	31 March 2022
Trade payables	24,264	21,989
Social security liabilities	1,509	1,185
Tax liabilities	274	297
Total	**26,047**	**23,471**

Note 15 – Miscellaneous liabilities

in thousands of euros	31 March 2023	31 March 2022
End-of-year discounts to be granted to customers	2,164	1,233
Customer accounts in credit	55	
Loans from subsidiaries	22,489	3,225
Liabilities relating to non-current assets	40,283	33,657
Total	**64,991**	**38,115**

Liabilities relating to non-current assets include the earn-out payments due on the acquisition of Spiders SAS, Neopica, Passtech Games, creā-ture Studios, Ishtar, Midgar and Daedalic.

Note 16 - Liabilities: maturity schedule

	Gross 31 March 2023	within 1 year	from 1 to 5 years	over 5 years
Bank borrowings	110,673	29,411	75,012	6,250
Trade payables	24,264	24,264		
Employees	690	690		
Social security and other organisations	819	819		
Central government and other public bodies				
Income tax	67	67		
VAT	47	47		
Other taxes and levies	227	227		
Liabilities relating to non-current assets	40,283	7,382	31,901	1,000
Miscellaneous creditors	3,092	3,092		
Group and shareholder current accounts	22,489	22,489		
Prepaid income	422	422		
Total	**203,073**	**88,910**	**106,913**	**7,250**

Note 17 – Items relating to several balance sheet and income statement items

Item	Related companies	Equity securities
Non-current assets		
Associates	130,677	
Receivables related to equity securities	-	
Current assets		
Trade receivables	10,521	
Other receivables	35,001	
Liabilities		
Trade payables	16,388	
Liabilities relating to non-current financial assets	0	
Other payables	24,206	
Net financial income/expense		
Financial income	1,137	
Dividends received from subsidiaries	3,436	
Financial expenses	181	
Tax consolidation		
Research and other tax credits (CIR CIJV CIF)	3,379	
Income tax payments		

Values shown in this table are gross figures, excluding any impairment.

Note 18 – Accrued expenses

in thousands of euros	31 March 2023	31 March 2022
Accrued interest vis-à-vis the Banks	115	29
Purchase invoices not yet received	2,389	1,805
Social security liabilities	931	698
Directors' attendance fees	63	79
Salary-based taxes	66	53
Tax liabilities	245	274
End-of-year discounts to be granted to customers	2,164	1,233
Interest on miscellaneous liabilities	-	3
Total	**5,973**	**4,174**

19.1.5.2 Additional notes to the income statement

- **Note 19 - Breakdown of revenue**

  - Breakdown of revenue by geographical zone

in thousands of euros	2022/23	2021/22
France	13,451	15,516
Export	84,808	74,122
Total	**98,259**	**89,638**

  - Breakdown of sales by product category:

in thousands of euros	2022/23	2021/22
Accessories	31,254	45,689
Physical games	13,174	8,434
Digital games	52,640	34,176
Other	1,191	1,339
Total	**98,259**	**89,638**

Accounting policy – Revenue

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

- *Sales of retail games and accessories: Revenue generated by sales of physical video games and accessories 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 Nacon will apply if sales in retailers' stores prove insufficient.*
- *Sales of digital games: revenue is recognised from the date the content is made available to console manufacturers or platforms. Amounts guaranteed by platforms are recognised as revenue as soon as the games master is made available, and additional amounts (royalties) depending on future console and platform sales are recognised when those sales take place. At the end of the period, the Company estimates the royalty revenue not yet invoiced based on sales generated on each platform.*

Note 20 – Other operating income and reversals of provisions

in thousands of euros	2022/23	2021/22
Reversals of operating provisions		
Inventories	12,204	12,454
Current assets	295	206
Contingency and loss provisions	404	541
Sub-total	**12,903**	**13,201**
Miscellaneous operating income		
Expense transfers	131	573
Other operating revenue	1,173	514
Sub-total	**1,304**	**1,087**
Total	**14,207**	**14,288**

Expense transfers mainly correspond to the recharging of expenses to various subsidiaries in an amount of €111 thousand.

Note 21 - Research and development costs

in thousands of euros	2022/23	2021/22
Applications filed for patents, trademarks and models	609	537

Research and development costs include all fees paid for feasibility studies and patent, trademark and model applications relating to products developed by the Company and recognised in expenses.

Note 22 - Depreciation, amortisation and operating provisions

in thousands of euros	2022/23	2021/22
Intangible assets	231	57
Property, plant and equipment	137	127
Inventories	12,343	12,204
Other current assets	352	321
Contingency and loss provisions	2,293	904
Total	**15,356**	**13,613**

Note 23 – Net financial income/expense

in thousands of euros	2022/23	2021/22
Dividends received from subsidiaries	3,436	8,944
Foreign exchange gains/losses	85	345
Loans interest paid to subsidiaries	(181)	(1)
Loan interest received from subsidiaries	1,137	442
Interest received	28	92
Additions to/reversals from exchange-rate provisions	(35)	3
Additions to/reversals from provisions for unrealised losses on derivative instruments	(422)	179
Additions to or reversals from provisions for securities in subsidiaries		-
Provisions for own shares	6	3
Interest paid	(906)	(496)
Total	**3,148**	**9,511**

Dividends received from subsidiaries correspond to those received from Nacon HK Ltd and EKO Software.

Note 24 - Net non-recurring income/(expense)

- Non-recurring income and expense

in thousands of euros	2022/23	2021/22
Non-recurring expense		
Losses on treasury shares	154	94
Other non-recurring expenses	105	
Total	**259**	**94**
Non-recurring income		**-**
Disposal of non-current assets	26	-
Total	**26**	**0**

- Non-recurring items by type

in thousands of euros	2022/23	2021/22
Gains or losses on disposals of own shares	(154)	(94)
Capital gains on disposals of property, plant and equipment	26	
Other	(105)	
Total	**(233)**	**(94)**

Note 25 – Income tax

- Breakdown of income tax

in thousands of euros	Recurring income	Net non-recurring income/(expense) and employee profit-sharing	Miscellaneous	Total
Pre-tax income	7,018	(233)		**6,785**
Tax at the standard rate of 25.00%	0	0	(1,186)	(1,186)
Income after tax	**7,018**	**(233)**	**(1,186)**	**5,599**

Income tax expense for the financial year reflects the €1,186 thousand tax consolidation expense.

- Deferred and contingent tax

Tax due on:	2022/23	2021/22
Regulated provisions		
Expenses deducted from taxable income but not yet recognised		
Total increases	**0**	**0**
Tax paid in advance on:		
Provisions not deductible in the year of recognition (following year):		
Employee profit-sharing		
CSSS (corporate social solidarity contribution)	30	27
To be deducted subsequently:		
Exchange differences (liabilities)		
Provisions for exchange rate risks	161	126
Directors' attendance fees	80	99
Provisions for retirement benefit obligations	64	58
Taxable income not yet recognised		
Total reductions	**335**	**310**

(at the standard tax rate of 25.00%)

19.1.5.3 *Other information*

- **Note 26 – Off-balance sheet commitments**

  - Guarantees given

Commitments given	Beneficiary	31 March 2023	31 March 2022	Purpose of the commitment
Bank guarantee	CIC	250	1,250	Pledge of Cyanide SAS shares
Bank guarantee	Banque Postale	341	1,357	Pledge of Cyanide SAS shares
Bank guarantee	CIC	206	613	Pledge of Kylotonn SAS shares
Bank guarantee	CIC	1,200	2,000	Pledge of Spiders SAS shares
Bank guarantee	BPI	1,772	408	Amounts withheld as security in relation to several loans taken out between 2017 and 2023 (presented under other financial assets on the balance sheet)
Security deposit	Big Ant Holdings Pty	6,786	10,675	Commitment given to cover the earn-out payments in line with the acquisition agreement entered into by Big Ant Holding Pty for the purchase of the Big Ant studio

  - Import documentary credits

At 31 March 2023, no import documentary credits were outstanding.

  - Exchange-rate risk management

At 31 March 2023, the Company held a number of FX Tarn/accumulator contracts. FX TARNs/accumulators are complex structured derivatives through which the Group undertakes to buy or sell USD according to a schedule and at rates defined when the contract is signed. The use of TARNs/accumulators is based on a strategy that aims to accumulate USD at an exchange rate that is better than currently available spot and forward rates in return for uncertainty about the total amount of USD that may be accumulated. In the event of a large change in the EUR/USD exchange rate (upward or downward respectively depending on whether the Company is buying or selling USD), long or short exposure may increase and cause foreign exchange losses to be recognised on these instruments.

The following table shows the positions at 31 March 2023:

								At 31 March 2023, in thousands				
Type of contract	Currency	Position	Status	Arrangement date	Maturity date	Nominal in foreign currencies (thousands)	Strike	Amount accumulated in foreign currencies	Amount raised in foreign currencies	Amount accumulated net of funds raised in foreign currencies	Maximum amount to be accumulated in foreign currencies	Mark-to-market value in € 000s
TARN	CNH	Purchase	Asset	11 August 2022	8 August 2023	102,000	7.19	55,000	55,000	0	38,000	202
TARN	CNH	Purchase	Asset	18 October 2022	11 October 2023	102,000	7.27	44,000	44,000	0	56,000	224

The mark-to-market value of these financial instruments was negative €425 thousand at 31 March 2023, compared with negative €3 thousand at 31 March 2022.

The unrealised loss on derivative instruments was recognised in contingency and loss provisions.

⇨ ***Accounting policy – Exchange-rate risk management***

Foreign-currency receivables are measured at the period-end exchange rate.

As regards exchange-rate risk, most purchases, including purchases of accessories, are in foreign currency (mainly USD and GBP). As part of its exchange-rate risk management, the Company has entered into complex derivative financial instruments (see below).

- Interest-rate risk management

There are no interest-rate hedges in place.

- Bank covenants

To fund the acquisitions of its development studios – Cyanide SA, Kylotonn SAS, Eko Software SAS and Spiders SAS – and development costs in its Publishing business, Bigben Interactive took out several loans repayable over 5 years, which were transferred to its Nacon SA through the aforementioned spin-off. Those loans feature the following covenants:

Bank covenants	Target value	Status
Interest cover ratio (EBITDA/Financial expense)	**> 6**	Complied with
Net leverage ratio (Debt/EBITDA)	**< 2**	Complied with

All covenants were complied with at 31 March 2023.

Note 27 - Finance lease liabilities at 31 March 2023

in thousands of euros	Air conditioning in the building on rue Orfila	Vehicles	Total
LEASE VALUE	16	463	479
ORIGINAL VALUE	15	456	471
LEASE PAYMENTS MADE			
Previous total	15	244	259
Current year	2	119	121
LEASE PAYMENTS TO BE MADE			
Less than 1 year		21	21
Between 1 and 5 years		23	23
Over 5 years			
Total	**0**	**44**	**44**
RESIDUAL VALUE		3	3
EXPENSES	2	122	124

Note 28 - Bonus shares

- On 7 September 2020, Nacon SA’s Board of Directors awarded 1,123,983 bonus shares to certain members of staff and corporate officers of Nacon Group entities. Those shares vested after a 1- or 3-year period provided that an ongoing presence condition and a performance condition related to achievement of a predetermined level of recurring operating income were met. Since all Group entities met their performance conditions in part or in full, 1,045,283 new shares were issued through the capitalisation of reserves on 7 September 2021. In sum, 55,000 shares have not yet vested.

- On 26 October 2020, Nacon SA's Board of Directors granted 43,282 Nacon bonus shares to certain key managers of the studios newly acquired by the Nacon Group. The vesting of the shares after a 3-year period is subject to an ongoing presence condition. These 43,282 shares have not yet vested.
- On 31 May 2021, Nacon SA's Board of Directors granted 259,459 Nacon bonus shares to certain key managers of the studios newly acquired by the Nacon Group. The vesting of the shares after a 1-year or 3-year period is subject to an ongoing presence condition. Based on the number of Nacon bonus shares vested, an issue of new Nacon shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 259,459 shares awarded, i.e. €259,459, was set up at the time of the award.
- On 8 September 2021, Nacon SA's Board of Directors granted 676,743 Nacon bonus shares to certain key managers of the studios newly acquired by the Nacon Group. Those shares will vest after a 1- or 3-year period provided that an ongoing presence condition and a performance condition related to achievement of a predetermined level of recurring operating income are met. Based on the number of Nacon bonus shares vested, an issue of new Nacon shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 676,743 shares awarded, i.e. €676,743, was set up at the time of the award.
- On 29 November 2021, Nacon SA's Board of Directors granted 95,850 Nacon bonus shares to certain key managers of the studios newly acquired by the Nacon Group. The vesting of the shares after a 1-year or 3-year period is subject to an ongoing presence condition. Based on the number of Nacon bonus shares vested, an issue of new Nacon shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 95,850 shares awarded, i.e. €95,850, was set up at the time of the award.
- At its meetings on 24 April 2022 and 15 September 2022, the Board of Directors awarded 1,646,113 bonus shares to 893 members of staff and corporate officers of the Group entities. These shares will vest definitively as follows:
    - 545,541 shares after one year,
    - 1,100,572 shares after three years

  The shares will vest provided that an ongoing presence condition and, in certain cases, a performance condition related to achievement of a predetermined level of recurring operating income are met.

  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.

Date of award (Board of Directors meeting)	7 September 2020	26 October 2020	31 May 2021	8 September 2021	29 November 2021	25 April 2022	15 September 2022
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	1 year / 3 years
Lock-up period	-	-	-	-	-	-	2 years / -
Number of bonus shares initially awarded	55,000	43,282	228,937	183,270	38,958	289,263	1,356,850
Number of shares that may be awarded at 31 March 2023	45,000	43,282	228,937	183,270	38,958	289,263	956,720
Share price on the date of award of the plan	6.49	7.45	6.94	5.16	5.21	6.04	4.81

- **Note 29 - Executive remuneration**

Total gross remuneration paid to all members of the Company's Executive Committee amounted to €979 thousand with respect to the 2022/23 financial year.

in thousands of euros	Short-term benefits	Share-based payments	Termination benefits
2021/22	941	32	-
2022/23	979	32	-

- **Note 30 - Related-party transactions**

- Transactions with executive officers

An employment contract has been formed between the Company and Laurent Honoret concerning his role as Head of Strategy and Business Development. That employment contract is in addition to his role as a corporate officer as authorised in accordance with recommendation 15 of the Middlenext Code.

The employment contract represents a regulated agreement that was authorised by the Board of Directors on 27 April 2020 and took effect on 2 May 2020.

- Transactions between related companies

From 1 October 2019, amounts have been recharged between Nacon Group entities and certain entities in the Nacon group and certain entities in the Bigben group in the manner described below. These recharging agreements have been formed on an arm's-length basis.

The main intragroup flows have consisted of:

Within the Nacon Group:

- Development costs of Group studios invoiced to Nacon SA: each studio develops games, generally at a cost of several million euros per game divided into milestone payments throughout the development period (usually two years). These milestones are paid by Nacon SA to the studios;
- Accessories supplied to Nacon SA by Nacon HK Ltd: Nacon HK Ltd negotiates prices with the Group's Chinese manufacturing sub-contractors, monitors their production from a "quality assurance" standpoint, and is responsible for logistics and shipping the products to the Lauwin-Planque logistics platform for Nacon SA. Nacon HK Ltd bills Nacon SA for these services. Nacon SA's European distribution subsidiaries then source the products from Nacon SA.

With the Bigben Interactive group (parent company):

- Logistics services (storage, order preparation and shipment) provided by the Lauwin-Planque logistics platform owned by Bigben are billed to Nacon SA and its subsidiaries at a rate of 2.5% of gross revenue before any price reduction or discount, excluding product taxes and excluding Nacon SA's sales of digital video games. This agreement has been entered into on an arm's length basis, particularly as regards the fees paid for the services, which are in line with those charged by outside service providers;
- The residual supply of audio products by Bigben Interactive SA to certain Nacon SA subsidiaries, which continue to make limited sales of other Bigben Group products in addition to Nacon's gaming products; the Audio products concerned are Bluetooth speakers, sound bars, etc.; The supply of Mobile products by Bigben Connected SAS to

those same Nacon SA subsidiaries: the Mobile products concerned are mobile phone accessories (cables, protective cases and covers, etc.); Sales of these audio and mobile products represented sales for those distribution subsidiaries at 31 March 2023 of €4.3 million, equal to 2.7% of the Nacon Group's full-year revenue.

- Monthly cross-invoicing of administrative services provided by Bigben Interactive SA and Nacon SA, amounting to €23,800 in favour of Bigben Interactive SA and €48,800 in favour of Nacon SA (a net amount of €25,000 per month in favour of Nacon SA);
- Rent for offices and shared space made available by Bigben Interactive SA to Nacon SA within its premises, amounting to €0.2 million per year; this agreement has been entered into on an arm's length basis;
- A cash management agreement between Bigben Interactive and Nacon, enabling them to carry out cash transactions between each other as permitted under the provisions of Article L. 511-7, I-3 of the French Monetary and Financial Code. Each company may grant the other advances at market interest rates.
- The Bigben España subsidiary invoices Nacon Gaming España for administrative services provided by employees working for both companies.
- The Bigben HK Ltd subsidiary in Hong Kong invoices Nacon HK Ltd for administrative services provided by employees working for both companies.

Note 31- Average number of employees in the period

Members of salaried staff	2022/23	2021/22
Managers	95	85
Supervisory staff	21	25
Employees	22	20
Total	**138**	**130**

Note 32 – Tax consolidation agreement

Nacon acting as parent company elected on 15 June 2020 for adoption of the tax consolidation regime applicable to groups of companies pursuant to Articles 223 A and following of the French General Tax Code. This option came into effect from the financial year that began on 1 April 2020. The parent and subsidiary companies are all registered in France and subject to corporate income tax under the standard regime. Their financial year-end is the final day of March every year. No legal entity subject to corporate income tax in France owns, directly or indirectly, an interest of 95% or more in the parent company's share capital.

The parent company owns an interest of at least 95% in the share capital of the subsidiary companies.

The tax consolidation arrangements apply to the parent company and the subsidiaries belonging to the tax consolidation group, namely:

- Games.fr SAS
- Cyanide SAS
- Eko Software SAS
- Kylotonn SAS
- Spiders SAS
- Passtech SAS
- Ishtar SAS from 1 April 2022
- Midgar SAS from 1 April 2022

If Nacon were taxed separately, taxable income would be €5,677,847 and the tax payable would be €1,419,462. A tax loss carryforward of €2,097,847 was recorded across the consolidated tax group, of which €934,661 will be set off in respect of the 2022/23 liability.

Table of subsidiaries and associates

	Share capital	Equity other than share capital	Percentage of share capital held (%)	Carrying amount of shares held		Loans and advances granted	Amount of guarantees and commitments provided for the company	Ex-VAT revenue in the most recent financial year	Income or loss in the most recent financial year	Dividends received during the financial year
				Gross	Net					
Subsidiaries (more than 50%-owned) in thousands of euros										
Games.fr SAS	1,000	853	100%	2,849	2,849			2,004	-1,223	
Bigben Interactive Belgique	300	1,335	100%	2,897	2,897			6,522	128	
Nacon HK Ltd – Hong-Kong	3,763	1,023	100%	117	117			44,510	3,253	2,835
Bigben Interactive GmbH – Germany	500	2,822	100%	500	500			13,791	736	
Bigben Interactive Italia	100	1,954	100%	100	100			7,288	210	
Nacon Gaming España SL	50	1,287	100%	0	0			4,826	89	
Kylotonn	405	3,484	100%	2,787	2,787			11,516	-396	
Cyanide	435	11,314	100%	22,874	22,874	84		19,705	275	
Eko Software	65	1,931	100%	9,796	9,796			3,175	473	600
Nacon USA	426	4,232	100%	458	458	2,549		17,519	-1,191	
Spiders	10	4,761	100%	6,200	6,200			8,413	-121	
Neopica	20	810	100%	2,600	2,600			1,551	1,021	
Lunar	20	411	100%	719	719			4,136	591	
Big Ant Holding	250	-362	100%	0	0	22,016		0	-1,314	
creā-ture Studios	10	975	100%	4,200	4,200			1,251	179	
Passtech Games	13	732	100%	3,000	3,000	138		1,865	561	
Ishtar Games	16	327	100%	11,000	11,000	392		837	-50	
Midgar Studio	10	922	100%	11,551	11,551			381	-140	
Daedalic	38	4,650	100%	49,027	49,027			15,034	2,381	
Nacon Industrie	1	0	100%	1	1			0	0	

19.2 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

19.2.1 Statement of financial position

in thousands of euros	Notes	31 March 2023	31 March 2022
Goodwill	1	138,110	96,742
Right-of-use assets		7,087	8,275
Other intangible assets	2	186,320	129,136
Property, plant and equipment	3	3,897	2,528
Other financial assets	4	2,436	1,735
Deferred tax assets	5	2,044	3,054
Non-current assets	6	**339,894**	**241,470**
Inventories	7	35,275	32,850
Trade receivables	8	42,931	37,918
Other receivables	9	11,215	11,691
Current tax assets		6,392	6,174
Cash and cash equivalents	10	47,604	82,148
Current assets		**143,417**	**170,782**
TOTAL ASSETS		**483,311**	**412,252**
Share capital		86,936	86,291
Share premiums		76,549	75,005
Consolidated reserves		67,153	54,523
Net income for the period		12,772	9,962
Exchange differences		(859)	2,626
Equity attributable to equity holders of the parent		**242,550**	**228,407**
Total equity	16	**242,550**	**228,407**
Long-term provisions	11, 14	928	886
Long-term financial liabilities	12	81,979	65,734
Long-term lease liabilities		4,435	6,072
Long-term earn-out liabilities		33,138	37,832
Deferred tax liabilities	13	4,455	731
Non-current liabilities		**124,935**	**111,255**
Short-term provisions	14	3,156	1,029
Short-term financial liabilities	12	32,905	26,774
Short-term lease liabilities		2,626	2,120
Short-term earn-out liabilities		13,887	6,500
Trade payables		28,306	17,745
Other payables	15	33,497	16,085
Current tax liabilities		1,450	2,338
Current liabilities		**115,827**	**72,590**
Total equity and liabilities		**483,311**	**412,252**

19.2.2 Statement of profit or loss and other comprehensive income

(in thousands of euros)	Notes	2022/23	2022/23 restated*
Revenue	17	**155,977**	**155,912**
Purchases used	18	(63,831)	(78,077)
Gross profit		**92,145**	**77,835**
Gross margin (% of revenue)		***59.1%***	***49.9%***
Other operating revenue	19	1,474	1,512
Other purchases and external expenses	20	(25,698)	(18,803)
Taxes other than income tax		(538)	(550)
Personnel costs	21	(21,216)	(19,392)
Other operating expenses		(1,305)	(832)
Gains or losses on disposals of non-current assets		22	(2)
Other non-recurring operating items	22	4,027	(794)
Depreciation and amortisation of non-current assets		(31,586)	(25,626)
Operating income		**17,324**	**13,347**
Net financial income/expense	24	**(2,315)**	**52**
Pre-tax income		**15,009**	**13,399**
Income tax	25	(2,237)	(3,425)
Net income for the period		**12,772**	**9,973**
Exchange differences		(3,485)	2,830
Actuarial gains and losses		158	97
Comprehensive income for the period		**9,445**	**12,901**
Net income for the period		**12,772**	**9,973**
Attributable to non-controlling interests		0	11
Net income attributable to equity holders of the parent		**12,772**	**9,962**

(*) The format of the income statement for the year ended 31 March 2022 has changed – see Note 37

Earnings per share

Basic earnings per share (in euros)	27	€0.15	€0.12
Weighted average number of shares		*86,570,188*	*85,613,442*
Net income attributable to owners of the parent		*12,771,657*	*9,962,193*
Diluted earnings per share (in euros)	27	€0.14	€0.12
Average number of shares after dilution		*88,368,798*	*86,410,724*
Net income attributable to owners of the parent		*12,771,657*	*9,962,193*

19.2.3 Change in 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 2021		**84,908,919**	**84,909**	**73,679**	**52,340**	**(205)**	**210,725**	**(257)**	**210,467**
Net income for the financial year ended 31 March 2022					9,962		**9,962**	11	9,973
Other comprehensive income					97	2,830	**2,928**		2,928
Comprehensive income					**10,059**	**2,830**	**12,890**	**11**	**12,901**
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					4,002		**4,002**		4,002
Liquidity agreement					(125)		**(125)**		(125)
Equity attributable to non-controlling interests					(746)		**(746)**	246	(500)
Consolidated equity at 31 March 2022		**86,291,410**	**86,291**	**75,005**	**64,485**	**2,626**	**228,407**	**0**	**228,407**
Net income for the financial year ended 31 March 2023					12,772		**12,772**		12,772
Other comprehensive income					158	(3,485)	**(3,327)**		(3,327)
Comprehensive income					**12,930**	**(3,485)**	**9,445**		**9,445**
Capital increase		400,234	400	1,544			**1,944**		1,944
Capital increase - Bonus shares		244,655	245		(245)		**0**		0
Bonus share plans					2,801		**2,801**		2,801
Liquidity agreement					(47)		**(47)**		(47)
Equity attributable to non-controlling interests					0		**0**		0
Consolidated equity at 31 March 2023		**86,936,299**	**86,936**	**76,549**	**79,923**	**(859)**	**242,550**	**0**	**242,550**

19.2.4 Cash flow statement

in thousands of euros	Notes	2022/23	2021/22
Net cash flow from operating activities			
Net income for the period		**12,772**	**9,962**
Elimination of non-cash income and expenses or those unrelated to operating activities			
• Attributable to non-controlling interests		0	11
• Additions to depreciation, amortisation and impairment		31,586	25,626
• Change in provisions		2,387	272
• Net financial income/expense		1,587	791
• Net gain or loss on disposals		(22)	3
• Other non-cash income and expense items		(4,997)	4,135
• Income tax expense		2,237	3,497
Funds from operations		**45,549**	**44,296**
Inventories		(2,558)	(7,623)
Trade and other operating receivables	8	(2,351)	8,474
Operating liabilities	15	5,583	(9,588)
Change in WCR		**675**	**(8,737)**
Cash from operating activities		**46,224**	**35,559**
Income tax paid		1,127	(3,176)
NET CASH FLOW FROM OPERATING ACTIVITIES		47,351	32,383
Cash flow from investing activities			
Purchases of intangible assets	2	(78,133)	(57,410)
Purchases of property, plant and equipment	3	(2,314)	(1,347)
Disposals of property, plant and equipment and intangible assets		27	6
Purchases of financial assets	5	(679)	(580)
Disposals of non-current financial assets		13	20
Disbursements relating to acquisitions of subsidiaries net of net cash acquired	1	(34,859)	(22,039)
NET CASH FLOW FROM INVESTING ACTIVITIES		(115,945)	(81,349)
Cash flow from financing activities			
Sale/purchase of treasury shares		(154)	(94)
Interest paid		(1,509)	(793)
Decrease in lease liabilities		(2,460)	(1,982)
Cash inflows from borrowings		63,448	54,661
Repayments of borrowings and other financial liabilities		(25,435)	(16,512)
Other		0	(1)
NET CASH FLOW FROM FINANCING ACTIVITIES	12	33,891	35,280
Impact of changes in exchange rates		**176**	**564**
Net change in cash and cash equivalents		**(34,527)**	**(13,122)**
Cash and cash equivalents at start of period		81,784	94,906
Cash and cash equivalents at end of period	10	**47,257**	**81,784**

19.2.5 Basis of preparation

19.2.5.1 Introduction

The consolidated financial statements for the financial year ended 31 March 2023 and the accompanying notes were finalised by the Board of Directors on 30 May 2023. The financial statements will be submitted to shareholders for approval in the 21 July 2023 Shareholders' General Meeting and may therefore be amended (IAS 10.17).

The main information relating to the creation of the group consisting of Nacon and its subsidiaries is contained in this introduction.

Nacon SA was incorporated on 18 July 2019 for a term expiring on 17 July 2118, and is registered with the Lille Métropole trade and companies register under number 852 538 461. The financial statements include Nacon SA – whose registered office is located at 396/466 rue de la Voyette, CRT2, 59273 Fretin, France – and its subsidiaries (known collectively as the Nacon Group) for the 12 months ended 31 March 2023. Nacon SA is listed in compartment B of Euronext Paris's Eurolist exchange (ISIN: FR0013482791; Reuters: NACON.PA; Bloomberg: NACON:FP).

Its corporate purpose is the development, publishing, marketing and distribution of video game software in physical and digital form, along with the design, development, manufacturing and trading of video game accessories.

Bigben Interactive SA, Nacon's parent company, developed over the years a Gaming division in France and abroad, particularly through subsidiaries that it created, and also acquired video game studios, with the aim of becoming a major global player in the video games across all media and in related accessories.

The spin-off of that business into Nacon took place, from the legal and economic point of view, through an internal restructuring of the Bigben Interactive group with the aim of optimising the operational and strategic organisation of its Gaming activities.

The spin-off involved a carve-out of the Gaming activities of Bigben Interactive SA, Bigben Interactive España and Bigben Interactive (HK) Ltd, with all the assets of other subsidiaries focusing mainly on the Gaming business being transferred in full to Nacon SA. However, in Spain and Hong Kong, where a large proportion of the business activities of Bigben Interactive SA's subsidiaries other than Gaming (Mobile and Audio) are conducted, those subsidiaries underwent demergers. Assets relating to the Gaming business were transferred to companies newly created for that purpose, i.e. Nacon Gaming España and Nacon (HK) Ltd, before the 31 October 2019 spin-off from Bigben Interactive SA to Nacon SA, with retroactive effect from 1 October 2019.

This reorganisation gave the Gaming division its own identity, by equipping it with the resources it needs to pursue its development, particularly as regards financing. To support future growth and continue its policy of selectively acquiring games studios, Nacon raised funds via a public offering and carried out an initial public offering (IPO) on Euronext's regulated market in Paris on 4 March 2020. The Bigben Interactive group retained control over Nacon after its IPO.

19.2.5.2 Scope of consolidation

- **List of consolidated companies**

31 March 2023:

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
Nacon Studio Milan 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 Holdings Pty*	Australia	100.00%	Full consolidation
creā-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

** Big Ant Holdings Pty Ltd owns all the companies forming the Big Ant Group (Big Ant Studios Pty Ltd, Big Ant Studios Operations Pty Ltd, Magnus Formica Studios Melbourne Pty Ltd, 1UP Distribution Pty Ltd, Magnus Formica Studios Pty Ltd, Bas Melbourne Pty Ltd, Eastside Corporation Pty Ltd, Ringside Entertainment Pty Ltd, Big Ant Studios Licensing Pty Ltd).*
This wholly-owned subsidiary of Nacon SA financed the acquisition of the Big Ant Group using a cash advance from Nacon SA.

31 March 2022:

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
Nacon Studio Milan 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
creā-ture Inc.	Canada	100.00%	Full consolidation
Ishtar Games SAS	France	100.00%	Full consolidation
Midgar Studio SAS	France	100.00%	Full consolidation

- **Change in scope**

During the 2022/23 financial year, Nacon acquired a new entity:

Daedalic Entertainment GmbH was consolidated for the first time with effect from 1 April 2022, the date on which it was acquired (see note 19.2.6.2).

19.2.6 Key events in the 2022/23 financial year

19.2.6.1 Commercial development

In 2022/23, full-year consolidated revenue totalled €156.0 million, stable compared with 2021/22.

- Video games:

Video Games revenue recorded a 66.3% increase to €90.5 million as a result of a busier game release schedule and healthy momentum in back catalogue sales.

- Gaming Accessories:

Amid a console shortage and a high base for comparison, Gaming Accessories revenue came to €61.2 million, down 36.6% versus the previous year.

19.2.6.2 Change in scope

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

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

Earn-out payments of up to €21 million payable entirely in cash linked to the studio's performance over the coming years may increase the cash consideration of €32 million already paid out.

These earn-out payments may take place in July 2023, July 2024 and July 2025 depending on the EBIT recorded by the studio. Likewise, an earn-out payment calculated based on revenue criteria linked to a video game project that has not yet reached the development phase may be payable. €17.0 million of earn-out payments have been 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 triggering those earn-out payments.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 had a maximum of 12 months from the date of acquisition to finalise how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

	In thousands of euros
Intangible assets*	7,984
Property, plant and equipment	98
Non-current financial assets	40
Trade and other operating receivables	2,355
Inventories	41
Cash and cash equivalents	1,726
Prepaid expenses	18
Debt	-227
Operating liabilities	-3,160
Deferred tax	-1,458
Prepaid income	-3,000
Total identifiable net assets acquired	**4,417**
Goodwill	44,610
Fair value of the consideration transferred	49,027

* including games already marketed and underway at the acquisition date

This goodwill calculation is now definitive.

19.2.6.3 Ownership structure

- **Capital increase following the vesting of the bonus shares**

On 8 September 2021, the Board of Directors awarded 333,840 bonus shares to members of staff and corporate officers of recently acquired Group entities. The vesting of those shares after a 1-year period was subject to an ongoing presence condition and achievement of a predetermined level of recurring operating income. Since the Group's objectives were not met, only 6,600 of the 2021 Bonus shares vested definitively with 15 beneficiaries in September 2022.
238,055 bonus shares awarded at the time of the acquisitions of certain development studios and allotted in the 2021/22 financial year vested with the beneficiaries.
Accordingly, a total number of 244,655 new shares were issued through the capitalisation of reserves.

- **Capital increase following the payment of the second earn-out payment to the Big Ant Holdings Pty**

Ltd sellers

A second earn-out payment was made to the sellers of Big Ant Studios Pty Ltd on 15 September 2022. Under the acquisition agreement, 50% of this earn-out payment was made in Nacon SA shares via a €1,944 thousand capital increase.

On 15 September 2022, a capital increase went ahead without preferential subscription rights for shareholders, with 400,234 shares valued at €4.858, in line with the average closing price of Nacon shares on the Euronext Paris market during the 20 trading sessions prior to the transaction.

- **2022 bonus share award**

At its meetings on 25 April 2022 and 15 September 2022, the Board of Directors awarded 1,646,113 bonus shares to 893 members of staff and corporate officers of the Group entities. These shares will vest definitively as follows:

- 545,541 shares after one year,
- 1,100,572 shares after three years.

The shares will vest provided that an ongoing presence condition and, in certain cases, a performance condition related to achievement of a predetermined level of recurring operating income are met.

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.

19.2.6.4 Other events

- **Covid-19 (coronavirus) pandemic and supply chain disruption**

During the 2022/23 financial year, the Group was impacted by stock outages affecting its customers' products (PS5), which some of its Gaming Accessories support. These stock outages were resolved at the end of the financial year.

The Company did not encounter any cash flow issues, as it always holds sufficient cash to fund its development.

Trade receivables at 31 March 2023 are collected in accordance with agreed payment times.

- **Impact of the war in Ukraine**

The war in Ukraine has had little direct impact on the Nacon Group to date. It does not have any business relationships with suppliers or studios based in Ukraine or Russia, and Nacon generates less than 1% of its revenue in Russia.

Conversely, supply chain disruption, which had been a factor since the beginning of the Covid-19 pandemic, was compounded by the war in Ukraine, and the Group was impacted by the stock outages affecting its customers' products (Sony and Microsoft game consoles), which some of its accessories aim to support.

- **Changes in debt**

In 2022/23, Nacon SA arranged €46.5 million of new medium-term loans and made repayments on medium-term bank loans in line with their repayment schedules.

19.2.6.5 Post-balance sheet events

There were no post-balance sheet events.

19.2.7 Accounting policies and principles

19.2.7.1 Statement of compliance

The consolidated financial statements of Nacon and its subsidiaries (the "Group") have been prepared in accordance with IFRSs as adopted by the European Union and applicable to the financial year ended 31 March 2023, with comparatives for the financial year ended 31 March 2022.

The applicable standards are available on the European Commission website:

New standards, amendments and interpretations in force and applicable to accounting periods covered by the consolidated financial statements are detailed below.

- **Standards and interpretations applicable for the first time from 1 April 2022**

New IFRS texts	EU adoption date (periods starting on or after)
Amendments to IFRS 3 – References to the Conceptual Framework	1 January 2022
Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022

Application of these amendments did not have a material impact on presentation of the financial statements.

- **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 including amendments published on 25 June 2020	1 January 2023
Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Amendments to IAS 1 and Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

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

- **Use of the EBITDA alternative performance measure**

The Nacon Group's EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is defined as operating income before impairment, depreciation of property, plant and equipment and amortisation of intangible assets, but after 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 users of 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 and 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.

EBITDA calculation

(in thousands of euros)	2022/23	2021/22
EBITDA (after IFRS 2)	**48,910**	**38,972**
EBITDA margin (% of revenue)	***31.4%***	***25.0%***
Depreciation and amortisation of non-current assets	(31,586)	(25,626)
Operating income	**17,324**	**13,347**

- **Use of the "gross profit" financial indicator**

The Group calculates gross profit as the difference between revenue and purchases used in relation to Retail sales (Retail games and accessories), as well as royalties paid to rights holders in excess of the minimum guaranteed capitalised.

19.2.7.2 Basis of preparation

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

- **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, for the periods covered by the consolidated financial statements, management re-examined its estimates regarding:

- the recoverable amount of goodwill in order to identify any impairment losses (Note 1)
- tax assets relating to unused tax loss carryforwards (Note 6)
- provisions (Note 14)
- the useful lives of game development costs (see below)

Game development costs are amortised over the games' expected lifespans (currently between 1 and 4 years) using the diminishing balance method based on the associated expected revenue.

To take into account the digitalisation of the video games 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 SA have been amortised using the diminishing balance method over a period of four years. From time to time, Nacon and its studios develop technological components that may be reused in the development of several game titles. Where this occurs, these components are amortised over their expected useful life (4 to 8 years).

Under IAS 38, amortisation periods of the games and related components vary according to market trends, usage patterns and sales prospects representing expected future economic benefits.

19.2.7.3 Basis of measurement

- **Consolidation criteria**

Companies controlled by the Group are consolidated from the date on which the Group obtains control over them. Companies over which the Group has significant influence, but not control, are accounted for using the equity method.

The companies are consolidated on the basis of the full-year financial statements for the financial year ended 31 March 2023, and adjusted as appropriate to bring them into line with the Group's accounting policies.

- **Business combinations**

Business combinations are recognised by applying the acquisition method on the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity in order to derive benefit from its activities. When assessing control, the Group takes into account potential voting rights that are currently exercisable when decisions relating to the relevant activities need to be taken.

The Group measures goodwill on the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount recognised for any non-controlling interest in the acquired company; plus
- if the business combination takes place in stages, the fair value of any stake previously held in the acquired company; less
- the net amount, recognised at fair value, of identifiable assets acquired and liabilities assumed.

Where the difference is negative, costs relating to the acquisition, other than those related to the issue of debt or equity securities, which the Group bears as a result of a business combination, are recognised as expenses when incurred.

- **Subsidiaries**

A subsidiary is an entity controlled by the Group. Control exists where the Company's relations with the entity expose it or entitle it to variable returns and where it has the ability to influence those returns because of the power it exerts over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control starts until the date control ends.

- **Associates**

Associates are entities in which the Group has significant influence over financial and operational policies, without having control. Significant influence is presumed to exist where the Group owns 20-50% of an entity's voting rights.

The consolidated financial statements include the Group's interest in the total amount of profits and losses recognised by associates, using the equity method, from the date significant influence is first exercised until the date it ends.

Interests in the profits and losses of associates with operating activities that are an extension of the Group's activities are presented below recurring operating income, while interests in the profits and losses of associates whose operating activities are not an extension of the Group's activities are presented after pre-tax income.

- **Transactions within the Group**

All transactions between consolidated companies are eliminated, as are all profits and losses generated within the consolidated whole.

- **Translation of non-French companies' financial statements into euros**

The Group's presentation currency is the euro.

The functional currencies of the Group's foreign subsidiaries are their local currencies, in which most of their transactions are denominated.

- The assets and liabilities of Group companies whose functional currency is not the euro are translated into euros at the exchange rate in force on the accounts closing date.
- The revenues and expenses of these companies and their cash flows are translated at the average exchange rate for the quarter in which the transactions take place.
- Differences arising from foreign exchange are recognised directly under other comprehensive income, under a separate equity item.

- **Translation of transactions into foreign currencies**

Transactions denominated in foreign currencies are translated at the exchange rate in force on the date of the transaction.

At the end of the period, monetary assets and liabilities denominated in foreign currencies (excluding derivatives) are translated at the closing rate. The resulting exchange differences are recorded in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical exchange rate in force on the transaction date.

Derivative instruments are measured and recognised in the manner described in the note on financial instruments.

19.2.7.4 Accounting policies

Accounting policies are presented directly in the notes to which they relate, in order to facilitate understanding of the financial statements.

19.2.7.5 Group policy regarding financial risk management

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk.

The description of these financial risks, the policy and procedures for measuring and managing them and quantitative information relating to them are included directly in the notes relating to balance-sheet items (Note 8) and income statement items (Notes 34, 35 and 36).

19.2.7.6 Segment reporting

Nacon sells a wide range of video games and Gaming accessories tailored to demand in its market.

As part of the spin-off of the Gaming business to form Nacon, the Gaming activities 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.

Given the highly integrated organisation of the Gaming business, a large proportion of costs are shared between the Video Games and Accessories businesses. The Video Games and Accessories businesses share most of their customers. As a result, the Group only calculates operating income at the Group level to steer its business and make strategic decisions.

The Nacon SA parent company markets digital sales of games developed by acquired studios, whereas all Group entities market retail channel sales of these games. Consequently, studios contribute to the entire Nacon group's cash generating activities.

Digital games sales are invoiced almost exclusively in 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 in 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 accessories businesses are highly complementary, address the same market and have the same economic characteristics.

The information presented below is that 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.

19.2.7.7 Accounting policy – Cash flow statement

The cash flow statement is prepared using the indirect method, which shows the transition from income to cash flows from operating activities. Cash and cash equivalents at the start and end of the period, as mentioned in the cash flow statement, include cash, marketable securities and short-term bank facilities.

19.2.8 Additional notes

19.2.8.1 Additional notes to the balance sheet

- **Note 1 – Goodwill**

Acquired entities in thousands of euros	BBI Belgique	Cyanide SA	Eko	Kylotonn	Spiders	Neopica	RaceWard	Passtech	Big Ant	creā-ture	Ishtar	Midgar	Daedalic	TOTAL
2020/21	**1,088**	**12,539**	**6,058**	**3,770**	**5,273**	**2,077**	**345**							**31,150**
Impairment loss														**0**
Exchange differences									1,129	644				**1,772**
Business combinations								2,700	28,707	9,927	10,631	11,856		**63,821**
2021/22	**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									-2,639	-603				**-3,242**
Business combinations													44,610	**44,610**
2022/23	**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**

⇨ Accounting policy - Goodwill

Goodwill is not amortised, in accordance with IFRS 3 "Business combinations" and IAS 36 "Impairment of assets". It is tested for impairment whenever evidence of a loss of value appears and at least once every year on the closing date. For those tests, goodwill is broken down by Cash Generating Unit (CGUs) or group of CGUs, which are homogeneous units that together generate independent cash inflows. Given the high level of integration shown by its business, the Group has only one CGU (see above).

Details about the impairment testing of Cash Generating Units are provided below.

Goodwill is stated at cost, less cumulative impairment losses. Any impairment losses are taken to the income statement. Impairment losses cannot be reversed.

Description of transactions in the 2022/23 financial year:

The Group carried out the following transaction in 2022/23:

- Acquisition of 100% of Daedalic Entertainment's share capital and voting rights on 1 April 2022

The details of goodwill calculations are presented in section 19.2.6.2 "Change in scope".

These total revenue and net income contributions made in 2022/23 by this acquisition were as follows:

Contribution from the acquired entities in thousands of euros	Entity acquired during the financial year	Group total
Revenue	15,034	**155,977**
Net income	2,195	**12,772**

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

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

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

In addition to the consideration paid in cash, two earn-out payments may be made during the three years following the acquisition based on qualitative and revenue criteria linked to two video games projects. €2.0 million of earn-out payments have been included in the purchase price calculation. The estimated fair value at the acquisition date was based on the Nacon Group's best estimates regarding the fulfilment of the conditions triggering those earn-out payments, and chiefly take into account historical sales figures and the Metacritic score for its most recent game Curse of the Dead Gods, on the assumption that the next game developed will achieve the same degree of success.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 is measured at fair value at each closing date and any change to that fair value is 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 how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

	In thousands of euros
Intangible assets	54
Property, plant and equipment	13
Non-current financial assets	5
Deferred tax assets	23
Trade and other operating receivables	281
Cash and cash equivalents	107
Prepaid expenses	7
Provisions for contingencies	-3
Debt	-54
Operating liabilities	-132
Total identifiable net assets acquired	**300**
Goodwill	2,700
Fair value of the consideration transferred	3,000

The goodwill determined became definitive at 31 March 2023, with no changes compared with the preliminary allocation determined at 31 March 2022.

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

On 3 May 2021, Nacon acquired the entire share capital and all the voting rights of Big Ant Holding Pty Ltd development studio based in Melbourne (Australia), which is renowned for its rugby, tennis and cricket sports franchises, not to mention the Australian Football League (AFL).

The transaction price was €18 million. Eight earn-out payments to be calculated, as appropriate, based on criteria linked to the Big Ant Group's net revenue, revenue generated by the back catalogue and cricket games out to 2024 and on qualitative criteria generated by the tennis and rugby games developed by Big Ant, may be made, with each earn-out payment 50% in cash and 50% in Nacon shares. €14.0 million of earn-out payments have been included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date was based on the Nacon Group's best estimates regarding the fulfilment of the conditions triggering those earn-out payments, and chiefly take into account the Big Ant Group's historical sales figures.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 is measured at fair value at each closing date and any change to that fair value is 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 how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

	In thousands of euros
Intangible assets	1,897
Property, plant and equipment	79
Non-current financial assets	48
Trade and other operating receivables	423
Cash and cash equivalents	4,571
Debt	-903
Deferred tax liabilities	-293
Operating liabilities	-2,210
Total identifiable net assets acquired	**3,612**
Goodwill	28,707
Fair value of the consideration transferred	32,319

The goodwill determined became definitive at 31 March 2023, with no changes compared with the preliminary allocation determined at 31 March 2022.

- **Acquisition of 100% of creā-ture Studios Inc.**

On 30 July 2021, Nacon acquired the entire share capital and all the voting rights of Montreal-based development studio creā-ture Studios Inc., which specialises in developing skateboarding games.

In addition to the consideration paid in cash, two earn-out payments may be triggered in September 2023 and 2024 by the attainment of targets based on qualitative criteria and revenue generated by the Session video game currently being developed by the studio. Likewise, a third earn-out payment calculated based on qualitative criteria linked to a video game project that has not yet reached the development phase may be payable at the acquisition date. €9.5 million of earn-out payments have been 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 triggering those earn-out payments.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 is measured at fair value at each closing date and any change to that fair value is 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 how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

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

The goodwill determined became definitive at 31 March 2023, with no changes compared with the preliminary allocation determined at 31 March 2022.

- **Acquisition of 100% of Ishtar Games SAS**

On 7 October 2021, Nacon acquired the entire share capital and all the voting rights of development studio Ishtar Games, which specialises in creating and marketing “indie” video games.

In addition to the consideration paid in cash, earn-out payments may be made between 1 April 2022 and 30 April 2025 based on revenue generated by The Last Spell video game and qualitative and revenue criteria linked to a forthcoming project to be developed by the studio. €9.15 million of earn-out payments have been included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date was based on the Nacon Group’s best estimates regarding the fulfilment of the conditions triggering those earn-out payments.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 is measured at fair value at each closing date and any change to that fair value is 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 how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

	In thousands of euros
Intangible assets	863
Property, plant and equipment	15
Non-current financial assets	8
Deferred tax assets	7
Trade and other operating receivables	287
Cash and cash equivalents	259
Prepaid expenses	21
Provisions for contingencies	-6
Debt	-608
Operating liabilities	-268
Prepaid income	-209
Total identifiable net assets acquired	**369**
Goodwill	10,631
Fair value of the consideration transferred	11,000

The goodwill determined became definitive at 31 March 2023, with no changes compared with the preliminary allocation determined at 31 March 2022.

- **Acquisition of 100% of Midgar Studios SAS**

On 7 February 2022, Nacon acquired the entire share capital and all the voting rights of Midgar Studios SAS, a development studio specialised in J-RPGs.

In addition to the consideration paid in cash, two earn-out payments may be made in September 2023 and 2027 based on the revenue generated by the Edge-series video games developed by the studio. €10.0 million of earn-out payments have been included in the purchase price calculation. The estimated fair value of these earn-out payments at the acquisition date was based on the Nacon Group’s best estimates regarding the fulfilment of the conditions triggering those earn-out payments.

Since the earn-out payments that may be made by the Nacon Group could result in a variable amount of cash being settled, 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 is measured at fair value at each closing date and any change to that fair value is 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 how business combinations are accounted for. The measurement of the assets acquired and liabilities assumed is as follows:

	In thousands of euros
Other intangible assets	699
Property, plant and equipment	11
Non-current financial assets	6
Deferred tax assets	90
Trade and other operating receivables	360
Cash and cash equivalents	96
Prepaid expenses	9
Provisions for contingencies	-9
Debt	-381
Deferred tax liabilities	-21
Operating liabilities	-215
Total identifiable net assets acquired	**644**
Goodwill	11,856
Fair value of the consideration transferred	12,500

The goodwill determined became definitive at 31 March 2023, with no changes compared with the preliminary allocation determined at 31 March 2022.

Reconciliation of acquisition-related disbursements with cash flows in the year ended 31 March 2023:

Disbursements relating to acquisitions of subsidiaries net of net cash acquired	2022/23
Acquisition of Daedalic Entertainment GmbH	32,000
Earn-out payments related to previous acquisitions	4,585
Net cash acquired	-1,726
Disbursements relating to acquisitions of subsidiaries net of net cash acquired	**34,859**

Goodwill impairment tests

The Group carries out an impairment test on its CGU annually on the closing date (31 March) and whenever evidence of a loss of value is identified.

At 31 March 2023, no impairment had been recognised.

Impairment test

Assumptions:

WACC	11.31%
Perpetual growth rate	2.0%

The WACC and the perpetual growth rate take into account the brisk development of the business sector in which the company operates and rapid adjustments to the relevant business models.

Sensitivity test:

Carrying amount of the CGU*	**€382,334,000**

Reduction in EBITDA in year N+3, the last year of the plan, that would result in the CGU's recoverable amount being equal to its carrying amount:	**EBITDA**	**-10.20%**
Reduction in EBITDA margin in year N+3, the last year of the plan, that would result in the CGU's recoverable amount being equal to its carrying amount:	**EBITDA margin**	**-5.3 points**
Reduction in the perpetual growth rate that would result in the CGU's recoverable amount being equal to its carrying amount:	**Perpetual growth rate**	**-2.8 points**
Increase in the discount rate (WACC) that would result in the CGU's recoverable amount being equal to its carrying amount:	**WACC**	**+2.1 points**

*The carrying amount of the CGU corresponds to economic net assets factoring in a normal working capital requirement.

Accounting policy - Impairment of non-current assets

According to IAS 36 "Impairment of assets", an impairment loss is taken to income where recoverable amount falls below the net carrying amount.

The recoverable amount of non-current assets is the greater of fair value less costs to sell and value in use. The net carrying amount of property, plant and equipment and intangible assets is tested as soon as evidence of a loss of value appears and at least once per year for assets with an indefinite useful life (goodwill and trademarks).

For these tests, assets are grouped into cash-generating units (CGUs). CGUs are consistent groups of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other groups of assets.

Given the highly integrated new organisation of the Gaming business, a large proportion of costs are shared between the Video Games and Accessories businesses. The Video Games and Accessories businesses may share customers. As a result, the Group does not calculate recurring operating income by business line.

Games developed by acquired studios are marketed by all Group entities and in particular by Nacon SA for digital sales to platforms and console manufacturers, and therefore contribute to the Group's overall cash flow. The creative direction is set and refined by the Group's Executive Management in co-operation with the studios.

As a result, only one CGU has been identified within the Nacon Group's sole operating segment: the goodwill arising from acquisitions of studios and from the Nacon Group's other entities have been allocated to that sole CGU.

The value in use of that CGU is determined with reference to future cash flows after tax and discounted to present value. The discount rate is determined at each closing date on the basis of the cost of capital specific to the Group.

Cash flow figures are those expected over a three-year period. They are based on the budget for year N+1, prepared by operating entities and validated by the Group's Executive Management. Cash flows for subsequent years (N+2 and N+3) are estimated by applying a growth rate, based on management forecasts. Beyond that, cash flows are extrapolated by applying a perpetual growth rate.

Where the CGU's recoverable amount is lower than its net carrying amount, an impairment loss equal to the difference is recognised in income and allocated first to goodwill and then deducted from the carrying amount of the entity's other assets in proportion to the net carrying amount of each of the unit's assets.

Note 2 – Other intangible assets

in thousands of euros	31 March 2023	31 March 2022
Gross value	**334,070**	**242,365**
Amortisation	(140,663)	(104,954)
Impairment		
Net value	**193,407**	**137,411**

Gross value	Software, concessions and patents	Trademarks	Right-of-use assets	Game development costs	Other intangible assets	TOTAL
31 March 2021	**2,426**	**10,697**	**7,484**	**153,030**	**865**	**174,502**
Acquisition	1,186	3	5,231	57,964	26	**64,409**
Change in scope	181	14	932	3,624		**4,751**
Transfers						**0**
Disposals	(19)		(1,278)			**(1,297)**
31 March 2022	**3,773**	**10,714**	**12,369**	**214,618**	**891**	**242,365**
Acquisition	649	(1)	1,052	79,394	32	**81,126**
Change in scope	1		227	22,399		**22,627**
Transfers	(93)		(1,715)	(10,068)		**(11,876)**
Disposals			(162)		(10)	**(173)**
2022/23	**4,330**	**10,713**	**11,771**	**306,344**	**913**	**334,070**
Amortisation	**Software, concessions and patents**	**Trademarks**	**Right-of-use assets**	**Game development costs**	**Other intangible assets**	**TOTAL**
31 March 2021	**(2,018)**	**(228)**	**(2,831)**	**(72,934)**	**(589)**	**(78,601)**
Additions	(300)		(1,954)	(24,145)	(80)	**(26,479)**
Change in scope	(180)			(403)		**(583)**
Transfers	18		691			**709**
31 March 2022	**(2,481)**	**(228)**	**(4,094)**	**(97,482)**	**(670)**	**(104,954)**
Net 31 March 2022	**1,292**	**10,486**	**8,275**	**117,136**	**222**	**137,411**
Additions	(529)		(2,384)	(30,035)	(82)	**(33,030)**
Change in scope				(14,643)		**(14,643)**
Transfers	93		1,715	10,068		**11,876**
Disposals			79		9	**88**
2022/23	**(2,916)**	**(228)**	**(4,684)**	**(132,092)**	**(743)**	(140,663)
Net 31 March 2023	**1,413**	**10,485**	**7,087**	**174,252**	**170**	**193,407**

At 31 March 2023, the “Trademarks” item mainly consisted of trademarks owned by the development studio Cyanide and the RIG™ trademark.

The “Game development costs” item represents expenses incurred in developing games on the market or currently being developed and likely to be 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.

The amount of video games under development at 31 March 2023 was €116.1 million, up from €89.5 million at 31 March 2022.

The Right-of-use assets line item chiefly consists of the leases for office space occupied by Group entities. The discount rate applied to the leases arranged in the 2022/23 financial year was 3.50%, compared with 1.00% for those arranged in previous years.

Accounting policy – Other intangible assets

Trademarks are not amortised. They do not undergo individual impairment tests but are combined with all of the CGU's goodwill and assets as part of an annual impairment test.

Right-of-use assets are amortised over the lease term used to calculate the related lease liability.

Acquired software is capitalised and amortised over a useful life of 3 years. Expenditure on internally generated brands is expensed when incurred.

Subsequent expenditure on intangible assets is capitalised if and only if it increases the future economic benefits associated with the corresponding asset. Other expenditure is recognised as an expense.

Research expenditure on acquiring scientific or technical understanding and knowledge is expensed when incurred.

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 likely to be launched in the market. Pursuant to IAS 38, development costs are capitalised if and only if they can be measured reliably and where these costs contribute to the refinement of the functionality of the game that will ultimately be marketed. Any tax credits received are deducted from these costs. Once the game has been launched commercially, amortisation of the costs capitalised representing the game's gross value commences. Amortisation accumulates from one year to the next. At the end of each financial year for games under development and not yet subject to amortisation or wherever indicators of a loss of value appear for games already commercialised with an amortisation plan, management estimates forecast revenue and margins. Where those cash flows are lower than the net carrying amount of the games, impairment is recognised that reduces the net carrying amount of the relevant games for accounting purposes.

To take into account the digitalisation of the video games 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 SA have been amortised using the diminishing balance method over a period of four years. From time to time, Nacon and its studios develop technological components that may be reused in the development of several game titles. Where this occurs, these components are amortised over their expected useful life (4 to 8 years).

Contrary to the presumption under IAS 38, the rate at which revenue is generated from the games publishing business provides an appropriate basis to assess the consumption of economic benefits associated with games because the revenue resulting from the commercial exploitation of the games and the use of intangible assets are very closely correlated. The rights associated with games no longer have any value when they are no longer being commercially exploited. Game amortisation periods vary according to market trends and sales prospects. To take into account the digitalisation of the video game market and the related extension of period over which economic benefits will be obtained, the amortisation method changes from year to year.

- **Note 3 - Property, plant and equipment**

in thousands of euros	31 March 2023	31 March 2022
Gross value	**8,695**	**6,417**
Depreciation	(4,798)	(3,889)
Impairment		
Net value	**3,897**	**2,528**

Gross value	Land	Buildings	Technical installations	TOTAL
31 March 2021	**45**	**568**	**4,214**	**4,826**
Acquisition	0	0	1,369	**1,369**
Change in scope			601	**601**
Transfers				**0**
Disposals			(379)	**(379)**
Exchange differences				**0**
31 March 2022	**45**	**568**	**5,805**	**6,417**
Acquisition	0	2	2,153	**2,155**
Change in scope			440	**440**
Transfers			(317)	**(317)**
Disposals				**0**
31 March 2023	**45**	**569**	**8,081**	**8,695**
Depreciation	**Land**	**Buildings**	**Technical installations**	**TOTAL**
2020/21	**0**	**(567)**	**(2,497)**	**(3,019)**
Additions	0	(0)	(705)	**(706)**
Change in scope			(485)	**(485)**
Transfers				**0**
Reversals			365	**365**
Exchange differences				**0**
31 March 2022	**0**	**(567)**	**(3,322)**	**(3,889)**
Net 31 March 2022	**45**	**0**	**2,483**	**2,528**
Additions	0	(0)	(883)	**(884)**
Change in scope			(342)	**(342)**
Transfers			317	**317**
Disposals				**0**
31 March 2023	**0**	**(567)**	**(4,231)**	**(4,798)**
Net 31 March 2023	**45**	**2**	**3,850**	**3,897**

Accounting policy – Property, plant and equipment

In accordance with IAS 16, property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The gross value of property, plant and equipment corresponds to their purchase or production cost. They are not remeasured. Where the components of an item of property, plant and equipment have different useful lives, they are recognised as separate items of property, plant and equipment, each depreciated over its specific useful life.

Depreciation is calculated using the straight-line method, based on purchase cost minus any residual value and any impairment from the date on which the asset is available for use.

Except in specific cases, residual values are zero. Depreciation periods are based on the estimated useful lives of the different categories of assets, of which the main ones are listed below:

Categories of technical installations	Depreciation method
Plant and equipment	Straight-line, between 5 and 8 years
Fixtures and fittings	Straight-line, between 4 and 10 years

Furniture, office equipment	Straight-line, between 3 and 10 years
Vehicles	Straight-line, between 1 and 3 years

Note 4 – Other non-current financial assets

Net	Security deposits	Other securities	Other receivables	TOTAL
31 March 2021	**1,077**	**26**	**5**	**1,107**
Acquisition	579	0	1	**580**
Change in scope	27			**27**
Transfers				**0**
Disposals	20			**20**
Exchange differences				**0**
31 March 2022	**1,704**	**26**	**6**	**1,735**
Acquisition	667	0	0	**667**
Change in scope			40	**40**
Transfers				**0**
Disposals			(6)	**(6)**
Exchange differences				**0**
31 March 2023	**2,371**	**26**	**40**	**2,436**

Accounting policy – Financial assets

Non-derivative financial assets

Financial assets are presented as non-current except for those that have less than 12 months to maturity on the closing date, which are classified as "current assets" or "cash equivalents", as appropriate.

Non-derivative financial assets include:

- non-current financial assets,
- current financial assets representing trade and other receivables, debt securities or investment securities, and cash.

Measurement and recognition of financial assets

A financial asset is measured at amortised cost if it meets the criteria relating to the business model and cash flow characteristics defined by IFRS 9 and if it is not designated as at fair value through profit or loss. It is initially measured at fair value plus directly connected transaction costs, with the exception of trade receivables without a significant financing component, which are initially measured at the transaction price under IFRS 15. Impairment is recognised in respect of financial assets to take account of any expected credit losses. For trade receivables and contract assets, credit losses are measured over the total life of the assets using the simplified approach under IFRS 9, on the basis of a provisioning schedule.

Note 5 – Deferred tax assets

in thousands of euros	31 March 2023	31 March 2022
Deferred tax assets relating to tax loss carryforwards	728	1,155
Deferred tax assets relating to temporary differences	1,317	1,168
DEFERRED TAX ASSETS	**2,044**	**2,323**

Deferred tax assets relating to temporary differences derive chiefly from amortisation of video game development costs where these costs are not recognised on the balance sheet of the relevant studios' statutory financial statements.

- **Breakdown of deferred tax assets relating to tax loss carryforwards by entity**

in thousands of euros	at 1 April 2022	Change in scope	Recognised	Used	31 March 2023
Nacon SA	574			(283)	291
Cyanide SAS	507			(140)	367
Lunar Great Wall Studios Srl	51				51
Ishtar SAS	23			(4)	19
TOTAL TAX LOSS CARRYFORWARDS	**1,155**	**0**	**0**	**(427)**	**728**

Given the short- and medium-term earnings prospects of the entities concerned, all tax losses (which can be carried forward indefinitely) have been recognised.

⇨ Accounting policy – Tax

Income tax includes current tax and deferred tax.

Tax expense and benefits are recognised in the income statement except where they relate to items recognised directly in equity, in which case they are also recognised in equity.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amount of assets and liabilities and their tax base. The following do not give rise to the recognition of deferred tax: (i) initial recognition of goodwill and (ii) recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit.

The measurement of deferred tax takes into account known changes in tax rates (and in tax regulations) that have been enacted or substantively enacted at the closing date.

Deferred tax assets are recognised when they can be offset against deferred tax liabilities or tax loss carryforwards, if it is likely that future taxable profits will be available against which those tax assets can be offset. The carrying amount of deferred tax assets is reviewed at each closing date.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Note 6 – Non-current assets by country

Non-current assets break down geographically as follows:

in thousands of euros	31 March 2023	31 March 2022
France	210,125	186,280
Germany	66,619	465
Australia	35,363	32,326
Canada	12,257	12,427
Belgium	6,573	5,029
Italy	7,207	3,797
Other	1,751	1,145
TOTAL NON-CURRENT ASSETS	**339,894**	**241,470**

Note 7 – Inventories

in thousands of euros	Gaming Accessories	Games	Other	Total 31 March 2023	31 March 2022
Gross value	**38,078**	**8,786**	**877**	**47,741**	**45,066**
of which physical inventories	**34,056**	**8,786**	**877**	**43,719**	**40,114**
of which goods in transit	**4,022**			**4,022**	**4,952**
Impairment loss	(6,466)	(5,899)	(101)	(12,466)	(12,216)
Net value	**31,612**	**2,887**	**776**	**35,275**	**32,850**

Goods held in inventory are made by third-party partner 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 Sony ICs (security chips) for controllers and the environmentally friendly packaging that Nacon buys from its partner manufacturers in order to ensure consistent quality.

⇨ Accounting policy – Inventories

In accordance with IAS 2 "Inventories", inventories are measured at the lower of cost and net realisable value. The cost of the inventories of each product line (accessory or game) is determined using the weighted average cost method. In accordance with IAS 2 "Inventories", that cost takes into account production costs and incidental, logistics and transport expenses incurred to bring inventories to their present location. For inventories of physical games released up to 31 March 2019, the amount took into account the amortisation of each game's development costs in proportion to the percentage of total sales coming from physical sales. For new games released from 1 April 2019, given that most sales take place digitally and given the limited production of physical copies of those games, no proportion of the cost of developing those new games was deducted from the related inventories. The cost is net of discounts and deferred payment terms obtained from suppliers.

Borrowing costs are not included in the cost of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less estimated completion costs and the estimated costs necessary to realise the sale. At each closing date, the values of products held in inventory are reviewed based on their sales prospects and their age.

Impairment is recognised on products held in inventory in the following way:

- After-sales service inventories are written down in full.
- At each closing date, the values of products held in inventory are reviewed by comparing their average selling price (in the last 12 months) with their weighted average cost, and impairment is recognised as appropriate.
- Management recognises additional impairment on specific product lines based on sales prospects.

- In addition to these approaches, additional impairment is recognised based on the age of the products held in inventory.

Note 8 – Trade receivables

in thousands of euros	31 March 2023	31 March 2022
Trade receivables and notes	43,630	38,686
Impairment losses	(699)	(769)
TOTAL TRADE RECEIVABLES	**42,931**	**37,918**

Nacon SA uses factoring for some of its clients. The factoring agreement does not result in receivables being deconsolidated, and trade receivables factored but not settled by clients at 31 March 2023 were included in the "Trade receivables and notes" item. They amounted to €1.4 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.

- **Client concentration:**

The Group's largest client accounted for 14.1% of its consolidated revenue in 2022/23 (12.1% of its revenue in 2021/22).

- **Trade receivables:**

in thousands of euros	31 March 2023		31 March 2022	
Trade receivables not yet due	**38,466**	**88%**	**29,410**	**76%**
Trade receivables due	**5,165**	**12%**	**9,276**	**24%**
Less than 30 days	2,949	57%	6,325	68%
30 to 60 days	425	8%	298	3%
60 to 90 days	266	5%	1,108	12%
90 to 120 days	125	2%	356	4%
Over 120 days	876	17%	633	7%
doubtful receivables	523	10%	556	6%
Trade receivables and notes	**43,630**		**38,686**	

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 projected credit was very limited.

⇨ ***Counterparty risk***

Counterparty risk represents the risk of a financial loss if a client were to breach its contractual obligations. With respect to trade receivables, this risk is managed in particular through:

- authorisation procedures for new client accounts, ensuring the solvency of all new clients,
- monthly client reporting, allowing the Group to analyse the average credit term granted to each client, as well as the percentage and age of amounts receivable from each client.

In addition, the Group's main regular clients are major European retailers and digital game distribution platforms whose solvency is proven, and this limits credit risk for the Group. Other clients, including all export clients, are covered by credit insurance where the Group has exposure.

⇨ *Accounting policy – Trade receivables*

Trade receivables and other receivables related to operating activities are recognised at amortised cost which, in most cases, corresponds to nominal value less impairment losses, which are recorded in a specific impairment account. Since receivables have a maturity of less than one year, they do not contain any significant financing component.

Pursuant to IFRS 9, the Group has applied from 1 April 2018 onwards the simplified approach to impairment of trade receivables based on the analysis of expected losses over a receivable's life.

Note 9 – Other receivables

in thousands of euros	31 March 2023	31 March 2022
Central and local government (excluding income tax)	5,258	3,400
Personnel	95	132
Credits receivable from suppliers	11	84
Prepaid expenses	3,914	3,348
Advances and downpayments on orders	393	3,134
Shareholder loans*	669	937
Miscellaneous receivables	875	657
TOTAL	**11,215**	**11,691**

* Shareholder loans consist of amounts owed to Bigben Group companies

Reconciliation of changes in trade and other operating receivables with cash flows in the year ended 31 March 2023:

	31 March 2023
Net cash flows – Trade and other operating receivables	2,351
Changes related to entries into the scope	2,404
Change in trade and other operating receivables on the balance sheet	**4,755**

Note 10 – Net cash and cash equivalents

in thousands of euros	31 March 2023	31 March 2022
Bank facilities	(347)	(364)
Marketable securities	7,439	600
Cash and cash equivalents	40,165	81,548
Net cash and cash equivalents	**47,257**	**81,784**

⇨ Accounting policy – Cash and cash equivalents

Non-derivative financial assets and liabilities

Financial assets and liabilities are presented as non-current in Notes 5 and 12 except for those that have less than 12 months to maturity on the closing date, which are classified as "current assets" (Note 5), "cash equivalents" (this Note) or "current liabilities" (Note 12) as appropriate.

Cash and cash equivalents include cash in bank current accounts, units in money-market funds and term accounts that are readily convertible into known amounts of cash (i.e. in less than three months) and are subject to a non-material risk of changes in value in the event of an increase in interest rates.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are a component of cash for the purposes of the cash flow statement.

Note 11 – Employee benefits

Pension provisions

in thousands of euros	1 April 2022	Additions	Reversals	OCI - Actuarial gains and losses	Change in scope	31 March 2023
Provisions for retirement benefit obligations and similar	886	200		(158)	0	928
TOTAL	**886**	**200**	**0**	**(158)**	**0**	**928**

in thousands of euros	1 April 2021	Additions	Reversals	OCI - Actuarial gains and losses and impact of IAS 19* amendments	Change in scope	31 March 2022
Provisions for retirement benefit obligations and similar	1,083	0	(118)	(97)	19	886
TOTAL	**1,083**	**0**	**(118)**	**(97)**	**19**	**886**

*The impact of applying the amendment to IAS 19 was negative €32 thousand.

The assumptions used to measure the obligations of the French companies, which account for the lion's share of the defined-benefit pension plans, are as follows:

Assumptions used	31 March 2023	31 March 2022
Discount rate	3.70%	1.71%
Turnover	10% to 20%	8% to 13%
Mortality rates	TF & TH 00.02	TF & TH 00.02
Rate of salary increase:		
Managers	*2% to 7%*	*1% to 3%*
Supervisory staff	*2% to 7%*	*1% to 3%*

Remuneration in shares and similar (bonus share plans)

See Notes 21 and 26

⇨ Accounting policy – Pension and similar liabilities

In addition to pension contributions required by legislation in force in countries in which the companies that employ them are based, the Group's employees receive additional pension contributions and post-employment benefits. The Group offers those benefits through either defined-contribution plans or defined-benefit plans.

Under defined-contribution plans, the Group is under no obligation other than to pay contributions. The corresponding charge, which reflects the payment of contributions, is expensed as incurred.

In accordance with IAS 19 "Employee benefits", pension liabilities and similar under defined-benefit plans are measured using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to obtain the final obligation.

This final obligation is then discounted to present value. The calculations mainly take into account:

- an assumed retirement age of 65 for French employees;
- a discount rate;
- an inflation rate;
- assumptions regarding salary increases and staff turnover.

Those measurements are made every year for the main plans.

Actuarial gains and losses are generated through changes in assumptions or experience adjustments (differences between projected and actual figures) regarding obligations or plan assets are recognised under "Other comprehensive income". They are presented on the balance sheet under equity in the "Other comprehensive income" item, and cannot be recycled to profit or loss.

Note 12 – Long-term and short-term financial liabilities

in thousands of euros	TOTAL	Maturity date Less than 1 year	Maturity date Between 1 and 5 years	Maturity date Over 5 years
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 yet due	116	116		
Other financing (including factoring)	930	930		
Total financial liabilities at 31 March 2022	**92,508**	**26,774**	**62,391**	**3,343**
Borrowings that were long-term at inception	92,106	26,373	62,391	3,343
Bank facilities	364	364		
Accrued interest not yet due	37	37		
Other financing (including factoring)	0			

Accounting policy – Financial liabilities

Financial liabilities are presented as non-current except for those that have less than 12 months to maturity on the closing date, which are classified as "current liabilities".

Current and non-current financial liabilities include bank borrowings, other bank financing and overdrafts and operating liabilities.

Measurement and recognition of financial liabilities

The Group initially recognises debts and subordinated liabilities on the date on which they arise. All other financial liabilities are initially recognised on the transaction date, which is the date on which the Group becomes a party to the instrument's contractual provisions.

The Group derecognises financial liabilities when its contractual obligations have been extinguished or terminated or have expired.

The Group classifies non-derivative financial liabilities under other financial liabilities. Those financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs. After initial recognition, the financial assets are measured at amortised cost using the effective interest rate method.

Other financial liabilities include borrowings, bank overdrafts, trade payables and other payables.

- **Bank borrowings**

To continue financing the development of its video games business and its strategy of acquisitions, Nacon SA arranged €46.5 million in new medium-term loans during the 2022/23 financial year.

These new loans have a maturity ranging between 18 months and 8 years, with some including a repayment holiday. Two of the new loans representing borrowings of €19 million carry a floating rate.

The average interest rate on the fixed-rate borrowings arranged during the year was 2.6%.

These new loans are not subject to any covenants.

For certain loans arranged during previous years, the Company has undertaken to comply with annual financial covenants. At 31 March 2023, the capital outstanding on the relevant borrowings was €2.5 million and the financial ratios of these covenants (interest cover and net leverage ratio) were met.

Reconciliation of changes in liabilities with cash flow from financing activities

	Liabilities		Equity	
	Bank overdrafts	Other borrowings	Reserves	Total
Balance at 31 March 2022	**364**	**100,335**	**228,407**	**329,106**
Changes related to cash flow from financing activities				
Sale/purchase of treasury shares			(154)	(154)
Cash inflows from borrowings		47,719		47,719
Bigben Interactive parent company financing		15,729		15,729
Repayment of borrowings		(25,435)		(25,435)
Cash outflows from lease liabilities (IFRS 16)		(2,460)		(2,460)
Interest paid		(1,509)		(1,509)
Other			0	0
Total changes related to cash flow from financing activities		**34,045**	**(154)**	**33,891**
Cash inflows from lease liabilities (IFRS 16)		1,361		1,361
Bigben Interactive parent company current account		(15,729)		(15,729)
Changes arising from changes in exchange rates		0	(3,485)	(3,485)
Changes in bank overdrafts	(17)			(17)
Accrued interest		1,587		1,587
Total other changes related to liabilities	**(17)**	**(12,781)**	**(3,485)**	**(16,283)**
Total other changes related to equity			**17,782**	**17,782**
Balance at 31 March 2023	**347**	**121,599**	**242,550**	**364,495**

Note 13 – Deferred tax liabilities

Deferred tax liabilities chiefly relate to temporary differences on amortisation of video game development costs.

⇨ Accounting policy – Tax

Income tax includes current tax and deferred tax.

Tax expense and benefits are recognised in the income statement except where they relate to items recognised directly in equity (or under other comprehensive income), in which case they are also recognised in equity.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amount of assets and liabilities and their tax base. The following do not give rise to the recognition of deferred tax: (i) initial recognition of goodwill and (ii) recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit.

The measurement of deferred tax takes into account known changes in tax rates (and in tax regulations) that have been enacted or substantively enacted at the closing date.

Deferred tax assets are recognised when they can be offset against deferred tax liabilities or tax loss carryforwards, if it is likely that future taxable profits will be available against which those tax assets can be offset. The carrying amount of deferred tax assets is reviewed at each closing date.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Note 14 – Long-term and short-term provisions

31 March 2023:

	1 April 2022	Change in scope	Additions	Reversals used	Reversals unused	Exchange differences	Other	31 March 2023
Non-current	**886**		**200**		**(158)**			**928**
Provisions for contingencies								
- workforce-related								
- tax-related								
Provisions for losses - other								
Provisions for pension liabilities	**886**		200		(158)			**928**
Current	**1,030**		**2,126**					**3,156**
Provisions for contingencies	**1,029**							**3,156**
- commercial	***500***		*1,500*					***2,000***
- workforce-related								
- other	***530***		*626*					***1,156***
Provisions for losses - other								
TOTAL	**1,916**		**2,326**		**(158)**			**4,084**

At 31 March 2022:

	1 April 2021	Change in scope	Additions	Reversals used	Reversals unused	Exchange differences	Other	31 March 2022
Non-current	**1,083**	**19**			**(215)**			**886**
Provisions for contingencies								
- workforce-related								
- tax-related								
Provisions for losses - other								
Provisions for pension liabilities	**1,083**	19			(215)			**886**
Current	**543**		**500**	**(13)**				**1,030**
Provisions for contingencies	**543**							**1,029**
- commercial			*500*					***500***
- workforce-related	***13***			*(13)*				
- other	***530***							***530***
Provisions for losses - other								
TOTAL	**1,626**	**19**	**500**	**(13)**	**(215)**			**1,916**

- **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.

During the 2014/15 financial year, the Company received an adverse judgement ordering it to pay €530 thousand on the ground of unfair competition, and so a provision in that amount was set aside. Since Nacon was recently ordered to pay an additional €500 thousand at appeal, a €500 thousand provision was recognised in the Company's financial statements at 31 March 2023. The position stood at €1,030 thousand at 31 March 2023.

- **Intellectual property dispute**

The Company has commenced other proceedings against some of its suppliers and competitors:

- Nacon is in dispute with a licensing company concerning the latter's unjustified decision to block the release of a video game. Nacon has filed a lawsuit and is currently involved in a judicial mediation process that aims to resolve the dispute and bring the video game back onto the market.
- 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 argued in its defence filed in April 2018 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 covering its lawyers' fees and other costs.
- 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.

A €500 thousand contingency provision was set aside in the Group's financial statements at 31 March 2022. Based on developments in these disputes, an additional €1.5 million provision was set aside in the 2022/23 financial year, increasing the total amount of the provision to €2 million at 31 March 2023.

⇨ Accounting policy – Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognised when the Group has a legal or constructive obligation towards a third party and it is probable that an outflow of resources will be required to settle the obligation without any at least equivalent benefits being received from the third party.

If the effect of time value is material, provisions are discounted at a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

If no reliable estimate of the amount of the obligation can be made, no provision is booked, and a disclosure is made in the notes.

Note 15 – Other payables

in thousands of euros	31 March 2023	31 March 2022
Central and local government (excluding income tax)	1,829	2,937
Employees and social security agencies	5,243	4,906
Client discounts and trade payables	3,003	5,203
Derivative financial instruments	425	4
Liabilities relating to non-current assets	46	0
Prepaid income	5,938	1,449
Miscellaneous creditors	17,013	1,587
TOTAL	**33,497**	**16,085**

* Miscellaneous creditors chiefly comprise a €16.1 million cash advance from the Bigben Interactive parent company granted under the treasury agreement in force since 9 December 2019 and in line with the provisions of Article L. 511-7, I-3 of the French Monetary and Financial Code. The interest rate applicable under this agreement in the 2022/23 financial year was the 3-month Euribor rate + 1.00%, with interest payable on a quarterly basis.

<u>Reconciliation of changes in operating liabilities with cash flows in the year ended 31 March 2023:</u>

	31 March 2023

Net cash flows – operating liabilities	5,583
Change in liabilities related to acquisitions of subsidiaries	7,387
Changes in the Bigben Interactive current account	15,729
Changes related to entries into the scope	5,773
Change in operating liabilities on the balance sheet	**34,471**

Note 16 – Equity

Number of shares

Number of shares at 31 March 2021	**84,908,919**
Payment of dividends in shares	
Capital increase	337,208
Bonus shares issued	1,045,283
Number of shares at 31 March 2022	**86,291,410**
Payment of dividends in shares	
Capital increase	400,234
Bonus shares issued	244,655
Number of shares at 31 March 2023	**86,936,299**

The share capital is made up of 86,936,299 shares with par value of €1 each.

Table summarising movements in the share capital:

		Number of shares		Capital increase					
Date	Type of transaction	Number of shares issued	Total number of shares in issue	Share capital issued	Share or contribution premium	Gross proceeds from the capital increase	Par value per share	Share capital after transaction	Price per share
18 July 2019	Incorporation (contribution in cash)	10,000	10,000	€10,000	-	€10,000	€1.00	€10,000	€1.00
1 October 2019	Spin-off	65,087,988	65,097,988	€65,087,988	-	€65,087,988	€1.00	€65,097,988	€1.00
28 February 2020	Capital increase (public offering)	18,181,819	83,279,807	€18,181,819	€81,818,185.50	€100,000,004.50	€1.00	€83,279,807	€5.50
26 March 2020	Capital increase (over-allotment option)	1,629,112	84,908,919	€1,629,112	€7,331,004	€8,960,116	€1.00	€84,908,919	€5.50
7 September 2021	Capital increase AGA 2020 plan:	1,045,283	85,954,202	€1,045,283	-	€1,045,283.00	€1.00	€85,954,202	€1.00
29 September 2021	Capital increase - Big Ant	337,208	86,291,410	€337,208	€1,325,227.00	€1,662,435.00	€1.00	€86,291,410	€4.93
31 May 2022	Capital increase AGA plan	30,522	86,321,932	€30,522	-	€30,522.00	€1.00	€86,321,932	€1.00
8 September 2022	Capital increase AGA 2021 plan	157,241	86,479,173	€157,241	-	€157,241.00	€1.00	€86,479,173	€1.00
15 September 2022	Capital increase - Big Ant	400,234	86,879,407	€400,234	€1,544,102.77	€1,944,336.77	€1.00	€86,879,407	€4.85
29 November 2022	Capital increase AGA plan	56,892	86,936,299	€56,892	-	€56,892.00	€1.00	€86,936,299	€1.00

All shares give an entitlement to the Company's residual assets. Shareholders are entitled to dividends where a decision to pay dividends has been made, and have the right to vote in Shareholders' General Meetings. As regards shares in the Company held by the Group, all rights are suspended until the shares are put back into circulation.

- Own shares

A liquidity agreement was formed in 2019/20 with Louis Capital Markets UK LLP. That agreement, which has a one-year term and is renewable by tacit agreement, took effect on 27 March 2020. The signature of the liquidity agreement follows on from the Autorité des Marchés Financiers decision no. 2018-01 of 2 July 2018, applicable since 1 January 2019, which establishes liquidity agreements relating to equity securities as an accepted market practice.

For the implementation of that agreement, a cash sum of €400,000 was allocated to the liquidity account.

Number of shares and average price of transactions:

Period	Balance at start of period	Purchases	Contributions	Sales	Balance at end of period
31 Mar. 2021 - 31 Mar. 2022	**31,885**	337,930		318,195	**51,620**
31 Mar. 2022 – 31 Mar. 2023	**51,620**	461,343		443,405	**69,558**

Period	Purchases	Sales
31 Mar. 2021 - 31 Mar. 2022	5.4291	5.3719
31 Mar. 2022 – 31 Mar. 2023	3.4202	3.4522

19.2.8.2 Additional notes to the income statement

- **Note 17 – Revenue**

- **Revenue by product category**

in thousands of euros	12-month total		Contribution	
	2022/23	2021/22	2022/23	2021/22
Revenue	**155,977**	**155,912**	**100%**	**100%**
of which *Gaming Accessories*	61,208	96,575	39%	62%
Physical games	18,313	14,610	12%	9%
Digital games	72,207	39,830	46%	26%
Other	4,248	4,897	3%	3%

- **Breakdown of revenue by geographical zone**

in thousands of euros	12-month total		Contribution	
	2022/23	2021/22	2022/23	2021/22
Revenue	**155,977**	**155,912**	**100.0%**	**100.0%**
of which: *France*	18,087	21,112	11.6%	13.5%
Export	137,889	134,799	88.4%	86.5%
Export revenue by geographical zone	**137,889**	**134,799**	**100.0%**	**100.0%**
Rest of Europe	**65,113**	**71,565**	**47.2%**	**53.1%**
of which: *British Isles*	*21,214*	19,601		
Germany	*15,465*	15,105		
Italy	*7,297*	9,128		
Belgium	*5,890*	8,434		
Spain	*4,826*	7,340		
Other	*10,843*	11,958		
North America	**58,611**	**46,963**	**42.5%**	**34.8%**
Asia	**13,984**	**15,959**	**10.1%**	**11.8%**
Africa	**181**	**313**	**0.1%**	**0.2%**

The breakdown above is based on the countries in which invoiced clients are based.

⇨ Accounting policy – Revenue

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

- Sales of retail games and accessories: Revenue generated by sales of physical video games and accessories 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 Nacon will apply if sales in retailers' stores prove insufficient.
- Sales of digital games: revenue is recognised from 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 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 (royalties) depending on future console and platform sales are recognised when those sales take place. At the end of the period, the

Company estimates the royalty revenue not yet invoiced based on sales generated on each platform. As appropriate, 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 yet been made available to clients at the closing date. At the very end of the 2022/23 financial year, Nacon began marketing an initial video game with an “online services” component or a “live ops” component allowing a gamer to receive online services, such as the ability to play in teams and enjoy new content. Under IFRS 15, those services constitute a separate obligation whose revenue would have to be recognised as and when the additional services were provided.

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Note 18 – Purchases used

in thousands of euros	2022/23	2021/22
Goods held for resale	(66,256)	(85,882)
Change in inventories of goods held for resale	2,675	7,527
Change in impairment	(250)	278
TOTAL	**(63,831)**	**(78,077)**

in thousands of euros	2022/23	2021/22
Provisions for impairment of inventories	(12,466)	(12,216)

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

The change in impairment consists of the change in additions to impairment on inventories.

Note 19 – Other operating revenue

in thousands of euros	2022/23	2021/22
Subsidies	30	30
Other income	1,444	1,482
TOTAL	**1,474**	**1,512**

Other income includes the administrative services provided by Nacon SA to its Bigben Interactive SA parent company (please refer to “Related-party disclosures”).

Note 20 – Other purchases and external expenses

in thousands of euros	2022/23	2021/22
Purchases not held in inventory	(469)	(498)
Subcontracting	(1,702)	(2,037)
Rent	(351)	(217)
Maintenance and repairs	(1,112)	(732)
Insurance premiums	(476)	(293)
Other external services	(349)	(53)
External personnel	(92)	(127)
Fees	(3,740)	(3,647)
R&D expenses	(437)	(375)
Advertising	(10,654)	(5,905)
Transportation of goods sold	(2,618)	(2,130)
Travel costs	(1,691)	(544)
Communication costs	(802)	(862)
Bank fees and services	(354)	(251)
Other external expenses	(849)	(1,133)
TOTAL	**(25,698)**	**(18,803)**

Note 21 – Share-based payment - Bonus share and stock-option plans

The IFRS 2 expense arising from the recognition at fair value of the bonus shares awarded to the Group's employees and corporate officers came to €2,801 thousand in 2022/23, compared with €4,002 thousand in 2021/22.

The shares will vest after a 1- or 3-year period provided that an ongoing presence condition and, in certain cases, a performance condition are met.

⇨ Accounting policy – Share-based payments (IFRS 2)

Under IFRS 2 "Share-based payment", stock option and bonus share awards made to employees and settled in equity instruments must be measured at fair value, which must be stated on the income statement over the period in which the exercise rights vest in employees, with a balancing entry consisting of an increase in equity. The fair value of bonus share entitlements granted is determined by an external consultancy based on assumptions determined by management.

Note 22 – Other non-recurring operating items

The other non-recurring operating items reflected:

- €2,126 thousand in additions to provisions for intellectual property disputes (vs. €500 thousand in the 2021/22 financial year)
- €7,798 thousand in gains arising from the reduction in certain earn-out liabilities since video game sales were lower than the level estimated when three studios were acquired
- €308 thousand in acquisition-related costs (vs. €294 thousand in the 2021/22 financial year)
- €1,300 thousand in other non-recurring losses.

Note 24 – Net financial income/expense

in thousands of euros	2022/23	2021/22

Other interest and similar income	118	125
FINANCIAL INCOME	118	125
Interest expense on medium-term funding	(1,113)	(611)
Other interest expense	(496)	(201)
FINANCIAL EXPENSE	(1,609)	(812)
NET FINANCIAL INCOME/EXPENSE EXCLUDING FOREIGN EXCHANGE GAINS/LOSSES	**(1,491)**	**(686)**
Foreign exchange gains	3,756	2,071
Foreign exchange losses	(4,580)	(1,333)
Foreign exchange gains and losses	**(825)**	**738**
NET FINANCIAL INCOME/EXPENSE	**(2,315)**	**52**

The foreign-exchange loss includes the measurement of derivative instruments (negative €425 thousand in 2022/23 versus negative €126 thousand in 2021/22).

Note 25 – Income tax

in thousands of euros	2022/23	2021/22
Current tax	(1,127)	3,104
Deferred tax	3,365	321
TOTAL	**2,237**	**3,425**

in thousands of euros	2022/23	2021/22
Consolidated pre-tax income, impairment losses and income from discontinued operations and associates	15,009	13,399
Tax rate applicable to Nacon SA (parent company)	25.00%	26.50%
Theoretical tax	(3,752)	(3,551)
Income tax expense	(2,237)	(3,425)
Difference to be analysed	**1,515**	**125**
Income tax on permanent differences	1,950	660
Recognition of taxes without basis	(700)	(1,054)
Difference in tax rates	412	676
Other	(146)	(156)
Analysed difference	**1,515**	**125**

Nacon SA acting as parent company elected on 15 June 2020 for adoption of the tax consolidation regime applicable to groups of companies pursuant to Articles 223 A and following of the French General Tax Code. This option came into effect from the financial year that began on 1 April 2020. The parent and subsidiary companies are all registered in France and subject to corporate income tax under the standard regime. Their financial year-end is the final day of March every year.

The tax consolidation arrangements apply to the parent company and the subsidiaries belonging to the tax consolidation group, namely:

- Games.fr SAS
- Cyanide SAS
- Eko Software SAS

- Kylotonn SAS
- Spiders SAS
- Passtech SAS
- Ishtar SAS
- Midgar SAS

The parent company's tax rate is 25.00%.

The permanent differences relate to the income from the reversal of earn-out payments and the CIJV tax credits. The "recognition of taxes without basis" item relates to the IFRS 2 expense on bonus share plans, and the "difference in tax rates" item relates mainly to the lower tax rate applicable to the Hong Kong subsidiary.

⇨ Accounting policy – Tax

Income tax includes current tax and deferred tax.

Tax expense and benefits are recognised in the income statement except where they relate to items recognised directly in equity, in which case they are recognised in equity.

See Notes 6 and 13 for calculations of deferred tax assets and liabilities.

Note 26 – Earnings per share - Share-based payment

- **Earnings per share:**

in euros	2022/23	2021/22
Net income attributable to equity holders of the parent	**12,771,657**	**9,962,193**
Weighted average number of shares	86,570,188	85,613,442
Dilutive effect of future awards under bonus share plans	1,798,610	797,282
Average number of shares after dilution	88,368,798	86,410,724
Par value of shares (in euros)	€1.00	€1.00
Basic earnings per share	**0.15**	**0.12**
Diluted earnings per share	**0.14**	**0.12**

Weighted average number of shares used to calculate earnings per share

	2022/23	2021/22
Ordinary shares in issue at 1 April	86,291,410	84,908,919
Number of shares issued, adjusted on a pro rata temporis basis	348,336	756,143
Treasury shares	(69,558)	(51,620)
Weighted average number of shares	**86,570,188**	**85,613,442**
Shares issued during the financial year	644,889	1,382,491
Number of shares issued, adjusted on a pro rata temporis basis	*348,336*	756,143

⇨ *Accounting policy – Earnings per share*

Earnings per share are calculated by dividing net income attributable to equity holders of the parent by the weighted average number of shares in issue during the period. To determine diluted earnings per share, the weighted average number of shares is adjusted to take account of the maximum impact arising from the conversion of dilutive instruments into ordinary shares.

- **Bonus shares:**

- On 25 April 2022, Nacon SA's Board of Directors granted 289,263 Nacon bonus shares to certain key managers of the studios recently acquired by the Nacon Group. The vesting of the shares after a 3-year period is subject to an ongoing presence condition. Based on the number of Nacon bonus shares vested, an issue of new Nacon shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 289,263 shares awarded, i.e. €289,263, was set up at the time of the award.
- On 15 September 2022, Nacon SA's Board of Directors granted 1,356,850 Nacon bonus shares to members of staff and certain key managers of the studios recently acquired by the Nacon Group. Those shares will vest after a 1- or 3-year period provided that an ongoing presence condition and a performance condition related to achievement of a predetermined level of recurring operating income are met. Based on the number of Nacon bonus shares vested, an issue of new Nacon shares will take place through the capitalisation of reserves, and a special appropriated earnings account equal to the total par value of the 1,356,850 shares awarded, i.e. €1,356,850, was set up at the time of the award.

Summary of the share plans currently vesting:

Date of award (Board of Directors meeting)	7 September 2020	26 October 2020	31 May 2021	8 September 2021	29 November 2021	25 April 2022	15 September 2022
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	1 year / 3 years
Lock-up period	-	-	-	-	-	-	2 years / -
Number of bonus shares initially awarded	55,000	43,282	228,937	183,270	38,958	289,263	1,356,850
Number of shares that may be awarded at 31 March 2023	45,000	43,282	228,937	183,270	38,958	289,263	956,720
Share price on the date of award of the plan	6.49	7.45	6.94	5.16	5.21	6.04	4.81

19.2.8.3 Other information

Note 27 – Dividends

No dividends have been paid out by Nacon over the aforementioned two financial years.

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.

Note 28 – Off-balance sheet commitments

- **Guarantees given**

Commitments given	By	Beneficiary	31 March 2023	31 March 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	250	1,250	Pledge of Cyanide SAS shares
Bank guarantee	Nacon SA	Banque Postale	341	1,357	Pledge of Cyanide SAS shares
Bank guarantee	Nacon SA	CIC	205	613	Pledge of Kylotonn SAS shares
Bank guarantee	Kylotonn SAS	HSBC		358	Pledge of Kylotonn SAS business assets
Bank guarantee	Nacon SA	CIC	1,200	2,000	Pledge of Spiders SAS shares
Bank guarantee	Nacon SA	BPI	1,772	408	Amounts withheld as security in relation to several loans taken out between 2017 and 2023

Note 29 – Bank covenants

To fund the acquisitions of four development studios – Cyanide SAS, Kylotonn SAS, Eko Software SAS and Spiders SAS – and development costs related to publishing, Nacon SA took out several loans between 1 April 2018 and 31 March 2020. These are repayable over 5 years with the following covenants:

Bank covenants	target value	Status
Interest cover ratio (EBITDA/financial expense)	**> 6**	Complied with
Net leverage ratio (Net financial liabilities/EBITDA)	**< 2**	Complied with

All covenants were complied with at 31 March 2023.

Note 30 – Financial instruments (additional information pursuant to the adoption of IFRS 7)

at 31 March 2023

	Value by category of instruments					FAIR VALUE			
in thousands of euros	**Net carrying amount**	Assets at fair value through profit and loss	Assets at amortised cost	Liabilities at fair value through profit and loss	Liabilities at amortised cost	Quoted prices	Internal model with observable inputs	Internal model with non-observable inputs	**Fair value of the class**
Equity securities		0						0	0
Other long-term financial assets	2,436		2,436				2,436		2,436
Non-current financial assets	**2,436**	**0**	**2,436**	**0**	**0**	0	**2,436**	**0**	**2,436**
Trade receivables	42,931		42,931				42,931		42,931
Other receivables	11,215		11,215				11,215		11,215
Cash and cash equivalents	47,604	47,604				47,604			47,604
Current financial assets	**101,750**	**47,604**	**54,146**	**0**	**0**	**47,604**	**54,146**	**0**	**101,750**
ASSETS	**104,187**	**47,604**	**56,582**	**0**	**0**	**47,604**	**56,582**	**0**	**104,187**
Long-term financial liabilities	**(81,979)**				**(81,979)**		**(73,395)**		**(73,395)**
Long-term earn-out liabilities	**(33,138)**			**(33,138)**				**(33,138)**	**(33,138)**
Short-term financial liabilities	(32,905)				(32,905)	(347)	(31,947)		(32,293)
of which short-term borrowings	*(31,513)*				*(31,513)*		*(30,901)*		(30,901)
of which current bank facilities	*(347)*				*(347)*	*(347)*			(347)
of which accrued interest not yet due	*(116)*				*(116)*		*(116)*		(116)
of which other financing (including factoring)	*(930)*				*(930)*		*(930)*		(930)
Short-term earn-out liabilities	*(13,887)*			*(13,887)*				*(13,887)*	(13,887)
Trade payables	(28,306)				(28,306)		(28,306)		(28,306)
Other payables	(33,497)			(425)	(33,072)		(33,497)		(33,497)
of which other current financial liabilities	*(33,072)*				*(33,072)*		*(33,072)*		*(33,072)*
of which liabilities relating to derivative instruments	*(425)*			*(425)*			*(425)*		*(425)*
Current financial liabilities	**(108,595)**	**0**	**0**	**(14,312)**	**(94,283)**	**(347)**	**(93,750)**	**(13,887)**	**(107,983)**
LIABILITIES	**(223,712)**	**0**	**0**	**(47,450)**	**(176,262)**	**(347)**	**(167,145)**	**(47,024)**	**(214,516)**

2021/22

Value by category of instruments						FAIR VALUE			
in thousands of euros	**Net carrying amount**	Assets at fair value through profit and loss	Assets at amortised cost	Liabilities at fair value through profit and loss	Liabilities at amortised cost	Quoted prices	Internal model with observable inputs	Internal model with non-observable inputs	**Fair value of the class**
Equity securities		0						0	0
Other long-term financial assets	1,735		1,735				1,735		1,735
Non-current financial assets	**1,735**	**0**	**1,735**	**0**	**0**	0	**1,735**	**0**	**1,735**
Trade receivables	37,918		37,918				37,918		37,918
Other receivables	11,691		11,691				11,691		11,691
Cash and cash equivalents	82,148	82,148				82,148			82,148
Current financial assets	**131,757**	**82,148**	**49,609**	**0**	**0**	**82,148**	**49,609**	**0**	**131,757**
ASSETS	**133,492**	**82,148**	**51,344**	**0**	**0**	**82,148**	**51,344**	**0**	**133,492**
Long-term financial liabilities	**(65,734)**				**(65,734)**		**(65,734)**		**(65,734)**
Long-term earn-out liabilities	**(37,832)**			**(37,832)**				**(37,832)**	**(37,832)**
Short-term financial liabilities	(26,774)				(26,774)	(364)	(26,410)		(26,774)
of which short-term borrowings	*(26,373)*				*(26,373)*		*(26,373)*		(26,373)
of which current bank facilities	*(364)*				*(364)*	*(364)*			(364)
of which accrued interest not yet due	*(37)*				*(37)*		*(37)*		(37)
of which other financing (including factoring)	*0*				*0*		*0*		0
Short-term earn-out liabilities	*(6,500)*			*(6,500)*				*(6,500)*	(6,500)
Trade payables	(17,745)				(17,745)		(17,745)		(17,745)
Other payables	(16,085)			(4)	(16,081)		(16,085)		(16,085)
of which other current financial liabilities	*(16,081)*				*(16,081)*		*(16,081)*		*(16,081)*
of which liabilities relating to derivative instruments	*(4)*			*(4)*			*(4)*		*(4)*
Current financial liabilities	**(67,105)**	**0**	**0**	**(6,504)**	**(60,601)**	**(364)**	**(60,240)**	**(6,500)**	**(67,105)**
LIABILITIES	**(170,670)**	**0**	**0**	**(44,336)**	**(126,334)**	**(364)**	**(125,974)**	**(44,332)**	**(170,670)**

- **Principle for determining fair value:**

The fair value of financial assets and liabilities is determined on the closing date either for recognition purposes or for the purpose of including them in information in the Notes. Fair value is determined:

- Either on the basis of quoted prices in active markets (level 1);
- Or based on measurement techniques that use mathematical computation methods incorporating observable market data such as forward prices or yield curves (level 2);
- Or based on internal measurement techniques that include inputs estimated by the Group in the absence of observable data or quoted prices.

Quoted prices in active markets (level 1):

Whenever quoted prices on an active market are available, these are primarily used to determine market value. For the Group, only cash, cash equivalents and current bank facilities are measured on that basis.

Fair values determined using models including data observable in the markets (level 2):

Derivative financial instruments (interest-rate swaps and FX TARNs) are traded on markets in which there are no quoted prices. As a result, they are measured on the basis of models commonly used by market participants to price such derivative financial instruments.

								At 31 March 2023, in thousands				
Type of contract	Currency	Position	Status	Arrangement date	Maturity date	Nominal in foreign currencies (thousands)	Strike	Amount accumulated in foreign currencies	Amount raised in foreign currencies	Amount accumulated net of funds raised in foreign currencies	Maximum amount to be accumulated in foreign currencies	Mark-to-market value in € 000s
TARN	CNH	Purchase	Asset	11 August 2022	8 August 2023	102,000	7.19	55,000	55,000	0	38,000	202
TARN	CNH	Purchase	Asset	18 October 2022	11 October 2023	102,000	7.2715	44,000	44,000	0	56,000	224
												425

For payables and receivables due in less than one year and floating-rate debt, their carrying amounts are regarded as a reasonable approximation of fair value.

⇨ *Accounting principle - Derivative financial instruments*

Derivatives are accounted for initially at fair value: attributable transaction costs are expensed as they are incurred.

Since no derivatives were designated as a hedging instrument, the derivatives are measured, after initial recognition, at fair value, and the resulting gains and losses are recognised immediately in profit or loss.

Note 31 – Contractual repayment schedule

The following tables set out, for recognised financial liabilities (excluding current bank facilities, factoring and accrued interest not yet due), the contractual repayment schedule.

31 March 2023

in thousands of euros	Less than 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	5 years and over	TOTAL
Borrowings and debt	31,513	26,999	20,699	19,086	8,938	6,258	**113,493**
Lease liabilities	2,626	1,706	1,237	782	508	203	**7,061**
Total financial liabilities	**34,139**	**28,704**	**21,937**	**19,867**	**9,446**	**6,460**	**120,554**

31 March 2022

in thousands of euros	Less than 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	5 years and over	TOTAL
Borrowings and debt	26,373	21,148	17,517	12,675	11,050	3,343	**92,106**
Lease liabilities	2,120	2,495	1,465	1,003	715	393	**8,191**
Total financial liabilities	**28,492**	**23,643**	**18,983**	**13,678**	**11,765**	**3,736**	**100,297**

Note 32 – Breakdown of debt by maturity and type

31 March 2023

in thousands of euros	Less than 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	5 years and over	TOTAL
Fixed rate	27,713	23,199	16,899	15,286	5,138	6,258	**94,493**
%/total 1	29%	25%	18%	16%	5%	7%	**100%**
Floating rate	3,800	3,800	3,800	3,800	3,800	0	**19,000**
%/total 2	20%	20%	20%	20%	20%	0%	**100%**
TOTAL	**31,513**	**26,999**	**20,699**	**19,086**	**8,938**	**6,258**	**113,493**

31 March 2022

in thousands of euros	Less than 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	5 years and over	TOTAL
Fixed rate	26,373	21,148	17,517	12,675	11,050	3,343	**92,106**
%/total 1	29%	23%	19%	14%	12%	4%	**100%**
Floating rate							**0**
%/total 2	0%	0%	0%	0%	0%	0%	**0%**
TOTAL	**26,373**	**21,148**	**17,517**	**12,675**	**11,050**	**3,343**	**92,106**

Note 33 – Exchange-rate risk on supplies

Most of the exchange-rate risk relates to USD-denominated purchases of gaming accessories by Nacon France. The sensitivity to the USD exchange rate is as follows:

in thousands of euros	2022/23	2021/22
Nacon France - Purchases in USD	-$13,168	-$40,428
TOTAL	**-$13,168**	**-$40,428**
Sensitivity to the USD exchange rate		
+10% = benefit	€-1,149	€-3,161
-10% = additional cost	€1,405	€3,863

In the 2022/23 financial year, relatively large purchases were made in the renminbi, China's currency. The sensitivity to the CNY exchange rate is as follows:

in thousands of euros	2022/23
Nacon France - Purchases in CNY	CNY-70,847
TOTAL	**CNY-70,847**
Sensitivity to the CNY exchange rate	
+10% = benefit	€-861
-10% = additional cost	€1,053

⇨ Market risk

Market risk corresponds to the risk of changes in market prices (exchange rates, interest rates, prices of equity instruments) affecting the Group's income or the value of the financial instruments it holds.

The purpose of market risk management is to control exposure to market risk and/or acceptable limits in terms of the risk/return profile.

Exchange-rate risk
While most of the Group's sales are in euros, a large proportion of its purchases are denominated in USD, which creates exchange-rate risk for the Group. As part of its exchange-rate risk management, the Group has purchased complex derivative financial instruments (see Note 30).

Internal reference rates are revised for each purchasing campaign in order to control the impact of exchange-rate movements on margins.

The Group's cash, cash equivalents and debt are exclusively in euros.

Note 34 – Interest-rate risk management

There are no interest-rate hedges in place.

⇨ Market risk

Market risk corresponds to the risk of changes in market prices (exchange rates, interest rates, prices of equity instruments) affecting the Group's income or the value of the financial instruments it holds.

The purpose of market risk management is to control exposure to market risk and/or acceptable limits in terms of the risk/return profile.

Interest-rate risk

No interest-rate hedges are now in place.

Note 35 – Liquidity risk management

Liquidity risk is managed as follows:

⇨ Liquidity risk

The Nacon Group manages liquidity risk by ensuring that short- and medium-term credit facilities are sufficient in view of its business activity and the changes caused by business activities to the working capital requirement and debt repayments. It also funds its business activities on a short-term basis using factoring, discounting (depending on the territory and counterparty) and other alternative funding solutions.

Note 36 – Other information on contracts with clients

- Order book: Given the absence of any contracts with a term of more than one year, no information about the order book is presented.
- Client contract assets and liabilities:

31 March 2023:

in thousands of euros	Balance at start of period	Change	Balance at end of period
Contract assets	37,918	5,014	42,931
Contract liabilities	6,652	2,289	8,941

31 March 2022:

in thousands of euros	Balance at start of period	Change	Balance at end of period
Contract assets	47,017	-9,099	37,918
Contract liabilities	5,167	1,486	6,652

Contract liabilities at 31 March 2023 consisted of:

- €3,003 thousand of client discounts payable
- €5,938 thousand of client invoices raised but recognised as revenue when the games were released (prepaid income).

Contract liabilities at 31 March 2022 consisted of:

- €5,203 thousand of client discounts payable
- €1,449 thousand of client invoices raised but recognised as revenue when the games were released (prepaid income).

Contract assets at 31 March 2023 consisted of:

- €6,721 thousand of invoices not yet raised
- €36,210 thousand of trade receivables net of provisions.

Contract assets at 31 March 2022 consisted of:

- €5,405 thousand of invoices not yet raised

- €32,513 thousand of trade receivables net of provisions.

Note 37 – Restated information

During the financial year ended on 31 March 2023, the Group reviewed the structure of its income statement with a view to increasing its clarity, which resulted in the following adjustments being made to its presentation:

- the EBITDA and Recurring operating income sub-totals were removed;
- the IFRS 2 expenses related to the bonus share and stock options plans, chiefly granted to members of staff of the studios joining the Nacon Group and previously shown on a separate line, now appear under personnel costs.

These changes in presentation have no impact on revenue, operating income or net income.

A reconciliation between the published and restated statement of comprehensive income for 2021/22 is shown below:

(in thousands of euros)	2021/22 published at 31 March 2022	Reclassification of IFRS 2(a) expenses	2021/22 restated
Revenue	**155,912**	**0**	**155,912**
Purchases used	-78,077		-78,077
Gross profit	**77,835**		**77,835**
Gross margin (% of revenue)	**49.9%**		
Other operating revenue	1,512		1,512
Other purchases and external expenses	-18,803		-18,803
Taxes other than income tax	-550		-550
Personnel costs	-14,530	-4,862	-19,392
Other operating expenses	-832		-832
Gains or losses on disposals of non-current assets	-2		-2
EBITDA	**44,629**		
EBITDA margin (% of revenue)	**28.6%**		
Depreciation and amortisation of non-current assets	-25,626		-25,626
Recurring operating income	**19,003**		
Recurring operating margin (% of revenue)	**12.2%**		
Bonus share and stock-option plans	-4,862	4,862	0
Other non-recurring operating items	-794		-794
Income from associates	0		0
Operating income	**13,347**	**0**	**13,347**
Net financial income/expense	**52**		**52**
Pre-tax income	**13,399**	**0**	**13,399**
Income tax	-3,425		-3,425
Net income for the period	**9,973**	**0**	**9,973**
Exchange differences	2,830		2,830
Actuarial gains and losses	97		97
Comprehensive income for the period	**12,901**	**0**	**12,901**

19.2.8.4 Related-party disclosures

Transactions with related parties concern commercial and financial transactions between the Nacon SA parent company, its subsidiaries, the other Bigben group companies and its executive officers (corporate officers or Executive Committee members) and mainly purchases and sales of goods held for resale.

- **Transaction between related companies**

The main intragroup flows have consisted of:

Within the Nacon Group:

- Development costs of Group studios invoiced to Nacon SA: each studio develops games, generally at a cost of several million euros per game divided into milestone payments throughout the development period (usually two years). These milestones are paid by Nacon SA to the studios;
- Accessories supplied to Nacon SA by Nacon HK Ltd: Nacon HK Ltd negotiates prices with the Group's Chinese manufacturing sub-contractors, monitors their production from a "quality assurance" standpoint, and is responsible for logistics and shipping the products to the Lauwin-Planque logistics platform for Nacon SA. Nacon HK Ltd bills Nacon SA for these services. Nacon SA's European distribution subsidiaries then source the products from Nacon SA.

With the Bigben Interactive group (parent company):

- Logistics services (storage, order preparation and shipment) provided by the Lauwin-Planque logistics platform owned by Bigben are billed to Nacon SA and its subsidiaries at a rate of 2.5% of gross revenue before any price reduction or discount, excluding product taxes and excluding Nacon SA's sales of digital video games. This agreement has been entered into on an arm's length basis, particularly as regards the fees paid for the services, which are in line with those charged by outside service providers;

- The residual supply of audio products by Bigben Interactive SA to certain Nacon subsidiaries, which continue to make limited sales of other Bigben Group products in addition to Nacon's gaming products; the Audio products concerned are Bluetooth speakers, sound bars, etc. supplied by Bigben Connected SAS to those same Nacon SA subsidiaries: the Mobile products concerned are mobile phone accessories (cables, protective cases and covers, etc.); For those distribution subsidiaries sales of audio and mobile products amounted in 2022/23 to: €4.3 million, equal to 2.7% of the Nacon Group's full-year revenue.
- Monthly cross-invoicing of administrative services provided by Bigben Interactive SA and Nacon SA, amounting to €23,800 in favour of Bigben Interactive SA and €48,800 in favour of Nacon SA (a net amount of €25,000 per month in favour of Nacon SA);
- Rent for offices and shared space made available by Bigben Interactive SA to Nacon SA within its premises, amounting to €0.2 million per year; this agreement has been entered into on an arm's length basis;
- A cash management agreement between Bigben Interactive and Nacon, enabling them to carry out cash transactions between each other as permitted under the provisions of Article L. 511-7, I-3 of the French Monetary and Financial Code. Each company may grant the other advances at market interest rates.
- The Bigben España subsidiary invoices Nacon Gaming España for administrative services provided by employees working for both companies.
- The Bigben HK Ltd subsidiary in Hong Kong invoices Nacon HK Ltd for administrative services provided by employees working for both companies.

- **Transactions with corporate officers or Executive Committee members**

- **Remuneration of corporate officers**

in thousands of euros	Short-term benefits	Provisions for retirement benefits(1)	Share-based payments
2021/22	903	-18	25
2022/23	916	3	25

(1) Post-employment benefits

- **Remuneration of the Executive Committee**

Nacon SA's Executive Committee has five members.

in thousands of euros	Short-term benefits	Provisions for retirement benefits(1)	Share-based payments
2021/22	941	-16	32
2022/23	979	8	32

(1) Post-employment benefits

- **Transaction with key executives and directors**

An employment contract was formed between the Company and Laurent Honoret for his role as Head of Strategy and Business Development. That employment contract is in addition to his role as a corporate officer as authorised in accordance with recommendation 15 of the Middlenext Code.

The employment contract represents a regulated agreement that was authorised by the Board of Directors on 27 April 2020 and took effect on 2 May 2020 (see the "Intragroup transactions and transactions with related parties" section).

19.2.8.5 Statutory auditors' fees

in thousands of euros	2022/23			2021/22		
Statutory auditors' fees	**KPMG**	**FMA**	**Other firms**	**KPMG**	**FMA**	**Other firms**
Audit of the financial statements	**122**	**102**	**214**	**115**	**102**	**169**
Issuer	90	90	0	90	90	
Fully consolidated companies	32	12	214	25	12	169
Non-audit services	**16**	**34**	**102**	**6**	**3**	**89**
Issuer (1)	16	34		6	3	
Fully consolidated companies			102			89
Other services						
TOTAL	**138**	**136**	**316**	**121**	**105**	**258**

19.3 DATE OF MOST RECENT FINANCIAL INFORMATION

31 March 2023, in the form of the statutory and consolidated financial statements.

19.4 INTERIM AND OTHER FINANCIAL INFORMATION

None.

19.5 AUDIT OF HISTORICAL FINANCIAL INFORMATION

19.5.1 Statutory auditors' report on the statutory financial statements for the financial year ended 31 March 2023

To the shareholders of Nacon SA,

Opinion

In accordance with our appointment as statutory auditors by your articles of association and your Shareholders' General Meeting, we have audited the accompanying statutory financial statements of Nacon for the financial year ended 31 March 2023.

In our opinion, the statutory financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2022 and of the results of its operations for the year in accordance with French accounting principles.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the "Responsibilities of the statutory auditors in relation to auditing the statutory financial statements" section of this report.

Independence

We conducted our audit in accordance with the independence rules provided for by the French Code of Commerce and the code of conduct for statutory auditors between 1 April 2022 and the date on which we issued our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of our assessments – Key audit matters

As required by Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgement, the main risks of material misstatement in relation to our audit of the year's statutory financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the statutory financial statements taken as a whole, and in the formation of our opinion stated above. We express no opinion on items of the statutory financial statements taken in isolation.

Valuation of equity securities

Key audit matter

Equity securities had a net carrying amount of €130,677 thousand on the balance sheet at 31 March 2023, accounting for 31% of total balance sheet assets. They are recognised at the date of acquisition at cost and written down on the basis of the recoverable amount estimated by the Company at the end of the period.

As stated in Note 19.1.5.1 “Additional notes to the balance sheet – Note 3 – Equity securities” to the annual financial statements, impairment may be recognised at the end of the period depending on the asset’s value in use, as assessed in aggregate using the Nacon Group’s overall strategy, based on discounted cash flows forecast by the Group.

Estimating the value in use of these securities requires management to use judgement in selecting the forecasts to consider.

Accordingly and because of the uncertainty inherent in certain elements and particularly in the probability of forecasts being reached, we took the view that the correct measurement of equity securities was a key audit matter.

Audit procedures implemented to address the risks identified

We assessed whether the method used by the Company to calculate the recoverable amount of equity securities complies with accounting standards in force.

We also carried out a critical examination of the way in which value in use is calculated, and in particular checked:

- whether cash flow forecasts are consistent with the Gaming division’s performance during the year and management’s latest estimates, established as part of the Group’s budget process;
- whether the discount rate and perpetual growth rate are reasonable, with the help of our valuation specialists;

We also assessed the appropriateness of information provided in Note 19.1.5.1 “Additional notes to the balance sheet – Note 3 – Equity securities” in the notes to the statutory financial statements.

Measurement of publisher game development costs

Key audit matter

In the financial year ended 31 March 2023, expenses incurred by Nacon with respect to game development as publisher responsible for marketing were included in assets net of impairment losses and amounted to €146,476 thousand, equal to 35% of total assets.

Contracts with development studios generally stipulate that, during the development of the game, the publisher pays the studio a guaranteed minimum amount or milestone payments either fixed or possibly based on sales forecasts.

Advances paid by Nacon during game development are recognised on the income statement based on progress with marketing the games in question.

As stated in Note 19.1.5.1 “Additional notes to the balance sheet – Note 7 – Other receivables” in the notes to the statutory financial statements, at the end of each financial year, Management makes forecasts regarding each game’s revenues. Where those forecasts are less than the expenses incurred by Nacon with respect to game development, impairment is recognised.

In our view, the risk of the net carrying amount of those assets exceeding their recoverable amount at the end of the period and that the corresponding impairment is not recognised is a key audit matter, because of the importance of the item in the financial statements and Management’s use of judgement in determining future games sales.

Audit procedures implemented to address the risks identified

As part of our assignment, we familiarised ourselves with the process used by the Company to monitor game development expenditure, the definition of the method for recognising expenses on the income statement and the determination of the recoverable amounts of games.

In particular, we selected games with material values on the asset side of the balance sheet at 31 March 2023 and assessed the reasonableness of future games sales used to determine the related recoverable amounts and specifically whether they are consistent with the track record of similar games.

We also assessed the appropriateness of information provided in Note 19.1.5.1 “Additional notes to the balance sheet - Note 7 - Other receivables” in the notes to the statutory financial statements.

Recognition of “Digital games” revenue at the end of the period

Key audit matter

In the financial year ended 31 March 2023, revenue totalled €98,258 thousand, including sales of video games in physical and digital formats.

As stated in Note 19.1.5.2 “Additional notes to the income statement – Note 19 – Breakdown of revenue” in the notes to the statutory financial statements, revenue from sales of digital games is recognised from the date the content is made available to console manufacturers or platforms. Guaranteed amounts are recognised in revenue as soon as the game is released. Additional amounts (royalties) depending on future console and platform sales are recognised when those sales take place.

At the end of the period, the Company estimates the royalty revenue not yet invoiced based on sales generated on each platform.

Accordingly and because of the material nature of digital video game sales, we took the view that recognition of this category of revenue at the end of the period was a key audit matter.

Audit procedures implemented to address the risks identified

We assessed whether the methods used by the Company comply with accounting standards in force.

As part of our assignment, we familiarised ourselves with the process used by the Company to recognise revenue from digital sales of video games.

As regards estimates of digital sales on platforms at 31 March 2023 but still to be invoiced, we obtained data concerning platforms' sales completed prior to the period-end or confirmations from the relevant platforms.

We also assessed the appropriateness of information provided in Note 19.1.5.2 "Additional notes to the income statement - Note 19 – Breakdown of revenue" in the notes to the statutory financial statements.

Specific verifications

We also performed, in accordance with professional standards applicable in France, the specific verifications required by statutory and regulatory provisions.

Information provided in the management report and in other documents concerning the financial position and statutory financial statements sent to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and financial statements addressed to the shareholders.

We confirm that the information relating to payment times, provided for by Article D. 441-6 of the French Commercial Code, is accurate and consistent with the statutory financial statements.

We attest that the declaration of non-financial performance, required under Article L. 225-102-1 of the French Commercial Code, is included in the management report, it being stipulated that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation or consistency with the annual financial statements of the information provided in this declaration, which must be reviewed in a report by an independent third party.

Information on the corporate governance

We confirm that the section of the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to the remuneration and benefits paid or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by the Company from controlled by it within the scope of consolidation. Based on this work, we confirm that this information is accurate and fairly presented.

As regards information relating to items that your Company considered as potentially having an impact in the event of a public exchange or purchase offer, provided in accordance with Article L. 22-10-11 of the French

Commercial Code, we have checked that it is consistent with the documents from which it originates and that were sent to us. On the basis of our work, we have no observations to make on that information.

Other information

In accordance with French law, we verified that the required information concerning the purchase of investments and controlling interests, the identity of shareholders or holders of voting rights has been properly disclosed in the management report.

Other verifications and information required by law and the regulations

Reporting format of the annual financial statements included in the annual financial report

We have also verified, in accordance with the professional standards for the work of the Statutory Auditors for the statutory and consolidated financial statements presented in line with European single electronic reporting format (ESEF), whether the format has been complied with as defined in European Regulation no. 2019/815 of 17 December 2018 in the presentation of the annual financial statements included in the annual financial report required by I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman/CEO.

Based on our work, we have concluded that the presentation of the annual financial statements included in the annual financial report complies in all material respects with the European single electronic reporting format.

Appointment of the statutory auditors

KPMG SA was appointed as statutory auditor of Nacon by the articles of association when the Company was formed on 12 July 2019, and Fiduciaire Métropole Audit (FMA) by the Shareholders' General Meeting of 22 January 2020.

At 31 March 2023, KPMG SA and Fiduciaire Métropole Audit – FMA were in the fourth year of uninterrupted engagement.

Responsibilities of management and persons involved in corporate governance in relation to the statutory financial statements

Management is responsible for preparing statutory financial statements that present a true and fair view, in accordance with generally accepted accounting principles in France, and for setting up the internal controls it deems necessary for preparing statutory financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the statutory financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the company or discontinue its operations. The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as appropriate, as regards procedures for preparing and processing accounting and financial information.

The statutory financial statements are the responsibility of the Board of Directors.

Responsibilities of the statutory auditors in relation to auditing the statutory financial statements

Audit objective and procedure

Our responsibility is to prepare a report on the statutory financial statements. Our objective is to obtain reasonable assurance about whether the statutory financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards applicable in France, statutory auditors use their professional judgement throughout the audit. In addition:

- they identify and assess the risks of the statutory financial statements containing material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- auditors familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the statutory financial statements;
- they assess whether management has appropriately applied the going concern principle and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the company’s ability to continue as a going concern. That assessment is based on information collected up to the date of the auditors’ report, although it should be borne in mind that subsequent circumstances or events may call into question the company’s status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the statutory financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the statutory financial statements and assess whether the statutory financial statements reflect the underlying operations and events so that they give a true and fair view.

Reporting to the Audit Committee

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as appropriate, of any material internal control weaknesses that we have identified regarding procedures for preparing and processing accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the statutory financial statements, and which are therefore the key audit matters. It is our role to describe those matters in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As appropriate, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

The statutory auditors,

Paris la Défense, 26 June 2023	Roubaix, 26 June 2023
KPMG AuditSA	Fiduciaire Métropole Audit
Stéphanie Ortega Associé*e*	François Delbecq Associé

19.5.2 Statutory auditors' report on the consolidated financial statements for the financial year ended 31 March 2023

To the shareholders of Nacon SA,

Opinion

In accordance with our appointment as statutory auditors by your articles of association and your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of Nacon for the financial year ended 31 March 2023.

In our opinion, the consolidated financial statements give a true and fair view in accordance with IFRSs of the financial position, assets and liabilities and results of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as adopted by the European Union.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.
Our responsibilities under those standards are stated in the "Responsibilities of the statutory auditors in relation to auditing the consolidated financial statements" section of this report.

Independence

We conducted our audit in accordance with the independence rules provided for by the French Code of Commerce and the code of conduct for statutory auditors between 1 April 2022 and the date on which we issued our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of our assessments – Key audit matters

As required by Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgement, the main risks of material misstatement in relation to our audit of the year's consolidated financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

Measurement of goodwill

Key audit matter

As part of its development, the Group carries out acquisitions and as a result recognises goodwill, the total amount of which on the asset side of the consolidated balance sheet was €138,110 thousand at 31 March 2023, or 36% of total assets. For each transaction, goodwill is measured at the acquisition date in the manner defined in Note 19.2.7.3 "Basis of measurement - Business combinations".

At each accounts closing, or whenever there is evidence of an impairment loss, management checks that the carrying amount of goodwill is not higher than its recoverable amount.
For testing purposes, goodwill is split up into cash-generating units (CGUs). Given the high level of integration

shown by its business activities, the Nacon Group has only one CGU.

As described in Note 19.2.8.1 “Additional notes to the balance sheet - Note 1 - Goodwill”, the recoverable amount of non-current assets is the greater of fair value less costs to sell and value in use. The CGU’s value in use is determined with reference to future cash flows after tax and discounted to present value over a three-year period, after which cash flows are extrapolated by applying a perpetual growth rate.

The calculation of the recoverable amount of goodwill is based on estimates and management’s judgement, particularly as regards cash flows, the perpetual growth rate used to project cash flows and the discount rate applied to them. As a result, we regarded the measurement of goodwill as a key audit matter.

Audit response

We assessed whether the method used by the Company to calculate the recoverable amount of Nacon’s CGU complies with accounting standards in force.

We also carried out a critical examination of the way in which the impairment test is implemented, and in particular checked:

- whether cash flow forecasts are consistent with the Gaming division’s performance during the year and management’s latest estimates, established as part of the Group’s budget process;
- how the discount rate and perpetual growth rate have been calculated, with the help of our valuation specialists;
- the test for sensitivity to key assumptions used to calculate the recoverable amount.

We also assessed the appropriateness of information provided in the notes to the consolidated financial statements.

Measurement of game development costs

Key audit matter

At 31 March 2023, the net cost of developing games published by the Group and developed by the Group’s studios and external studios, included under other intangible assets, was €174,252 thousand, or 36% of total assets.

As stated in Note 19.2.8.1 “Additional notes to the balance sheet – Note 2 – Other intangible assets” in the notes to the consolidated financial statements, capitalised development costs, less any related tax credits, are recognised at cost less accumulated amortisation and less any impairment losses. At the end of each financial year for games under development and not yet subject to amortisation or wherever indicators of a loss of value appear for games already commercialised with an amortisation plan, management estimates forecast revenue and margins. Where those cash flows are lower than the net carrying amount of the games, impairment reducing the net carrying amount of the relevant games is recognised for accounting purposes.

Game development costs are amortised over the games’ expected lifespans using the diminishing balance method based on the associated expected sales, whether the game is sold physically or digitally, from its commercial release date. Game amortisation periods vary according to market trends and sales prospects.

In our view, the risk of the net carrying amount of those assets exceeding their recoverable amount and that the corresponding impairment is not recognised on the balance sheet is a key audit matter, because of the importance of the item in the financial statements and management’s use of judgement in estimating future games sales.

Audit response

We assessed whether the methods used by the Company comply with accounting standards in force.

We familiarised ourselves with the processes used to monitor game development costs, the definition of the amortisation method and the determination of the recoverable amounts of games.

We assessed the consistency of the most recent amortisation methods used, comparing them with analysis of revenue generated since launch for a representative sample of games.

We selected games for which significant costs had been capitalised at 31 March 2023 and, for each game selected, we:

- assessed whether the amortisation plan was reasonable in view of the expected life of the games by studying in a representative sample the correlation between trends in games' net carrying amount and the trends in total revenue, then adjusted how amortisation of the development costs to be recognised is to be calculated.
- assessed whether estimates of future games sales used to determine the related recoverable amounts of games were reasonable, and in particular whether they were consistent with actual past figures for similar games.

We also assessed the appropriateness of information provided in the notes to the consolidated financial statements.

Recognition of "Digital games" revenue at the end of the period

Key audit matter

The analysis of consolidated revenue shown in Note 19.2.8.2 – Note 17 – Revenue to the consolidated financial statements shows the proportion of digital revenue stood at 80% of Video Games revenue in 2022/23 and 73% in 2021/22.

As stated in section 19.2.8.2 – Note 17 – Revenue, revenue from sales of digital games is recognised from the date the content is made available to console manufacturers or platforms. Guaranteed amounts are recognised in revenue as soon as the games master is made available, and additional amounts (royalties) depending on future console and platform sales are recognised when those sales take place. At the end of the period, the Company estimates the royalty revenue not yet invoiced based on sales generated on each platform.

Revenue is also a key indicator of the Group's performance.

For these reasons, we took the view that the recognition of revenue from "Digital games" at the end of the period is a key audit matter.

Audit response

We assessed whether the revenue recognition principles applied by Nacon are consistent with IFRS 15. In particular, we looked at whether Nacon fulfilled its performance obligations when delivering games masters to console manufacturers and platforms.

As regards estimates of royalties from digital sales on platforms at 31 March 2023 but still to be invoiced, we obtained data concerning platforms' sales completed prior to the period-end date or confirmations from the relevant platforms.

We also assessed the appropriateness of information provided in the notes to the consolidated financial statements.

Specific verifications

In accordance with professional standards applicable in France, we also carried out specific verifications, as required by statutory and regulatory texts, of information relating to the group provided in the Board of Directors' management report.
We are satisfied that the information is fairly stated and is consistent with the consolidated financial statements.

We attest that the consolidated declaration of non-financial performance, required under Article L. 225-102-1 of the French Commercial Code, is included in the information about the Group contained in the management report, it being stipulated that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation or consistency with the consolidated financial statements of the information provided in this declaration, which must be reviewed in a report by an independent third party.

Other verifications and information required by law and the regulations

Reporting format of the consolidated financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standards for the work of the Statutory Auditors for the statutory and consolidated financial statements presented in line with European single electronic reporting format (ESEF), whether the format has been complied with as defined in European Regulation no. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements included in the annual financial report required by I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman/CEO. For the consolidated financial statements, our work includes verifying the compliance of the tagging of these financial statements with the format laid down in the aforementioned regulation.

Based on our work, we have concluded that the presentation of the consolidated financial statements for inclusion in the annual financial report complies in all material respects with the European single electronic reporting format.

Given the technical limitations inherent in macro-tagging the consolidated financial statements in line with the European single electronic reporting format, the content of certain tags for the accompanying notes may not be identical to that in the consolidated financial statements attached with this report.

In addition, our role does not include verifying whether the consolidated financial statements to be included by the Company in the annual financial statements filed with the AMF are those on which we performed our work.

Appointment of the statutory auditors

KPMG SA was appointed as statutory auditor of Nacon by the articles of association when the Company was formed on 12 July 2019, and Fiduciaire Métropole Audit (FMA) by the Shareholders' General Meeting of 22 January 2020.

At 31 March 2023, KPMG SA and Fiduciaire Métropole Audit – FMA were in the fourth year of uninterrupted engagement.

Responsibilities of management and persons involved in corporate governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRSs as adopted by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.

The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as appropriate, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors in relation to auditing the consolidated financial statements

Audit objective and procedure

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards applicable in France, statutory auditors use their professional judgement throughout the audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- auditors familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the consolidated financial statements;
- they assess whether management has appropriately applied the going concern principle and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the company's ability to continue as a going concern. That assessment is based on information collected up to the date of the auditors' report, although it should be borne in mind that subsequent circumstances or events may call into question the company's status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so that they give a true and fair view;
- regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Reporting to the Audit Committee

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as appropriate, of any material internal control weaknesses that we have identified regarding procedures for preparing and processing accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the consolidated financial statements, and which are therefore the key audit matters. It is our role to describe those matters in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) No.

537-2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As appropriate, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

The statutory auditors,

Paris la Défense, 26 June 2023	Roubaix, 26 June 2023
KPMG AuditSA	Fiduciaire Métropole Audit
Stéphanie Ortega Associé*e*	François Delbecq Associé

19.6 PROFORMA FINANCIAL INFORMATION

None.

19.7 DIVIDEND POLICY

19.7.1 Dividend distribution policy

Since the Group intends to invest large amounts in developing video games in order to underpin its growth, it is not planning to distribute any dividends in the near future.

19.7.2 Dividends paid in the last three financial years

None.

19.8 LEGAL AND ARBITRATION PROCEEDINGS

One industrial property dispute, which was commenced more than 10 years ago by one of the Company's suppliers, is still ongoing. During the 2014/15 financial year, the Company received an adverse judgement ordering it to pay €530 thousand on the ground of unfair competition, and so a provision in that amount was set aside. Since Nacon was recently ordered to pay an additional €500 thousand at appeal, a €500 thousand provision was recognised in the Company's financial statements at 31 March 2023. The position stood at €1,030 thousand at 31 March 2023.
Note that the products concerned are no longer sold by the Company in the relevant territories and have not been sold there for several years.

To the best of the Company's knowledge, at the date of the Universal Registration Document there are no other pending or potential administrative, criminal, judicial or arbitration proceedings involving the Company and/or the Group that may have or have had in the past 12 months a material effect on the financial position or profitability of the Company and/or the Group.

Please refer to Note 12 to the statutory financial statements for the period ended 31 March 2023 and Note 14 to the consolidated financial statements for the period ended 31 March 2023 for information on all disputes involving the Company.

19.9 MATERIAL CHANGE IN THE FINANCIAL OR TRADING POSITION

To the Company's knowledge, no other material change in the Group's financial position has taken place since 31 March 2023.

19.10 OTHER INFORMATION

19.10.1 Information required under France's economic modernisation act (LME) about supplier payment times and trade receivables

The table showing the maturity schedule of trade payables and receivables at 31 March 2023 is presented below. Late payments mainly correspond to:

- supplier invoices due at end-March and settled in early April,
- deductions applied pending credit notes relating to year-end discounts, price reductions or returns of goods held for resale,

Invoices received, raised and due but not paid at the accounts closing date

in thousands of euros	Article D. 441-I-1: invoices received and due but not paid at the accounts closing date						Article D. 441-I-2: invoices raised and due but not paid at the accounts closing date					
	0 days (not yet due)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day or more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day or more)
(A) Number of days overdue												
Number of invoices concerned	343					427	3,222					3,367
Total ex-VAT amount of invoices concerned	6,356	4,791	2,070	750	3,468	11,079	8,551	1,856	1,679	1,646	8,136	13,316
Percentage of total ex-VAT purchases during the period	9.92%	7.48%	3.23%	1.17%	5.41%	17.30%						
Percentage of ex-VAT revenue in the period							8.76%	1.90%	1.72%	1.69%	8.34%	13.64%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices excluded							-					
Total amount of invoices excluded							-					
(C) Reference payment periods used (contractual or statutory - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods used to calculate late payments	▪ Contractual payment periods: Each invoice is monitored according to its own contractual payment period. That period generally varies between 10 and 45 days after the month in which the invoice was raised.						▪ Contractual payment periods: Each invoice raised is monitored according to its own contractual payment period. That period generally varies between 0 and 45 days after the month in which the invoice was raised for sales of goods held for resale.					

19.10.2 Table of the Company's results over the past five financial years

in euros	2022/2023	2021/22	2020/21	2019/20	2018/19
1 - Share capital at year-end	-	-			
Share capital	86,936,299	86,291,410	84,908,919	84,908,919	
Number of ordinary shares in issue	86,936,299	86,291,410	84,908,919	84,908,919	
Number of preferred shares in issue					
Existing					
Maximum number of shares that may be issued in the future					
- Through the conversion of bonds					
- Through the exercise of stock options					
- Through bonus share awards					
- Through the exercise of warrants					
2 - Transactions and results for the financial year	-	-			
Revenue excluding VAT	98,258,894	89,637,795	102,668,331	49,067,695	
Income before tax, employee profit sharing, depreciation, amortisation and provisions	9,627,861	5,906,174	18,358,609	2,430,348	
Income tax	1,122,797	-165,662	3,216,859	24,399	
Employee profit-sharing in respect of the financial year					
Income after tax, employee profit sharing, depreciation, amortisation and provisions	5,599,560	5,844,650	17,691,641	1,396,037	
Dividends paid					
3 - Earnings per share	-	-			
Income after tax and employee profit sharing but before depreciation, amortisation and provisions	0.05	0.07	0.21	0.03	
Income after tax, employee profit sharing, depreciation, amortisation and provisions	0.06	0.07	0.21	0.02	
Dividend paid per share					
4 - Personnel	-	-			
Number of employees	138	130	113	97	
Total payroll	6,779,850	5,770,283	5,328,572	2,191,299	
Amount paid with respect to employee benefits (social security, other social benefits, etc.)	2,834,608	2,556,819	2,577,393	949,211	

20. ADDITIONAL INFORMATION

20.1 SHARE CAPITAL

20.1.1 Amount of share capital

At the date of this Universal Registration Document, the Company's share capital totalled €86,936,299, divided into 86,936,299 shares with par value of one euro (€1) each, fully paid up and of the same class.

See section 20.1.7 regarding changes in Nacon's share capital in its first year of existence.

20.1.2 Securities not representing capital

None.

20.1.3 Share buybacks

Authorisation

On 22 July 2022, the Company's shareholders authorised the Board of Directors to implement, for a period of eighteen (18) months from the meeting, a programme to buy back the Company's shares in accordance with Articles L. 225-209 and following of the French Commercial Code and market practices accepted by the Autorité des Marchés Financiers.

The main terms of that authorisation are as follows:

- the maximum purchase price (excluding expenses) may not exceed fifteen euros (€15) per share, it being stipulated that in the case of transactions in relation to the share capital, particularly through the capitalisation of reserves followed by the creation and award of shares free of charge, and/or share splits or reverse share splits, this price shall be adjusted accordingly;
- the maximum amount of funds earmarked for this share buyback programme may not exceed ten million euros (€10,000,000); and
- the maximum amount of shares that the Company may purchase under this authorisation must not exceed 10% of the Company's share capital at any time, it being stipulated that (i) the maximum number of the Company's shares that may be allocated for retention and subsequent use as payment or in exchange as part of a merger, demerger or asset transfer may not exceed 5% of the Company's share capital and (ii) in the event that shares are purchased through a liquidity agreement, the number of shares taken into account when calculating compliance with the aforementioned limit (10% of the share capital) shall correspond to the number of shares purchased minus the number of shares sold during the period of this authorisation.

The objectives will be as follows:

- to make a market for the Company's shares, including increasing their liquidity, through an investment service provider acting independently under the terms of a liquidity agreement that complies with a code of conduct recognised by the Autorité des Marchés Financiers,
- to honour obligations related to stock options, bonus share or employee savings programmes or other grants of shares to employees and/or corporate officers of the Company and/or companies and businesses related to it,
- to deliver shares upon the exercise of rights attached to transferable securities giving access, immediately or in future, to the Company's share capital, and to carry out all

transactions to cover the Company's obligations in respect of those securities, in compliance with the regulations in force,

- to retain shares with a view to using them subsequently for payment or exchange in the context of any acquisition,
- to cancel shares and carry out the related capital reduction, and
- more generally, to carry out any transaction in accordance with the regulations in force and any market practice that may be accepted by the Autorité des Marchés Financiers.

From the time that the Company's shares were admitted to trading on the Euronext Paris regulated market, the Company has been bound by the following disclosure requirements in relation to share buybacks:

1) before the share buyback programme is implemented: publication of a description of the share buyback programme (effectively and fully distributed electronically by a primary information provider and posted online on the Company's website);
2) during the share buyback programme: publication at the latest by the seventh day of trading following the transaction's execution date by posting information online on the Company's website (excluding transactions carried out by an investment service provider as part of a liquidity agreement). Monthly reporting by the Company to the AMF;
3) each year: presentation of an implementation report regarding the buyback programme and the use of shares purchased in the Board of Directors' report to the Shareholders' General Meeting.

Liquidity agreement

A liquidity agreement was formed in 2019/20 with Louis Capital Markets UK LLP, in accordance with the AMAFI code of conduct. This one-year agreement, renewable by tacit agreement, took effect on 27 March 2020 in accordance with the Autorité des Marchés Financiers decision no. 2018-01 of 2 July 2018, applicable since 1 January 2019, which establishes liquidity agreements relating to equity securities as an accepted market practice.

For the implementation of that agreement, a cash sum of €400,000 was allocated to the liquidity account.

After transactions in the market, available cash under the liquidity agreement amounted to €104 thousand. Under the liquidity agreement, 69,558 shares were held with a gross value of €162 thousand at 31 March 2023.

Period	Balance at start of period	Purchases	Contributions	Sales	Balance at end of period
31 Mar. 2021 - 31 Mar. 2022	**31,885**	337,930		318,195	**51,620**
31 Mar. 2022 – 31 Mar. 2023	**51,620**	461,343		443,405	**69,558**

Period	Purchases	Sales
31 Mar. 2021 - 31 Mar. 2022	5.4291	5.3719
31 Mar. 2022 – 31 Mar. 2023	3.4202	3.4522

20.1.4 Securities giving access to the share capital

None.

20.1.5 Authorised unissued share capital

The Company's shareholders were asked on 22 July 2022 to consider the following financial grants of authority (which remain in force at the date of this document):

Grant of authority	Validity period	Upper limit (par value)	Method of determining the price	Used
Grant of authority to the Board of Directors to issue ordinary shares in the Company and securities giving access to the Company's share capital, with shareholders' preferential subscription rights for shareholders (14th resolution – 22 July 2022)	18 months	*€17,250,000 (1)*		
Grant of authority to the Board of Directors to issue, without preferential subscription rights for shareholders, ordinary shares in the Company and securities giving access to the Company's share capital as part of an offer referred to in Article L. 411-2(1) of the French Monetary and Financial Code (15th resolution – 22 July 2022)	18 months	*€17,250,000 (1) subject to a limit of 20% of the share capital per 12-month period*	*(2)*	
Authorisation given to the Board of Directors, in the event of a capital increase with shareholders' preferential subscription rights withheld or maintained, to increase the number of securities to be issued (16th resolution – 22 July 2022)	18 months	*subject to a limit of 15% of the initial issue amount*	*same price as the initial issue*	
Authorisation to be granted to the Board of Directors, in the event of an issue of ordinary shares or any securities without preferential subscription rights for shareholders, to determine the issue price up to a limit of 10% of the share capital (17th resolution – 22 July 2022)	18 months	*subject to a limit of 10% of the share capital (1)*	*(3)*	
Grant of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital in consideration for contributions in kind consisting of equity securities and other securities giving access to the share capital of third-party companies other than through a public exchange offer (18th resolution – 22 July 2022)	18 months	*€8,620,000 (1) subject to a limit of 10% of the share capital existing at the time the Board of Directors uses the grant of authority*		
Grant of authority to the Board of Directors to decide upon one or more capital increases through the capitalisation of premiums, reserves, earnings or other (19th resolution – 22 July 2022)	18 months	*€8,620,000 (1)*		
Grant of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital in the event of a public offering including an exchange component initiated by the Company (20th resolution – 22 July 2022)	18 months	*€8,620,000 (1)*		

Grant of authority to the Board of Directors to increase the share capital through an issue of shares reserved for members of a savings plan (21st resolution –22 July 2022)	18 months	*€2,580,000 (1)*		
Authorisation to be granted to the Board of Directors to grant existing shares or shares to be issued in the Company free of charge to members of the Company's salaried staff and corporate officers and those of its subsidiaries within the meaning of Article L. 233-3 of the French Commercial Code or to some of them (23rd resolution – 22 July 2022)	18 months	*2% of the share capital*		Board meeting of 15 September 2022 1,356,850 bonus shares issued
Authorisation to be granted to the Board of Directors to set up a share buyback programme in accordance with Article L. 225-209 of the French Commercial Code (12th resolution – 22 July 2022)	18 months	*10% of the share capital*	*10% of the share capital*	
Authorisation to be granted to the Board of Directors to cancel some or all of the Company's shares held by the Company under the authorisation to buy back shares (24th resolution – 22 July 2022)	18 months	*10% of share capital in any 24-month period*	*10% of share capital in any 24-month period*	

(1) These amounts are not cumulative. The maximum upper limit of capital increases authorised by the Shareholders' General Meeting, in terms of par value, is €21,500,000. The combined par value of issues of debt securities and securities giving access to the Company's share capital may not exceed €86 million. This cap does not apply to the debt securities referred to in Articles L. 228-40, L. 228-36 A and L. 228-92 paragraph 3 of the French Commercial Code, the issue of which shall be approved or authorised by the Board of Directors according to the terms set out in Article L. 228-40 of the French Commercial Code, or in other cases, according to terms determined by the Company in accordance with the provisions of Article L. 228-36 A of the French Commercial Code;

(2) (i) the issue price of the Company's shares must be at least equal to the minimum provided for by the regulatory provisions applicable on the day of the issue (currently, the weighted average of prices in the three trading sessions prior to the start of the public offering within the meaning of regulation (EU) no. 2017/1129 of 14 June 2017, possibly with a discount of up to 10% in accordance with Article R. 22-10-32 of the French Commercial Code), after any adjustment of that amount to take account of any difference in dividend entitlement dates and (ii) the issue price of the securities giving access to the Company's share capital must be such that the sum immediately received, plus any amount received subsequently will, in respect of each of the Company's shares issued as a result of the issue of such securities, be at least equal to the minimum price as defined in the previous paragraph, after any adjustment of that amount, if necessary, to take account of the difference in dividend entitlement dates;

(3) the Board of Directors, which may delegate the authority, is authorised, subject to a limit of 10% of the Company's share capital (at the transaction date) per 12-month period, to depart from the price-setting provisions set out in the aforementioned resolutions and may set the issue price of ordinary shares and/or securities giving immediate or eventual access to the share capital as follows:

- the issue price of the ordinary shares must be at least equal to the volume-weighted average share price in the last three (3) stockmarket trading sessions before it is set, possibly with a discount of up to 20%, it being understood that it may not under any circumstances be less than the par value of a share in the Company on the date the shares concerned are issued;
- the issue price of the securities giving access to the share capital must be such that the sum immediately received by the Company, plus any amount received subsequently by the Company shall in respect of each share issued as a result of the issue of such securities be at least equal to the issue price as defined in the paragraph above.

20.1.6 Information about the capital held by any member of the Company that is subject to an option or a conditional or unconditional agreement to put it under option

Bigben Interactive SA, the parent company of Nacon SA, issued on 19 February 2021 a €87.3 million borrowing consisting of conditionally guaranteed senior bonds due 2026 exchangeable into the Company's existing ordinary shares (the "Bonds").

The Bonds, with a par value of €100,000, have a 5-year maturity. They pay interest at a rate of 1.125% and were issued at par. Unless exchanged, redeemed or repurchased and cancelled prior to their maturity, the Bonds will be redeemed at maturity at a price corresponding to 103% of their par value (the "Redemption Value"), subject to Bigben Interactive SA's decision to deliver the Company's shares and, where appropriate, an additional amount in cash.

The initial unit exchange price of the Bonds was set at €9.60, representing an initial premium of 20% to the reference share price, based on the final price of the concomitant placement (through an accelerated bookbuild, the "Concomitant Accelerated Bookbuild") of the Company's existing shares by the global coordinators and joint bookrunners, to facilitate the introduction of hedging arrangements for certain investors purchasing the Bonds.

Approximately 3 million shares were sold in the Concomitant Accelerated Bookbuild. A Nacon share lending and borrowing facility was arranged by Bigben Interactive SA with BNP Paribas Arbitrage SNC, a subsidiary of BNP Paribas SA, to lend these shares to investors wishing to hedge their exposure to Nacon shares arising from the Bonds.

The Bonds are exchangeable from the issue date of the Bonds (inclusive) through to the 51st business day prior to the maturity date or, in the event of the early repayment at Bigben Interactive SA's discretion, the 10th business day preceding the relevant redemption date.

In the event of an exchange, Bigben Interactive SA shall have the option of paying an amount in cash, delivering the Company's shares or a combination of both. The exchange price shall be subject to the customary adjustments in accordance with the terms and conditions of the Bonds (the "Terms and Conditions").

The Bonds may be redeemed prior to maturity at Bigben Interactive SA's discretion or at the discretion of the bondholders subject to certain conditions. In particular, Bigben Interactive SA shall have the option of repaying the full amount, but not just a portion, of the Bonds in issue at the Redemption Value plus any accrued interest not yet paid in accordance with the Terms and Conditions (i) from 11 March 2024 up to the maturity date (exclusive) if the arithmetic mean of the product of the average share price weighted by trading volumes of the Company's shares on the Euronext Paris market and the share allotment ratio per Bond in force (to be calculated over a 20-trading day period to be chosen by Bigben Interactive SA from among 40 consecutive stock market trading days ending on (and including) the trading day preceding publication of the notice of early repayment) exceeds €130,000, or (ii) if less than 15% of the total nominal amount of the Bonds initially issued (including any fungible Bonds) remain outstanding.

In the event of a change of control of Bigben Interactive SA or of the Company, the occurrence of a liquidity event or the delisting of the Company's shares (as these terms are defined in the Terms and Conditions), all Bondholders shall have the option of requiring Bigben Interactive SA to repay all or part of their Bonds at the Redemption Value plus any accrued interest not yet paid.

20.1.7 History of the share capital

Table summarising movements in the share capital and share premiums:

		Number of shares		Capital increase					
Date	Type of transaction	Number of shares issued	Total number of shares in issue	Share capital issued	Share or contribution premium	Gross proceeds from the capital increase	Par value per share	Share capital after transaction	Price per share
18 July 2019	Incorporation (contribution in cash)	10,000	10,000	€10,000	-	€10,000	€1.00	€10,000	€1.00
1 October 2019	Spin-off	65,087,988	65,097,988	€65,087,988	-	€65,087,988	€1.00	€65,097,988	€1.00
28 February 2020	Capital increase (public offering)	18,181,819	83,279,807	€18,181,819	€81,818,185.50	€100,000,004.50	€1.00	€83,279,807	€5.50
26 March 2020	Capital increase (over-allotment option)	1,629,112	84,908,919	€1,629,112	€7,331,004	€8,960,116	€1.00	€84,908,919	€5.50
7 September 2021	Capital increase AGA 2020 plan:	1,045,283	85,954,202	€1,045,283	-	€1,045,283.00	€1.00	€85,954,202	€1.00
29 September 2021	Capital increase - Big Ant	337,208	86,291,410	€337,208	€1,325,227.00	€1,662,435.00	€1.00	€86,291,410	€4.93
31 May 2022	Capital increase AGA plan	30,522	86,321,932	€30,522	-	€30,522.00	€1.00	€86,321,932	€1.00
8 September 2022	Capital increase AGA 2021 plan	157,241	86,479,173	€157,241	-	€157,241.00	€1.00	€86,479,173	€1.00
29 September 2022	Capital increase - Big Ant	400,234	86,879,407	€400,234	€1,544,102.77	€1,944,336.77	€1.00	€86,879,407	€4.85
29 November 2022	Capital increase AGA plan	56,892	86,936,299	€56,892	-	€56,892.00	€1.00	€86,936,299	€1.00

20.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

20.2.1 Corporate purpose (Article 2 of the articles of association)

The Company's corporate purpose is as follows:

- the creation, design, development, production, publishing, promotion, operation, marketing and dissemination of technologies, applications and all IT, audiovisual and multimedia products, particularly video games, software and accessories, on any medium, and all related accessories,
- the design, development, production, rental, purchase and sale, import and export, and distribution, in any form, of all equipment, media, accessories and IT, multimedia and audiovisual products,
- advice, assistance and training relating to any of the aforementioned areas,
- the Company's involvement, in any way, directly or indirectly in any transactions that may relate to its purpose through the creation of new companies, contribution, subscription, acquisition or disposal of securities or ownership rights, merger or otherwise, creation, acquisition, rental, business leasing of any business operation or establishment; the obtaining, acquisition, exploitation or assignment of any processes and patents relating to those activities,
- and generally, all industrial, commercial, financial, civil, moveable or immoveable transactions, in France or abroad, in any form, that may be connected directly or indirectly to the corporate purpose or to any similar, connected or complementary purpose.

20.2.2 Rights, privileges and restrictions attached to the Company's shares

20.2.2.1 Voting rights (Article 9.2 of the articles of association)

All fully paid-up shares that have been registered for at least two (2) years in the same shareholder's name shall carry double voting rights compared with the proportion of capital that they represent. To calculate the ownership period, no account is taken of the ownership period of the Company's shares prior to the date on which the Company's shares were admitted to trading on the Euronext Paris regulated market. In the event of a capital increase through the capitalisation of earnings, reserves or premiums or available provisions, double voting rights are granted to registered shares allotted free of charge to shareholders as soon as they are issued, in proportion to the shareholders' existing shares that already carry double voting rights.

Any share converted into bearer form or transferred to a new owner shall lose its double voting rights. However, a transfer arising from inheritance, the liquidation of the joint property of spouses, or *inter vivos* gifts to a spouse or relative entitled to inherit shall not result in the loss of double voting rights and shall not represent a break in the two (2) year period.

A merger or demerger involving the Company shall not affect double voting rights that can be exercised within the receiving company if that company's articles of association allow for double voting rights.

20.2.2.2 Dividend rights and profits

Each share gives an entitlement to a proportion of the Company's profits and assets, based on the percentage of the Company's share capital that it represents.

20.2.2.3 Dividend limitation period

Dividends not claimed within 5 years from the payment date are time-barred and shall be paid over to the French government (Article L. 1126-1 of the French General Code of Public Property).

20.2.2.4 Entitlement to liquidating dividend

The liquidating dividend remaining after the par value of shares has been repaid shall be apportioned equally between all shares.

20.2.2.5 Preferential subscription rights

The Company's shares all carry preferential subscription rights in the event of capital increases.

20.2.2.6 Limits on voting rights

None.

20.2.2.7 Ownership disclosure thresholds

Provided that the Company's shares are admitted to trading on a regulated market, other than obligations to disclose crossings of ownership thresholds expressly provided for by legislative and regulatory provisions in force, any natural or legal person that comes to hold directly or indirectly, alone or in concert, a proportion of the share capital or voting rights (calculated in accordance with Articles L. 233-7 and L. 233-9 of the French Commercial Code and the AMF's General Regulation) equal to or more than 2.5% of the Company's share capital or voting rights, or any multiple of that percentage, including if that proportion is more than the thresholds provided for by statutory and regulatory provisions, must notify the Company of (i) the number of shares and voting rights that the person holds, directly or indirectly, alone or in concert, (ii) the securities that may eventually give access to the Company's share capital that the person holds, directly or indirectly, alone or in concert and the voting rights that may potentially be attached thereto, and (iii) similar shares in accordance with Article L. 233-9(1) and (4) to (8) of the French Commercial Code. That notification must take place by registered letter with acknowledgement of receipt, within [4] stockmarket trading days from the time the disclosure threshold concerned is crossed.

The information provided for above, in relation to any crossing of a threshold equal to a multiple of 2.5% of capital and voting rights, shall also be provided where the person's proportion of capital or voting rights falls below one of the aforementioned thresholds.

In the event that the aforementioned threshold notification obligation is not complied with and at the request, recorded in the minutes of the Shareholders' General Meeting, of one or more shareholders representing at least 5% of the Company's share capital or voting rights, the shares above the threshold that should have been notified shall be stripped of their voting rights until the expiry of a period of two years beginning on the date on which notice was properly given.

20.2.2.8 Identifiable bearer shares

Fully-paid up shares may be in registered or bearer form, at the shareholder's discretion, except where they must be in registered form because of legislative and regulatory provisions in force.

Shares shall be recorded in an account in accordance with legislative and regulatory provisions in force.

The Company may at any time submit a request to the organisation in charge of clearing securities for information provided for by law relating to the identification of holders of securities conferring immediate or future entitlements to vote at its shareholders' general meetings and any restrictions on the securities.

20.2.2.9 Share buy-backs

See section 20.1.3.

20.2.3 Provisions allowing the delay, postponement or prevention of a change of control

The Company’s articles of association contain no provisions allowing the delay, postponement or prevention of a change of control.

21. MATERIAL AGREEMENTS

For convenience, reference is made to a Sony accessories contract in various sections of this document, whereas in fact the term refers to a set of agreements formed with Sony.

Each new accessory developed for Sony gives rise to a licensing agreement (e.g. agreements for the ProController 2 and Compact controllers). Sony also operates through various entities covering different parts of the world (e.g. Sony Japan, Sony Europe and Sony America). As a result, a large number of agreements are formed with respect to each accessory and with each Sony group entity.

However, each of those agreements contains the same main provisions, i.e.

- they have a renewable term of two or three years,
- Sony is remunerated via a fixed royalty in US dollars, determined in advance, for each accessory item sold. Less commonly, the royalty is a percentage of the accessory's selling price.
- Nacon undertakes to comply with certain marketing elements proposed by Sony regarding the packaging of licensed accessories,
- since each Sony entity operates in a given geographical area, each agreement contains a list of countries in which the agreement applies (the "Territory"). Under a given agreement, Nacon can only sell its licensed accessories within the countries of that Territory,
- the Sony or PlayStation licence granted to Nacon is not exclusive and may be revoked at any time by Sony.
    - each party to the agreement may terminate it at any time in the event of a breach of contract, if one of the parties commences legal proceedings,
    - Sony may terminate the agreement unilaterally in situations including but not limited to the following:
        - Nacon breaches the agreement in a way that cannot be resolved within 30 days,
        - a competitor of Sony becomes a shareholder of Nacon,
        - Nacon undergoes a change of control that, in Sony's opinion, could affect sales of the licensed accessories in the Territory or during the agreement,
        - the accessories produced by Nacon no longer meet Sony's required quality standards,
- in the final six months of the licensing agreement, Nacon undertakes not to increase production of accessories in order to sell all accessories produced before the end of the agreement,
- at the end of the licensing agreement, if Nacon has unsold licensed Sony products in its inventories, they must be destroyed at Nacon's expense.

Taking into account the foregoing, Nacon believes that its accessories business volumes with Sony will continue or increase because of the strong partnership developed in the last few years.

In July 2020, Nacon entered into another agreement with Microsoft under which it offers several categories of officially licensed accessories for Xbox One and Xbox Series X/S products.

The contribution to Nacon's revenue during the 2021/22 financial year was again modest. The Group anticipates a gradual ramp-up in the contribution to its revenue made by this agreement with Microsoft.

22. DOCUMENTS AVAILABLE TO THE PUBLIC

All documents relating to the Company that are required to be made available to shareholders may be consulted at the Company's registered office. The agenda and draft resolutions to be submitted to shareholders in the Shareholders' General Meeting of 21 July 2023 are contained in the notice of meeting published on 16 June 2023 in the Bulletin des Annonces Légales Obligatoires (BALO). The notice of meeting is also available on the Company's website (*www.nacongaming.com*). See also Chapter 23, which contains the draft resolutions.

Universal Registration Documents may also be consulted on the Company's website (*www.nacongaming.com*) and the AMF's website (*www.amf-france.org*).

The following may also be consulted at the Company's registered office:

(a) The Company's memorandum and articles of association,
(b) All reports, letters and other documents and all historical financial information, assessments and statements made by an expert at the Company's request, part of which has been included or mentioned in the Universal Registration Document;
(c) The Company's historical financial information for each of the two financial years preceding the publication of the Universal Registration Document.

The Company intends to report its financial results in accordance with the requirements of laws and regulations in force. Since the Company's shares were admitted to trading on the Euronext Paris market, regulated information within the meaning of the AMF's general regulation has also been available on the Company's website.

ORDINARY BUSINESS

FIRST RESOLUTION

(Approval of the statutory financial statements for the financial year ending 31 March 2023)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered (i) the statutory financial statements for the financial year ended 31 March 2023, (ii) the report of the Board of Directors and (iii) the Statutory Auditors' report on the financial statements for the year ended 31 March 2023,

approve the reports, accounting records and the statutory financial statements for that financial year as presented, together with the business operations reflected or summarised therein.

approve the statutory financial statements for the financial year ended 31 March 2023 as presented, which show income of €5,599,560.45,

approve the amount of expenses that are not deductible for income tax purposes under Article 39(4) of the French General Tax Code, which amount to €36,375, along with the corresponding tax of €9,093.

SECOND RÉSOLUTION

(Approval of the consolidated financial statements for the financial year ended 31 March 2023)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the reports of the Board of Directors and the statutory auditors,

approve the consolidated financial statements for the year ended 31 March 2023 as presented, together with the business operations reflected or summarised therein.

THIRD RÉSOLUTION

(Appropriation of income for the year ended 31 March 2023)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report of the Board of Directors and having noted that net income for the financial year ended 31 March 2023 amounted to €5,599,560.45,

resolve to appropriate the income available for distribution as follows:

	(in euros)
Net income for the year (earnings)	€5,599,560.45
Prior retained earnings	€0
That is income available for distribution of	€5,599,560.45
To be allocated as follows[28]	
To the "Other reserves" account	€5,599,560.45

resolve that in accordance with the undertaking to reinvest the Company's cash flows in developing its business, no dividend will be paid with respect to the 2022/23 financial year.

The Company was incorporated on 18 July 2019, and no dividend has been paid since the Company was incorporated.

[28] The Shareholders' General Meeting has not been asked to allocate a portion of earnings to the Legal reserve account, since the account was funded to the required level at 31 March 2023.

FOURTH RÉSOLUTION

(Approval of agreements covered by Article L. 225-38 and following of the French Commercial Code)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the statutory auditors' special report on agreements covered by Articles L. 225-38 and following of the French Commercial Code, **note** the conclusions of that report and **approve** the agreements mentioned in it.

FIFTH RÉSOLUTION

(Approval of the report on the remuneration of corporate officers prepared in accordance with Article L. 22-10-9 (I) of the French Commercial Code)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors, in accordance with Article L. 22-10-34 II of the French Commercial Code,

approve the report on the remuneration of corporate officers including the information mentioned in Article L. 22-10-9 I of the French Commercial Code, as presented in the report on corporate governance.

SIXTH RÉSOLUTION

(Approval of the elements making up the total remuneration and benefits in kind paid or awarded to the Chairman/CEO)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors, in accordance with Articles L. 22-10-8 and L. 22-10-34 II of the French Commercial Code,

approve the fixed and variable elements making up the total remuneration and benefits in kind paid or awarded with respect to the financial year ended 31 March 2023 to Alain Falc, as presented in the aforementioned report and awarded in respect of his role as Chairman/CEO.

SEVENTH RÉSOLUTION

(Approval of the elements making up the total remuneration and benefits in kind paid or awarded to the Chief Operating Officer)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors, in accordance with Articles L. 22-10-8 and L. 22-10-34 II of the French Commercial Code,

approve the fixed and variable elements making up the total remuneration and benefits in kind paid or awarded with respect to the financial year ended 31 March 2023 to Laurent Honoret, as presented in the aforementioned report and awarded in respect of his role as Chief Operating Officer.

EIGHTH RÉSOLUTION

(Approval of the remuneration policy for the Chairman/CEO)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors,

approve, in accordance with Article L. 22-10-8 II of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the overall remuneration and benefits in kind as presented in the aforementioned report and awarded to the Chairman/CEO in respect of his role as corporate officer.

NINTH RÉSOLUTION

(Approval of the remuneration policy for the Chief Operating Officer)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors,

approve, in accordance with Article L. 22-10-8 II of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the overall remuneration and benefits in kind as presented in the aforementioned report and awarded to the Chief Operating Officer in respect of his role as corporate officer.

TENTH RÉSOLUTION

(Approval of the remuneration policy for the directors)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors,

approve, in accordance with Article L. 22-10-8 II of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the overall remuneration and benefits in kind as presented in the aforementioned report and awarded to the directors in respect of their role as corporate officers.

ELEVENTH RÉSOLUTION

(Determination of remuneration awarded to members of the Board of Directors)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report on corporate governance prepared by the Board of Directors,

resolve to set at one hundred and forty thousand euros (€140,000) the total annual amount of remuneration for the current financial year (2023/24) awarded to the Board of Directors, it being stipulated that this decision applicable to the current financial year (2023/24) will be maintained until the shareholders in a Shareholders' General Meeting decide otherwise.

TWELFTH RÉSOLUTION

(Authorisation to be granted to the Board of Directors to arrange for the Company to buy back its own shares in accordance with Article L. 22-10-62 of the French Commercial Code)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, having considered the report of the Board of Directors,

authorise the Board of Directors, with the power to sub-delegate, in accordance with Article L. 22-10-62 and following of the French Commercial Code, Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 and the European regulations related to it, and the General Regulation of the Autorité des Marchés Financiers, to buy or arrange the purchase of the Company's shares under a share buyback programme,

resolve that:

- the maximum purchase price (excluding expenses) shall not exceed fifteen euros (€15) per share, it being stipulated that in the case of transactions in relation to the share capital, particularly through the capitalisation of reserves followed by the creation and awarding of shares free of charge, and/or share splits or reverse share splits, this price shall be adjusted accordingly; and

- the maximum amount of funds earmarked for this share buyback programme shall not exceed ten million euros (€10,000,000).

resolve that the Company's purchases of shares may involve a number of shares such that:

- the maximum number of shares that may be purchased under this authorisation shall not exceed ten per cent (10%) of the total number of shares making up the Company's share capital and, as regards purchases of shares with a view to retaining them and subsequently using them as payment or in exchange in a merger, demerger or asset transfer transaction, five per cent (5%) of the total number of shares making up the Company's share capital, it being stipulated that (i) these limits apply to an amount of the Company's share capital that will be, as appropriate, adjusted to take into account transactions affecting the share capital after this Shareholders' General Meeting and (ii) where the shares are purchased in order to support liquidity subject to conditions defined by the General Regulation of the Autorité des Marchés Financiers, the number of shares taken into account in calculating the aforementioned limit of ten per cent (10%) shall correspond to the number of shares purchased minus the number of shares sold during the authorisation period; and

- purchases made by the Company shall not under any circumstances cause it to hold, at any time, directly or indirectly, more than ten per cent (10%) of its share capital.

Such share purchases may be carried out in view of any use permitted under the applicable laws or regulations, and in particular in order to:

- make a market for the Company's shares, including increasing their liquidity, through an investment service provider acting independently under the terms of a liquidity agreement that complies with a code of conduct recognised by the Autorité des Marchés Financiers,
- honour obligations related to stock options, bonus share or employee savings programmes or other grants of shares to employees and/or corporate officers of the Company and/or companies and businesses related to it,
- deliver shares upon the exercise of rights attached to transferable securities giving access, immediately or in future, to the Company's share capital, and to carry out all transactions to cover the Company's obligations in respect of those securities, in compliance with the regulations in force,
- retain shares with a view to using them subsequently for payment or exchange in the context of any acquisition,
- cancel shares and carry out the related capital reduction, subject to the adoption of the Twenty-fourth Résolution below, and
- more generally, carry out any transaction in accordance with the regulations in force and any market practice that may be accepted by the Autorité des Marchés Financiers,

resolve that these purchase, disposal, exchange or transfer transactions may be carried out by any means, i.e. on a regulated market, on a multilateral trading facility, through a systematic internaliser or over the counter, including through the purchase or disposal of blocks of shares, or through the use of financial instruments such as derivative financial instruments traded on a regulated market, on a multilateral trading facility, through a systematic internaliser or over the counter or through the use of warrants, in a manner authorised by the legislative and regulatory provisions in force on the date of the transactions in question and at the times that the Company's Board of Directors or person acting under the authority of the Board of Directory shall determine. All shares involved in the share buyback programme may be transferred as blocks of shares,

those transactions may be carried out at any time in accordance with the regulations in force, including during a public offer initiated by the Company or for the Company's securities, subject to the relevant statutory and regulatory provisions,

grant authority to the Board of Directors, with the power to sub-delegate in accordance with Article L. 22-10-62 of the French Commercial Code, if the shares' par value is altered, if the share capital is increased through a capitalisation of reserves, if bonus shares are granted, if a share split or reverse share split takes place, if a distribution of reserves or any other assets takes place, if the share capital is redeemed, or if any other transaction involving the Company's equity takes place, to adjust the aforementioned purchase price to take account of the impact of such transactions on the value of each share,

grant full powers to the Board of Directors, with the power to sub-delegate in accordance with Article L. 22-10-62 of the French Commercial Code, to decide and implement this authorisation, to specify if necessary its terms and in particular to place all orders on- or off-market, to allocate or reallocate the shares purchased to the various objectives pursued in accordance with the applicable legislative and regulatory provisions, to form all agreements particularly in relation to registering purchases and sales of shares, to carry out all formalities and declarations with respect to all organisations, including the Autorité des Marchés Financiers, and in general to do what is necessary to complete transactions carried out under this authorisation,

grant powers to the Board of Directors, if the law or the Autorité des Marchés Financiers were to extend or supplement the authorised objectives of share buyback programmes, to bring to the public's attention, in accordance with the applicable statutory and regulatory provisions, any changes to the programme as regards the amended objectives;

note that the Board of Directors shall report to shareholders, in the next Shareholders' General Meeting, information relating to the performance of share buyback transactions authorised by this Shareholders' General Meeting, including the number and price of shares purchased and the volume of shares used,

this authorisation is given for eighteen (18) months from the date of this Shareholders' General Meeting,

the unused part of the authorisation granted in the 22 July 2022 Shareholders' General Meeting, through its Twelfth resolution, is terminated with immediate effect.

THIRTEENTH RÉSOLUTION

(Powers to carry out legal formalities)

The shareholders, voting in accordance with the quorum and majority requirements for ordinary decisions, grant full powers to holders of copies or excerpts of this report to carry out all legal formalities.

EXTRAORDINARY BUSINESS

FOURTEENTH RÉSOLUTION

(Grant of authority to the Board of Directors to issue ordinary shares in the Company and securities giving access to the Company's share capital, with preferential subscription rights for shareholders)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, in accordance with Articles L. 225-129 and following and L. 228-91 and following of the French Commercial Code,

grant, with the power to sub-delegate in accordance with statutory and regulatory conditions, their authority to decide, on one or more occasions, at the time or times that they shall determine, in the amounts that they shall determine, both in France and abroad, to issue, with preferential subscription rights for shareholders, shares and any other securities, including through the award of share subscription warrants free of charge, giving access to the share capital of the Company or of any company that directly or indirectly holds more than half its share capital or of which it directly or indirectly holds more than half the share capital, with such shares conferring the same rights as existing shares, subject to their dividend entitlement date, it being stipulated that in the event of a capital increase in the form of an award of shares free of charge, rights not representing a whole number of shares shall not be tradable or transferable and the corresponding equity securities shall be sold and the proceeds from their sale shall be allocated to rights-holders within the timeframe provided for by the regulations,

resolve that any issue of preference shares and securities giving access to preference shares is expressly excluded,

resolve that the total par value of increases in the share capital that may be carried out immediately and/or in the future under this grant of authority may not exceed seventeen million two hundred and fifty thousand euros (€17,250,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies, it being stipulated that this amount will count towards the overall par value limit provided for in the Twenty-second Résolution of this Shareholders' General Meeting and that this overall par value amount does not take into account adjustments that may be made in accordance with applicable statutory and regulatory provisions and, as appropriate, contractual stipulations that provide for other types of adjustment, in order to protect the rights of holders of securities or other rights giving access to the share capital, also **grant** authority to the Board of Directors to decide to issue securities conferring an entitlement to the allotment of debt securities,

resolve that the overall par value of debt securities, giving access to the Company's share capital or debt securities, that may be issued under this grant of authority, shall be a maximum of sixty-nine million euros (€69,000,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies, it being stipulated that:

- this amount will count towards the overall par value limit provided for in the Twenty-second Résolution,
- where appropriate, this amount will be increased by any above-par redemption premium,
- this limit does not apply to debt securities referred to in Articles L. 228-40, L. 228-36 A and L. 228-92(3) of the French Commercial Code, the issue of which shall be approved or authorised by the Board of Directors according to the terms set out in Article L. 228-40 of the French Commercial Code, or in other cases, according to terms determined by the Company in accordance with the provisions of Article L. 228-36 A of the French Commercial Code,

resolve that shareholders may exercise, in the manner provided for by the law, their preferential subscription rights by irreducible entitlement. The Board may also grant shareholders, in proportion to their subscription rights and subject to the extent of their applications, rights to subscribe for a number of securities greater than that resulting from their irreducible entitlements but with allocations subject to reduction. If subscriptions by irreducible entitlement and any subscriptions made using reducible subscription rights, where the Board of Directors has made such subscriptions possible, have not covered the entire issue of shares or other securities, the Board of Directors may, in the order it shall determine, use each option available under Article L. 225-134 of the French Commercial Code, or only certain of those options,

state that this grant of authority entails, by operation of law and for the benefit of holders of securities issued under this resolution and that give access to the Company's share capital, the waiver by shareholders of their preferential right to subscribe for the shares to which those securities give an entitlement,

resolve that the sum received or to be received by the Company in respect of each share issued under this grant of authority shall be at least equal to the par value of the share on the date it is issued,

grant full powers to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory conditions, to implement this grant of authority, and particularly to:

- determine the price, arrangements, issue dates, dividend entitlement dates and arrangements for paying up securities, as well as the form and characteristics of the securities to be issued,
- suspend, as appropriate, the exercise of rights attached to securities to be issued in cases and subject to limits provided for by regulatory and contractual provisions,
- as appropriate, in suspending such exercise, note the completion of the resulting capital increase, carry out any adjustments in order to take into account the transaction's impact on the Company's share capital and determine the arrangements under which the rights of holders of securities giving access to the share capital will be protected in future in accordance with statutory and regulatory provisions, and to make any related amendment of the articles of association,
- charge any amount to the share premium(s), including fees arising from issues, and generally make any necessary arrangements and form any agreements to complete the proposed issues and seek the listing of the securities issued,

resolve that, in the event that debt securities are issued, the Board of Directors will have full powers, with the power to sub-delegate in accordance with statutory and regulatory provisions, to take steps on terms set out by the law including:

- determining their terms, conditions and characteristics, including whether or not they are subordinated,
- setting their interest rate, issue currency, term to maturity, fixed or variable redemption price with or without a premium, repayment arrangements as a function of market conditions and the conditions under which the securities shall confer entitlement to the Company's ordinary shares,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

The authority thus granted to the Board of Directors is valid for 18 months from the time of this Shareholders' General Meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Fourteenth resolution, is terminated with immediate effect.

FIFTEENTH RÉSOLUTION

(Grant of authority to the Board of Directors to issue, without preferential subscription rights for shareholders, ordinary shares in the Company and securities giving access to the Company's share capital as part of an offer referred to in Article L. 411-2(1) of the French Monetary and Financial Code)

The shareholders, voting in accordance with the majority and quorum requirements for extraordinary decisions, having considered the report of the Chairman and the special report of the statutory auditor, in accordance with Articles L. 225-127, L. 225-128; L. 225-129-2, L. 22-10-51, L. 22-10-52, L. 228-91 and following of the French Commercial Code, and Article L. 411-2(1) of the French Monetary and Financial Code:

resolve to grant, with the power to sub-delegate in accordance with statutory and regulatory conditions, their authority to the Board of Directors to decide to issue, without preferential subscription rights, on one or more occasions in the amounts and at the times that they shall determine, either in euros or in any other currency or monetary unit established by reference to several currencies, both in France and abroad, shares and any other securities giving access to the share capital of the Company or of any company that directly or indirectly holds more than half its share capital or of which it directly or indirectly holds more than half the share capital, with such shares conferring the same rights as existing shares, subject to their dividend entitlement date, in the context of an offering pursuant to Article L. 411-2(1) of the French Monetary and Financial Code,

resolve that any issue of preference shares and securities giving access to preference shares is expressly excluded,

resolve that the total par value of increases in the share capital that may be carried out immediately or in the future under this grant of authority may not exceed seventeen million two hundred and fifty thousand euros (€17,250,000), it being stipulated that this amount will count towards the overall par value limit provided for in the Twenty-second Résolution of this general meeting and that this amount does not take into account adjustments that may be made in accordance with applicable statutory and regulatory provisions and, as appropriate, contractual stipulations that provide for other types of adjustment, in order to protect the rights of holders of securities or other rights giving access to the Company's share capital,

resolve that in any event the issues of equity securities under this resolution shall not exceed the upper limits provided for by the applicable regulations at the date of the issue, that is to date 20% of the share capital p.a. at the time of the issue, said share capital being assessed on the day of the decision by the Board of Directors to make use of this grant of authority,

also **grant** authority to the Board of Directors to decide to issue debt securities conferring entitlement to the Company's share capital or to debt securities,

resolve that the overall par value of debt securities, giving access to the Company's share capital or debt securities, that may be issued under this grant of authority, shall be a maximum of sixty-nine million euros (€69,000,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies, it being stipulated that:

- this amount will count towards the overall par value limit provided for in the Twenty-second Résolution,
- where appropriate, this amount will be increased by any above-par redemption premium,
- this limit does not apply to debt securities referred to in Articles L. 228-40, L. 228-36 and L. 228-92(3) of the French Commercial Code, the issue of which shall be approved or authorised by the Board of Directors according to the terms set out in Article L. 228-40 of the French Commercial Code, or in other cases,

according to terms determined by the Company in accordance with the provisions of Article L. 228-36 of the French Commercial Code,

resolve to remove shareholders' preferential right to subscribe for securities to be issued pursuant to this grant of authority,

note that if subscriptions have not covered the entire issue of shares or other securities, the Board of Directors may, in the order it shall determine, use each option available under Article L. 225-134 of the French Commercial Code, or only certain of those options,

state that this grant of authority entails, by operation of law and for the benefit of holders of securities issued under this resolution and that give access to the Company's share capital, the waiver by shareholders of their preferential right to subscribe for the shares to which those securities give an immediate or future entitlement,

resolve that (i) the issue price of the Company's shares in connection with this grant of authority must be at least equal to the minimum provided for by the regulatory provisions applicable on the day of the issue (currently, the weighted average of prices in the three trading sessions prior to the start of the public offering within the meaning of regulation (EU) no. 2017/1129 of 14 June 2017, possibly with a discount of up to 10% in accordance with Article R. 22-10-32 of the French Commercial Code), after any adjustment of that amount to take account of any difference in dividend entitlement dates and (ii) the issue price of the securities giving access to the Company's share capital must be such that the sum immediately received, plus any amount received subsequently will, in respect of each of the Company's shares issued as a result of the issue of such securities, be at least equal to the minimum price as defined in the previous paragraph, after any adjustment of that amount, if necessary, to take account of the difference in dividend entitlement dates,

grant full powers to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory conditions, to implement this grant of authority, and particularly to:
- determine the price, arrangements, issue dates, dividend entitlement dates and arrangements for paying up securities, as well as the form and characteristics of the securities to be issued,
- suspend, as appropriate, the exercise of rights attached to securities to be issued in cases and subject to limits provided for by regulatory and contractual provisions,
- as appropriate, in suspending such exercise, note the completion of the resulting capital increase, carry out any adjustments in order to take into account the transaction's impact on the Company's share capital and determine the arrangements under which the rights of holders of securities giving access to the share capital will be protected in future in accordance with statutory and regulatory provisions, and to make any related amendment of the articles of association,
- charge any amount to the share premium(s), including fees arising from issues, and generally make any necessary arrangements and form any agreements to complete the proposed issues and seek the listing of the securities issued,

resolve that, in the event that debt securities are issued, the Board of Directors will have full powers, with the power to sub-delegate in accordance with statutory and regulatory provisions, to take steps for the purpose of:

- determining their terms, conditions and characteristics, including whether or not they are subordinated,
- setting their interest rate, issue currency, term to maturity, fixed or variable redemption price with or without a premium, repayment arrangements as a function of market conditions and the conditions under which the securities shall confer entitlement to the Company's ordinary shares,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

the grant of authority to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Fifteenth resolution, is terminated with immediate effect.

SIXTEENTH RÉSOLUTION

(Authorisation given to the Board of Directors, in the event of a capital increase with shareholders' preferential subscription rights withheld or maintained, to increase the number of securities to be issued)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, in accordance with Article L. 225-135-1 of the French Commercial Code:

authorise the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory provisions, to increase the number of securities to be issued under the Fourteenth Résolution and Fifteenth Résolution resolutions, within 30 days of the closing date for applications, and up to a maximum of 15% of the initial issue and at the same price as the price applied to the initial issue.

resolve that the total par value of the increases in the share capital that may be carried out under this delegation shall count towards the maximum par value of share capital increases determined by the Fourteenth Résolution and Fifteenth Résolution resolutions above,

the authorisation granted to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authorisation granted in the 22 July 2022 Shareholders' General Meeting, through its Sixteenth resolution, is terminated with immediate effect.

SEVENTEENTH RÉSOLUTION

(Authorisation to be granted to the Board of Directors, in the event of an issue of ordinary shares or any securities without preferential subscription rights for shareholders, to determine the issue price up to a limit of 10% of the share capital)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Chairman and the statutory auditor,

authorise the Board of Directors, in accordance with the provisions of Article L. 22-10-52 of the French Commercial Code, with the option of delegating the authority as permitted by law and the regulations, for each of the preceding resolutions subject to a limit of 10% of the Company's share capital (at the transaction date) per 12-month period, to depart from the price-setting provisions set out in the aforementioned resolutions and may set the issue price of ordinary shares and/or securities giving immediate or eventual access to the share capital as follows:

- the issue price of the ordinary shares shall be at least equal to the volume-weighted average share price in the last three (3) stockmarket trading sessions before it is set, possibly with a discount of up to 20%, it being understood that it may not under any circumstances be less than the par value of a share in the Company on the date the shares concerned are issued;
- the issue price of the securities giving access to the share capital shall be such that the sum immediately received by the Company, plus any amount received subsequently by the Company shall in respect of each share issued as a result of the issue of such securities be at least equal to the issue price as defined in the paragraph above.

resolve that the Board of Directors will have full powers to implement this resolution under the terms provided for by the resolution pursuant to which the issue was decided,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

the authorisation granted to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authorisation granted in the 22 July 2022 Shareholders' General Meeting, through its Seventeenth resolution, is terminated with immediate effect.

EIGHTEENTH RÉSOLUTION

(Grant of authority to the Board of Directors to issue ordinary shares and securities giving access to the

Company's share capital in consideration for contributions in kind consisting of equity securities and other securities giving access to the share capital of third-party companies other than through a public exchange offer)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, in accordance with Articles L. 225-129, L. 22-10-49, L. 225-35, L. 22-10-53 and L. 228-91 and following of the French Commercial Code,

grant powers, with the power to sub-delegate in accordance with statutory and regulatory provisions, to the Board of Directors to decide to issue shares and any other securities giving access to the Company's share capital, in order to pay for contributions in kind to the Company and consisting of equity securities or securities giving access to the share capital, where the provisions of Article L. 22-10-54 of the French Commercial Code are not applicable, and resolve, insofar as is necessary, to withhold, in favour of the holders of those shares, shareholders' preferential rights to subscribe for those shares and securities to be issued,

resolve that the total par value of increases in the share capital that may be carried out under this grant of authority (i) may not exceed eight million six hundred and twenty thousand euros (€8,620,000) or 10% of the Company's share capital at the time the Board of Directors uses this grant of authority and (ii) will count towards the overall par value limit provided for in the Twenty-second Résolution of this general meeting, to which shall be added, as appropriate, the amount of additional shares to be issued to protect, in accordance with applicable statutory and regulatory provisions and, as appropriate, applicable contractual stipulations, the rights of holders of securities and other rights giving access to the share capital,

resolve that any issue of preference shares and securities giving access to preference shares is expressly excluded,

also **grant** full powers to the Board of Directors to decide to issue securities conferring rights to the allotment of debt securities,

resolve that the overall par value of debt securities, giving access to the Company's share capital or other debt securities, that may be issued under this grant of authority, shall be a maximum of thirty-three million nine hundred and sixty thousand euros (€33,960,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies, it being stipulated that:

- this amount will count towards the overall par value limit provided for in the Twenty-second Résolution,
- where appropriate, this amount will be increased by any above-par redemption premium,
- this limit does not apply to debt securities referred to in Articles L. 228-40, L. 228-36 A and L. 228-92(3) of the French Commercial Code, the issue of which shall be approved or authorised by the Board of Directors according to the terms set out in Article L. 228-40 of the French Commercial Code, or in other cases, according to terms determined by the Company in accordance with the provisions of Article L. 228-36 A of the French Commercial Code,

state that this grant of authority entails, by operation of law and for the benefit of holders of securities issued under this resolution and that give access to the Company's share capital, the waiver by shareholders of their preferential right to subscribe for the shares to which those securities give an entitlement,

resolve that the Board of Directors will have full powers, with the power to sub-delegate in accordance with statutory and regulatory provisions, to implement this resolution, and particularly to:

- determine the list of securities contributed,
- approve or reduce the valuation of contributions and the granting of special privileges,
- determine, as appropriate, the amount of the cash payment to be made and to note the number of shares contributed in the exchange,
- more generally, make all necessary arrangements and agreements, and
- carry out all formalities required to admit the issued shares to trading,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution, the grant of authority to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Eighteenth resolution, is terminated with immediate effect.

NINETEENTH RÉSOLUTION

(Grant of authority to the Board of Directors to decide upon one or more capital increases through the capitalisation of premiums, reserves, earnings or other)

The shareholders, voting in accordance with the quorum and majority requirements by the applicable laws and regulations, having considered the report of the Board of Directors, in accordance with Articles L. 225-129, L. 225-129-2 and L. 22-10-50 of the French Commercial Code,

grant authority to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory provisions, to increase the share capital on one or more occasions, at such times and in such amounts as they shall consider appropriate, through the capitalisation of some or all reserves, profits, share premiums, merger premiums, contribution premiums or other premiums or other sums that may be capitalised in accordance with the law and the Company's articles of association, and in the form of awards of bonus shares or increases of the par value of existing shares, or a combination of the two,

resolve that the total par value of increases in the share capital that may be carried out immediately and/or in the future under this grant of authority may not exceed eight million six hundred and twenty thousand euros (€8,620,000), it being stipulated that this amount will count towards the overall par value limit provided for in the Twenty-second Résolution of this general meeting and that this overall par value amount does not take into account adjustments that may be made in accordance with applicable statutory and regulatory provisions and, as appropriate, contractual stipulations that provide for other types of adjustment, in order to protect the rights of holders of securities or other rights giving access to the share capital,

resolve that rights not representing a whole number of shares may not be traded and that such shares shall be sold, and the proceeds of such sale shall be allocated to holders of rights as provided for by law and applicable regulations,

grant full powers to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory conditions, to implement this delegation, and particularly to:

- determine the dates, arrangements and other characteristics of issues,
- determine the amounts to be issued and more generally make all arrangements to ensure the successful conclusion of such issues,
- resolve that rights not representing a whole number of shares may not be traded or assigned and that the corresponding equity securities shall be sold, and the proceeds of such sale shall be allocated to holders of rights as provided for by law and regulations,
- carry out all acts and formalities to render definitive the corresponding capital increase or increases,
- formally note the capital increase,
- request the listing of the securities issued and alter the articles of association accordingly,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

the grant of authority to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Nineteenth resolution, is terminated with immediate effect.

TWENTIETH RÉSOLUTION

(Grant of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital in the event of a public offering including an exchange component initiated by the

Company)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, in accordance with Articles L. 225-129, L. 22-10-49, L. 22-10-54 and L. 228-92 and following of the French Commercial Code,

resolve to grant authority to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory provisions, to resolve, on one or more occasions, to issue shares and any other securities giving access to the Company's share capital, in consideration for securities tendered to any public exchange offer initiated by the Company, in France or in other countries, according to local rules, for the securities of another company admitted to trading on a regulated market as set out in Article L. 22-10-54 of the French Commercial Code,

resolve, insofar as is necessary, to withhold, in favour of the holders of those securities, shareholders' preferential subscription rights in respect of such shares and securities to be issued,

resolve that the total par value of increases in the share capital that may be carried out under this grant of authority (i) may not exceed eight million six hundred and twenty thousand euros (€8,620,000) or 10% of the Company's share capital at the time the Board of Directors uses this grant of authority and (ii) will count towards the overall par value limit provided for in the Twenty-second Résolution of this general meeting, to which shall be added, as appropriate, the amount of additional shares to be issued to protect, in accordance with applicable statutory and regulatory provisions and, as appropriate, applicable contractual stipulations, the rights of holders of securities and other rights giving access to the share capital,

also **grant** authority to the Board of Directors to decide to issue securities conferring an entitlement to the allotment of debt securities,

resolve that the overall par value of debt securities, giving access to the Company's share capital or other debt securities, that may be issued under this grant of authority, shall be a maximum of thirty-three million nine hundred and sixty thousand euros (€33,960,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies, it being stipulated that:

- this amount will count towards the overall par value limit provided for in the Twenty-second Résolution,
- where appropriate, this amount will be increased by any above-par redemption premium,
- this limit does not apply to debt securities referred to in Articles L. 228-40, L. 228-36 A and L. 228-92(3) of the French Commercial Code, the issue of which shall be approved or authorised by the Board of Directors according to the terms set out in Article L. 228-40 of the French Commercial Code, or in other cases, according to terms determined by the Company in accordance with the provisions of Article L. 228-36 A of the French Commercial Code,

resolve that the Board of Directors will have full powers, with the power to sub-delegate in the manner provided for by law, to implement this grant of authority, and particularly to:

- determine the list of securities tendered to the exchange and the form and characteristics of the shares or securities giving access to the share capital to be issued, with or without a premium,
- determine the terms of the issue, the exchange ratio and, as appropriate, the amount of the cash payment to be made,
- determine the arrangements for the issue, particularly in relation to a public exchange offer, an alternative primary purchase or exchange offer accompanied by a subsidiary public purchase or exchange offer,
- formally note the number of shares tendered to the exchange,
- determine the dividend entitlement date (which may be retroactive) of the shares or securities that give access to the share capital, the terms for paying up those shares or securities and, as appropriate, the arrangements for exercising rights regarding the exchange, conversion, redemption or any other allotment of equity securities or securities giving access to the share capital,
- enter the difference between the issue price of the new ordinary shares and their par value in the balance sheet in a "contribution premium" account, to which all shareholders shall have an entitlement,

- make all required adjustments in accordance with statutory or regulatory provisions and, as appropriate, applicable contractual stipulations, to protect the rights of holders of securities giving access to the Company's share capital and
- suspend, as appropriate, the exercise of the rights attached to such securities for a maximum of three months,

resolve that the Board of Directors may:

- at its sole discretion and when it deems it appropriate, charge all expenses, duties and fees arising from capital increases carried out under the grant of authority that is the subject of this resolution, against the premiums related to those transactions and deduct from those premiums the sums required to raise the legal reserve to one tenth of the new share capital following each transaction,
- take any decision with a view to admitting the shares and securities thus issued to trading on Euronext's regulated market in Paris and, more generally,
- take any measures, make any undertaking and carry out any formalities to ensure the successful conclusion of the proposed issue, to render definitive the resulting capital increase, and to make the related changes to the articles of association.

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

the grant of authority to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Twentieth resolution, is terminated with immediate effect.

TWENTY-FIRST RÉSOLUTION

(Grant of authority to the Board of Directors to increase the share capital through an issue of shares reserved for members of a savings plan)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, under the provisions of Articles L. 3332-18 to L. 3332-24 of the French Labour Code applying Article L. 225-129-6 of the French Commercial Code and in accordance with Article L. 225-138-1 of the French Commercial Code,

resolve to grant authority to the Board of Directors to increase, on one or more occasions, the Company's share capital through issues of shares, reserved for members of a company savings plan of the Company and of the French or non-French companies related to it under Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, it being stipulated that this amount shall count towards the overall limit provided for in the Twenty-second Résolution of this meeting,

resolve that the total par value of the capital increases that may be carried out pursuant to this resolution must not exceed two million six hundred and six thousand three hundred and eighty two euros (€2,606,382), to which maximum amount shall be added, as appropriate, the additional amount of shares to be issued to protect, in accordance with statutory and regulatory provisions and any applicable contractual provisions, the rights of the holders of securities and any other rights giving access to shares,

resolve that the issue price per share shall be determined by the Board of Directors, according to the arrangements provided for by Article L. 3332-20 of the French Labour Code,

resolve to withhold shareholders' preferential rights to subscribe for the new shares to be issued or other securities giving access to the share capital and securities to which securities issued under this resolution in favour of members of a company savings plan will give an entitlement;

resolve that the characteristics of the other securities giving access to the Company's share capital will be determined by the Board of Directors in the manner provided for by regulations,

resolve that the Board of Directors will have full powers, with the power to sub-delegate in accordance with statutory and regulatory provisions, to implement this resolution, and particularly to:

- determine the arrangements and terms of transactions as well as the dates and arrangements for issues that will be carried out under this authority,
- determine the opening and closing dates for subscriptions, the dates from which the securities issued will have dividend entitlements, and the arrangements for paying up shares and other securities giving access to the Company's share capital,
- agree the timeframes for paying up shares and any other securities giving access to the Company's share capital,
- request that the securities created be admitted to trading on a stock exchange,
- formally note the capital increases to the extent of the shares actually subscribed,
- carry out, directly or through an agent, all transactions and formalities related to increases in the share capital and, at its sole discretion, make any related amendment of the articles of association and, if it considers it appropriate to do so, to charge the expenses of increases in the share capital to the amount of the premiums relating to such increases, and to deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new share capital after each increase,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authority granted by this resolution,

The authority thus granted to the Board of Directors is valid for 18 months from the time of this Shareholders' General Meeting,

the unused part of the authority granted in the 22 July 2022 Shareholders' General Meeting, through its Twenty-first resolution, is terminated with immediate effect.

TWENTY-SECOND RÉSOLUTION

(Overall limit on issues carried out under the Fourteenth Résolution, Fifteenth Résolution, Seventeenth Résolution, Eighteenth Résolution, Nineteenth Résolution, Twentieth Résolution and, Twenty-first Résolution)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors,

subject to the adoption of the resolutions set out above,

resolve to set as follows the overall limit on the amounts of issues that may be decided under the grants of authority or authorisations given to the Board of Directors and resulting from the Fourteenth Résolution, Fifteenth Résolution, Seventeenth Résolution, Eighteenth Résolution, Nineteenth Résolution, Twentieth Résolution and Twenty-first Résolution resolutions of this meeting:

- the maximum par value of capital increases resulting from issues of shares or securities giving access to the share capital that may thus be carried out, either directly or on presentation of debt securities, may not exceed twenty-one million five hundred thousand euros (€21,500,000), with that limit not including the overall par value of additional shares that may be issued to protect, in accordance with the law and any contractual stipulations providing for other types of adjustment, the rights of holders of securities and other rights giving access to the share capital,

- the maximum par value of debt securities that may be issued by the Company shall not exceed eighty-six million euros (€86,000,000) or the equivalent of that amount in the event of an issue in a foreign currency or units of account established by reference to several currencies.

TWENTY-THIRD RÉSOLUTION

(Authorisation to be granted to the Board of Directors to grant existing shares or shares to be issued in the Company free of charge to members of the Company's salaried staff and corporate officers and those of its subsidiaries within the meaning of Article L. 233-3 of the French Commercial Code or to some of them)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor, in accordance with Article L. 22-10-59 and following of the French Commercial Code:

authorise the Board of Directors to award, on one or more occasions, existing shares or shares to be issued in the Company (excluding preference shares) free of charge to staff members and/or corporate officers that it shall determine from among the staff members and corporate officers referred to by Article L. 22-10-59 of the French Commercial Code, of the Company or companies or groups related to it, of French or other nationality, in accordance with Article L. 225-197-2 of the French Commercial Code or certain categories of them,

resolve that the Board of Directors shall determine the identity of those receiving the awards, the number of shares awarded and the terms and criteria for share awards, it being stipulated that the vesting of the shares may be subject to certain conditions to be defined by the Board of Directors on the award date,

resolve that awards of shares made free of charge under this authorisation shall not exceed 3.5% of the Company's existing share capital on the date the award decision is made, not taking into account any adjustments that may take place in accordance with applicable legislative and regulatory provisions and, as appropriate, with contractual stipulations providing for other types of adjustment, to protect the rights of holders of securities or other rights giving access to the share capital. For that purpose, the shareholders authorise, insofar as is necessary, the Board of Directors to increase the share capital through the capitalisation of earnings, reserves or share premiums in a corresponding amount,

resolve that the awarding of shares to their beneficiaries shall become definitive after a vesting period, the length of which shall be determined by the Board of Directors, it being understood that the length of the period shall not be subject to a minimum length that shall not be less than that provided for by laws and regulations. However, if the vesting period for some or all of an award or awards is at least three years, the Board of Directors shall not be able to specify a lock-up period for the shares concerned,

resolve that where a beneficiary suffers a disability falling into the second or third category provided for by Article L. 341-4 of the French Social Security Code, the shares shall vest in that beneficiary before the end of the vesting period. Those shares shall be freely assignable from the time they are delivered,

note that this authorisation shall cause, by operation of law, shareholders' preferential subscription rights to shares that may be issued under this resolution to be withheld in favour of the beneficiaries,

resolve that the Board of Directors shall have full powers, with the power to delegate subject to statutory and regulatory limitations, to implement this grant of authority and in particular to:

- determine, as appropriate, the arrangements and terms of awards made under this authorisation,
- determine the length of the vesting period and, as appropriate, the lock-up period according to the terms set out above,
- make, as appropriate, during the vesting period, adjustments to the number of shares awarded free of charge in connection with any transactions affecting the Company's share capital in order to protect the rights of beneficiaries. Any shares that may be awarded as a result of those adjustments shall be deemed to be awarded on the same day as the shares initially awarded,
- determine, if shares yet to be issued are awarded, the amount and type of reserves, earnings or premiums to be capitalised, and transfer amounts from such items to the appropriated earnings account,
- provide for the ability to suspend award rights temporarily,
- determine the dividend entitlement date, which may be in the past, of new shares arising from bonus share awards,
- formally note, as appropriate, capital increases, make the related changes to the articles of association, carry out all publication formalities, carry out all formalities required for the issue, listing and financial servicing of the securities issued under this resolution and in general do what is necessary,

resolve that the Board of Directors shall inform shareholders every year in the Ordinary Shareholders' General Meeting of transactions carried out under this resolution,

the authorisation granted to the Board of Directors under this resolution shall be valid for 18 months from the date of this meeting, the unused part of the authorisation granted in the 22 July 2022 Shareholders' General Meeting, through its Twenty-third resolution, is terminated with immediate effect.

TWENTY-FOURTH RÉSOLUTION

(Authorisation to be granted to the Board of Directors to cancel some or all of the Company's shares held by the Company under the authorisation to buy back shares)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, having considered the report of the Board of Directors and the special report of the statutory auditor,

subject to the adoption of the authorisation for the Company to buy back its own shares under the Twelfth Résolution resolution above,

authorise the Board of Directors, in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, some or all of the Company's shares that the Company may hold under an authorisation granted to the Board of Directors to buy the Company's shares, and to reduce the share capital by the total par value of the shares thus cancelled, subject to a maximum of 10% of the share capital per period of twenty-four (24) months, it being noted that this 10% limit applies to the amount of the Company's share capital that shall, as appropriate, be adjusted to take account of transactions affecting the share capital after this Shareholders' General Meeting.

The shareholders grant full powers to the Board of Directors, with the power to sub-delegate in accordance with statutory and regulatory conditions, to:

- carry out the aforementioned capital reduction and formally note its completion,
- charge the difference between the purchase price of the cancelled shares and their par value to any reserve and premium accounts,
- amend the articles of association accordingly,

- make all declarations to the Autorité des Marchés Financiers, carry out all other formalities and, in general, do whatever is necessary,

note that, in the event that the Board of Directors uses the authority granted to it pursuant to this resolution, it shall report to the shareholders in the next Ordinary Shareholders' General Meeting, as required by law and regulations, on the use of the authorisation granted by this resolution,

this authorisation is granted for a period of 18 months from the date of this Shareholders' General Meeting,

the unused part of the authorisation granted in the 22 July 2022 Shareholders' General Meeting, through its Twenty-fourth resolution, is terminated with immediate effect.

TWENTY-FIFTH RÉSOLUTION

(Powers to carry out legal formalities)

The shareholders, voting in accordance with the quorum and majority requirements for extraordinary decisions, grant full powers to holders of copies or excerpts of this report to carry out all legal formalities.

24. GLOSSARY

The definitions of technical terms commonly used in the gaming industry are provided to the reader below to facilitate their understanding of this Universal Registration Document:

Back catalogue
Every video game publisher has its own definition of this term. Nacon's back catalogue includes all video games released digitally in previous financial years. Because its financial year ends on 31 March, a game released in March of year N will therefore be regarded as forming part of Nacon's back catalogue from April of year N.

Bigben Interactive
This refers to Bigben Interactive, a public limited company (société anonyme) governed by a Board of Directors with capital of €39,397,408, whose head office is located at 396-466, rue de la Voyette – CRT2 – 59270 Fretin, and which is registered with the Lille Métropole trade and companies register under number 320 992 977.

Cloud gaming
Cloud gaming, which was still impossible only 10 years ago, means that any game can be played on any device (PC, console, mobile phone, TV, etc.) even if the consumer does not have the physical hardware required to process the game.

Console manufacturer
Manufacturer of video game consoles (Sony, Microsoft, Nintendo).

Freemium
A business model in which games are provided – generally by downloading from digital platforms – free of charge. However, players can make in-game purchases, for example buying objects that allow them to progress through the game's levels more quickly. A patient gamer can play without paying, whereas an impatient gamer will tend to pay in order to progress more quickly.

Bigben Interactive group
The group of companies comprising Bigben Interactive and its subsidiaries.

Group
The group of companies comprising Nacon and its subsidiaries.

Nacon
This refers to Nacon, a public limited company (*"société anonyme*") governed by a Board of Directors with capital of €84,908,919, whose head office is located at 396-466, rue de la Voyette – CRT2 – 59270 Fretin, which is registered with the Lille Métropole trade and companies register under number 852 538 461, and which is the former Gaming division of Bigben Interactive.

Paymium
This is a business model in which gamers pay for games and can then convert real money into virtual money or buy in-game items via microtransactions, in order to speed up their progress in the game or to acquire limited-edition objects.

Sony
In this Universal Registration Document, the terms "Sony" and "console manufacturer Sony" refer to:

- for accessories, the gaming division of the international Sony group in charge of accessories that has formed a partnership agreement with NACON, i.e. SIE (Sony Interactive Entertainment),
- for games, the gaming division of the international Sony group in charge of validating video games published for its PlayStation 2, PlayStation 3 and PlayStation 4 consoles, both physically and sold on those consoles' digital platforms, i.e. SIEE (Sony Interactive Entertainment Europe).

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